5.1 The Working Group recommended the Executive Director in measuring the efficiency of the Programme to compare administrative costs to the total budget of each project.

In 2017, UN-Habitat’s expenditure on administrative support amounted to USD 10.3 million to implement projects for a total volume of USD 175.7 million. This represents an average programme support rate of 5.9%. The administrative support revenue, levied as a percentage of direct expenditure on earmarked programmes, however, totalled USD 9.8 million and was thus lower than the administrative costs for the year, which highlights the importance of negotiations of a higher percentage to cover the full administrative costs.

It should be noted that whilst UN-Habitat managed to deliver programmes at a very efficient programme support cost of 5.9% compared to the standard UN Secretariat standard rate of 13%, a higher percentage of administrative support is required to enable UN-Habitat to improve harvesting of knowledge from programmes to enhance our global normative work, enhance systems for monitoring and reporting on projects, carry out impact and thematic evaluations and improve communications on delivery of results and impact. This knowledge sharing would also allow more replication and upscaling of programmes.

5.3. The Working Group requested the Executive Director to provide written proposals on specific rules, regulations and procedures which are hindering the efficiency and effectiveness of UN-Habitat, including but not limited to various options of transformation and lay out the respective changes implied, including a comprehensive analysis of their implications. Furthermore, for each option, it should outline which measures would need to be taken and by whom if such an option were to be pursued. Furthermore, is should describe how UN-Habitat would establish the required internal control mechanism for the proposed expanded delegation of authority and hiring authorities as described under its proposal.

The main areas hindering efficiency and effectiveness related to higher delegation of authority for procurement to locations of service provision, faster recruitment times, and a more flexible integrated budget structure. Many of these concerns are being addressed by the efforts that have already been made or are under way in the context of the reform agenda of the Secretary General in the area of Management. These efforts are aimed at empowering managers to determine how best to use their resources to support program delivery and mandate implementation.
A key element of this reform pillar is to transfer greater responsibility to managers and holding them accountable for the program and financial performance of their program. These efforts were bundled into three strands that address

i. The streamlining and improvement of the budget process
ii. The delegation of managerial authority to program managers combined with accountability for mandate delivery
iii. The change to management and support structures including a comprehensive review of the regulatory framework and the program support architecture

Examples for these developments that address these points are:

• UN Habitat’s procurement authority which was increased from increased from USD 40,000 USD to USD 300,000 for the Regional Office for Arab States following a capacity assessment in December 2017.
• A new draft delegation of authority to Department Heads with greater authority for operational matters is currently circulated for comments
• An ongoing review of rules and regulations, including those pertinent for project implementation, and where necessary being re-drafted and circulated for subsequent implementation.

These developments together with a steadily improving performance of the Enterprise Resource Management System (Umoja) and monitoring parameters for the exercise of delegation of authority will address the control of the exercise of authority by program managers. Internally, UN-Habitat developed a Risk Management Framework in 2017, is updating its accountability framework to ensure managed decentralisation, and is undertaking a review optimization of its business processes will also address the issue of internal controls.

In this context the Secretariat requests the support of member states for a delegation of authority to the Executive Director that recognizes the operational needs for the implementation of UN Habitat’s Program of work (especially for project implementation in the field) and where necessary the granting of exceptions similar to what is already on record for other offices.