Agenda Item 9:

Progress Report - Governance Review Process

The Resolution 23/13, “Governance of the United Nations Human Settlement Programme” adopted during the 23rd Session of the Governing Council (11-15 April 2011), establishes that 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 possible.

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 TOR 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. The CPR, at its 44th Regular Session held on April 3rd 2012 decided to endorse work done by the four TFT’s and use their recommendations as an input for the comparative exercise with other Governance Models, thus moving to the next stage of the process, as established in the Terms of Reference.

In order to carry out the comparative analysis with governance models of other Programmes and Agencies in the UN family, the Open Ended Consultative Group elaborated the criteria to guide the selection of a limited number of Programmes and Agencies potentially relevant to the exercise.
For the compilation of the Comparative Analysis Report as well as a Report on Governance Options the Open Ended Consultative group decided to recruit a Consultant who has been working under the guidance of the Group in the drafting of these reports.

**The Comparative Analysis Report** was finalized end of September 2012 and it focuses on four thematic areas, directly related to UN-Habitat’s governance challenges as examined by the Task Force Teams:

1. Financial Cycles and Financial Structure  
2. Structure and Functioning of Governing Bodies  
3. Work Planning and reporting  

The scope of analysis includes the examination of managerial and administrative practices and their impact on governance, as well as structural elements of governance (institutions and norms) and their repercussions on efficient, accountable and transparent Mandate delivery by UN-Habitat.

Regarding the financial governance of UN-Habitat the report analyses weaknesses connected to the fragmented nature of UN-Habitat’s portfolio and the different procedures for approval of sources of Funding (Regular Budget- General Assembly, Foundation Funds- Governing Council and Technical Cooperation –Executive Director).

It looks into options to strengthen the role of UN-Habitat’s governing bodies in decision making processes looking at other governance models. The main challenge here is to balance two criteria: representation versus efficiency as key inputs to choosing among different models.

The comparative analysis also refers to the impact of UN Secretariat Regulations and Rules on UN-Habitat’s governance and looks at layers of complexity in financial governance of UN-Habitat. UN-Habitat’s ability to timely deliver field operations appears affected by the rigidity of the rules and to lengthy bureaucratc procedures in implementation.

After completion of the Comparative Analysis, in October 2012, the Open-ended Consultative Group moved forward towards the next step in the process, namely, the elaboration of a report on Governance Reform Options based on the findings of the four Task Force Teams on governance challenges and the comparative analysis.

**The Report on Governance Reform Options** was submitted to the CPR Regular Session held on the 19th of December 2012 for comments and amendment proposals. Following assessments and comments done by member States, a new version of the report on examination of governance reform options was prepared and presented to the Open ended Consultative Group at its first meeting on February 11th 2013. The new version has three chapters and concluding remarks.
The first and second chapters are devoted to the background and justification for reform in the context of the MTSIP 2008-2013, the organizational review and the current reform trends in the UN, particularly under the Delivering as One initiative. While the organizational review aims to enhance productivity, efficiency, transparency and accountability by improving and modernizing management systems and practices and aligning the organizational structure to the new strategic approach to urbanization, the governance review pursues the objective of overcoming limitations and inefficiencies in the current governance structure to ensure institutional arrangements contribute to improved Mandate delivery.

In its third chapter, the report presents four governance reform options:

- The first is the ‘Managerial/Incremental Reform Option’. This entails proposals such as increased frequency of Governing Council meetings, expanded membership of the Governing Council and enhanced role of other stakeholders, an empowered CPR, revised financial regulations and rules for extra budgetary resources.

- The second is the Universal Membership Option. The establishment of universal membership in the Governing Council grants global representation and it becomes the superior institutional decision making body. It would keep the CPR as intersessional body optionally with a strengthened mandate.

- The third is the ‘Executive Board Option’. This entails the establishment of an Executive Board to replace the Governing Council. The Executive Board, which remains a subsidiary body of the UN General Assembly, provides enhanced oversight on normative and operational activities, meets once a year, and may establish a subsidiary body.

- The fourth is the ‘Combined Hybrid Option’. This has largely the same characteristics as the Executive Board Option, but it adds to it a broad and high level Council or Commission as a highly representative policy making body.

Each option is described together with advantages and disadvantages and it is scored against the four performance criteria of transparency, efficiency, effectiveness and accountability, as well as voice and representation. The report also states that decision making should be inspired by the search of institutional arrangements that serve best the nature of UN-Habitat’s mandate.

The next step is to use the report on the examination of governance options as a main input to inform a joint decision making process towards recommendations or conclusions to be submitted to the Governing Council in April 2013.

In order to advance towards a consensus, the Chair of the Open Ended Consultative Group in the meeting held last February 11, proposed two or three facilitators, amongst the CPR members to work together in identifying potential areas of agreement that could serve as a basis for an agreed position to submit to the 24th Governing Council Session.