GOVERNANCE OPTIONS

Governance Review Process
UN-Habitat

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## Contents

CHAPTER 1: INTRODUCTION ........................................................................................................... 1
  1.1. Context and background for reform .............................................................................. 1
  1.2. The Governing Council Resolution ................................................................................ 2
  1.3. Purpose and approach to governance reform ................................................................. 3

CHAPTER 2: JUSTIFICATION FOR REFORM ................................................................................. 5
  2.1. The financial situation .................................................................................................... 5
  2.2. Governance Challenges ................................................................................................ 7

CHAPTER 3: GOVERNANCE OPTIONS ........................................................................................ 9
  3.1. The incremental/managerial reform option .................................................................... 10
  3.2. The universal membership option ................................................................................ 12
  3.3. The Executive Board option ........................................................................................ 14
  3.4. The combined “hybrid” option ...................................................................................... 19

CHAPTER 4: CONCLUDING REMARKS .................................................................................... 22

Annex 1: Summary of governance options ............................................................................. 24
Annex 2: Decision-making structures for the three options .................................................. 25
CHAPTER 1: INTRODUCTION

1.1. Context and background for reform

The governance reform should be placed and understood in the context of other reform processes that have been taking place in UN-Habitat and within the UN system during the last years:

- The strategic and programmatic reform process that resulted in the Mid-Term Strategic and Institutional Plan (MTSIP).
- The administrative and managerial reform initiative (Excellence in Management).
- The organisational review process.
- UN Delivery as One.

In 2004, the Office of Internal Oversight Services in the UN conducted an in-depth evaluation of UN-Habitat, which called for the sharpening of its programmatic focus. UN-Habitat responded by preparing the Medium-Term Strategic and Institutional Plan (MTSIP). The Governing Council approved this Plan in April 2007 as a strategy for the period 2008 to 2013 with the overarching goal “to ensure an effective contribution to sustainable urbanization”. The new Strategic Plan for the period 2014-2019 incorporates and elaborates further the vision and programmatic priorities from the MTSIP.

The MTSIP had a dual purpose – not only to create a sharper and more strategic UN-Habitat, but also a more efficient and effective organisation. The overall goal of focus area 6 “Excellence in Management” was to improve the institutional performance in order to achieve a more efficient and effective delivery of its mandate. As a result, there have also been changes and improvements in institutional and administrative processes, results-based management and systems for resource mobilization.

As part of the MTSIP, UN-Habitat was also supposed to review its organisational structure, to facilitate realignment and restructuring in line with the new programmatic priorities and “establish a structure capable of ensuring more effective and efficient delivery of UN-Habitat’s mandate at the country, regional and global levels”. Significant progress has been achieved with the organisational review, which was formally launched in February 2011.

The review proposed to organise UN-Habitat in seven thematic areas and corresponding Branches, each focusing on the design and implementation of projects in one substantive area. The proposed Management Office conflates elements of the mandates of the former Programme Support Division and some elements of the Office of the Executive Director. The newly established Project Office combines elements of the former Programme Support Division as well as elements from the former substantive Divisions. The Regional Offices are expected to contribute to project identification and formulation functions, and identifying regional resources and funding opportunities.

The seven thematic or substantive areas will become the Focus Areas in the Strategic Plan for 2014-2019 and ensure alignment between the six-year strategic plan, the two-year strategic framework, the two-year Work Programme and Budget and the organisational structure of the agency. The organisational restructuring has also incorporated the Enhanced Normative and Operational Framework (ENOF) which aimed to ensure better coherence.
between normative work and operational activities. An interim version of the UN-Habitat Project Accrual and Accountability System (PAAS) is now functional and has improved decision making in key management areas, including finance, human resources, project formulation and implementation, as well as project monitoring, evaluation and reporting. The organisational reform process will culminate in the issuance of a new Secretary-General’s Bulletin on the organisation of UN-Habitat. Though still in a transitional period, the organisational restructuring has a positive impact on UN-Habitat’s ability to deliver its Mandate.

The governance review should also be interpreted in the light of the “Delivering as One UN initiative” launched in 2007. As a result, countries - both Governments and UN partners - have undertaken efforts to work together more effectively and efficiently at country and global level. The reform is based on four principles: One Leader, One Budget, One Programme and One Office. There are also relevant on-going reforms in the UN Secretariat such as “Umoja” - an initiative that seeks to integrate with all other UN reform efforts – from accounting and human resources to developing climate-neutral business strategies and support the introduction of universal and standardized high-quality and cost-effective service delivery systems anywhere in the world.

The analysis of governance should also take into consideration comparable processes in UNEP and other UN organisations. As a result of Rio+10, it has been decided to:

- Strengthen and upgrade UNEP in the manner set out in the Outcome Document “The Future We Want”, as endorsed by the General Assembly in Resolution 66/288 of 27July 2012.
- Establish universal membership in the Governing Council of UNEP.
- Continue to provide support for the full and effective participation of developing countries representatives in the Governing Council meeting.
- Urge donors to increase voluntary funding to UNEP.
- Request the Secretary-General to maintain the resource needs from the United Nations regular budget for UNEP, in accordance with UN budgetary practices.

UNEP will subsequently revise its governance structure and system for provision of administrative and financial services, but this is still work in progress. Hence, UNEP and UN-Habitat should consult and seek to harmonise institutional and administrative reforms to the extent possible.

1.2. The Governing Council Resolution

However, there has been a missing link. The three internal reforms did not cover the broader issue of governance – the need for changes in the institutional framework for decision-making. Hence, UN-Habitat’s Governing Council, in its 23rd Session April 2011, approved the Resolution 23/13, under the title “Governance of the United Nations Human Settlement: “The Committee of Permanent Representatives (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 step towards the implementation of the Resolution was setting-up an Open-Ended Consultative Group to oversee the process. Terms of Reference (ToR) approved by CPR in December 2011 required:

- Establishing four Task Force Teams (TFTs) in order to analyse each of the governance challenges identified by the Group on the basis of the Executive Director’s Note to the Governing Council (HSP/GC/23/INF 7) and to propose options to tackle those challenges.
- Carrying out a Comparative Analysis of different governance models in other UN Programmes.
- Elaborating an Action Plan with options on the basis of the report (HSP/GC/23/INF/7) and work completed by the Open Ended Consultative Group.
- Presenting the Action Plan to the 67th Session of the General Assembly 2013 if possible.

1.3. Purpose and approach to governance reform

The purpose of this report is to present and examine future options for governance reform in UN-Habitat. It starts by explaining why there is a need for reform based on arguments and evidence presented by the four Task Teams established by the Open-ended Consultative Group, the comparative analysis of governance models in other UN programmes and financial data. The report continues by presenting three principle options and the institutional, legal, political and financial implications for each of them. There is an analysis and discussion of each option, but no final conclusion or particular recommendation at the end. The report is meant to inform discussions and decision-making. It is prepared by an external independent consultant commissioned by the Open-ended Consultative group. Hence, the report does not necessarily reflect the views and opinions of UN-Habitat or the Consultative group.

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.

(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.

The understanding and approach to governance is as follows: Governance is defined as the institutional structure and the formal and informal relationships that govern an organisation’s decision-making processes and activities. Good governance contributes to UN-Habitat’s credibility and legitimacy by ensuring appropriate representation for the membership and by facilitating transparency that allows scrutiny by various stakeholders. It allows further UN-Habitat to fulfill its mandate effectively and efficiently, it renders UN-Habitat accountable to the membership, and provides voice to relevant stakeholders.
The overarching evaluation criteria for examining governance models are: To what degree a model allows UN-Habitat to operate efficiently and effectively? To what degree does it render UN-Habitat accountable and finally, does the model provide stakeholders with a voice in decision-making?

The evaluation criteria is explained further in the following text box:

<table>
<thead>
<tr>
<th>Assessment criteria for good governance</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) <strong>Effectiveness</strong> 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.</td>
</tr>
<tr>
<td>(b) <strong>Efficiency</strong> 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.</td>
</tr>
<tr>
<td>(c) <strong>Accountability and transparency</strong> 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. It refers also to the transparency of the decision-making processes. Accountability and transparency require a set of benchmarks against which to judge performance, good and transparent reporting and monitoring mechanisms, clear lines of authority and the capacity to sanction an agent whose performance does not meet agreed standards.</td>
</tr>
<tr>
<td>(d) <strong>Representation and voice</strong> refer 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 and local governments, to have their views considered by UN-Habitat governing bodies.</td>
</tr>
</tbody>
</table>

The four assessment criteria: effectiveness, efficiency, accountability/transparency and representation (voice) 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 and give rise to difficult trade-offs, which will be discussed further in this report. No single model will have the highest score on all criteria, but some of the options will serve UN-Habitat better than others.

**Limitations and potentials**

It is important to emphasise that good governance is a necessary, but not sufficient condition for strengthening UN-Habitat’s credibility and effectiveness. There is no guaranteed causal relationship between the two. In addition, change depends on the successful implementation of a package of reforms. Governance provides the institutional framework and supports the implementation of the mandate, but does not address substantive and programmatic issues. UN-Habitat needs also a mandate and strategy perceived as relevant for addressing urgent global problems, an organisational structure for implementing the mandate and adequate
financial and human resources. UN-Habitat has the mandate and the structure. There is also broad consensus globally that the urban agenda is increasingly important. UN-Habitat challenge lies in the intertwined erosion of credibility and relevance vis-à-vis key donors and limitations in efficiency and effectiveness in particular at country level.

CHAPTER 2: JUSTIFICATION FOR REFORM

Two main reasons for governance reform emerge from the work of the four Task Teams and analyses of UN-Habitat’s current financial position:

- Progressive erosion in the image and credibility of UN-Habitat vis-à-vis donors, which has resulted in withdrawal of several donors providing core support and a volatile financial situation.

- Limitations and inefficiencies in the current governance and administrative system as identified by the four Task Force Teams.

2.1. The financial situation

The financial situation of UN-Habitat is weak and unpredictable. The following table with total income and sources of income for the financial year 2011 illustrate some of the challenges:

<table>
<thead>
<tr>
<th>INCOME</th>
<th>2011 (in USD’000)</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Core income</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(a) Regular budget (UN Secretariat)</td>
<td>11.9</td>
<td>5</td>
</tr>
<tr>
<td>(b) Foundation general purpose</td>
<td>17.3</td>
<td>7</td>
</tr>
<tr>
<td>(c) Overhead technical cooperation</td>
<td>13.1</td>
<td>6</td>
</tr>
<tr>
<td>(d) Interest from core funds</td>
<td>0.7</td>
<td></td>
</tr>
<tr>
<td>Sub total core income</td>
<td>43</td>
<td>(18)</td>
</tr>
<tr>
<td>Earmarked income</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(a) Foundation special purpose and technical cooperation</td>
<td>195</td>
<td>83</td>
</tr>
<tr>
<td>TOTAL INCOME</td>
<td>234</td>
<td>100</td>
</tr>
</tbody>
</table>

UN-Habitat has basically three main sources of funding:

(a) Regular budget allocations from the UN Secretariat, which are approved by the General assembly (core funding).

(b) Special purpose contributions to the UN-Habitat Foundation that are non-earmarked funds from the Governments approved by the UN-Habitat Governing Council (core funding).

(c) Special purpose contributions, which are earmarked voluntary contributions from governments and other donors for the implementation of specific activities (non-core funding). These contributions fall into two categories (both earmarked):

- Contributions towards the Foundation.
- Contributions for direct project execution at country level (technical cooperation).
The following explains UN-Habitat’s volatile financial situation:

- UN-Habitat relies for 95% of its income on voluntary contributions and the percentage has steadily increased. The lack of predictability associated with voluntary funding undermines the planning and delivery of programmes in both the short- and long term – a common problem for several UN programmes.

- The regular budget contribution from the UN Secretariat represents only 5% of total income and its relative value has decreased over the last five years (with the increase in extra-budgetary funding). It is currently at par with the overhead earned from technical cooperation.

- Core (non earmarked) resources represent only 18% of total income and this is what the Governing Council approves.

- The largest and increasing share of funds (83%) comes from earmarked funding to technical cooperation projects at regional and country level.

The implications are:

- The Governing Council governs only a fraction of UN-Habitat’s work (one fifth of the total budget). A strategic and programmatic decision for technical cooperation projects are taken by the ED. Technical cooperation is included in the biennial programme and budget, but only in a general manner.

- There is a small and decreasing share of resources available for fulfilling UN-Habitat’s global normative mandate.

- Most of what UN-Habitat does is in technical cooperation and strongly influenced by donor priorities and preferences.

- UN-Habitat has a combined normative and operational mandate, but the balance at the moment is uneven and could undermine the future technical and normative role and not least legitimacy of UN-Habitat.

Another challenge is the small number of donors providing core support to the organisation. Over the last ten years UN-Habitat has lost key donors. It should also be mentioned that in 2011, 39% of all earmarked resources came from one donor, increasing UN-Habitat’s financial vulnerability also in the operational area.

There are several reasons for UN-Habitat’s financial situation: First, financial constraints in traditional donor countries have lead to cuts in funding of selected UN organisations. The more important reason is linked to the perception of UN-Habitat as an ineffective and inefficient organisation in Nairobi. UN-Habitat can change its image, but not global financial trends. UN-Habitat has also as mentioned achieved significant internal reform over the last years and improved its efficiency and effectiveness, but such change has not yet caught the attention and attracted new donors and translated into increased level of funding. Images are persistent and difficult to change. There is a need for more fundamental and visible reforms – including reforms in governance, which are expected from main donors. There is as
mentioned no guarantee that such changes will give UN-Habitat a new momentum and create a new financial situation, but it is likely that a lack of such reforms will continue current downwards trends – reaching a point where UN-Habitat’s existence is at risk. At best, successful reform in governance can be the important catalyst for change of perceptions and organisational renewal.

2.2. Governance Challenges

The governance review process identified challenges in four key areas:

- The structure of governing bodies
- Work planning and reporting systems
- Financial cycles and structures
- Provision of administrative and financial services

The four Task Force Team and previous analyses (HSP/GC/22/2/Add.3, HSP/GC/23/INF/7) have discussed and documented governance challenges in depth. The following is only a summary of the main challenges:

(a) The current governance model is not sufficiently effective and efficient because:

- The Governing Council does not provide regular oversight since it meets only biennially.
- It governs through resolutions and is not an executive entity.
- The Committee of Permanent Representatives (CPR) has no delegated executive authority in the inter-sessional period.
- The responsibilities between GC, CPR and Secretariat are unclear.
- The current model does not meet UN-Habitat’s need for timely and responsive decision-making and action.
- The Governing Council and CPR offer limited feedback on strategic and substantive issues.

(b) Accountability to stakeholders is weak because:

- Many strategic decisions that could have been appropriate for members to influence remains with the ED resulting in less influence, ownership and legitimacy among member states.
- The Governing Council is a subsidiary organ to the General Assembly and with no executive decision-making power.
- The governing bodies have limited and inadequate oversight of UN-Habitat’s total resources.
- There are several general accountability mechanisms within the UN, but few specific mechanisms for holding UN-Habitat accountable to agreed benchmarks and standards.

(c) There is a weak representation and participation from local governments, civil society and other UN-Habitat partners in governing bodies.
(d) Planning, reporting and financial systems are inadequate and ineffective because:

- Despite significant improvements, there are still multiple planning and reporting processes for different sources of funding (duplication and unnecessary transaction costs).

- The work programme and budget has to be prepared long time in advance (which constrains flexibility and scope for adjustment).

- There are several mechanisms for providing oversight within the existing system (in the UN Secretariat), but the oversight and feedback is limited in substance in particular for technical cooperation.

- UN Secretariat financial rules and regulations apply to implementation of all sources of funding, including technical cooperation, especially in post disaster and reconstruction situations. Current procedures are not sufficiently flexible and responsive for in particular UN-Habitat’s work at regional and country level. This impacts on UN-Habitat’s ability to play an active role in country level UNDAF processes with sufficient capacity to respond and deliver in a timely manner. As such, UN-Habitat is constrained in its ability to support the UN Delivering as One Initiative at country level.

- Other UN programmes not part of the UN Secretariat have been able to establish more efficient and flexible systems and procedures – meaning that UN-Habitat suffer a comparative disadvantage.

There are delays and limitations within UN-Habitat and UNON. In order to overcome present inefficiencies, both UN-Habitat and UNON as its main service provider should jointly address the following issues:

- Revision of current working arrangements between UNON and UN-Habitat based on the shared goal of improved efficiency in service delivery particularly in relation to field operations. This is a mutual responsibility since a number of critical administrative processes are performed by UN-Habitat and others by UNON.

- The system and rules for delegation of authority between UN-Habitat and UNON are disputed and interpreted differently. This has led to confusion of roles and responsibilities as well as duplications. A clear system of Delegation of Authority will strengthen accountability and minimize duplications of administrative functions.

- Introduction of fast track administrative procedures that are more flexible and adjusted to speedy delivery, as for instance used by OCHA (which is also part of the UN Secretariat).

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1 Examples from Somalia shows that procurement time has increased to more than six months and often more – for construction projects with one year duration. The slow progress and long start up phase have hampered UN-Habitat’s continued funding from Japan.

2 The challenges for UN-Habitat at country level would require further analysis, but are partly related to weak presence and capacity and centralized/lengthy procedures.
CHAPTER 3: GOVERNANCE OPTIONS

The review process has documented constraints and limitations in the current governance structure. A need for reform has been identified. There is also consensus that reform is needed, but much less certainty what the best solutions are. The ultimate aim is a governance model that meets all four criteria of performance: effectiveness and efficiency, accountability/transparency and voice. However, no model will have a high score on all criteria so it will be difficult to find a model, which satisfies all stakeholders. Models with high efficiency and effectiveness tend to get a lower score on representation, while representative models tend to be less efficient. The final choice will have to balance different criteria and stakeholder interests and suggest an optimal solution. The purpose of this document is to present options and analyse institutional, legal, political and financial implications as a basis for more informed decision-making and not draw any firm conclusion.

The review of the governance structure of UN-Habitat, phase 3 (HSP/GC/23/INF/7) identified four options for improving UN-Habitat’s governance. In the following, the revised four principal options are:

(a) The incremental/managerial reform option  
(b) The universal membership option  
(c) The Executive Board option  
(d) The combined “hybrid” option

The major difference is between ongoing incremental reform and change towards universal membership on the one hand and the two others. Incremental reform involves changes in selected organisational and administrative processes to a large extent initiated and approved internally. The universal membership option would at a minimum involve an expansion of the Governing Council with no change in the governance structure and bodies (Governance Council and CPR) as such. There is neither any change in UN-Habitat’s relationship to the UN Secretariat.

On the other hand, it is possible to combine universal membership with more far reaching structural reforms, such as new inter-sessional bodies (explained later). The two latter options involve deliberate restructuring of current governing bodies and seek to ensure improved efficiency and effectiveness for UN-Habitat as a programme within the UN Secretariat based in Nairobi. In other words, both options seek to capitalize on the potential for reform of UN-Habitat as part of the UN-Secretariat. There are also other possible “options” – or combinations and modifications of the four principal models. The option of UN-Habitat merging with another entity has not been discussed. An overview of the structure and decision-making system in each option can be found in Annex 2.

3 Option 1: Increased frequency for governance oversight, guidance and decision-making, option 2: Increased frequency of governance oversight, guidance and decision-making and expanded membership of Governing Council meetings, option 3: Executive Board or Executive Committee, option 4: A hybrid structure.
3.1. The incremental/managerial reform option
Incremental reform means organisational and administrative changes introduced over a period of time. It could consist of all or some of the following changes:

(a) *Increased frequency of Governance Council meetings* to improve oversight, guidance and decision making, e.g. maintain the current biennial cycle focusing on approving UN-Habitat’s work programme and budget, and for instance organising a high-level non-legislative forum in connection with the World Urban Forum in alternate years, focusing on policy dialogue and strategic oversight.

(b) *Expanded participation in Governing Council meetings* by including local authorities, civil society and other stakeholders in the new urban sustainable development agenda as observers (UN-Habitat Agenda partners), but not as voting members.

(c) *More delegated authority to the CPR from the Governing Council* to provide oversight of technical cooperation projects and approve changes in work plans and budgets.

(d) *Improved streamlining of planning and reporting formats and systems* based on UN Secretariat systems and procedures (one strategic plan, one biannual work plan and budget and corresponding reports comprising all UN-Habitat activities and funds) in order to reduce duplication and transaction costs.

(e) *Strengthened flexibility and efficiency* by for instance introducing an Emergency Reserve Fund (as in OCHA and UNHCR), fast track recruitment options and other Financial Rules and Regulations for the Foundation and Technical Cooperation Fund.

(f) *Improved efficiency and effectiveness in provision of administrative and financial services* through better communication between UNON and UN-Habitat, formalization of performance based service level contracts and regular monitoring of services\(^4\).

**Process of consultation and approval**
In order to introduce such a reform, the following consultation and approval process is envisaged:

<table>
<thead>
<tr>
<th>Reforms</th>
<th>To be proposed by</th>
<th>To be approved by</th>
<th>Problem solved</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increased frequency of GC meetings</td>
<td>Proposed by a GC working group (Rule 69 in GC rules)</td>
<td>Governing Council</td>
<td>Improved oversight</td>
</tr>
<tr>
<td>Expanded GC participation</td>
<td>Proposed by a GC working group (Rule 69 in GA Res.)</td>
<td>Governing Council</td>
<td>Increased voice</td>
</tr>
<tr>
<td>More delegated authority to CPR</td>
<td>Proposed by a GC working group (Rule 69 in GC rules)</td>
<td>Governing Council</td>
<td>Improved effectiveness</td>
</tr>
<tr>
<td>Streamlined planning and reporting</td>
<td>Secretariat</td>
<td>Executive Director</td>
<td>Reduced transaction costs</td>
</tr>
</tbody>
</table>

\(^4\) UNFPA has worked out Service Level Agreements with UNOPS based on detailed plans for delivery of services and linked payment to acceptable performance.
Flexible Emergency Response Fund, fast track recruitment and procurement options for more efficient and effective disaster response

| Secretariat | Department of Management NY | Faster and more flexible response in disaster situations for regional/country offices |
| EDs in UNON, UN-Habitat | EDs in UNON, UN-Habitat and UNEP | Improved efficiency and effectiveness |

Assessment of implications

Strengths

- The incremental option could contribute to strengthened efficiency and effectiveness by increasing the oversight and involvement of the Governing Council through more meetings and a stronger CPR with an extended mandate.

- Several of the managerial and incremental changes can be introduced and implemented under the ED’s delegated authority and/or with support from the Governing Council. For most of the reforms, there is no need to involve the UN Secretariat (except for revision of financial rules and regulations). As such, there are no serious and/or complex legal implications.

- It builds on existing and well-known systems and practices and would be less costly than broader organisational change.

- Improved efficiency in delivery of administrative and financial services could be achieved through revision of current arrangements with UNON, revitalization of the Client Advisory Committee and introduction of a strict performance monitoring mechanisms both within UN-Habitat and UNON, as well as further empowerment of Regional Offices (e.g. higher level of delegation of authority for procurement).

- UN-Habitat is highly dependent on the regular budget contributions for core posts and cannot risk loosing such support despite the high costs in terms of staff time of maintaining the current biannual planning and reporting system.

- Expanded GC membership and participation would improve level of representation, while systems and levels of accountability would not change much.

Weaknesses

- The strategic and substantive contributions from GC have been limited and will most likely not be improved through more frequent meetings. More meetings will increase costs and not add any value. Other more fundamental changes would be required. UN-Habitat needs a more active governing body providing regular strategic direction and oversight.
- 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.

- The CPR is established as an advisory and subsidiary inter-sessional body and not as an executive body. More delegated authority to CPR would imply a bias towards countries with a presence in Nairobi and could be perceived as “undemocratic”. An Executive Committee would need another mandate, rules for election of members and a clearly defined role in relation to the organisation and decision-making powers.

- The streamlining and harmonisation of planning and reporting systems will have to be based on existing UN Secretariat rules and regulations. Those rules were originally not designed for combined normative and operational organisations outside New York such as UN-Habitat, and would not be sufficiently responsive for operational activities.

- Managerial reforms have been on-going for several years and have not been able to solve the more fundamental and systemic challenges and sufficiently demonstrate the need for and commitment to reform.

Summary of assessment

<table>
<thead>
<tr>
<th>Effectiveness</th>
<th>Efficiency</th>
<th>Accountability</th>
<th>Representation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Managerial option</td>
<td>xx</td>
<td>x</td>
<td>x</td>
</tr>
</tbody>
</table>

x – low, xx medium and xxx – high

3.2. The universal membership option

This option entails maintaining the Governing Council, but introduce universal membership following the example of UNEP. The establishment of universal membership in the governing body gives this entity a more authoritative standing within the UN system. The governing body is more inclusive with a global representation and it becomes the superior institutional decision-making body.

The Governing Council in intergovernmental institutions with universal membership exercise oversight and decision-making functions through annual or biennial meetings, but they have also structures that conduct inter-sessional work and prepare decision-making by the apex body. There are different alternatives for how that can be done:

(a) Continue with the existing structure in UN-Habitat: Upgrade the status of the Governing Council and introduce universal membership. Keep the Committee on Permanent Representatives as the inter-sessional body optionally with a strengthened mandate and delegated decision-making power, or:

(b) Establish a smaller inter-sessional body with representative membership to increase its flexibility and reduce costs of meetings. Such inter-sessional bodies in the UN system vary in their membership and degree of authority. Established to reduce the workload of the plenary organ, they are at minimum vested with the power to prepare decisions for the universal body, thus reducing the workload and increasing efficiency and overseeing
operational activities of the plenary body (and not adopt any decisions). In addition, they may facilitate the work of the governing body by providing general policy guidance on urban issues and promote partnerships with other relevant organisations. In other organisations, they have full decision-making power delegated to it by the governing body and operate as Executive Board\(^5\). The Committee of Permanent Representatives would then either be absorbed into one of inter-sessional bodies or continue as an advisory body to the Executive Board and/or the ED and Secretariat.

(c) Work through specialized permanent committees covering the entire mandate of UN-Habitat. The committees would meet regularly (for instance quarterly) and be open to all member states and observers, take majority decisions and submit draft decisions to the governing body. The Committee of Permanent Representatives would be one of such committees.

In order to introduce such a reform, the following consultation and approval process is envisaged:

<table>
<thead>
<tr>
<th>Reforms</th>
<th>To be proposed by</th>
<th>To be approved by</th>
</tr>
</thead>
<tbody>
<tr>
<td>Establish universal membership</td>
<td>Governing Council</td>
<td>General Assembly</td>
</tr>
<tr>
<td>Establish inter-sessional bodies</td>
<td>As in other models</td>
<td>As in other models</td>
</tr>
</tbody>
</table>

**Assessment of implications**

**Strengths**

- Universal membership provides the GC with stronger authority and legitimacy as the leading authority in sustainable urban development. Stronger authority could increase UN-Habitat’s ability to act swiftly and flexibly.

- Expanded GC membership and participation would improve level of representation and voice and may have a positive impact on funding by broadening the donor base. All voices are heard on every subject matter.

- Improved efficiency in delivery of administrative and financial services could be achieved through revision of current arrangements with UNON as under the incremental option, as well as further empowerment of Regional Offices (e.g. higher level of delegation of authority for procurement).

- Current funding from the UN-Secretariat can be maintained. UN-Habitat is highly dependent on the regular budget contributions for core posts and cannot risk losing such support.

- If accountability and efficiency are ensured through a strong inter-sessional body, the confidence of donors could be improved.

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\(^5\) As such, it is very close to the hybrid model (option 4). The only difference is that membership is universal.
Weaknesses
- Universal membership does not address the major challenges identified in the governance review process. It increases the number of members in the GC and scores well on representation and political legitimacy, but may reduce operational efficiency and effectiveness if not combined with a smaller body with operational decision-making powers.

- The status of the GC will be higher, but also the costs. Other more fundamental changes would be required to ensure an active professional governing body with strong legitimacy and credibility providing regular strategic direction and oversight.

- A larger governing body may complicate communication and coordination and as such reduce effectiveness. It may also lead to extensive political discussions and protracted decision making.

- More delegated authority to CPR would as discussed under the first option imply a bias towards countries with a presence in Nairobi and could be perceived as “undemocratic”. It is possible to introduce an Executive Board as the inter-sessional body to strengthen effectiveness (making it close to the “hybrid model” presented later).

- Universal membership in the Governing Council in combination with one or more inter-sessional bodies would clearly be the most expensive option.

Summary of assessment

<table>
<thead>
<tr>
<th></th>
<th>Effectiveness</th>
<th>Efficiency</th>
<th>Accountability</th>
<th>Representation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Universal membership</td>
<td>x (x)</td>
<td>x</td>
<td>xx</td>
<td>xxx</td>
</tr>
</tbody>
</table>

3.3. The Executive Board option
This option goes further by including reforms in the structure and bodies of governance and in the relationship between UN-Habitat and New York. The option will involve the following:

(a) Establish an Executive Board or Committee to replace the Governing Council. Such an entity will:
- Be responsible for both UN-Habitat’s normative and operational mandate (based on delegation from the General Assembly).

- Remain a subsidiary body to the General Assembly through ECOSOC. The Executive Director will present an annual report to ECOSOC through the Board (GA Resolution 1994 Annex 1).

- May establish an inter-sessional body (Secretariat/Bureau) responsible for preparing the work of the Executive Board and follow up on activities, and if required other inter-sessional bodies for science-policy interface. A science-policy body could be set up as a subsidiary body and consist of country representatives and scientists/experts with international standing. Its key objective would be to assess the state of scientific knowledge regarding key policy issues for UN-Habitat and communicate its findings
and recommendations to the policy makers. A similar body could also be included in all the other options.

- Provide strategic oversight and approve the work plan and budget comprising all activities in the organisation, including the Foundation and technical cooperation projects. As in other UN Funds and Programmes, the Executive Director has the authority and can approve projects up to a certain ceiling.

- Monitor performance and support the auditing and evaluation functions.

- Meet once a year (annual session) with other regular sessions as decided by the Board.

- Have approx. 20-25 members comprising of the following members appointed by ECOSOC:
  - Representatives of all regional groups.
  - A sample of resident CPR representatives (5-6) as voting members (the other remains as observers). Rotate members every second year.
  - Selected members representing the broader UN-Habitat Agenda as observers. There is an increasing concern to ensure the participation of UN-Habitat stakeholders and representatives from civil society. UN-Habitat is an intergovernmental body, but could strengthen and formalize mechanisms for involving civil society and other stakeholders, while final decision-making remains with the governments.

(b) Maintain UN-Habitat as a UN programme in Nairobi, but change its relationship with the UN Secretariat in line with other UN programmes:
- Transform the regular budget from the UN Secretariat to a grant for supporting UN-Habitat’s core mandate based on UN-Habitat’s financial rules and regulations in line with UN-Women and UNHCR. The grant will remain at the same level as the regular budget contribution.

- Provide UN-Habitat with its own Financial Regulations and Rules.

- The role and functions of WUF will remain unchanged.

(c) Streamline planning and reporting formats and procedures in line with UN-Habitat’s normative and operational mandate and its need for oversight, flexibility and responsiveness.

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6 Academic work on decision-making indicates that executive boards, to be effective, should have no more than 10-12 members. The quality of participation declines in larger boards, decision-making begins to atrophy and free-rider problems increase. However, a UN-Habitat Board would need a higher number since it will perform representative and oversight roles in addition to the executive.

7 This is a model used for instance by FAO in Rome where seats in the Board rotate between resident delegations. CPR in its current form will disappear, but the roles will continue and be strengthened through more executive functions.

8 Several organisations have also a few "ex-officio members" from academia and technical institutions to strengthen the professional competence of the boards.
(d) **Provision of financial and administrative services** will be based on outsourcing and One UN principles for achieving economies of scale, but all systems will have to ensure best value for money (established through an assessment of quality, efficiency and effectiveness). The alternatives would be (a) UNON for services in Nairobi (b) outsourcing to other agencies when required at regional and country level.

UN-Women is financed from two sources, the regular budget of the UN to service the normative inter-governmental processes, and voluntary contributions for operational activities. The former is provided as a grant. The Grant Modality allows UN-Women and also UNHCR to apply the same financial rules and regulations as other Funds and Programmes which are not funded by the UN Secretariat. They use for instance Atlas (and not IMIS) – an integrated enterprise resource planning system designed to support decentralized operational activities in multiple remote locations in addition to providing HQ programme support. The Grant Modality has the potential to improve UN-Habitat’s operational efficiency or at least make it comparable with other Funds and Programmes. However, the grant modality will not change the planning and reporting requirements for the grant from the Secretariat. As long as UN-Habitat receives any type of support from the UN Secretariat, UN-Habitat will continue to be governed by the same requirements for programme planning and reporting as of today. However, the utilization of resources and implementation of activities can be based on more flexible systems.

In order to introduce such a reform, the following consultation and approval process is envisaged:

<table>
<thead>
<tr>
<th>Reforms</th>
<th>To be proposed by</th>
<th>To be approved by</th>
</tr>
</thead>
<tbody>
<tr>
<td>Establish an Executive Board</td>
<td>Governing Council</td>
<td>Second and Fifth Committee and finally General Assembly</td>
</tr>
<tr>
<td>Establish and operate a grant modality</td>
<td>Governing Council</td>
<td>ACABQ</td>
</tr>
<tr>
<td>Introduce UN-Habitat’s Financial Rules and Regulations</td>
<td>Department of Management</td>
<td>Executive Board</td>
</tr>
<tr>
<td>Select the most cost-efficient and effective system for delivery of administrative and financial services</td>
<td>Secretariat</td>
<td>ED (based on delegation of authority)</td>
</tr>
</tbody>
</table>
Assessment of implications

Strengths

- The Executive Board option is a well-proven model used by the majority of UN programmes and funds.

- The structure of governance is clear, simple and transparent. The Executive Board alone has full responsibility for all programmes and activities in the organisation. More strategic decisions could be taken and reported on. The evaluation and audit function would be anchored in the board.

- An active and committed Board can provide regular professional guidance and assistance to UN-Habitat, strengthen its legitimacy and reputation and play an important role in preparing the ground for mobilisation of resources. UNICEF for instance organises Pledge Events at its first session, as part of fund raising activities.

- The Board provides a forum for decision-making, regular oversight and monitoring of all programmes and budgets (including extra-budgetary funds) – more regular and more in depth than in the current system.

- Representation in decision-making is broader and decision-making more transparent than in the current system – reducing and balancing the power of donors and Executive Director. Strategic decision-making is moved from the ED to the governing body and would improve legitimacy and ownership by members.

- UN-Habitat will manage and administer extra-budgetary resources according to its own Financial Regulations and Rules within the UN system, similar to other UN Programmes. The model for provision of financial and administrative services would be selected based on an analysis of what model offers highest quality, cost-efficiency and effectiveness.

- The Executive Board contributes to strengthened accountability by making it easier to hold UN-Habitat accountable through regular meetings.

- The Executive Board is potentially the most cost efficient option, but it will depend on the number of meetings and members\(^9\). It will only be sufficiently cost-efficient if the number of board members is kept low (approx. 20-25).

Weaknesses

- The model scores lower on voice and representation. Executive Boards are more suitable for operational programmes and funds with a need for rapid and flexible

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\(^9\) There is a need for a more detailed costing of each alternative. Several UN programmes confirm that the highest costs are currently related to translation of documents to all UN languages, renting of meeting facilities and simultaneous translation in meetings. All members cover their own travel costs.
decision-making. On the other hand, most UN programmes have large boards with between 36 and 60 members and are as representative as Governing Councils.\textsuperscript{10}

\begin{itemize}
\item It may not be viable for UN-Habitat with its limited resources to establish a large board (40-50), but rather have a more low profile and cost efficient option with fewer members (20-25). According to data provided by several UN Programmes, the annual meeting of an Executive Board in New York can cost between 1.5-2 Mill USD. Translation of documents to the six official UN languages is one of the most expensive components (one page in six languages costs more than 2000 USD).
\item There is a danger that seats will not be filled since the frequency of meetings and workload will increase.
\item Programmes combining normative and operational functions face a dual demand – a need for efficient and effective decision making for operational programmes, but also an open, inclusive and representative forum for normative policy debate, formulation and advocacy. This is consistent with the intention of ENOF – enhanced normative and operational approaches and work in UN-Habitat.
\item The grant modality is no panacea. It does not mean un-earmarked funds from the UN Secretariat. Grants are linked to the same planning, approval and reporting requirements as the Regular Budget. The difference lies in more flexible implementation.
\item Having separate financial rules and regulations and outsourcing of administrative services at regional and country level could be more expensive than the current system. UNON is subsidised through the Regular Budget. According to information provided by UNON, “the absolute and proportionate share of UN-Habitat’s funding of UNON has declined over the last decade, while regular budget funding to UNON has increased, such that UNON receives approximately 10% of the less than 13% programme support charge levied on UN-Habitat’s trust and expenditures”.
\item An Executive Board with combined normative and operational responsibilities, may not be sufficiently efficient and effective because:
  \begin{itemize}
  \item There are too many members.
  \item The agenda of meetings would be considerable if both normative and operational roles are combined, which would either result in extended meetings that would not generate high-level interest, or that subjects are not given adequate attention.
  \item Effective decision-making needs a focused discussion as a basis for decisions, alternatives and a review of consequences. Wide participation is not conducive to such discussions.
  \item Whereas the normative functions require high-level participation from member-states, the executive decisions in respect of governance need another sort of competence and administrative capacities.
  \end{itemize}
\end{itemize}

\textsuperscript{10} The decision on board size gives rise to trade-offs between executive effectiveness on the one hand and representation and legitimacy on the other. UN programmes often need to prioritise representation.
3.4. The combined “hybrid” option

The hybrid model will have most of the characteristics as the Executive Board. The major difference is the combination of a broad high-level Commission or Council promoting the sustainable urban development agenda through inter-governmental policy debate and development, advocacy and resolutions and on the other hand a relatively small Executive Board taking decisions on programmes and budgets, providing strategic advice and oversight and monitoring performance. The model is built on the assumption that UN-Habitat needs both a global forum for policy dialogue with broad representation and a more business oriented entity meeting more often.

The option will consist of the following elements (many similar to the Executive Board Option, but some additional):

(a) A Council or Commission on sustainable urban development. Such an entity would be a global policy-making body dedicated to the promotion of sustainable urban development which:
   - Meets biennially.
   - With the same or more members as the current Governing Council, but based on regional representation. Universal membership is also an option similar to UNEP.

(b) An Executive Board to oversee the operational activities of UN-Habitat. The board will perform functions in line with those of other governing bodies of the United Nations funds and programmes. (Resolution adopted by the GA 48/162 – 1994 on functions of Executive Boards).

(c) The Executive Board will:
   o Remain a subsidiary body to the General Assembly through ECOSOC and the Executive Director presents an annual report to ECOSOC through the Board (GA Resolution 1994 Annex 1).
     - May establish an inter-sessional body (Secretariat/Bureau) responsible for preparing the work of the Executive Board and follow up on activities, and if required other inter-sessional bodies of more technical nature.
   o Provide strategic oversight and approve the work plan and budget comprising all activities in the organisation – including the Foundation and technical cooperation projects.

(d) Streamlining planning and reporting formats and procedures based on UN-Habitat’s need for oversight, flexibility and responsiveness.

(e) Selecting systems for procuring administrative and financial service based on an assessment of best quality, cost-efficiency and effectiveness.
(f) *Maintain UN-Habitat as a UN programme in Nairobi*, but change its relationship with the UN Secretariat in line with other UN programmes:

- Transform the regular budget from the UN Secretariat to a grant for supporting UN-Habitat’s core mandate based on UN-Habitat’s financial rules and regulations in line with UN-Women and UNHCR. The grant will be at the same level as the regular budget contribution.
- Provide the Executive Director with delegated responsibility in areas of procurement, financial and human resources management.
- Outsource administrative and financial services similar to what is described for the Executive Board option.
- The role and functions of WUF will remain unchanged.

**Process of consultation and approval**

In order to introduce such a reform, the following consultation and approval processes is envisaged:

<table>
<thead>
<tr>
<th>Reforms</th>
<th>To be consulted</th>
<th>To be approved by</th>
</tr>
</thead>
<tbody>
<tr>
<td>Establish Commission/Executive Board</td>
<td>Governing Council</td>
<td>Second and Fifth Committee and finally the General Assembly</td>
</tr>
<tr>
<td>Establish and operate a grant modality</td>
<td>Secretariat/ED</td>
<td>ACABQ</td>
</tr>
<tr>
<td>Introduce UN-Habitat Financial Rules and Regulations</td>
<td>Executive Board</td>
<td>Department of Management</td>
</tr>
<tr>
<td>Select the most cost-efficient and effective system for delivery of administrative and financial services</td>
<td>Secretariat/ED</td>
<td>Department of Management</td>
</tr>
</tbody>
</table>

**Assessment of implications**

**Strengths**

- This option has a high score on both representation and effectiveness with one forum for normative discussions with broad representation and a relative small executive board for operational decision-making.

- A dual structure strengthening linkages between intergovernmental normative and operational work, but also acknowledging their different characteristics and requirements\(^{11}\).

- UN-Habitat would have its own Financial Regulations and Rules for the management and implementation technical cooperation projects and would rely basically on outsourcing of provision of administrative services after an assessment of best value for money.

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\(^{11}\) In UN-Women, the Executive Board is responsible only for the operational activities, while the Commission guides the normative work. As such, the two entities are separate and independent. One is not under or above the other. In UN-Habitat such a sharp distinction between normative and operational will not be useful. The Executive Board should be responsible for the combined normative and operational agenda while the Commission/Council could provide normative and strategic guidance.
The same level of accountability as for the Executive Board option.

**Weaknesses**

- The option could be less effective than an Executive Board because of more layers and governing bodies with the potential for unclear lines of authority.

- A lower score on efficiency since it is more expensive than the previous option having both a biennial Council and more frequent board meetings. There will be high direct costs (translation, rent of meeting rooms, secretarial support, but even higher indirect costs such as Secretariat staff time in preparation and follow up of each meeting).

**Summary of assessment**

<table>
<thead>
<tr>
<th>Hybrid option</th>
<th>Effectiveness</th>
<th>Efficiency</th>
<th>Accountability</th>
<th>Representation</th>
</tr>
</thead>
<tbody>
<tr>
<td>xx</td>
<td>xx</td>
<td>xxx</td>
<td>xxx</td>
<td>xxx</td>
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</tbody>
</table>

x – low, xx medium and xxx – high
CHAPTER 4: CONCLUDING REMARKS

The purpose of this document is as mentioned not to draw conclusions and recommend one model as superior to the others. The analysis has shown that there are strengths and weaknesses with each of them. No option will satisfy all stakeholders and interests. The final choice of a preferred option should carefully review and balance all relevant arguments.

The Executive Board option has a high score on effectiveness – the model is simple with clearly defined responsibilities and is proven to work in several UN programmes. The decision-making process is also transparent and cover all programmes and activities regardless of source of funds. As such, it has also a high score on accountability, but slightly less on representation and voice because of a weaker ability of the governing body to involve and consult widely with stakeholders. A better balance between efficiency and effectiveness can be achieved by changing the composition, rules of procedure and functions of the Executive Board.

The combined hybrid model has some of the same qualities. It gets a high score on both representation and effectiveness because of its dual governance structure – a high level Commission and a smaller Executive Board. On the other hand, it could be a more complex, less efficient and expensive model. The universal membership option scores high on representation, but low of efficiency and effectiveness unless combined with more structural reforms.

It is also feasible to improve and strengthen the existing governance model, but its weaknesses and limitations have been repeated in several Governing Council documents and resolutions and the need for reform was confirmed by the work of the four Task Teams.

The overall question is which option will best address and contribute to strengthen UN-Habitat’s image and normative relevance, its efficiency and effectiveness in delivery, which are pre-conditions for building trust, continued and expanded support from new and existing donors.

Finally, there is a need to consider the cost of each of the governance options, but even more important to compare costs with value. The cheapest option is not necessarily the best. It could be the worst. The most expensive may solve more problems, create the platform for growth and add much more value in the long-term than the others.

We have so far no exact figures on the costs of organising a Governing Council within the existing structure so a more detailed comparative analysis is difficult, but the categories of direct costs are:

- Renting of meeting facilities
- Interpretation (travel and fees for interpreters)
- Subsidized travel and accommodation (LDC representatives)
- Translation of documents to all UN languages
- Personnel and support staff

In addition, there are significant “hidden costs” – mainly UN-Habitat staff involved during preparation and implementation of the meeting. A comprehensive cost benefit analysis would
also have to include potential cost savings for each of the option. Finally, a decisive factor is the number of meetings and inter-sessional bodies.

A systematic cost benefit analysis has not been carried out and would also be a complex undertaking. However, it seems clear that the universal membership option will be the most expensive. The hybrid option will cost more that the existing model because of the additional costs of an Executive Board (the Commission will most likely equal the cost of the Council). On the other hand, this model has the potential to add more value.

The costs of an Executive Board will depend on several factors: How many times it meets in a year, how many members and what UN-Habitat will have to pay for. With a 25-member board, we estimate that 5-7 members will be based in Nairobi, 10 will cover their own costs and UN-Habitat may subsidize seven members for two meetings a year (a total cost which could be covered within the existing travel budget). If interpretation and translation to all UN languages would be required for all Board meetings, it will add considerable cost. If such requirements could be limited to only one meeting, costs would be reduced. As a tentative conclusion, an Executive Board will most likely have a higher cost than the current Governing Council, but it has also the potential for offering much higher value and its direct cost may not be that much higher than the Governing Council. However, to make a choice between governance models exclusively based on figures is not only difficult, but neither advisable.

It has been mentioned that more frequent Board meetings will increase the indirect costs by requiring much more and frequent inputs from UN-Habitat staff. This is not necessarily true since the Secretariat has been and is already heavily involved in preparing and carrying out four formal and a large number of informal CPR meetings every year.

A summary of a tentative cost-benefit assessment would be (100 refer to the existing cost of the current model): The current model will be the cheapest, but add least value. The universal membership option will be the most expensive followed by the hybrid option. The latter could add most value both in terms of representation and effectiveness. The Executive Board option will be more expensive than the current model, but add more value in terms of effectiveness and legitimacy. Its actual cost will depend on a broad range of variables that need to be agreed, such as number of meetings, what costs to be paid by UN-Habitat, number of members receiving travel subsidies, etc.

<table>
<thead>
<tr>
<th>OPTIONS</th>
<th>COST</th>
<th>ADDED VALUE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current option: Biennial Governing Council and CPR</td>
<td>100 Lowest cost</td>
<td>Marginal</td>
</tr>
<tr>
<td>Executive Board option: 25 members, 2 meetings annually</td>
<td>125 Medium cost</td>
<td>High added value – effectiveness</td>
</tr>
<tr>
<td>Hybrid option: Biennial Commission/Council 2 annual meetings in EB with 25 members</td>
<td>200 High cost</td>
<td>Highest added value – effectiveness and representation</td>
</tr>
<tr>
<td>Universal membership option</td>
<td>250 High</td>
<td>High added value on representation</td>
</tr>
</tbody>
</table>
### Annex 1: Summary of governance options

<table>
<thead>
<tr>
<th>Model variables</th>
<th>Managerial reform</th>
<th>Universal membership</th>
<th>Executive Board</th>
<th>Hybrid model</th>
</tr>
</thead>
<tbody>
<tr>
<td>Approves policy/strategy</td>
<td>Governing Council</td>
<td>Governing Council</td>
<td>EB</td>
<td>Commission</td>
</tr>
<tr>
<td>Approves regular budget and Foundation budget</td>
<td>Governing Council</td>
<td>Governing Council</td>
<td>EB</td>
<td>EB</td>
</tr>
<tr>
<td>Approves technical cooperation</td>
<td>ED</td>
<td>ED</td>
<td>EB</td>
<td>EB</td>
</tr>
<tr>
<td>Financial rules and regulations</td>
<td>UN Secretariat</td>
<td>UN Secretariat</td>
<td>UN programme</td>
<td>UN programme</td>
</tr>
<tr>
<td>Grant modality</td>
<td>No</td>
<td>No</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Governing bodies</td>
<td>Governing Council</td>
<td>Governing Council +</td>
<td>EB</td>
<td>Commission and EB</td>
</tr>
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<td>Planning and reporting systems</td>
<td>UN Secretariat</td>
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<td>Effectiveness</td>
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<tr>
<td>Voice/participation</td>
<td>xx</td>
<td>xxx</td>
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<td>xxx</td>
</tr>
</tbody>
</table>

x- low, xx – medium, xxx - high
Annex 2: Decision-making structures for the options
CURRENT SYSTEM

- DONORS
  - Executive Director
    - Approves
  - TECHNICAL COOPERATION

- GOVERNING COUNCIL
  - Executive Director
    - Approves
    - Reviews
  - FOUNDATION
    - CORE & EARMARKED

- GENERAL ASSEMBLY ECOSOC
  - Approves

- UN SECRETARIAT
  - CPR
  - REGULAR BUDGET