Challenges, validated observations:

1. **UN Financial Rules and Regulations in relation with the financial structure of UN-Habitat**
   - UN Secretariat Regulations and Rules in general, but more specifically their interpretation, 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.

2. **UNON’s mandate and organization**
   - 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. 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.
   - Clear guidelines on delegation of authority are needed 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.
   - 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.
   - **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.**

3. **Human resources**
   - **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:** Regular posts are announced for 60 days (when they are based in Nairobi). 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.
   - 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).
   - Screening of candidates by UN-Habitat can take very long
• 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). Benchmarks for recruitment are not clear and there are overlapping procedures in the application of UN-regulations and rules.
• There is a negative 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
• 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.
• 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 agreements”, 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. However, these contracts are not quite accountable.

4. 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.

• 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. UN-Habitat turns 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. 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.

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.

### Proposals

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<tr>
<td>1</td>
<td>Implementation of a clear system of Delegation of Authority that responds to rational criteria and improves UNHabitat’s Programme Delivery.</td>
<td>✓</td>
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<td>2</td>
<td>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.</td>
<td>✓</td>
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<td>- Revamp the APEX Body between UN-Habitat, UNEP and UNON (Executive Services management Board). Arrange a calendar to allow UN-Habitat and UNON to undertake strategic discussions and engage constructively in a new working relationship.</td>
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<td>- Periodical briefings to CPR on issues regarding UNHabitat and UNON’s relation</td>
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<td>- Share timely and analyze jointly the administrative dimension of UN-Habitat’s Strategic Planning and of the Work Programme and Budget to allow UNON to prepare in advance for improved service provision</td>
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<td>- 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.</td>
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<td>3</td>
<td>Establishment of a clear client-service model</td>
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<td>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.</td>
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<td>4</td>
<td>To foster participation of the CPR in the elaboration of the Work Programme and Budget 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.</td>
<td>✓</td>
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<td>5</td>
<td>A new OIOS inspection on the relation UNON-UNHabitat</td>
<td>✓</td>
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<td>6</td>
<td>Submission of present Recommendations to the Mission of the Department of</td>
<td>✓</td>
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Management of the UN Secretariat (New York) and to the Executive Director of UN-Habitat.