GOVERNANCE REVIEW PROCESS-PHASE III

TASK FORCE TEAM 3- RELATIONSHIP WITH UNON

1. SCOPE AND METHODOLOGY OF THE WORK

A. SCOPE FOR THE WORK

Task Force Team 3 decided to adopt a **twofold approach** in order to undertake the task of analyzing the Relations between UN-Habitat and UNON. This approach entailed the following tasks:

1) **Review of the basic normative and legal framework** to which UN-Habitat and UNON are bound in the performance of their functions as part of the United Nations Secretariat.

   Following norms were consulted:

   - UN Staff and Human Resources Regulations (ST/SGB/2009/6 AND A/RES/65/247)
   - Secretary General’s Bulletin Organization of the United Nations Office at Nairobi (ST/SGB/2009/3)

2) **Review of the functional practices focusing on the performance of functions by UN-Habitat and UNON according to procedures in place.**

   Following documents were consulted:

   - Procurement Manual
   - Service Level Agreement 2011 (UN-Habitat and Budget and Financial Management Service (BFMS), UNON.
   - Service Level Benchmarks-Procurement Section (Nov. 2011)
Human Resources Service Level Agreement (October 2010).
SLAS have not been signed by either UN-Habitat or UNON, they are still under discussion and Service Level Benchmarks are applied instead.

The review of the practical aspects of the relation between UN-Habitat and UNON focused on three functions that were identified by TFT3 as critical to governance review in its goal to enhance efficiency, efficacy, accountability and transparency in delivering UN-Habitat’s Mandate:

- Budget and Financial Management Service.
- Procurement Service
- Human Resources (recruitment and staff) Services.
- Delegation of Authority

3) Listing of relevant Findings both in the legal and practical aspects of the relationship between UN-Habitat and UNON.

4) Impact of the Organizational Review (new Management System)

5) Recommendations for possible actions to improve governance (enhanced Accountability, Transparency, Efficiency and Efficacy)

B. METHODOLOGY OF THE WORK

TFT3 undertook a review and elaborated a summary of the legal framework of the UN-Secretariat Regulations and Rules relevant to the work of the team.

TFT3 elaborated a list of questions and submitted them to both UNON and UN-Habitat.

TFT3 organized and attended a series of Briefings and Meetings with both UNON and UN-Habitat teams and Officials responsible of Administrative and Management issues:

Two Meetings with the UNON team headed by UNON’s Director of Administrative Services and attended also by the Chief of Budget and Financial Management Service, the Special Assistant to the Director of Division of Administrative Services, Chief of Recruitment and Classification Section, HR and Management Services, Chief of Procurement Services.

One meeting with UN-Habitat Management and Administrative Team headed by UN-Habitat’s Acting Director of the Management Office and attended also by professional staff in charge of procurement, HR, administrative and financial services, disaster and relief operations, and Office of the Executive Director.
Individual Briefings with the Methods and Oversight Officer in the Management Office and with the Liaison Officer for Human Resources.

The Briefing Sessions and meetings served to gather information on the current standards of the relationship between UN-Habitat and UNON, as well as to identify areas that need to be addressed in order to enhance accountability, efficiency and transparency within improved governance.

Nevertheless, only limited written statements or answers have been provided to the TFT and those have not been accompanied by support documentation. Therefore, this report is based on verbal answers and verbal exchange of opinions and information which is a main limitation to the depth and consistency of the analysis.

2. SUMMARY OF THE BASIC NORMATIVE AND LEGAL FRAMEWORK

2.1. Financial Regulations and Rules of the UN Secretariat

1. BUDGETS
   - The FRR establish a biennial cycle for budget programmes based on **two year financial cycles**. Hence UN-Habitat’s Work Programme and Budget is elaborated following content, methodology and process for approval as established in the FRR.

2. CONTRIBUTIONS AND OTHER INCOME
   - Assessed contributions: According to FRR, once the GA has adopted the programme budget and determined the amount of the Working Capital Fund, the Secretary General will transmit relevant documents to Member States and request them to remit their contributions and advances.
   - Voluntary contributions: According to FRR they can be accepted for policies and activities consistent with the purposes of the Organization.
   - (Clarification: non earmarked or softly earmarked voluntary contributions are incorporated to the WPB as they are devoted to main strategic areas and activities (core activities) of UN Habitat, earmarked contributions, mostly devoted to Technical Cooperation (projects) are also included to some extent in the WPB.)
   - Trust Funds: According to FRR Trust Funds may be established and shall be reported to the Advisory Committee on Administrative and Budgetary Questions. UN-Habitat has
traditionally established Trust Funds, such as “The Water and Sanitation Trust Fund” or the Trust Fund for Palestinian Territories”

2. BANKING

- The Secretary General shall designate the bank or banks in which funds shall be kept. Actually he delegates on to the Under Secretary for Management for designating those officials also to whom signatory authority is delegated. He also authorizes closure of banking accounts.
- Two signatures are required for payments. Offices away from headquarters shall obtain their funds through remittances from headquarters.

4. UTILIZATION OF FUNDS

- FRR distinguish between certifying officers and approving officers:
  - **A Certifying Officer** is responsible for managing the utilization of resources, including posts, in accordance with the purposes for which those resources were approved, the principles of efficiency and effectiveness and the UN FRR.
  - **An Approving Officer** is responsible for approving the entry into the accounts of obligations and expenditures relating to contracts, agreements, purchase orders and other forms of undertaking after verifying that they are in order and have been certified by a duly designated certifying officer. Approving officers are also responsible for approving the making of payments once they have ensured that they are properly due, confirming that conditions of the contract agreement have been fulfilled (e.g. services supplied in conformity. Goods delivered).

5. PROCUREMENT

The Under Secretary General for Management is responsible for the procurement functions and shall designate the officials responsible for performing procurement functions. The FRR establish general principles on procurement based on effective competition. They also stipulate formal methods of solicitation whereby formal invitations for bidding should be issued. There are a series of exceptions to these solicitation methods, explicitly numbered, such as: when a monopoly exists, when effective competition cannot be evaluated objectively.

- The Annex governs the financial management of the Foundation. The SG delegates authority to the Executive Director of UN-Habitat who may in turn delegate authority for specific aspects to officials of the Foundation.
- Art 3. Rule 303.4: The Secretary General delegates to the ED of UN-Habitat the authority to accept voluntary contributions (this applies to Foundation Funds non earmarked, softly earmarked or earmarked and Technical Cooperation).
- Art 3 Rule 303.8: For receipt and deposit, though only officials designated by the Undersecretary for Management shall be authorized to issue official receipts.
- Art 4. Rule 304.3.2: The Executive Director shall establish:
  - A General Fund to account for voluntary contributions and payments
  - General Financial Reserve: to ensure financial liquidity (level of liquidity shall be determined by the governing Council)
  - Trust Funds: from voluntary contributions received for specific program and project activities.
- Art 5. Rule 305.3.1: The ED shall have authority to administer the Foundation Budget and to utilize its Funds as planned and approved by the Governing Council. Under policy guidance of the GC the ED shall establish operational guidelines for the Foundation.
- Art 6. Rule 306.2: Responsibility for maintaining accounts: The ED is designated as the official responsible for maintaining records and accounts of the Foundation that are necessary to enable the Executive Director to report to the Governing Council, subject to such instructions as may be prescribed by the Secretary General.
- Art 6. Rule 306.10: Financial Statements: The ED shall prepare and certify as correct the financial accounts and statements of the Foundation and submit them to the Board of Auditors.
UN Secretariat’s Staff and Human Resources Regulations (ST/SGB/2009/6 AND A/RES/65/247))

The Secretary-General promulgates the following with respect to the Human Resources Staff Regulations of the United Nations, established by the General Assembly in accordance with Article 101 of the Charter of the United Nations:

Revised edition of the Staff Regulations, by its resolution 63/271, the General Assembly approved the amendments to the Staff Regulations that would implement a streamlined system of contracts, effective 1 July 2009.

While the Charter of the United Nations, provisions relating to service of the staff, article 101 – Staff appointment, the staff shall be appointed by the Secretary-General under regulations established by the General Assembly. Appropriate staffs shall be permanently assigned to the Economic and Social Council, the Trusteeship Council, and, as required, to other organs of the United Nations. Therefore, these staffs shall form a part of the Secretariat. The paramount consideration in the employment of the staff and in the determination of the conditions of service shall be the necessity of securing the highest standards of efficiency, competence and integrity. Due regard shall be paid to the importance of recruiting the staff on as wide a geographical basis as possible.

1. Scope and purpose of the Staff Regulations of the United Nations.

The Staff Regulations embody the fundamental conditions of service and the basic rights, duties and obligations of the United Nations Secretariat. They represent the broad principles of human resources policy for the staffing and administration of the Secretariat. For the purposes of these Regulations, employment and contractual relationship are defined by a letter of appointment subject to regulations promulgated by the General Assembly pursuant to Article 101, paragraph 1, of the Charter. The Secretary-General, as the Chief Administrative Officer, shall provide and enforce such staff rules consistent with these principles as he or she considers necessary.
Core values, basic rights and obligations of staff. Staff members inter alia shall uphold the highest standards of efficiency, competence and integrity. The concept of integrity includes, but is not limited to probity, impartiality, fairness, honesty and truthfulness in all matters affecting their work and status;

Performance of staff - staff members are accountable to the Secretary-General for the proper discharge of their functions. Staff members are required to uphold the highest standards of efficiency, competence and integrity in the discharge of their functions. Their performance will be appraised periodically to ensure that the required standards of performance are met;

Classification of posts and staff - in conformity with principles laid down by the General Assembly, the Secretary-General shall make appropriate provision for the classification of posts and staff according to the nature of the duties and responsibilities required.

Salaries and related allowances - Salaries of staff members shall be fixed by the Secretary-General in accordance with the provisions of annex I to the present Regulations. An assessment at the rates and under the conditions shall be applied to the salaries and such other emoluments of staff members as are computed on the basis of salary, excluding post adjustments, provided that the Secretary-General may, where he or she deems it advisable, exempt from the assessment the salaries and emoluments of staff members engaged at locality rates.

Appointment and promotion - as stated in Article 101 of the Charter, the power of appointment of staff members rests with the Secretary-General. Upon appointment, each staff member, including a staff member on Secondment from government service, shall receive a letter of appointment in accordance with the provisions of annex II to the present Regulations and signed by the Secretary-General or by an official in the name of the Secretary-General.

The paramount consideration in the appointment, transfer or promotion of the staff shall be the necessity of securing the highest standards of efficiency, competence and integrity. Due regard shall be paid to the importance of recruiting the staff on as wide a geographical basis as possible. Furthermore, appointment of Under-Secretaries-General and of Assistant Secretaries-General shall normally be for a period of up to five years, subject to prolongation or renewal. Other staff members shall be granted either a temporary, fixed-term or continuing appointment under such terms and conditions consistent with the present Regulations as the Secretary-General may prescribe;
**Staff relations** - the Secretary-General shall establish and maintain continuous contact and communication with the staff in order to ensure the effective participation of the staff in identifying, examining and resolving issues relating to staff welfare, including conditions of work, general conditions of life and other human resources policies. The Secretary-General shall establish joint staff-management machinery at both local and Secretariat-wide levels to advise him or her regarding human resources policies and general questions of staff welfare.

**General provisions** - the present Regulations may be supplemented or amended by the General Assembly, without prejudice to the acquired rights of staff members.

2. **Salary scales and related provisions**

   The Secretary-General shall establish the salary of the Administrator of the United Nations Development Programme and the salaries of United Nations officials in the Director category and above, in accordance with amounts determined by the General Assembly, subject to the staff assessment plan provided in staff regulation 3.3 and to post adjustments wherever applied. If otherwise eligible, they shall receive the allowances that are available to staff members generally.

   The Secretary-General shall determine the salary rates to be paid to personnel specifically engaged for short-term missions, conference and other short-term service, to consultants, to Field Service personnel and to technical assistance experts.

   The Secretary-General shall fix the salary scales for staff members in the General Service and related categories, normally on the basis of the best prevailing conditions of employment in the locality of the United Nations Office concerned, provided that the Secretary-General may, where he or she deems it appropriate, establish rules and salary limits for payment of non-resident allowance to General Service staff members recruited from outside the local area.

   The gross pensionable remuneration of such staff shall be determined in accordance with the methodology specified in article 54 (a) of the Regulations of the United Nations Joint Staff Pension Fund and are shown in the salary scales applicable to such staff.
3. Human Resources Management Reform

The Reform emphasizes the fundamental importance of human resources management in the United Nations as a contribution to the strengthening of the international civil service and in this context, the relevance of the reports of the International Civil Service Commission.

The Reform reaffirms its commitment to the implementation of these reforms. I should be noted that human resources management must play a central, strategic role in ensuring that the Organization works in an integrated manner; and also that human resources management must continuously work to develop an Organization that is responsive and supports a culture of empowerment and performance, allows equal access to career opportunities irrespective of programmes and sources of funding and provides staff members with the chance to learn and grow so that they can reach their greatest potential.

It should be further noted that the variety of human resources management initiatives that the Organization has undertaken since the adoption by the General Assembly of its resolution 63/250, recognizes that the continued implementation of the reform initiatives will better equip the Organization to address a variable and demanding environment in which integration and harmonization will provide the basis for longer-term efficiencies in productivity and an improved work environment that will, in turn, better enable the Organization to meet its mandates.

Recruitment and staffing –
The Secretary-General has to ensure that the highest standards of efficiency, competence and integrity serve as the paramount consideration in the employment of staff, with due regard to the principle of equitable geographical distribution, in accordance with Article 101, paragraph 3, of the Charter of the United Nations. There is deep concern at the persistently high vacancy rates in the Organization, in particular in field missions, and the high turnover of staff, especially in difficult duty stations, which has a detrimental effect on the implementation of the mandates of the Organization, and there have been requests to the Secretary-General to fill all vacancies in an expeditious manner. There is paramount importance of speeding up the recruitment and staffing process, in accordance with Article 101, paragraph 3, of the Charter.
Furthermore, paragraph 11 and 12 of the report of the Advisory being, the period for the circulation of specific job openings will remain at 60 days, and requests the Secretary-General to conduct a comprehensive review of the entire recruitment process to improve the overall response time with a view to realizing the benchmark of 120 days for filling a post, and to report thereon to the General Assembly at its sixty-seventh session. The importance of the participation of staff representatives in the work of the central review bodies, and requests the Secretary-General and invites staff representatives to engage in a consultative process with a view to resuming the participation of staff representatives in the work of the central review bodies. There is a decision that welcomes the intention of the Secretary-General to expedite the selection process through virtual meetings of the central review bodies.

Paragraph 27 of the report of the Advisory Committee on Administrative and Budgetary Questions, and reiterates its request that the Secretary-General ensure that the Office of Human Resources Management continues to strengthen its monitoring of delegated authority for human resources management, including compliance with geographical and gender targets, while ensuring that the highest standards of efficiency, competency and integrity serve as the paramount consideration in the recruitment of staff.

2.4 Secretary General’s Bulletin Organization of the United Nations Office at Nairobi (ST/SGB/2009/3)


UNON office functions are:

- to act as the representative office of the SG in Nairobi
- representation, protocol and liaison functions with permanent missions, the host-country and other Governments, and INGOs and NGOs in Nairobi, as well as other organizations of the UN system in Kenya (nb. not regionally but in Kenya)
- to facilitate cooperation between the United Nations and regional organizations
- to provide administrative and other support services to UNEP and UN-Habitat
- to provide joint and common services to other organizations of the UN system in Kenya
• to manage and implement the programmes of administration, conference services and public information and to provide security and safety services for UN staff and facilities in UNON at Nairobi.

• to represent the Legal Counsel in Nairobi, providing legal advice on United Nations Office at Nairobi-related matters and on matters with legal implications for the United Nations.

• to serve as information Centre for Kenya, Seychelles and Uganda and as the focal point for public information and media relations for the United Nations in those countries

• to chair the Executive Services Management Board chaired by the DG and comprised of EDs and DEDs of UNEP and UN-Habitat. The Executive Services Management Board is the policymaking and oversight body responsible for strategic planning and setting operating principles for service delivery.

- The Director-General of UNON:
  • is at the Under-Secretary-General level
  • is accountable to the Secretary-General
  • represents the SG in relations with permanent missions and regional organizations
  • acts as the main interlocutor with the authorities of the host country in all matters relating to the functioning of the offices of the UN and its separate organs and programmes in Kenya,
  • cooperates with other organizations of the UN system, as well as with other INGOs and NGOs in the region
  • provides the SG with advice and support on a broad range of political, socio-economic and development issues in the region
  • undertakes related special and representation assignments
  • provides executive direction and management to the programmes of administration, conference services and other support and common services, as well as United Nations public information activities in the host country
  • Serves as the Designated Official for the security and safety of the UN system in Kenya.

Executive Services Management Board

The Executive Services Management Board is chaired by the Director-General. It comprises the Executive Directors and the Deputy Executive Directors of UNEP and UN-Habitat. The United
Nations Resident Coordinator participates in the Board on matters related to the United Nations system in Kenya. The Director of Operations of the United Nations Office at Nairobi is the ex officio member and acts as the Secretary of the Board.

The Executive Services Management Board meets every quarter, or more often as required. The Executive Services Management Board is the policymaking and oversight body that takes decisions pertaining to administrative and support services provided by the United Nations Office at Nairobi to UNEP, to UN-Habitat and to other organizations of the United Nations system in Kenya, as applicable.

The main responsibilities of the Executive Services Management Board include:

(a) **Adopting long-term policies**, strategies and priorities, and setting Operating principles and parameters for service delivery by the United Nations Office at Nairobi.

(b) **Reviewing and approving United Nations Office at Nairobi budgetary Submission for regular budget and extra budgetary resources**;

(c) **Reviewing and monitoring, on a regular basis, the quality, efficiency, effectiveness and timeliness of United Nations Office at Nairobi service delivery**;

(d) Proposing and monitoring, if necessary, remedial action plans and ensuring that appropriate and timely action is taken by the relevant service to rectify matters of concern; and when necessary, making proposals for aligning the organizational structure of the United Nations Office at Nairobi so as to meet client needs;

(e) Monitoring and ensuring the implementation of the recommendations of oversight bodies.

3. **LISTING OF RELEVANT FINDINGS IN THE CURRENT LEGAL FRAMEWORK FROM THE PERSPECTIVE OF UN-HABITAT’S GOVERNANCE**

1. **UN Secretariat Regulations and Rules in relation with the Financial Structure of UN-Habitat.**

    Un-Habitat’s major sources of income are:

    a) **Regular Budget allocations**: approved by the GA against the assessed contributions of Member States. While this represents around 7% of the total budget of UN-Habitat it remains a significant source of funding for core staff
b) **Foundation funds**: these are the non-earmarked voluntary contributions from Governments for which budget allocations are approved by the Governing Council and are allocated in accordance with agreed priorities.

c) **Earmarked voluntary contributions from Governments** or other donors for specific activities, as agreed with the donor included in the approved Work Programme and Budget. These can belong to two categories, either as contributions to the Foundation or at country level (Technical Cooperation). These represent around 70% of the total budget.

- The FRR establish a biennial cycle for budget programmes based on two year financial cycles. Hence UN-Habitat’s Work Programme and Budget is elaborated following content, methodology and process for approval as established in the FRR.
- WPP is endorsed by CPR, approved by the Governing Council, sent the UN-Secretariat headquarters in, included in the biennial programme budget through Programme 29, then it is submitted to the Advisory Committee on Administrative and Budgetary Questions (ACABQ). Finally, WPP proposal and ACABQ Report are presented by the Secretary General to the General Assembly for approval.

- Furthermore, whilst UNFRR are aimed at enhancing transparency and accountability, full transparency and total alignment and overview of UN-Habitat’s portfolio within WPB is not ensured, due to the fragmented nature of UN-Habitat’s financial structure and the unpredictability of some sources of Funding such as Technical Cooperation, which make it impossible to match the biennial financial cycle.

- All sources of income of UN-Habitat are subject to UN-Secretariat Regulations and Rules. This means that whatever the source and the purpose of the financing line, whether regular budget, core funding or earmarked funding for Technical Cooperation, all are subject basically to the same set of rules and procedures.

- The UN RR establish a system of delegation of authority on functions such as the utilization of funds, financial management, procurement and recruitment. The UN Secretariat in New York is the instance that issues Delegated authority. Understanding how the system of delegation of authority works between UNON and UN-Habitat is key to assess accountability in within the current system. The General Assembly is the only body in charge of approving a modification in the delegated authority of the Secretary General. However, no clear information has been provided regarding how the Executive Director of UN-habitat can gain more delegated authority.
2. UN Secretariat Regulations and Rules and the Mandate of UN-Habitat

- UN Secretariat Regulations and Rules in general, but more specifically current interpretation and application of the rules and procedures, do not fully respond to the nature of UN-Habitat’s work, in the sense that most activities are based abroad and UNON is not best positioned to provide timely services outside Nairobi.
- This poses a challenge for a Programme like UN-Habitat which combines normative and operational activities within the scope of its Mandate.
- Indeed, amongst UN Secretariat’s Programmes: Counter-Terrorism Committee Executive Directorate (CTED); Office of the United Nations High Commissioner for Human Rights (OHCHR); Office of the United Nations High Commissioner for Refugees (UNHCR); United Nations Conference on Trade and Development (UNCTAD); United Nations Environment Programme (UNEP); United Nations Office on Drugs and Crime (UNODC); United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA). UN-HABITAT is has both, a normative/operational Mandate. In this sense, it can only be compared to a hybrid entity, such as UN-Women.
- On the other hand, though a Special Annex to the FRR was approved in 2006, in order to regulate the Administration of UN-Habitat’s Foundation, this Annex, according to UNON has become outdated and is no longer applied to a full extent.

3. UNON’s Mandate and Organization

- According to UNON’s Mandate, the Office was created to achieve economies of scale and to strengthen the United Nations presence in Nairobi (in January 1996). The first step was the establishment of a common administration for UNEP and the then UN Commission on Human Settlements. The Director of UNEP was then also the Director of UNON.
- As set out in the ST/SGB/2000 (see above) one of the functions of UNON is to “provide administrative and other support services to UNEP and UN-Habitat”, but the outreach and scope of these services is not specified.”
- Due to lack of definition and clear competence boundaries in UNON’s Mandate, the scope of the functions carried out by UNON, mainly relies on guidelines on the Delegation of Authority, as given by the UN Secretariat in New York.
• In the Report following the inspection carried out by the Office of Internal Oversight Services in November 2001 it is stated that ...”although the role and mandate of UNON are set out therein, at the time of the inspection there appeared to be confusion as to the practical functional responsibilities and reporting lines of UNON. This confusion, partly originated because of unclear delegation of authority.

• The report of the inspection recommended clear guidelines on delegation of authority as well as the finalization of service level agreements in order to shed more clarity of differentiated functions between UN Habitat and UNON. According to UN-Habitat, SLAs are guiding the work, though they have not been signed, whereas, according to UNON, SLA’s have been abolished. Therefore, there is practically no accountability regarding the use of SLA’s in the practice, nor their implications.

• The report also noted that UNON as service provider should have quality assurance system to assess client satisfaction.

• This lack of clarity, detected more than a decade ago seems to have pervaded in the system, largely due to lack of a proper working relationship based on fluent communication and mutual understanding of each other’s roles. The fact that Service Level Agreements were not successfully concluded is also an indication of the situation.

• To this date, guidelines on Delegation of Authority are not clear. This is the other main reason of prevailing confusion of competences and roles between UN-Habitat and UNON as provider of administrative support services.

• UNON indeed performs a double function: it acts as custodian of UN Secretariat’s Regulations and Rules and as service provider to UN-Habitat. The balance between these two functions needs to be readdressed to ensure that compliance with norms and procedures are accompanied by effective service delivery, as well as to ensure that the mandate of both, UN-Habitat, and UNON are fully accountable to member States.

• There is no current mechanism or system in place that serves to monitor the timely delivery of services from UNON to UN-Habitat; UNON is responsible for service delivery but not accountable.

• New leadership both in UN-Habitat and in UNON provides an excellent opportunity to reexamine the situation from a constructive approach. Indeed, there is general consensus both in UN-Habitat and in UNON that there is an urgent need to revisit and
improve the working relationship between client and service provider with the aim of achieving a more efficient and accountable system.

- The need arises also from major qualitative changes in UN-Habitat since UNON was created (UN-Habitat became a full-fledged Programme in 2001), and from the increasing relevance of UN-Habitat’s Portfolio, both in the normative and in its operational dimension.

Analysis of the practical functioning of the system in the relationship between UN-Habitat and UNON

a. BUDGET AND FINANCE MANAGEMENT SERVICE

- UN FRR delegate on the Under-Secretary of Management authority in Banking, Procurement, and utilization of funds.

- The UN FRR distinguishes between Certifying and Approving Officers. Certifying functions are currently performed by UN-Habitat, whereas Approving functions are performed by UNON. Under the current scheme, accountability seems blurred.

- The UN FRR, Annex for UN-Habitat’s Foundation establishes (since 2006) a delegation of authority from the Secretary General to the Executive Director of UN-Habitat to administer the Foundation budget and to utilize its Funds. It is currently the ED together with the Governing Council who assign these funds to programs, subprograms and activities, but financial management (approving functions on payments are basically with UNON.)

- Presently, UNON performs Approving functions irrespective of the source of financing (whether it is Regular Budget, Foundation or Technical cooperation.) There is a very limited exception for Offices Away From Headquarters (OAHS), who avail of a limited capacity and limited delegate authority to exercise approving functions for financial management of projects.

- There is lack of clarity regarding which body is in charge of approving functions on payments. Offices Away from Headquarters have limited Delegation of Authority to exercise such functions, and UN-Habitat sees this as a problem to carry out their mandate, particularly in the aftermath of a disaster.
B HUMAN RESOURCES (RECRUITMENT AND STAFF SERVICES)

- UN Staff Regulations are universally applied in the UN system; general rules are also widely applied in a homogeneous way throughout the UN system. The UN Secretariat, however, has set up a very complex and regulated system— including burdensome administrative procedures to make these rules operational.

- Among the operational tools, the INSPIRA system for vacancies application is unanimously regarded as particularly complicated and inefficient in its functioning. Both, UN-Habitat and UNON agree that the Office of Human Resources should not have introduced such system. There was not widespread awareness that INSPIRA was created through the adoption of a Resolution on Human Resources Management Reform proposed by OHRM and approved by the General Assembly.

- UN-Habitat relies on UNON for the recruitment process; UNON’s Recruitment services have delegated authority to recruit for UN-Habitat.

- Recruitment procedures have to follow the set of operational rules approved by the UN Secretariat and are lengthy and burdensome:
  1. Regular posts are announced for 60 days (when they are based in Nairobi)
  2. Project positions are announced for 30 days if they are outside Nairobi, and even 15 days exceptionally when there are no candidates. This includes emergency cases. The problem though, is not solved by shortening the announcing period since recruitment process after the selection is quite long. This exception to the 60 days Rule has been applied, despite the fact that the General Assembly in its 64th session rejected a proposal to reduce the days of Announcement of posts.
  3. Experts/consultants: In order to achieve more efficiency, UN-Habitat has set up its own Consultant Roaster, different from Inspira. This was even proposed as a pilot for Inspira. An expert from UNHQ will come to see how this roaster works.

- Some bottlenecks identified in the Recruitment Process are the following:
  1. Professional posts must be translated to French (this entails a very long process since DGACM –UNON’s conference services- takes too long in delivering the translation).
  2. Screening of candidates by UN-Habitat can take very long
3. Interview panel also takes very long to make a decision.

- There is also a lack of knowledge and dissemination of information among the staff on the implications of the recent Human Resources Management Reform Resolution adopted by the General Assembly (64/290). The above is aggravated by the fact that benchmarks for recruitment are not clear and there are overlapping procedures in the application of UN-regulations and rules.

- Another problem is perception of Nairobi as duty station associated to insecurity, safety risks and difficulties for UN staff spouses to find jobs and remain professionally active. (Lack of incentives of Nairobi as duty station: Example: HR officers are P3 level in UNON whereas in the other duty stations they are P5.)

- As part of the UN Secretariat, UN-Habitat faces a disadvantage in its ability to deliver in a timely and responsive manner, particularly in its operational activities, and projects on the field, if compared with other UN Agencies or Programmes that are not bound to Secretariat Rules and Regulations and have more flexible, less burdensome recruitment administrative and operational procedures.

- However, UN-Habitat Offices Away from Headquarters, sometimes outsource recruitment for projects in the field to UNDP. UNDP has a particular modality, the so-called “general services contracts”, a type of contract that does not apply under UN Secretariat Regulations and Rules, but which allows for a more flexible, cost effective formula, to hire support and project staff on the field. (According to UN-Habitat’s sources, recruitment processes can take up to 178 days).

UN Regulations and Rules, as well as procedures for recruitment are designed to ensure transparency in the process and the outcome rather than efficiency and quick response capacity. There is general consensus between UN-Habitat’s staff and UNON staff that over lengthy procedures can be substantially shortened by eliminating current bottlenecks through simplification of unnecessary and cumbersome administrative procedures currently in place, particularly in UN-Habitat and through enhanced communication and planning. Joint elaboration of a timely Recruitment Plan was suggested by UNON.
C PROCUREMENT SERVICES

The Director of Administrative Services at UNON has received delegated authority from the Secretariat in New York on procurement, and so has the Executive Director of UN-Habitat, but the scope of delegation of authority to each of them seems to be unclear due to different interpretations on Secretariat’s rules applicable to UN Habitat and UNON. This has led to confusion and to differing criteria as to how and by whom procurement functions should be performed.

- According to current practice, all procurement services are provided to UN-Habitat by UNON, except for Procurement carried out by UN Habitat Offices away from Headquarters (OAHS), who have received limited delegated authority to procure in a range between 50,000 and 150,000 USD on extra budgetary resources, for projects on the field.
- The main reason why UNON has such wide competences on procurement relies on the fact that all Officers that have received delegated authority to procure (in this case from the Director of Administrative Services at UNON) and have the necessary professional training and clearance to do so, are at UNON and not at UN-Habitat, where at the moment there is no authorized procurement officer.
- There is also a historical explanation for this, based on the fact that when UNON was created, sixteen years ago, it was formed by merging the administrative services of both UN-Habitat and UNEP. Hence, authorized procurement officers moved to UNON.
- Currently, procurement procedures are lengthy and burdensome and it might take up to 18 to 34 weeks, depending on the type of procurement.
- Main source of concern for UN-Habitat is the inability of UNON to procure in a timely manner so as to ensure efficient programme delivery, particularly outside Nairobi, in operations on the field and particularly in post disaster and post conflict activities. This pushes UN-Habitat to turn to other Agencies, mainly UNDP and UNOPS to satisfy procurement needs.
- Accountability and transparency of the current procurement system are not granted. UNON does not carry out any procurement report annually. On the other hand, procurement reports of UNDP are not reviewed by the General Assembly. Member States have no information on procurement of goods and services to UN-Habitat.
- UNON acknowledges some reasons that would explain the situation: lack of planning in advance, including forecast of recurrent needs, as well as increasing work burden,
and insufficient human resources. To this, we should add the need to apply the UN Manual on Procurement that entails the compliance with many requirements so as to ensure transparency and fair competition. Indeed, in order to ensure transparency, the Procurement Manual are the only officials entitled to talk to vendors. The system is designed to keep program managers away from vendors.

- **Nevertheless, UNON is of the opinion that much more effectiveness might be achieved through improved communication and coordination between UNON and UN-Habitat:** timely involvement of UNON in UN-Habitat’s Strategic Planning, joint elaboration of a procurement plan, joint assessment of needs including the possibility of implementing emergency and “fast track options” where appropriate. In UN-Habitat’s view, in some cases involving Technical Cooperation, planning becomes a challenge due to unpredictability.

- **The fact that there is no statutory reporting on procurement services makes it difficult to track quality and adequacy of procurement services undertaken by UNON on behalf of UN Habitat.**

- **Lack of efficiency and weak accountability** seem to be the main weaknesses in the current functioning of the system. There seems to be no mechanism or tool to measure compliance with timely and effective delivery. In spite of this shortcoming, UN-Habitat is accountable to the donors and to Member States for efficient programme delivery.

### 4. IMPACT OF THE ORGANIZATIONAL REVIEW

**Organizational review and Financial Accountability and Transparency**

- **Un-Habitat is currently undergoing a process of reviewing its organization,** thus responding to a demand frequently raised by the Committee of Permanent Representatives and the Governing Council.

- **Main purpose of the review is to increase UN-Habitat’s Accountability, Transparency, Efficiency and productivity.** Indeed, what has been recently perceived by some Member States as lack of Transparency and Accountability motivated the decision by various key donors to reduce or even suppress financial support to UN-Habitat.

- **The Executive Director of UN-Habitat has engaged in this process in extensive consultations with the CPR as well as with UN-Secretariat in New York.**
Key elements to reach financial accountability are two modern and tested management tools: the Project Based Management System (PBMS) and the Project Accrual Accountability System (PAAS) that are receiving unanimous support from donors.

The introductory phase of accrual accountability has allowed a better understanding of the 5.4 MUSD deficit of 2010 and hence it has prompted to take adequate measures and decisions to correct the situation in 2011, such as the freezing of posts and the implementation of a firm program of cost containment, well appreciated by stakeholders.

As stated above, PMS and PAAS are not just accounting systems that keep record of economic facts, but they are also modern management tools and efficient instruments to grant accountability and transparency, based on and “on line system”. This management system allows taking proper and founded decisions.

The recording based system currently shared by UN-Habitat and UNON is not sufficient to address transparency and accountability issues, as has been stated by different donors.

The implementation of the new system will bear consequences for the current system of certifying and approving functions, since the new programme in line with the modern and generally accepted principles of accountability permits only to outsource technical support of accountability but not the authority, since approving functions fall under the authority that is accountable for programme delivery.

5. RECOMMENDATIONS ON PROPOSED ACTIONS

1. Implementation of a clear system of Delegation of Authority that responds to rational criteria and addresses the need to enhance Accountability and Transparency of the system as well as increased Effectiveness in UN-Habitat’s Programme Delivery.

The first rational criterion is the differentiation between accountability and responsibility.

Definition of Accountability (Wikipedia)
“As a term related to governance, accountability is frequently described as an account-giving relationship between individuals, e.g. "A is accountable to B when A is obliged to inform B about A’s (past or future) actions and decisions, to justify them, and to suffer punishment in the case of eventual misconduct". Accountability cannot exist without proper accounting practices; in other words, an absence of accounting means an absence of accountability.”

**Definition of Responsibility (Wikipedia and various dictionaries)**

A brief research on definitions, show that sometimes responsibility and accountability are used as synonymous terms.

Interestingly, though, within the context of the performance of public functions some University studies (University of Georgia) point to a more accurate definition of differences among the two terms: responsibility refers to the **assignment of a task** (...) it suggests the empowerment of officials by those who have the authority to do so by assigning responsibilities to them, and, acceptance by officials of that responsibility. Compliance with responsibility means fulfilling tasks assigned. Compliance with accountability means justify and explain actions and decisions.

These definitions are useful to approach the binary Accountability /Responsibility division in the framework of the relationship between UN-Habitat and UNON:

- It is UN-Habitat as a full-fledged Programme, who is accountable to donors and to Member States for effective delivery of its Mandate. UNON, as an entity of Administrative nature, is responsible for provision of administrative support services.
- Based on clear guidelines on Delegation of Authority, UN-Habitat and UNON should be able to establish clear roles and responsibilities in the performance of functions attributed to each of them.
- One option in order to solve the matter would be delegating authority to the accountable instance.
- A clear system of Delegation of Authority should be accompanied by the necessary training of staff empowered by delegation of authority, so they can duly perform their duties and be fully accountable for their performance.

2. **Establishment of an effective Institutional Communication Mechanism that ensures joint planning and proper coordination at all levels between Un-Habitat and UNON as Administrative Service Provider.**
There is general consensus, both, at UN-Habitat and UNON that significant improvements in provision of services can be achieved through improved communication and advanced planning. The APEX Body between UN-Habitat, UNEP and UNON which is the Executive Services management Board should arrange a calendar to allow UN-Habitat and UNON to undertake strategic discussions and engage constructively in a new working relationship.

UNON’s proposal to share timely and analyze jointly the administrative dimension of UN-Habitat’s Strategic Planning and of the Work Programme and Budget should be given consideration in order to allow UNON to prepare in advance for improved service provision.

More fluent and constant communication at different levels, political and technical (can be achieved through revitalization of both, the Executive Management Board and more importantly regular meetings of the Client Advisory Board. (Particularly the Client Advisory Board would be the right venue to raise matters related to services that require “fast track options”, establish priorities, agree on procedures to be applied to certain services, monitor service delivery…) UNON and UN Habitat need to created ‘working groups’ to design a more effective ‘Management & Accountability’ system between the UNON (as service provider) and UN Habitat (as client) to establish clear cut ‘work flow / processes’ with timelines, assignment of roles and responsibilities as well as costs.

3. The establishment of a clear client-service model

As stated before, UNON was created as an Administrative Support Structure to cater administrative services to UNEP and UN-Habitat. To the extent to which UNON is responsible to apply UN-Secretariat Regulations and Rules when performing its administrative functions, it becomes the custodian of the correct application of the Rules and Procedures. Hence, it exercises control functions. As service provider, though it is responsible for the provision of quality, timely and effective services to UN-Habitat and UNEP.

In the current system, the control function and the function as service provider do not appear to be well balanced, and clear client-service model needs to be established. A proposal for consideration would be to clearly separate the performance of both
functions within UNON (controllers do not manage and managers do not control) and reinforce control systems “ex post” rather than prior. This system could enhance speed of service delivery.

➢ On the other hand, under the current organizational review, UN-Habitat is engaged transformation process of management system and practices that is aimed at achieving a more horizontal structure and at eliminating bureaucratic layers on administrative procedures that create bottlenecks and cause delays in delivering to UNON documentation needed to be able to perform service provision.

4. Proposals to enhance Transparency in the Financial Governance of UN-Habitat

To foster participation of the CPR in the elaboration of the Work Programme and Budget

Altogether, Member States should be more actively involved in the process of submission and approval of Work Programme and Budget and demand periodical financial statements, including audited accounts. An early participation of the CPR in the elaboration of the WPB would allow Member States to provide and receive inputs from the capitals and from the UN Permanent Representations in New York and to support financial coherence with programmatic and strategic priorities of UN-Habitat.

To analyze in connection with Findings of the other Task Force Teams of the Governance Review Process governance options that grant the Governing Bodies of UN-Habitat full oversight of UN-Habitat’s portfolio (current biennial Financial Cycle of Work Programme and Budget does not provide it due to unpredictability of sources of income) and allow also for more flexibility to introduce financial adjustments.

A new OIOS inspection could take place, as a follow up to previous inspections in order to tackle issues that need further clarification.

5. Submission of present Recommendations to the Mission of the Department of Management of the UN Secretariat (New York) and to the Executive Director of UN-Habitat.
An official Mission from the Department of Management of the UN Secretariat in New York will take place from the 16<sup>th</sup> to the 27<sup>th</sup> of April 2012 in order to assess the performance of administrative functions between UNON and both Programmes, UN-Habitat and UNEP.

Recommendations in this report will be submitted to this Mission for its consideration.