COMPARATIVE ANALYSIS OF GOVERNANCE MODELS IN SELECTED UN AGENCIES

Governance Review Process
UN-Habitat

Draft

September 2012

Stein-Erik Kruse
**Acronyms**

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<tbody>
<tr>
<td>CPR</td>
<td>Committee of Permanent Representatives</td>
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<tr>
<td>ECOSOC</td>
<td>Economic and Social Council</td>
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<td>ED</td>
<td>Executive Director</td>
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<tr>
<td>NGO</td>
<td>Non Governmental Organisation</td>
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<td>UNDP</td>
<td>United Nations Development Programme</td>
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<td>UNEP</td>
<td>United Nations Environment Programme</td>
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<td>UNFRR</td>
<td>United Nations Financial Rules and Regulations</td>
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<td>UNGA</td>
<td>United Nations General Assembly</td>
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<td>UNHCR</td>
<td>United High Commissioner for Refugees</td>
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<td>UNODC</td>
<td>United Nations Office on Drugs and Crime</td>
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<td>WFP</td>
<td>World Food Programme</td>
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<td>WPB</td>
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1. CHAPTER 1: INTRODUCTION

1.1. Background

UN-Habitat’s Governing Council, in its 23rd Session celebrated in April 2011, approved the Resolution 23/13, under the title “Governance of the United Nations Human Settlement This Resolution refers to the third phase of the Governance Review Process in following terms:

The CPR and the Secretariat of UN-Habitat will jointly engage in a Governance Review process in order to:

- Further examine the options for reform and develop a preferred option;
- Develop procedures for the examination phase;
- Seek consensus on the identified option; and
- Develop an action plan and present it to the General Assembly at its 67th Session if applicable.

The first steps towards the implementation of the GC Resolution were the setting-up of an Open Ended Consultative Group on Governance Review to oversee the process and the approval of the Terms of Reference (TOR) during the 43rd Regular Session of the CPR held on the 15th of December 2011 to guide the third phase of the Governance Review Process.

In short, the T.O.R stipulate the following:

- The setting-up of four Task Force Teams (TFT's) in order to analyze each of the four governance challenges as identified by the Group on the basis of the report HSP/GC/23/INF 7 and to provide proposals for action and recommendations on options to tackle those challenges.
- A Comparative Analysis of different Governance Models
- The elaboration of an Action Plan identifying options on the basis of the report HSP/GC/23/INF/7 and the findings of the work done by the Open Ended Consultative Group on Governance.
- The presentation of the Action Plan to the 67th Session of the General Assembly if possible.

During the first quarter of 2012, all four Task Force Teams completed their work and submitted their findings and proposals, first to the Open Ended Consultative Group on Governance Review in separate sessions, and then to the 44th Regular Session of the CPR held in March 2012 for their endorsement.

Task Force Team 1 presented its findings and proposals for action related to the challenge of “Multiple lines of authority”. TFT 2 dealt with “Over-complicated Work Programme and Budget and burdensome administrative process due in large part to multiple and complex management and governance structures.” TFT 3 dealt with “Relationship between UN-Habitat and UNON” in the light of the UN Secretariat’s Regulations and Rules, current procedures applied by UNON and UN-Habitat on effective delivery of UN-Habitat’s
Mandate, and their impact on transparency and accountability of the system. Finally, TFT4 focused on the organization of the Governing Council, its composition, participation and engagement of all relevant stakeholders, frequency of meetings and implementation of GC resolutions, with the objective of finding proposals to revitalize current governing bodies.

The purpose of this consultancy is to support the work of the Open-ended Consultative Group and prepare an Action Plan that provides recommendations for reform, defines all the required steps for implementation and specifies the financial, legal and procedural implications.

The consultancy has three main outputs:

a. A comparative analysis of different governance models based on presentations made to the Open-ended Consultative Group by representatives of various UN organisations whose governance structures UN-Habitat can learn lessons from. The Comparative analysis focuses on the work done by the Four Task Force Teams in terms of identified challenges and proposals for the way forward.

b. An examination of the governance options as identified in the Executive Director’s Note to the Governing Council (HSP/GC/23INF/7) as well as any other options emerging during the process, and an analysis of their modalities, financial, legal, procedural and political implications.

c. An Action Plan that suggests specific recommendations explains steps that must be taken and clarifies financial, legal and procedural implications.

1.2. Purpose and approach to the comparative analysis

The purpose of this report is to present the findings from the comparative analysis of governance models in other UN agencies (output 1).

The report is based on the written summaries of a series of presentations by selected agencies to the Open-ended Consultative Group in Nairobi. The agencies were United Nations Development Programme (UNDP), United Nations High Commissioner for Refugees (UNHCR), United Nations Office on Drugs and Crime (UNODC), World Food Programme (WFP) and UN Women (not yet presented).

The agencies were requested to speak to four thematic areas and answer a number of questions listed in the text box on the following page.

The four thematic areas basically correspond to the four main areas identified as governance challenges for UN-Habitat as examined by the Four Task Force Teams. The present report also focuses on the findings and recommendations by the Task Force Teams as an essential input for the comparative analysis with other governance models.
Key characteristics for all the agencies are presented in Annex 1, while the presentations are summarised in Annex 2 and follow the same structures as explained above. An important objective with the presentations was to provide factual information on how the agencies structure their governing bodies, organise work planning and reporting processes, arrange financial cycles and provide administrative and financial services – though not in any detail. The other objective was evaluative and analytical – to discuss changes and reforms within the agencies and reflect on lessons learned and to what extent the structures and systems have become more efficient and effective. The latter objective was less covered in the presentations, but also some factual information was missing. Hence, additional data and information have been collected through interviews and existing documents, but there are still some gaps to be filled in later.

### Structure of Governing Bodies
How does the decision making process work within the Governance body?
- Are there any widely perceived structural or functional weaknesses in your current governing structure?
- Have there been any governance reforms introduced in the last five years, and if so what has triggered them?
- Have there been any noticeable improvements in terms of the efficiency or effectiveness in decision making?
- What is the current practice in frequency of meetings and how does it impact efficiency in mandate delivery?
- What role do non-state actors play in the governance process and what is their relation with the organisation?

### Work Planning and Reporting
How does your organisation report to Governing Bodies and Member States?
- How do you ensure effective and timely reporting?
- How are transparency and accountability ensured?
- What mechanisms are used to implement decisions taken by Governing Bodies?
- How do you undertake monitoring and evaluation of, and how are findings and recommendations integrated into on-going work plans and programme management.

### Financial Cycles and Structure
Which departments and governing bodies are involved in the preparation and review of the budget and is it considered to be an effective process?
- Considering your agency’s overall budget, what are your sources of funding expressed as a percentage?
- Do procedures include mechanisms that allow for flexibility to respond to emerging needs when required?
- How is comprehensive oversight of the organisation’s project portfolio ensured?

### Provision of Administrative and Financial Services
Does the organisation outsource partially/totally service provision?
- If some services are outsourced, on what basis and criteria does the system work?
- Do you have agreements with other organisations for service provision?
- How is efficiency in service provision ensured and what mechanisms are in place to safeguard accountability?
- How do you balance requirements for normative work against increasing demands for earmarked and / or project based activities?

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The next chapter (Chapter 2) seeks to extract the main findings and compare agencies within the four areas, discuss strengths and weaknesses and try to identify potential lessons and opportunities for UN-Habitat. To add perspective, this chapter also contrasts UN programmes with UN specialised agencies.

Assessment framework

The presentation in Annex 2 is mainly descriptive and the comparative analysis presents how similar challenges are resolved by the five agencies without any discussion of what the best solutions are. An important finding is also that there is not necessarily one size fit all solution. The agencies are different in both mandates and mode of operation. This does not preclude that some models and solutions are better than others.

The lessons learned and implications for UN-Habitat will be in focus in the next report to the Open ended Consultative Group—a report which will clarify and present options and discuss strengths and weaknesses based on selected criteria.

However, the assessment framework and a preliminary assessment are introduced already here. We intend to analyse governance options for UN-Habitat with reference to four dimensions: effectiveness, efficiency, accountability and voice. These dimensions are drawn from codes of good governance in the public and private sectors and from academic literature on international organisations and private and public sector management. While these dimensions often complement each other in the exercise of good governance, some of them are also in tension with each other and give rise to difficult trade-offs, which will be discussed further.

a. Effectiveness refers to the capacity of governance arrangements to deliver high quality, timely results; specifically, to agree on goals and strategies and to implement them and monitor their results. Effective governance requires that responsibilities are clearly defined, that different parts of the institution work in concert, and that information flows to the right place at the right time, allowing monitoring and evaluation mechanisms to identify problems and trigger corrective processes.

There are several effectiveness-related questions, such as: Are the responsibilities of the Governing Council, the Committee of Permanent Representatives and the Secretariat clearly defined? Do the existing governance arrangements encourage good strategy formulation, implementation, and oversight? What are the alternatives and will alternative models improve effectiveness?

b. Efficiency refers to the costs of governance, both financial as well as in terms of the time of staff and board/council members. Efficient governance requires a clear and coherent division of labour among the organs of governance, avoidance of duplication of effort, and policy-making and implementation processes that involve only as many steps and actors as are strictly necessary. The questions are again – to what extent the current arrangements are efficient and whether alternatives will be more efficient.

c. Accountability refers to the ability of stakeholders to hold UN-Habitat and its decision makers to a set of standards, to judge whether they are meeting those standards, and to set rewards or sanctions accordingly. Accountability requires a set of benchmarks
against which to judge performance, good reporting and monitoring mechanisms, clear lines of authority and the capacity to sanction an agent whose performance does not meet agreed standards.

d. **Voice** refers to the ability of UN-Habitat stakeholders to have their views considered in the decision making process, and to the ability of other affected stakeholders, such as civil society organisations, to have their views considered by UN-Habitat governing bodies. To exercise voice in this sense, stakeholders need channels to have their opinions heard, as well as a culture of openness and appropriate safeguards to protect those expressing views that are controversial or unpopular. The question is whether adequate channels are open to member states—including those with little voting power and funds—to express their views and to have them considered.

**CHAPTER 2: COMPARATIVE ANALYSIS**

**2.1. UN Programmes and Specialised Agencies**

Before discussing the selected agencies, it should be emphasised that only UN programmes were included – to a large extent because UN-Habitat is a UN programme and the potential for learning is highest with similar organisations. However, it is useful as a background to provide the broader perspective and identify the differences and not least similarities between UN programmes and specialised agencies. There is often a blurred line and increasing overlap in roles and functions between the two.

Specialised agencies\(^1\) were originally established to be focal points for intergovernmental deliberations and negotiations on common international issues in their respective areas. Member states designed them for the purpose of collecting and disseminating information linked to the setting of international standards and rules. Increasingly, they came to be seen as “centres of excellence” in their respective fields, initiating and organising international research efforts and campaigns. As such, they have also been important sources of information and advice for developing countries. This has often been referred to as the normative function of the specialised agencies that is, providing an instrument for agreement on norms, standards and recommendations for the furthering of the common good.

However, the specialised agencies have increasingly become involved in the execution of technical assistance projects in developing countries. Some are involved in disaster relief and development activities, and together this can be described as the agencies’ operational function. Since several years back, **there is a debate on whether the specialised agencies have come to devote too much of their work to technical assistance and other operational activities, which may have had an adverse effect on the normative aspects of their mandates.**

\(^1\) There are more than fifteen such as ILO, FAO, UNESCO, WHO, World Bank Group, IMF, ICAO, IMO, ITU, UPU, WMO, WIPO, IFAD, UNIDO, UNWTO.
A specialised agency is an autonomous intergovernmental organisation linked to the UN through the UN Charter whereby member states have pledged themselves to “joint and separate cooperation” on social and economic issues. The main link to the UN Charter was through ECOSOC. The UN recognised the autonomy of the specialised agencies, but also required that the agencies should be brought into a relationship with the UN General Assembly (UNGA).

The governance and structure of specialised agencies generally follow a similar pattern. Most have some form of balance between universality whereby all the members are expected to participate and a smaller representative group working between sessions. For example, WHO has near universal membership of 192 member states and is governed by the World Health Assembly which is the supreme decision making body and composed of the whole membership. In addition, an Executive Board of 34 members is elected by the Assembly, who are technically qualified as individuals, carries out the decisions and policies of the Assembly in between its meetings.

The core funding of specialised agencies is through assessed contributions which is normally based on the UN rating system and calculated on the basis of countries’ national income. Specialised agencies do not receive any funds from the UN regular budget, but trust funds and voluntary funding are commonly used to supplement core funding and often account for 40-50 % and often more of their total income.

UN programmes on the other hand do not have the same clear distinction under the UN as the specialised agencies. UN programmes are considered subsidiary organs of the UNGA under Article 22 of the Charter. This Article is vague in describing the details of the governance systems, but through general practice the Article has been used to establish different types of organs, such as boards, committees, councils, commissions, panels and working groups. Article 22 has lent itself to allowing more flexibility for the UNGA to create various types of entities varying from more permanent arrangements, such as the creation of Governing Councils (UNEP and UN-Habitat), Boards (UN Development Executive Board), and Commissions (UN Commission on Sustainable Development). Several programmes have assumed certain, but limited legal independence as necessary to carry out their operational work more efficiently. However, most matters still derive their legal personality from the UNGA and follow UN rules and procedures.

Although, there are no set rules, UN programmes tend to have relatively small governing councils made up of between 30-60 members, while membership is generally open to all UN member states. Some UN programmes have set limits for serving consecutive terms and conditionality that members are in good standing with the issue. Membership is also normally regionally balanced. Unlike specialised agencies, UN programmes do not have separate legal instruments establishing them as organisations, rather their establishment comes from GA resolutions and each resolution has variations in specificity of how the programme is governed. As such, UN-Habitat is not a separate legal entity, but a part of the UN Secretariat.

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2 Funds and programmes are UNCTAD, UNODC, UNEP, UNICEF, UNDP, UNFPA, UNHCR, WFP, UNRWA and UN-Habitat
Programmes are normally funded from two types of resources. The UN regular budget provides a certain (and most often small) level of funding for UN staff posts and the rest of the funds come from voluntary contributions, designated trust funds set up for fulfilling the work of the programmes or earmarked funds for specific projects.

The following discussion focuses mainly on the UN programmes and funds in our group of agencies. Most attention is given to the discussion of governing bodies and structure (chapter 2.2.) since this is considered as the most fundamental and complex reform issue.

2.2. Governing bodies and structure

Looking at the attached table (Annex 1), summarising characteristics from the agencies, most of them have either an Executive Board/Committee or a Commission as the supreme governing structure without an apex body as is the case in the specialised agencies (except for UN Women). They all meet between one and three times every year and have between 36 (UNDP) and 78 members (UNHCR). They all have Bureaus or Standing Committees attached to the Executive Boards meeting more frequently. UNODC is governed by two Commissions meeting two times a year, but has also established an Intergovernmental Working Group to strengthen ownership of the programme. UN-Habitat is clearly an exception in terms of governance with a Governing Council meeting only biannually and with a Committee of Permanent Representatives (CPR) in Nairobi as a non-executive subsidiary organ to the Governing Council.

All the agencies have a three tiered structure: (a) ECOSOC/UNGA, (b) Board/Commission and (c) Secretariat. UN Women is a special case. Discussions with Member States confirmed the need for a governance structure that reflects both the operational activities carried out by the new entity and its role in supporting the policy and normative work of the intergovernmental bodies on gender equality. Hence, the Commission on the Status of Women, as a functional commission of the Economic and Social Council, was established as the principal global policy-making body dedicated exclusively to the promotion of gender equality and the empowerment of women. The Commission prepares recommendations and reports to ECOSOC on promoting women’s rights in the political, economic, civil, social and educational fields. It makes recommendations on urgent problems requiring immediate attention in the field of women’s rights.

However, according to paragraph 3 of resolution 63/311, an Executive Board was also established to oversee the operational activities of the agency. The Executive Board performs functions in line with those of other governing bodies of the United Nations funds and programmes. It applies the overall policy guidance of the General Assembly and the Economic and Social Council. An intention with this dual structure was to strengthen linkages between intergovernmental normative work and operational/programming work.

None of the more established programmes referred to any recent governance reform. There is a continuous process of fine-tuning systems and procedures, but there seems to be a high level of satisfaction with the existing structures. Several programmes emphasised the usefulness of frequent informal meetings between the formal Board meetings. The large majority of the members in the Executive Boards and
Commissions are government representatives. In most of the agencies, civil society organisations are present, but only as observers.

We have not traced the evolution of governance in each agency, but refer to the General Assembly resolution 48/162 of December 1993, which transformed the governing bodies of UNDP, UNFPA and UNICEF into Executive Boards responsible for providing intergovernmental support to and supervision of the activities of each fund and programme. The reason to introduce smaller Executive Boards in those organisations was to enhance their capacity to provide effective decisions. Programmes combining normative and operational functions face an additional or dual demand in governance – on the one hand a need for efficient and effective decision making systems for operational programmes, but also a demand for an open, inclusive and representative forum for normative policy debate, formulation and advocacy. Whether the two functions require separate structures (as in UN Women) or can be combined in a Council or Board is an open question.

A Governing Council with combined normative and operational responsibilities could be a useful platform for negotiations and international exchanges, but not efficient and effective when it comes to managing budgets and programmes. There are four problems in particular that affects its executive capacity and performance:

- **The agenda of meetings would be considerable** if both the normative and operational roles are combined, which would either result in extended meetings that would not generate high-level interest throughout, or that subjects are not given adequate attention.

- **Effective decision-making needs a focused discussion** of the basis for decisions, alternatives, and a review of consequences. Wide participation is not conducive to such discussions.

- **Whereas the normative functions require high-level participation from member-states, the executive decisions in respect of the governance need another sort of competence and administrative capacities.**

- **A Council with broad membership would not meet often enough to give operational guidance.** A governing body of a complex organisation would usually have to meet several times a year; at least once to discuss budget and programme, once to discuss policy and strategy, once to discuss operations, and yet another time to assess results.

It seems that the Committee of Permanent Representatives (CPR) in UN-Habitat is not sufficiently established to meet the need for more regular and efficient decision making. Such a body would need a transparent and democratically decided mandate, rules for election of members and a clearly defined role in relation to the organisation and decision-making powers. An executive committee must also be held accountable, and there are in the current system no mechanism whereby the CPR is held accountable or can be held accountable for its performance.

The governance of the organisations for international cooperation in the UN system is continuously evolving. It adds perspective, keeping in mind that the UN system is still young. It has been in existence some fifty years and it is thus not surprising that many of the instruments of governance have not yet found their form. In addition, the exact nature of
governance in UN agencies reflects political realities as well as criteria of efficiency and effectiveness.

The issue of governance is broad in scope, encompassing both the decision- and policy-making process and the institutional structure for implementing decisions and policies. Changes in the governance of the UN system and how it could be strengthened has been discussed extensively over the past years. The following textbox is included to illustrate

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<th>Three models of governance</th>
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<td>International organisations fall into three categories, or “models” of governance, each with a different configuration of strengths and weaknesses. They can be called (a) delegate-and-control model, (b) the direct representation model, and (c) the constituency-based oversight model (Leonardo Martinez-Diaz (2008), Executive Boards in International Organisations, IMF Independent Evaluation Office).</td>
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**Delegate-and-control model**: The organisations in this category include the World Bank and IMF, as well as the regional development banks. The central feature of this model is that power and representation are delegated to a relatively small executive board that exercises close control over the activities of the institution. Specifically, organisations based on the delegate-and-control model have the following characteristics: (a) a compact executive board (relative to the total membership size) whose members are elected or appointed by member countries, and which is in continuous session (resident board); (2) a system in which most members are represented indirectly through multi-country constituencies and share a single director; (3) a CEO who is also chair of the board, and (4) a decision-making system based formally on “consensus”, but underpinned by weighted voting.

**Direct representation model**: Organisations in the second category include the European Investment Bank (EIB), the Organization for Economic Cooperation and Development, and to a lesser extent, the Bank for International Settlements (BIS). The basic elements in this model are: (a) a “plenary” executive body in which all members are directly represented; (b) a board or equivalent that meets only a few times per year, typically monthly or bi-monthly; and (3) voting systems that either rely completely on the principle of one-nation one-vote or combine it with some form of double-majority voting.

**Constituency-based oversight model**: This model of governance is common among UN agencies with large memberships (more than 170 member states), such as the United Nations Development Program (UNDP) and the World Health Organization (WHO). Some organisations outside the UN system, such as the Global Environment Facility, have also adopted it. As in the delegate-and control model, member states delegate power to a non-plenary board, and members are represented through constituencies. However, these organisations have several distinguishing features: they have (1) executive bodies that are large in absolute terms, but small relative to the size of the membership; (2) non-resident boards that meet only two or three times per year; (3) board directors who represent constituencies with rotation schemes; (4) one-nation-one-vote or double-majority voting systems; and (5) separate CEOs and board chairs.

governance model in other international organisations.
Preliminary assessment

The following is a preliminary assessment of the three governance models based on observations and findings from Task Force 1 to 4, the presentations from UN agencies and interviews carried out so far. The four performance criteria explained in Chapter 2 are used. Potential future options to solve the identified problems are also discussed briefly, but this will be the main topic in the next report.

- **The Executive Board and the hybrid models are considered most effective.** A Board which meets two to three times a year is able to review and approve plans and budgets, provide regular oversight, monitor programme implementation and assess to what extent results are achieved – all preconditions for effective (timely and informed) decision making. A Governing Council meeting biannually and governing through resolutions is not set up to support an agency with operational activities. Even a “reformed” Governing Council meeting more frequently and with a broader constituency will not be sufficiently effective.

- **The Board model has also the highest score on efficiency,** but this is more uncertain. The costs in both financial and human resources are possibly lower than the hybrid and Governing Council model since boards are smaller even if they have more frequent meetings. However, we have not seen any systematic analysis of financial implications of the various models.

- **Both the hybrid and board models have high scores on accountability.** Both require and support transparent decision making and regular oversight from the governing body. All important decisions are channelled to and taken by a Board. Background documents, work plans and budgets, new proposals and reports are in the public domain as well as all decisions. The Governing Council model leaves UN-Habitat to some extent in a decision making vacuum. The Council meets only every second year and the CPR does not have executive powers which leaves important decisions in the hands of the Executive Director and/or donors providing earmarked funding to special programmes and projects. There is also limited feedback on substantive and strategic issues from ECOSOC and the Governing Council to UN-Habitat in the current system.

- **The hybrid model has the highest score on voice - providing the best opportunity for involving stakeholders in discussions and negotiations - creating ownership and participation among members.** The hybrid model has both a representative forum for policy dialogue and a board for decision making. The Governing Council model has also a high score on voice, but slightly lower than the hybrid model because the frequency of meetings is lower. There are also limitations in terms of representation in UN-Habitat’s Governing Council since member states are represented through Ministries of Housing, while the broader sustainable urban development agenda required participation of Ministries of Urban Development and Planning.

- There is potential and opportunities for incremental reforms of the current Governing Council model, but the two other options may still have a higher score on most of the four performance criteria.
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<td>Executive Board (hybrid model)</td>
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2.3. Work planning and reporting

Most of the agencies in our group have a similar system for planning and reporting – with important variation. There is an overall strategic framework or plan covering a period of three to five years in which long term direction and strategic priorities are mapped out. This plan is discussed and approved by the Executive Boards/Councils and subsequently ECOSOC. Based on such a strategic framework, there is an operational annual or biannual programme of work and budget which is based on and translates the strategic intent into programmes and activities. In addition, there are specific proposals and plans for earmarked voluntary contributions from Governments and donors for the implementation of specific projects and activities (technical cooperation). Agencies with regional and country representation have their own planning systems based on national priorities and processes.

However, only UN-Habitat and UNODC (and to some extent UNHCR) receive regular budget allocations from the UN Secretariat and follow UN Secretariat rules and regulations for the preparation and approval of the biannual work plan and budget. The procedures for the biennial financial cycle are established in the UN financial rules and regulations (FRR) for the Work Programme and Budget having to comply with the procedure for elaboration, structure and steps towards approval. The work plan and budget includes information on all sources of income that is Regular Budget, Foundation (non-earmarked or softly earmarked) and Technical Cooperation. All sources of income of UN-Habitat are subject to UN FRR in their implementation.

UN-Habitat has as such multiple and parallel planning systems and procedures – one for the regular budget which is approved by the UN Secretariat, one for the general purpose contributions approved by the Governing Council and one for technical cooperation approved by the ED. Transparency and accountability are formally ensured, but there is a lack of full oversight of the entire UN-Habitat’s Portfolio where

3 The Biennial Work plan and Budget is prepared by the Secretariat, discussed and endorsed by the CPR, approved by the Governing Council, submitted to the Advisory Committee on Administrative and Budgetary Questions in New York and presented by the Secretary General for the General Assembly for final approval.
Technical Cooperation represents over 70% of the total income of the organisation. However, there are ongoing efforts to streamline and harmonise such systems and plans.

The agencies that do not do receive regular contributions from the UN Secretariat have more control over the planning process, but also less money. However, there is also another important difference. In those Programmes, the Executive Boards/Councils are ultimately responsible for all decisions within the agency while the Governing Council in UN-Habitat is a subsidiary organ of ECOSOC/UNGA and can as such only present recommendations to the General Assembly.

Reporting systems have similar characteristics corresponding to some extent to the planning hierarchy. Most agencies have tried to streamline and reduce the transaction costs of multiple and parallel reporting systems. The aim is one consolidated annual report for the entire programme with all its activities which can be submitted to the boards, the UN Secretariat, ECOSOC and external donors. To an increasing extent external donors do also accept one consolidated report for multi-donor funded programmes and projects.

However, UN-Habitat’s reporting lines are still complex and include annual reporting to ECOSOC on the use of regular budget resources, quarterly reporting to the CPR focusing on non-earmarked extra-budgetary resources, semi-annual reporting to the Office of the Controller on technical cooperation projects and periodic reports to donors, trust funds, etc. Current efforts are underway in UN-Habitat to harmonize reporting to donors (by using standard formats and harmonizing cooperation agreements). Strategic documents such as the Strategic Framework and the MTSIP are also in the process of being aligned. These efforts have a positive impact in easing the work load and provide more clarity both on work planning and on reporting.

All the agencies have monitoring and evaluation systems. The monitoring seeks to capture progress and achievements in performance indicators, while the evaluations assess more broadly the relevance, effectiveness, efficiency and sustainability of programmes and analyse strategic and thematic issues. Most evaluation offices are internal and report directly to the Executive Director. They are not independent of the Secretariat with direct reporting lines to the Executive Board. However, evaluations are often carried out by external consultants. There are also various systems for follow up of evaluations. WFP for instance provides the Board with an Annual Report as a Management Response to the recommendations of the Annual Evaluation Report.

**Preliminary assessment**

Task Force Teams 1 and 2 present the following findings and conclusions:

- UN-Habitat has **too many planning documents leading to duplication**.

- The Work Programme and Budget is prepared too far in advance (28 months between design and implementation) which does not allow any flexibility and adaption at a later stage.

- **Cumbersome interaction with UN in New York in the approval of documents**, leading to a muddled sequencing in the preparation phase.
- **Different submission criteria** for CPR, UN Secretariat etc. which require different versions of the same document leading to confusion and duplication.

- **Unclear responsibilities and limited authority of the Governing Council for approval of the budget** (only 18% of the overall budget).

- **Lack of authority of CPR to change and adjust the budget and work programme.**

- **Limited oversight for the Governing Council and CPR on technical cooperation projects.**

Hence, the planning and reporting system has a low score on most of the four criteria of performance:

- **Effectiveness is low** because responsibilities are not clear. There are parallel strategies and planning systems/documents and the different parts of the institution do not work in concert. On the other hand, UN-Habitat has recently invested significant efforts in streamlining and harmonising planning and reporting systems, and important changes are underway with the new global strategic plan.

- **The efficiency is low** since the division of labour is unclear and transaction costs high because of duplication, multiple planning and reporting systems involving too many actors, steps and levels.

- **Accountability has also a low score** since responsibilities and lines of authority are unclear. There are no unambiguous benchmarks against which to assess performance and capacity to sanction underperformance.

- **The criteria of voice is less relevant** – even if proper planning and reporting systems make an impact on stakeholders capacity and opportunity to express their opinion and “voice”.

- Incremental reforms of the planning and reporting are as mentioned feasible within the existing governance framework. It is possible to make the existing governance structure work better. It remains to be seen whether there are remaining systemic problems which are related to the complex structure of accountability and funding (regular budget from UN and high levels of earmarked funding from donors).

# 2.4. Financial cycles and structures

Most of the agencies in the sample, depend entirely on voluntary contributions while UNODC and UN Women as well as UN-Habitat receive support from the UN Secretariat to the regular budget. The specialised agencies are funded by assessed contributions with the justification that all member states have an equal interest in the delivery of certain global public goods and setting norms and standards associated with them. However, most of the specialised agencies receive the largest and increasing share of the total budget in the form of voluntary or extra-budgetary contributions.

In contrast, the programmes and funds and the development work of the UN is funded on a voluntary basis. Some of the Programmes have also a normative role, like UN-Habitat,
UNODC and UN Women. Hence, they receive a regular budget contribution from the UN Secretariat. Voluntary contributions are mainly from governments; some from private sector and private individual donations, but the amounts are most often marginal.

The regular budget contributions from the UN Secretariat are small (approx 10% of total budgets), but cover an important part of the budget (e.g. core positions and normative activities), which would be difficult to fund from other sources.

The level of flexibility to change agreed programmes and budgets in order to adjust to new and emerging needs vary between the agencies. Country offices in UNDP have significant flexibility through Delegation of Authority. There is also flexibility between budget lines, as long as the total budget is not exceeded. The agencies involved in emergencies have also developed flexible arrangements with agreed levels of delegated authority.

Most of the agencies face similar challenges and constraints when it comes to funding. Despite some positive examples, current practices for providing voluntary funding are fragmented, unpredictable and constrain UN agencies individually and the UN collectively from taking strategic choices. There is no agreed system to provide predictable multi-year contributions to the development work. Most agencies rely to an increasing extent on earmarked non-core contributions for a substantial share of their expenditure. These are not made according to a systematic burden sharing model, but based on the willingness and interest of individual member states to pay and the ability of the agency to attract external support.

For UNODC and UN-Habitat, the regular budget support from the UN Secretariat is linked to specific planning and reporting processes and procedures. As part of the UN-Secretariat, UN-Habitat is subject to Financial Regulations and Rules as approved by SG Bulletin (ST/SGB/2003/7) and interpreted mainly by the Department of Management in New York concerning matters such as procurement and financial management. UNON, as the “extended arm” of the Secretariat in Nairobi acts as custodian of the rules and ensures correct application of those regulations and rules when acting as service provider for UN-Habitat and UNEP.

The decision making process has been characterised as complex (involving consultation with eight separate bodies), lengthy (a 28 months process moving through 16 separate steps) and confusing (many layers of approval) and inflexible (does not allow change and adjustment to new realities).

UN Women is funded by both voluntary contributions and the regular budget of the UN. The policy and normative support functions are supported through the regular budget, as approved by the General Assembly and subject to the Financial Regulations and Rules of the United Nations. However, in the interest of ensuring operational flexibility and maintaining clarity in the regulatory framework, UN Women receives the financial resources from the regular budget, as approved by the General Assembly, in the form of a grant from the UN Secretariat to UN Women based on a detailed budget proposal. The grant is administered and disbursed by UN Women in accordance with its own financial regulations and rules.

Financial statements and reporting to the General Assembly on the use of the grant are submitted in accordance with the standard formats, rules and procedures applicable to the
regular budget of the UN and similar to current practice in UNHCR, UNRWA, the United Nations Institute for Disarmament Research and other entities.

It is anticipated that 100% of funding for operational capacity at the country and regional levels would be from voluntary contributions (as was the situation in UNIFEM, as well as in UNFPA, UNDP, UNICEF and UNAIDS. Member States will be urged to provide the largest possible share of their voluntary contributions as core, multi-year funding, so as to allow the entity to establish the necessary staff capacity and to provide predictable responses to requests for support.

**Preliminary assessment**

Task Force Team 1 and 4 presents the following findings and observations:

- **Different financing and decision making processes tend to compromise the transparency of the organisation.** The regular budget is based on the UN system which is geared towards expected accomplishments and outputs, while the donor community is mainly interested in outcomes and results.

- **There is no overview of the entire UN-Habitat budget** including the regular budget, foundation non-earmarked and earmarked, presented in a way that is more results based.

- The main area of confusion arises from the fact that UN-Habitat has different sources of funding: regular budget, earmarked and non-earmarked contributions. While it is clear how funds that come from the regular budget are governed, a critical question is who governs the remaining 80%. UN-Habitat has limited flexibility as the organisation is told what to do with the earmarked funds – even if the relationship between the two has improved.

- Whilst UN Financial Rules and Regulations are aimed at enhancing transparency and accountability, **full transparency and total alignment and overview within the Work Programme and Budget is not ensured, due to the fragmented nature of UN-Habitat’s financial structure and the unpredictability of funding.**

- **All sources of funding are subject to UN Secretariat regulations and rules.**

The existing financial systems and procedures score low on the four performance criteria:

- With multiple funding systems, effectiveness is constrained. **High levels of earmarked funding, makes it difficult to agree on shared goals and strategies and may distort corporate priorities.** There is also weak oversight. Efficiency is also reduced since there is no clear and coherent coordination between the various sources of funding (donors).

- **Accountability to governing bodies is weak since UN-Habitat is accountable to external donors for approx. 80% of its budget.** Hence, there is also a lack of “voice” and involvement of stakeholders in discussion and decisions about the largest share of the UN-Habitat budget.

- There is scope for reform of current systems, but the underlying challenge is the weak and fragmented funding of UN-Habitat. Cutting the ties with the UN Secretariat will solve
some problems, but create others, such a continued funding of important key positions in UN-Habitat. The optimal solution would be to maintain the UN support to the regular budget from the UN Secretariat while securing more flexibility. It is still an open question whether this is feasible or in other words the potential and scope for reform of UN-Habitat remaining as a Programme under the UN Secretariat.

2.5. Provision of administrative and financial services

Most the agencies in the sample have full delegated responsibility for all administrative and financial services including procurement and management of human resources (recruitment). The most common is to have internal systems and capacity for providing such services. UNDP has a special Procurement Support Office. WFP has a Common Procurement Team with FAO and IFAD. UNHCR has an office in Budapest for administration and procurement – introduced as cost cutting measure. UNODC has a separate Procurement office in Vienna and works with UNOPS/UNDP in countries.

The agencies with headquarters outside Nairobi use UNON only for providing common services such as security, ICT, offices and conference facilities, but not for procurement and human resources management. Hence, there is not much to learn from those agencies in relation to UNON as a provider of procurement and recruitment services.

UNON was originally created to achieve economies of scale in providing administrative and financial services to UN agencies in Nairobi, but also to strengthen UN’s presence in Kenya. The first step was to establish common administration for UN-Habitat and UNEP. At present UNON is almost the sole service provider for UN-Habitat with the exception of Regional Offices that can turn to other agencies such as UNDP and UNOPS for provision of services such as procurement or recruitment with strict limitations in quantity and conditions.

There have been ongoing tensions and conflicts between UNEP/UN-Habitat on the one hand and UNON on the other around in particular two issues: Most noticeable the lack of timely and efficient service delivery: Procurement procedures are said to be lengthy and burdensome. Recruitment processes are slow and ineffective. UNON applies UN Secretariat rules and regulations which were not prepared in order to respond efficiently and effectively to increasing demands from operational country programmes. It makes UN-Habitat less competitive to act swiftly in countries when needed. There is no mechanism in place to monitor the quality of UNON in provision of services, no system of accountability towards the client.

The questions about accountability and delegation of authority represent a more fundamental issue. There are two different views: The first perceives UNON as a provider of services to UN-Habitat and UNEP based on request and delegation of authority from the Executive Directors in the two agencies. In such a model, the accountability or overall responsibility for performing all tasks lies with UN-Habitat and UNEP and their Executive Directors. The second is based on the premise that UN-Habitat and UNEP are programmes in and under the UN Secretariat. Hence, it is the Office of Management in New York that delegates authority to UNON for providing administrative and financial services to the two UN programmes. UNON can if necessary delegate limited
authority to the Executive Directors of UNEP and UN-Habitat for low-value procurement⁴. In this model, the accountability and responsibility for performance of services lies with UNON. There is neither any mechanism in place to monitor the quality of UNON in provision of services or system of accountability towards the client.

There is a need to address both the efficiency and accountability issue. On the one hand, strengthen efficiency and effectiveness of UNON and improve working relationships between the agencies. It would also be useful to identify and analyse the implications and costs of alternative or modified arrangements for providing administrative and financial services to UNEP and UN-Habitat. There is also a need to clarify the delegation of authority in particular for procurement and human resources management while UNON’s representative role and provider of common services such as ICT, security, etc. are uncontroversial.

It is interesting to note that the new entity UN Women combines policy and normative functions with country-level operational and technical support responsibilities and is as such similar to UN-Habitat. The agency has its own financial regulations and rules, and the Executive Director full authority in respect of all financial matters. In addition, the Executive Director has also delegated authority from the Secretary-General in all administrative matters.

Preliminary assessment

Task Force Team 3 presented a comprehensive and critical analysis of the relationship between UN-Habitat and UNON. Important findings and observations are:

- **The system of delegation between UN-Habitat and UNON is unclear due to different interpretations of existing rules and regulations.** There is no information on how the ED of UN-Habitat can gain more delegated authority. Proper Service Level Agreements have not been concluded.

- **UN 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 positioned to provide 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. UN-Habitat faces a disadvantage in its ability to deliver in a timely and responsive manner particularly in its operational activities compared with other UN programmes that are not bound to UN Secretariat Rules and Regulations.

- **This lack of clarity has affected communication and working relationships between UNON and UN-Habitat.**

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⁴ This understanding is reflected in the recent Warren Sach report: Independent Review of Administrative Roles and Responsibilities of UNEP, UN-Habitat and UNON in human, financial and physical resources management, April 2012.
- The underlying problem is that UNON performs a double function. It acts as a custodian of UN Secretariats Rules and Regulations and as a service provider to UN-Habitat. There is no system in place to monitor the timely delivery of services from UNON to UN/Habitat.

The assessment of UN-Habitats systems for providing administrative and financial services points to several critical areas:

- **Low effectiveness** – or ability to deliver high quality and timely results and also constrained efficiency. UN Regulations and Rules as well as procedures for recruitment and procurement are designed to ensure transparency and compliance rather than efficiency and quick response capacity.

- **Unclear delegation of authority affects accountability.** If serious fraud in procurement happened in a country programme, who are ultimately responsible - UN-Habitat or UNON? If it is with UNON, is that acceptable to UN-Habitat?

- **The current system and division of responsibilities reduce the power and influence of the Governing Council** and weaken transparent and democratic governance of the organisation.

There is clearly scope for improving the effectiveness and efficiency of UNON and the interaction between UN-Habitat and UNON. There is a need for improved communication and dialogue, improved capacity and more willingness within both UN-Habitat and UNON to establish better systems and practices. The more fundamental challenge is to clarify delegation of authority and issues of accountability – who delegates authority to whom in procurement and human resource management. Future discussion of the UN-Habitat – UNON nexus should be coordinated with UNEP. There is a need to identify what realistic and cost effective alternatives are, such as for instance taking over responsibilities for procurement and recruitment.
## Annex 1: Agency characteristics

<table>
<thead>
<tr>
<th></th>
<th>UNDP</th>
<th>UNHCR</th>
<th>UNODC</th>
<th>WFP</th>
<th>UN WOMEN</th>
<th>UNHABITAT</th>
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<tr>
<td>Governing body</td>
<td>Executive Board</td>
<td>Executive Committee</td>
<td>Two Commission (drugs and crime)</td>
<td>Executive Board</td>
<td>Commission</td>
<td>Governing Council</td>
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<td>ECOSOC</td>
<td>GA/ECOSOC</td>
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<td>Extended Bureau</td>
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<td>Committee of Permanent Representatives</td>
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<td>Membership</td>
<td>36</td>
<td>78</td>
<td>53/40</td>
<td>36</td>
<td>Commission: 45 Board: 41</td>
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<td>Length of term</td>
<td>3 years</td>
<td>?</td>
<td>3 years</td>
<td>2 years</td>
<td>4 years</td>
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<tr>
<td>No of meetings</td>
<td>3 meetings – each day</td>
<td>51 meeting – 5 days</td>
<td>1 meeting – 5 days meeting – 2 days</td>
<td>Annual session 1 Regular sessions</td>
<td>Commission annually for two weeks Board....</td>
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<td>Role of NGOs</td>
<td>Observers</td>
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<td>Source of funds</td>
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<td>UN regular budget Voluntary</td>
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<td>% earmarked</td>
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<td>?</td>
<td>88%</td>
<td>82%</td>
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<td>Outsourcing</td>
<td>Internal Procurement Support Office</td>
<td>Moved administration to Budapest</td>
<td>UNDP/UNOPS</td>
<td>To some extent</td>
<td>UNON (financial and admin.services)</td>
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</table>
Annex 2: Structures and processes in UN Programmes

1. UNITED NATIONS DEVELOPMENT PROGRAMME (UNDP)

Mandate and scope

UNDP was established by General Assembly Resolution 2029 in 1965. The mandate and scope are:

- Advocating for change and connecting countries to knowledge, experience and resources to help people build a better life.
- Linking and coordinating global and national efforts to reach the MDGs.
- Helping countries build and share solutions to the challenges of democratic governance, poverty reduction, crisis prevention and recovery, environment and energy and HIV/AIDS.
- Helping developing countries attract and use aid effectively.
- Encouraging the protection of human rights and the empowerment of women.
- Commissioning the annual Human Development Report.

Governance structure

The Executive Board of UNDP superseded the 48-member Governing Council in 1994 through the adoption of General Assembly resolution 48/162. The structure has the following characteristics:

- The Executive Board is responsible for providing inter-governmental support to and supervision of the activities of UNDP, UNFPA and UNOPS in accordance with the overall policy guidance of the General Assembly and Economic and Social Council, and the responsibilities set out in the United Nations Charter.

- The functions of the Board are:
  - To implement the policies formulated by the General Assembly and the coordination and guidance received from the Economic and Social Council.
  - To receive information from and give guidance to the head of each fund or programme on the work of each organisation.
  - To ensure that the activities and operational strategies of each fund or programme are consistent with the overall policy guidance set forth by the General Assembly and the Economic and Social Council.
  - To monitor the performance of the programme.
  - To approve programmes, including country programmes.
  - To decide on administrative and financial plans and budgets.
o To recommend new initiatives to the Economic and Social Council, and through the Council, to the General Assembly.

o To submit annual reports to the Economic and Social Council.

- The Economic and Social Council elects members of the Executive Board. Members are elected for three-year terms, with the exception of the Western European and other States group, which has determined its own internal rotation policy.

- The geographic breakdown of membership is 8 from African States, 7 from Asian and Pacific States, 4 from Eastern European States; 5 from Latin America and the Caribbean States; and 12 from Western European and other States.

- The Bureau of the Executive Board is comprised of one President and four Vice Presidents, elected from the members at the first regular session each year, taking into account the need for equitable geographical representation.

- The primary functions of the Bureau are to prepare and organise Board meetings, facilitate transparent decision-making and promote dialogue in decision-making. The Bureau also agrees on the composition of the teams participating in Executive Board field visits.

- Since 1994, the Executive Board has held three regular sessions and one annual session each year. In 2001, the Board agreed that in the future it would hold two regular sessions and one annual session.

- The Executive Board meeting lasts five days (3-UNDP and 2 UNFPA).

- Pre-session informal meetings are held two weeks in advance of each session in order to review the agenda and documentation for that session. Other informal briefings and consultations are held on an ad hoc basis throughout the year.

- Decisions of the Executive Board are short, focused and action-oriented. Since 1994, they have always been adopted by consensus.

- Dialogue is the norm in discussion of items before the Board, with avoidance as much as possible of prepared written statements. In May 1996, the Board decided to establish a five-minute limit on oral statements.

Advance copies of Executive Board documentation are posted on the Executive Board website six weeks in advance of sessions. Reports of Board sessions are prepared by the Executive Board Secretariat and posted three weeks after each session.

**Work planning and reporting**

- Annual work plans are adopted by the Board at the first regular session.

- Country programmes are derived from UNDP’s Global Strategy with each UNDP office determining the national programme strategy in-country.

- Every country programme must be approved by the Executive Board.
- The Board receives regular reports and others on demand on specific issues like budget and specific country and global issues.

Financial cycles and structures

- UNDP is funded entirely from voluntary contributions provided by UN Member States and multilateral partners to both its regular budget as well as other resources. 58 countries provided such funds in 2011.

- Earmarked contributions to UNDP in 2011 from all its partners amounted to $3.86 billion, a decrease of 4.1 percent from 2010. Contributions from bilateral donors, mostly from Development Assistance Committee member states of OECD, were $1.45 billion in 2011, a decrease of 10.7 percent compared to the previous year. Resources entrusted to UNDP by non-bilateral partners and multilateral funds also declined by 9.1 percent from the previous year to $1.52 billion in 2011. Local resources, channelled through UNDP by programme country governments and other local partners in support of their own national development, amounted to $875 million in 2011, an increase of 20.6 percent compared to 2010.

- While earmarked resources represent an important complement to the regular resource base of UNDP, these contributions are highly concentrated in mostly crisis and post-crisis countries.

- The budget is prepared on a biennial basis.

- Country offices have significant flexibility through Delegation of Authority. However, for procurement over $100,000, a compliance body must review the case. If country offices demonstrate a higher capacity this ceiling can be increased.

- There is flexibility between budget lines as long as the total approved budget is not exceeded.

- UNDP has developed and adopted an accountability framework and oversight policy underscoring UNDP’s commitment to results and risk-based performance management, as well as the shared values and culture of accountability and transparency. It includes systems of internal controls, including evaluation of the policy framework, efficient utilisation of resources and adherence to ethical and professional standards.

Provision of administrative and financial services

- Based in New York with teams around the world, UNDP’s Procurement Support Office is responsible for securing goods and services.

- UNDP is one of the largest procurers in the UN system spending almost $3 billion annually on over 3,500 different categories of goods and services. Driven by the growth of programme areas, procurement has grown in volume by 240% over the past 8 years.

- In Nairobi, UNDP only uses UNON for provision of IT services.
2. UNITED NATIONS HIGH COMMISSIONER FOR REFUGEES (UNHCR)

Mandate and scope

UNHCR was established by ECOSOC resolution 672 in 1958. The mandate and scope are:

- Promoting the conclusion and ratification of international conventions for the protection of refugees, supervising their application and proposing amendments.

- Promoting through special agreements with Governments the execution of any measures calculated to improve the situation of refugees and to reduce the number requiring protection.

- Assisting governmental and private efforts to promote voluntary repatriation or assimilation within new national communities.

- Promoting the admission of refugees, not excluding those in the most destitute categories, to the territories of States.

- Endeavouring to obtain permission for refugees to transfer their assets and especially those necessary for their resettlement.

- Obtaining from Governments information concerning the number and conditions of refugees in their territories and the laws and regulations concerning them.

- Facilitating the coordination of private organisations concerned with the welfare of refugees.

Governance structure

The governance structure has the following characteristics:

- An Executive Committee comprising of 78 members, elected by ECOSOC on the widest possible geographical basis from those states with a demonstrated interest in, and devotion to, the solution of the refugee problem.

- The Executive Committee reports directly to the General Assembly.

- The Executive Committee meets annually for a week. It is represented by Ministers, and on occasion Presidents who may have been refugees themselves. Countries must apply for membership to the Executive Committee.

- The Executive Committee reviews and approves the agency’s programmes and budget, advises on international protection and discusses a wide range of other issues with UNHCR and its intergovernmental and non-governmental partners.

- The Executive Committees Standing Committee meets several times each year to carry on work between plenary sessions

- The Executive Committee does not substitute for the policy making functions of the General Assembly of ECOSOC, but has its own executive and advisory functions.

- The High Commissioner is elected by the General Assembly for a term of three years.
- ECOSOC and the General Assembly (GA) are UNHCR’s main governing bodies.

- Annual sessions of the Executive Committee are public. In addition to members, they are attended by observers: representatives of UN member states, the UN system, intergovernmental and non-governmental organizations. The chair can allow non-members to speak. Nevertheless, observers are not entitled to vote. To date, all decisions and conclusions adopted by the Executive Committee have been by consensus.

- UNHCR has recently undertaken major reforms:
  
  o The most recent was to reduce administrative costs, and one of the initiatives included relocation of the administration to Budapest. Whereas 35-40% of the budget used to be spent on salaries and office running costs, it was reduced to 27%.
  
  o Staff numbers have not decreased. At present, UNHCR has 7700 staff whereas there used to be 5000. This signifies increase in operations and greater recruitment of field staff.
  
  o Other reforms are in decentralization of procurement and opening of logistic offices in key ports, e.g. Dubai, Duala and another planned in Tanzania. 4-5 logistic hubs exist in Latin America and Asia.
  
  o Regional offices were also created as part of the reform process.

**Work planning and reporting**

- Global Strategic priorities are established by the Executive Committee. Country representatives set their own national priorities.

- UNHCR has a transparent, open reporting system which donors can access. This enhances transparency and accountability and has been received favourably by donors.

- The Work Plan is prepared alongside the budget for a biennium. The preparation process could have additional items as mandated to them by the Executive Committee or the High Commissioner, e.g. gender based violence, environmental issues, etc.

- UNHCR reports to donors regularly and every three months to the Standing Committee.

- A Global report is shared with all donors once a year.

- 10% of the total budget is reserved for emergencies at the start of the year as an Emergency Reserve Fund. During emergencies, an additional appeal is launched by the High Commissioner. There is flexibility to re-allocate funds within the budget in response to emergencies as they await appeals to come through.

- UNHCR’s Policy Development and Evaluation Service does the systematic analysis and assessment of UNHCR projects, programmes, practices and policies. They also promote research on refugee, humanitarian and migration issues and encourage an active exchange of ideas and information between humanitarian practitioners, policymakers and the academic community.
Financial cycles and structures

- Funds are almost entirely provided by voluntary contributions, with 93 per cent coming from governments. A further four per cent comes from inter-governmental organisations and pooled funding mechanisms, while the three remaining per cent is from private sector. In addition, the agency receives a limited subsidy from the UN regular budget for administrative costs, and accepts also in-kind contributions such as relief items.

- UNHCR’s objective is to receive at least 5% private funding in the near future.

- Fund raising is a major activity for UNHCR. However, funding is only partially predictable.

- UNHCR has a relatively stable budgetary planning process since refugee groups coming into country usually stay for up to 10 years.

- Only the Regular Budget goes through the ACABQ and GA approval process.

- UNHCR has a biennial budget.

- UNHCR’s 2012 budget is US$ 3.5 billion US dollars. A large portion of the budget goes to field operations.

- Elaboration of the budget is undertaken in conjunction with the host government and implementing partners. The budget is prepared in March and discussed at the Regional Bureau in June. The first draft is submitted in September-October.

- In November-December of the current financial year, the High Commissioner launches a public appeal for funding for the next financial year.

Provision of administrative and financial services

- A second office in Budapest was opened to manage UNHCR’s administration and procurement as an operational cost cutting measure, and has resulted in significant savings.

- Whereas UN rules and regulations are followed, UNHCR does have flexibility in recruitment and procurement. Field offices are closed when not any longer needed.

- UNHCR has two ways of advertising for positions: First, staff rotation and second, mobility, which is mandatory every two or four years, depending on the country in question.

- ‘Fast track’ – during emergencies UNHCR advertises for three weeks and gives the incumbent one month to report.

- Staff can also be recruited on temporary assignments, with contract duration of 10-11 months, which does not need to go to HQ. The post is advertised and there is fair competition. However, if the post is being regularized, the temporary incumbent must compete alongside others as an external candidate.

- During emergencies, UNHCR has flexibility in undertaking emergency procurement.
3. UNITED NATIONS OFFICE ON DRUGS AND CRIME (UNODC)

Mandate and scope

UNODC was established in 1997 through a merger between the United Nations Drug Control Programme and the Centre for International Crime Prevention. UNODC is mandated to assist Member States in their struggle against illicit drugs, crime and terrorism.

The three pillars of the UNODC work programme are:

- Field-based technical cooperation projects to enhance the capacity of Member States to counteract illicit drugs, crime and terrorism.

- Research and analytical work to increase knowledge and understanding of drugs and crime issues and expand the evidence base for policy and operational decisions.

- Normative work to assist States in the ratification and implementation of the relevant international treaties, the development of domestic legislation on drugs, crime and terrorism, and the provision of secretariat and substantive services to the treaty-based and governing bodies.

Governance structure

The governance structure has the following characteristics:

- Two Commissions are the Governing Bodies of the UNODC. Members of the Commission on Crime Prevention and Criminal Justice (CCPCJ) and Commission on Narcotics Drugs (CND) are elected by ECOSOC. Technical and substantive assistance to the Commissions is provided by the Secretariat to the Governing bodies.

- The Commission on Narcotic Drugs has 53 members: African States (11), Asian States (11), Latin American and Caribbean States (10), Eastern European States (6), Western European and other States (14), Rotating seat between the Asian, and the Latin American and Caribbean States every 4 years (1).

- Members are elected from the member states and members of the specialized agencies and the Parties to the Single Convention on Narcotic Drugs.

- The Commission on Crime Prevention and Criminal Justice has 40 members: African States (12), Asian States (9), Eastern European States (4), Latin American and Caribbean States (8), Western European and Other States (7).

- A slate of 20 new members is elected by ECOSOC for a three-year term. Terms begin on 1 January and end on 31 December of the years in question. Elections take place in those years in which the term of current members expires.

- The Commissions meet for five working days in regular sessions in the first half of the year and in reconvened sessions for two days in the second half of the year. The Extended Bureaus of the Commissions meet approximately every six weeks.

- In order to strengthen the governance of UNODC and ensure ownership of the programme, the Economic and Social Council established a standing open-ended

- The Working Group deals with the consolidated budget of UNODC, evaluation and oversight and other governance and financial matters, including the progress made by UNODC in implementing its regional and thematic programmes, as well as the elaboration of an updated mid-term strategy for the Office.

- The Commissions have noted with concern the financial challenges facing UNODC, in particular the shortfall in general-purpose funding.

- Most governance reforms introduced in the last five years are related to the methods of work of the Commissions.

- At the Plenary meetings, representatives of NGOs are observers and may make written and oral interventions under the different agenda items. Those NGOs with general and special consultative status may be consulted at their request or on the invitation, while NGOs on the Roster may be heard on the recommendation of the Secretary and at request.

Work planning and reporting

- The agency reports to the Governing Bodies through written or oral reports. Many of the reporting obligations for the Commissions are standing or recurring and happen on an annual basis.

- There is a Secretariat in UNODC specifically in charge of substantively servicing the Governing Bodies. The Secretariat to the Governing Bodies ensures the follow-up of all reporting obligations by distributing tasks to the relevant units of the Office and assists in compiling information, ensuring distribution and availability of Commission documentation.

- All documentation is made available online to ensure transparency and accountability.

- The Extended Bureau and inter-sessional meetings serve as fora for discussing reporting issues.

- Monitoring is the responsibility of programme and project managers at headquarters and in field offices. It is supported by the Vienna based Strategic Planning Unit.

- Evaluation is conducted by independent outsiders who are not directly involved in the design and implementation of the project or programme to be evaluated. Evaluation provides a lesson-learning and management tool as well as a system for accountability both for UNODC and Member States, covering policy issues as well as the programme and project cycles.

Financial cycles and structures

- The budget of UNODC is prepared with inputs from the three substantive Divisions, the Office of the Executive Director and the Division for Management. After extensive consultations, the level of resources requested for the next biennium is agreed upon.
- The submission for the regular budget share of UNODC is reviewed and finalized by the Programme Planning and Budget Division in New York. The budget proposal is then reviewed by the ACABQ and the Fifth Committee and approved by the Fifth Committee (General Assembly).

- The budget for voluntary contributions is reviewed by the ACABQ and approved by the Governing bodies of UNODC.

- The consolidated budget for the biennium 2010-12 amounted to USD 468.3 million, including about USD 42.6 million (9.1%) from the UN regular budget. Voluntary contributions from (mostly) governments cover 90% of the budget.

- The voluntary contributions are highly unpredictable, as they depend on the decision of donors to fund particular projects or programmes at any point in time. There has been a decline (26% in 2009) in general purpose voluntary funding resources, which means also reduced income in the form of programme support costs.

- There is some flexibility in the budgets based on voluntary contributions, but there is less flexibility in the Regular Budget.

- UNODC has an internal process for review and approval of individual projects. During the design and development of a project document, programme managers have to consult all substantive offices concerned. Every project document is then submitted for clearance to the Financial Management Service, the Independent Evaluation Unit and, if staffing is involved to the Human Resources Management Service. Oversight is performed by the focal point in each substantive Division, and final approval by the Director of the substantive division after endorsement by the Directors of the two other substantive divisions.

- There are ongoing discussions on proposed mechanisms for core funding of the Office, direct cost recovery and in general a new funding model for UNODC. These issues have recently been addressed in the draft “Fundraising strategy 2012-2015” which was presented to Member States recently at the Standing open-ended intergovernmental working group on improving the governance and financial situation of UNODC.

**Provision of administrative and financial services**

- The procurement of goods and services in Vienna is handled by a separate Procurement office.

- In the management of its field office operations, UNODC outsources the provision of administrative and financial services to UNDP and in limited instances to UNOPS.

- The level of services and details of the arrangements are established through an MOU with the respective organisation. Services are requested from these service providers depending on the requirements of the UNODC Field Office being served.

- In addition to the MOU, before making expenditure on behalf of UNODC, UNDP and UNOPS must first receive Financial Authorization from UNODC. The Financial Authorization explicitly states the action/services being requested and references a UNODC allotment or an obligation document to be charged.
- On a monthly basis, both UNDP and UNOPS electronically submit to UNODC, an accounting of the financial transactions performed/incurred on behalf of UNODC. The electronic submission is used to charge and reconcile the allotments/obligations referenced in the Financial Authorization.

4. WORLD FOOD PROGRAMME (WFP)

Mandate and scope

WFP was established by General Assembly resolution 1714 in 1961. The Executive Board superseded the 20 member intergovernmental committee through General Assembly resolution 50/8 and FAO Council resolution 9/95 in 1996. WFP's strategic plan for 2008-2013 lays out five objectives for the organisation:

- Save lives and protect livelihoods in emergencies.
- Prevent acute hunger and invest in disaster preparedness and mitigation measures.
- Restore and rebuild lives and livelihoods in post-conflict, post-disaster or transition situations.
- Reduce chronic hunger and under-nutrition.
- Strengthen the capacities of countries to reduce hunger, including through hand-over strategies and local purchase.

Governance structure

The governance structure has the following characteristics:

- In 1996, four years after the revision of WFP's General Regulations, the organisation's governing body was reconstituted into its current form - the WFP Executive Board.
- An Executive Board that consists of 36 members, equitably representing all six UN regions on a rotating basis. The Executive Board oversees WFP's humanitarian and development food aid activities.
- 19 are elected by ECOSOC and 18 by the Council of FAO annually. Each member serves three year terms and is eligible for re-election.
- Interested member states and those under consideration of the Board may participate in sessions without the right to vote.
- The Executive Board is under the authority of ECOSOC and the FAO Council.
- The Executive Board holds three sessions per year: One Annual Session and two Regular Sessions.
- The Executive Director is appointed jointly by the UN Secretary General and the Director General of FAO for five-year terms.
- WFP has dual parentage to GA and FAO council
- 50% Board members are appointed by ECOSOC and 50% by the FAO council
- Membership is for a term of two years on a rotational basis.

- The Board reports to ECOSOC and the FAO council.

- Governance bodies decision making is by consensus (or by majority of Board Members present and voting if consensus is not possible).


- “Informal Consultations” resulted in greater efficiency and consensus at Board Sessions.

- A statement by the Executive Director on “Current and Future Strategic Issues” at each Board Session is widely welcomed.

- The WFP Executive Board holds its Annual Session in June.

- Between the Annual Session, the Board holds two Regular Sessions, one in February and the other one in November.

- The duration of each Board Session is determined by the agenda. The total duration of Executive Board meetings varies from 11 to 14 days per year.

- Informal consultations and briefings ensure that members provide input to draft documents and are well informed, thereby focusing discussion at the Board Sessions and facilitating consensus.

**Work planning and reporting**

- The organisation's strategic direction is mapped out in its Strategic Plan, which is renewed every four years. The latest Plan, approved by the board in 2008, marks a historic shift from WFP as a food aid agency to WFP as a food assistance agency, with a more nuanced set of tools to respond to critical hunger needs.

- The Board plans its work through a Biennial Programme of Work. This comprises documents stipulated by the General Regulations, documents requested by the Board and documents proposed by the Secretariat.

- The Annual Performance Report reports on progress in achieving the Strategic Objectives, drawing from country project reports, annual financial statements and evaluation reports.

- The annual statement on internal controls is intended to provide assurance that a system of internal controls is in place. It identifies areas for improvement and outlines actions to strengthen controls.

- The Governing Bodies also receive reports on outstanding audit recommendations, responses to JIU report recommendations and all the evaluations are submitted for review and consideration.
- The Strategic Results Framework translates WFP’s mandate and strategy into tangible outcomes, tracking outcomes and outputs at the project level and aggregating them to show corporate results by strategic objectives.

- Organisational performance in delivering the strategic objectives is also measured according to five Management Result Dimensions:
  
  o Securing resources
  
  o Stewardship
  
  o Learning & innovation
  
  o Internal business processes
  
  o Operational efficiency

- The implementation of decisions taken by the Board is tracked using a “follow-up tool” prepared by the Secretariat, which includes a focal point and a timeline.

- WFP’s Monitoring and Self-Evaluation Strategy aims to enhance M&E systems and management of information at all levels:
  
  o Establish improved corporate monitoring and self-evaluation framework, standards, guidance and tools for enhanced project design, implementation and monitoring.
  
  o Ensure that M&E systems at the country level deliver improved availability, quality, use and management of data.
  
  o Build WFP’s and partners’ skills in M&E.

- The Office of Evaluation provides both the Board and management with evaluation findings and recommendations to decision-making. The WFP Secretariat presents an annual report providing a Management Response to the Recommendations of the Annual Evaluation Report.

**Financial cycles and structures**

- Contributions are made purely on a voluntary basis, pledged at conferences for such periods as may be set by the Board, announced during periodic resource consultations, committed on an ad hoc basis by donor governments and bilateral institutions, made in response to appeals.

- The WFP corporate budget is included in a three year rolling Management Plan, updated and approved annually by the Executive Board, comprising:

  o Estimated programme of work based on assessed projected needs country by country.
The Programme Support and Administration budget to cover the majority of costs of Headquarters and Regional Offices – funded by a 7% indirect support cost levy on all contributions.

- WFP is funded entirely by voluntary contributions.
- In 2011, 88% of funds were earmarked and 12% non-earmarked.
- Individual projects get funded largely based on donor choices regarding what to fund and where.
- Non-earmarked contributions give more predictability and flexibility, and can be more effective in meeting needs on a timely basis.
- Two advance financing mechanisms developed to reduce the time gap between when resources are required and a contribution confirmed:
  - The Immediate Response Account.
  - The Working Capital Financing facility, which includes amounts for traditional advance financing, corporate initiatives and enables operation of the Forward Purchase Facility special account.

There have been significant reforms to improve financial governance:
- 2008: First UN Agency to adopt the International Public Sector Accounting Standards and prepare annual financial statements.
- 2008: Extended scope and coverage of WFP’s Enterprise Resource Planning system.
- 2010: Strengthened managerial control and accountability

The governance framework refers to the structure, functions and responsibilities of certain bodies in WFP and the regulations and rules governing their work. The various bodies fall into three groups: i) those involving Member States; ii) external advisory bodies; and iii) the Secretariat, including the internal oversight bodies.

Governance and oversight reporting requirements are either laid out in the General Regulations approved by the United Nations General Assembly and the Food and Agriculture Organization of the United Nations Conference, or decided by the Board.

Provision of administrative and financial services

- WFP has outsourced the Data Centre Services to the UN International Computing Centre, which is mandated to supply Data Centre services to UN organisations – allowing for efficiency and the safe guarding of accountability.
- FAO, IFAD and WFP are exploring ways to make a more efficient use of resources (sharing human resource management and training, financial processes and policy and administrative functions. Since 2010, they have formed a Common Procurement Team.
- WFP has a focused mandate which limits the range of normative work. Without core funding, the policy, legal and programme divisions provide normative guidance on the basis of unpredictable funding levels or alternative sources of funds.

- WFP has Corporate Emergency procedures in place. When situations occur on large scale that exceeds capacity of country offices, staff are deployed temporarily on short term assignments for up to three months for a corporate emergency.

5. UN WOMEN

Mandate and scope

In July 2010, the United Nations General Assembly created UN Women, the United Nations Entity for Gender Equality and the Empowerment of Women. The creation of UN Women came as part of the UN reform agenda, bringing together resources and mandates for greater impact. It merges and builds on the work of four previously distinct parts of the UN system, which focused exclusively on gender equality and women’s empowerment:

- Division for the Advancement of Women (DAW)
- International Research and Training Institute for the Advancement of Women (INSTRAW)
- Office of the Special Adviser on Gender Issues and Advancement of Women (OSAGI)
- United Nations Development Fund for Women (UNIFEM)

The main roles of UN Women are:

- To support inter-governmental bodies, such as the Commission on the Status of Women, in their formulation of policies, global standards and norms.

- To help Member States to implement these standards, standing ready to provide suitable technical and financial support to those countries that request it, and to forge effective partnerships with civil society.

- To hold the UN system accountable for its own commitments on gender equality, including regular monitoring of system-wide progress

Structure of Governing Bodies

According to UN General Assembly resolution 64/289, which established UN Women, the organisation is governed by a multi-tiered intergovernmental governance structure as follows:

“(a) ... the General Assembly, the Economic and Social Council and the Commission on the Status of Women shall constitute the multi-tiered intergovernmental governance structure for the normative support functions and shall provide normative policy guidance to the Entity;

“(b) ... the General Assembly, the Economic and Social Council and the Executive Board of the Entity shall constitute the multi-tiered intergovernmental governance structure for the operational activities and shall provide operational policy guidance to the Entity.
A global policy-making body, the Commission on the Status of Women (CSW) is a functional commission of the United Nations Economic and Social Council (ECOSOC), dedicated exclusively to the promotion of gender equality and the advancement of women. Every year, representatives of Member States (45 members) gather at the United Nations Headquarters in New York to evaluate progress on gender equality, identify challenges, set global standards and formulate concrete policies to promote gender equality and advancement of women worldwide. Representatives from Member States, UN entities, and NGOs in consultative status with the Economic and Social Council (ECOSOC) from all regions of the world attend the session (13 members from Africa, 11 from Asia, 9 from Latin America and the Caribbean), 8 from West Europe and other states and 4 from Eastern Europe). Members are elected for four years.

UN Women is also governed by an Executive Board that oversees the organisation’s operational activities based on policy directions set by the UN General Assembly, ECOSOC and the Commission on the Status of Women. The Board engages with the executive boards of other UN development agencies to coordinate work on gender across the UN system.

The UN Women Executive Board is made up of representatives from 41 countries around the world who serve on a rotating basis. The 41 board members are selected as follows: 10 from Africa, 10 from Asia, 4 from Eastern Europe, 6 from Latin America and the Caribbean, 5 from Western Europe and 6 from contributing countries. The Bureau is composed of five representatives, one from each of the regional groups.

Work Planning and Reporting

The Strategic Framework sets the goals, outcomes and projected financial requirements of UN Women. The ED provides proposals for the biannual programme plan as part of the Strategic framework.

The ED reports annually to the Executive Board on total contributions received from intergovernmental, non-governmental, private sector and private individual sources. These financial statements are prepared in accordance to the International Public Sector Accounting Standards (IPSAS).

Financial Cycles and Structure

UN-Women, unlike UNFPA and UNDP, is partially funded from assessed contributions, which must be reported to, inter alia, the Fifth Committee of the General Assembly. The composite nature of the organisation has resulted in a number of differences between the proposed financial regulations and rules for UN-Women and the source provisions of UNDP and UNFPA, reflecting some of the procedures of the United Nations Environment Programme and the United Nations Human Settlements Programme.

The ED prepares and submits to the Secretary General the resource requirements to service the normative intergovernmental processes and programme activities for the biannual programme budget. Such processes and activities are funded in the form of a Grant from the programme budget of the United Nations. The ED reports through the Secretary General to the General Assembly on the use of the grant.

 Contributions and revenue to support the purpose of UN-Women are recorded under the following funds and accounts:
- Assessed contribution to regular resources under the grant modality.
- Voluntary contributions to regular resources (unearmarked funds).
- Cost-sharing resources to other resources (earmarked funds).
- Trust fund contributions to other resources.
- Host Government contributions to the cost of UN-Women country offices.
- Miscellaneous revenue.

**Provision of Administrative and Financial Services**

The Executive Director is fully responsible and accountable to the Secretary General for the financial management of UN Women (UNW/2012/6/Add.1). The ED is also responsible and accountable for the procurement functions of the UN Women, and can delegate such authority for procurement and management of inventory, property and equipment.

The Executive Director of UN Women is also delegated formal authority in all matters relating to human resources management, e.g. appointment of staff members to UN Women, promote them and terminate their appointments, and the ED is only accountable to the Secretary General for the exercise of such authority (ST/SGB/2011/2).