UPDATE ON UN-HABITAT’S ORGANIZATIONAL REFORM

A. Introduction

The Medium Term Strategic and Institutional Plan (MTSIP) Peer Review carried out in 2010 recommended that “… the next Executive Director of UN-Habitat should consider a new organizational structure with the aim of achieving better alignment with the MTSIP focus areas.” In addition, “… achievement of results within the MTSIP priority areas …” would be “…the primary motivation for any such reorganization.”

In strategic terms, the organizational reform aims at enabling UN-Habitat to proactively support planned urbanisation as a source of socio-economic development and to respond to the challenges of urban poverty and inequality.

Progress Update

Throughout the reform process, various consultations with staff at large, staff representatives as well as United Nations Office in Nairobi (UNON) and various other pertinent stakeholders took place. Close coordination with the United Nations Department of Management was also established and has continued up to now.

In April 2012, UN-Habitat received the Department of Management’s clearance to proceed with the implementation of the proposed transitional measures in anticipation of the finalization of the reorganization process. During the transition, UN-Habitat started drafting the new Secretary-General’s Bulletin that reflects the proposed final organizational structure. The key changes are:

a) Both the transitional and proposed final organizational structures consist of the following seven thematic Branches corresponding to seven thematic focus areas:

1. Urban Legislation, Land and Governance
2. Urban Planning and Design
3. Urban Economy
4. Urban Basic Services
5. Housing and Slum Upgrading
6. Risk Reduction and Rehabilitation
7. Research and Capacity Development

Each Branch has 3 to 4 Units that implement projects with similar thematic character.

b) A new Management Office has been created, which conflates elements of the mandates of the former Programme Support Division and some elements of the Office of the Executive Direction.

The organizational reform was also requested by the UN-Habitat Governing Council through its resolution 21/2, which referred to the need to give immediate priority to the proposed institutional reforms, including any institutional adjustments necessary to align the organization with the MTSIP, consistent with the wider process of United Nations system-wide reform. The financial impact of the current global economic crisis on UN-Habitat also introduced an additional impetus to the reform process. In response, UN-Habitat formally launched the organizational review and reform process in February 2011 and has since made significant progress. The main elements of a new organizational structure are now in place and the process is almost complete.

The purpose of the organizational reform is to establish a structure capable of ensuring more effective and efficient delivery of UN-Habitat’s mandate at the country, regional and global levels. In more specific terms, the organizational review aims at enhancing:

(i) Project efficiency in the field, especially in the early stages of implementation
(ii) Productivity of the normative work performed at headquarters
(iii) Coherence between normative and operational work.
(iv) Transparency in UN-Habitat’s management and substantive work.
(v) Accountability at all levels.
c) A new **Project Office** has also been created. This combines some elements of the former Programme Support Division as well as some elements of the former substantive Divisions.

d) The **Regional Offices** will continue to exist. They are expected to contribute to project identification and formulation and to identifying regional resources and funding opportunities. In addition to managing project implementation, they are also expected to perform a representational role and to take a lead in the preparation of regional strategies.

e) The **Office of Executive Direction** will accommodate three additional units, i.e. a restructured independent Evaluation Unit, a Strategic Planning Unit, and the Legal Unit. During the transitional period, the **External Relations Office** is a part of the Office of Executive Direction, but will become a separate organizational unit in the final organizational structure.

The Management Office, Project Office, External Relations Office and thematic Branches are now all fully functional. They are increasingly responsible for the implementation of the change process, while the Office of Executive Direction continues with the overall coordination of the reform process. All staff members have been provisionally redistributed to the new organizational units.

The seven thematic or substantive areas will also become the Focus Areas in the **Strategic Plan for 2014-2019** and the Subprogrammes in the biennial **Work Programme and Budget**, thus ensuring complete alignment between the six-year strategic plan, the two-year strategic framework, the two-year Work Programme and Budget, and the organizational structure of the agency.

On the programme implementation side, UN-Habitat’s work will continue to be guided by the MTSIP until the end of 2013, after which the new Strategic Plan for 2014-2019 will take effect. The foreseen complete alignment will simplify monitoring and reporting, and enhance accountability and transparency. A plan to guide the delivery of the outputs of the 2012-2013 work programme and implementation of the remaining two years of the MTSIP 2008-2013 through the new organizational structure has been developed.

During 2012, a **UN-Habitat Staff-Management Consultative Committee** was established as a forum for addressing reform specific issues. In parallel, UN-Habitat has proceeded with direct provision to staff of information about the on-going restructuring process. So far staff queries and concerns have been mainly about the practical elements of the reform, including job security, reporting lines, organizational roles and responsibilities, and business processes and workflows. Policy guidelines on all these matters are currently being developed as part of the implementation of the reform, and the process is almost complete.

The most important management reforms introduced are the project approach to management and the **UN-Habitat Accrual and Accountability System** (UN-Habitat PAAS). The latter is an enterprise-wide computer based business solution for managing and coordinating all resources (human, financial and material), information and functions of the organization from a shared data source in which data can be attributed to and managed through individual projects. A provisional version of the PAAS is now operational and has vastly improved operational transparency. UN-Habitat has signed up to the globally recognized International Aid Transparency Initiative (IATI) and is publishing project data on its open data website, **Open-UN Habitat**. There has also been a significant delegation of decision-making authority to regional offices and branches. In addition, to enable UN-Habitat to respond quickly to natural and human-made disasters and to provide seed funding for pre-investment activities aimed at facilitating the acquisition of new projects, two revolving funds have been established: the Emergency Response Fund and the Internal Development Fund, respectively.

The organizational reform process is almost complete and will culminate in the issuance of a **new Secretary-General’s Bulletin** (ST/SGB) on the organization of UN-Habitat. An advanced draft of this document is now ready and has been shared with UNON, UNEP and staff representatives for comments.