Agenda Item 9:

Report on the Medium-Term Strategic and Institutional Plan (MTSIP) Peer Review (HSP/CPR/38/9).
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### Acronyms

<table>
<thead>
<tr>
<th>Acronym</th>
<th>Full Form</th>
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<tbody>
<tr>
<td>AGFE</td>
<td>Advisory Group on Forced Eviction</td>
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<td>CPR</td>
<td>Committee of Permanent Representatives</td>
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<td>DED</td>
<td>Deputy Executive Director</td>
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<td>EA</td>
<td>Expected Accomplishment</td>
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<td>ED</td>
<td>Executive Director</td>
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<td>EGM</td>
<td>Expert Group Meeting</td>
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<td>ENOF</td>
<td>Enhanced Normative and Operational Framework</td>
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<td>ERSO</td>
<td>Experimental Reimbursable Seeding Operations</td>
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<td>FAs</td>
<td>Focus Areas of MTSIP</td>
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<tr>
<td>GC</td>
<td>Governing Council</td>
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<td>GLTN</td>
<td>Global Land Tool Network</td>
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<td>GUO</td>
<td>Global Urban Observatory</td>
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<td>HCPD</td>
<td>Habitat Country Programme Document</td>
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<td>HPM</td>
<td>Habitat Programme Manager</td>
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<td>HSFD</td>
<td>Human Settlements Finance Division</td>
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<td>HQ</td>
<td>Headquarters</td>
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<td>IASC</td>
<td>Inter Agency Standing Committee</td>
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<td>ICTS</td>
<td>Information Communication Technical Services</td>
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<td>IFI</td>
<td>International Finance Institutions</td>
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<td>IMDIS</td>
<td>Integrated Monitoring and Documentation Information System</td>
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<td>ISS</td>
<td>Information Services Section</td>
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<td>JPO</td>
<td>Junior Professional Officer</td>
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<td>MDG</td>
<td>Millennium Development Goals</td>
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<td>M&amp;E</td>
<td>Monitoring and Evaluation</td>
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<td>MRD</td>
<td>Monitoring and Research Division</td>
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<td>MTSIP</td>
<td>Medium-Term Strategic and Institutional Plan</td>
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<td>OIOS</td>
<td>Office of Internal Oversight Services</td>
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<td>PMO</td>
<td>Programme Management Officer</td>
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<td>POW</td>
<td>Programme of Work</td>
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<td>PSD</td>
<td>Programme Support Division</td>
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<td>PRC</td>
<td>Programme Review Committee</td>
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<td>RBM</td>
<td>Results Based Management</td>
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<td>RMU</td>
<td>Resource Mobilisation Unit</td>
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<tr>
<td>ROAAS</td>
<td>Regional Office for Africa and the Arab States</td>
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<td>ROAP</td>
<td>Regional Office for Asia and the Pacific</td>
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<tr>
<td>ROLAC</td>
<td>Regional Office for Latin America and the Caribbean</td>
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<tr>
<td>RTCD</td>
<td>Regional and Technical Cooperation Division</td>
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<td>SC</td>
<td>Steering Committee</td>
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<tr>
<td>SUDNet</td>
<td>Sustainable Urban Development Network</td>
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<td>SUF</td>
<td>Slum Upgrading Facility</td>
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<tr>
<td>TCBB</td>
<td>Training Capacity Building Branch</td>
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<td>UEPB</td>
<td>Urban Environmental Planning Branch</td>
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<tr>
<td>UNDAF</td>
<td>United Nations Development Assistance Framework</td>
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<tr>
<td>UNCHS</td>
<td>United Nations Centre for Human Settlements</td>
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<tr>
<td>UNESCWA</td>
<td>United Nations Economic and Social Commission for West Asia</td>
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<td>UNFP</td>
<td>United Nations Food Programme</td>
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<tr>
<td>UNICEF</td>
<td>United Nations Children's Fund</td>
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<tr>
<td>UNON</td>
<td>United Nations Office in Nairobi</td>
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<tr>
<td>UNV</td>
<td>United Nations Volunteer</td>
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<tr>
<td>UPMG</td>
<td>Urban Planning, Management and Governance</td>
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<tr>
<td>USD</td>
<td>United States Dollars</td>
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<tr>
<td>WUC</td>
<td>World Urban Campaign</td>
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<td>WUF</td>
<td>World Urban Forum</td>
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<tr>
<td>Acronym</td>
<td>Description</td>
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<tr>
<td>W&amp;S</td>
<td>Water &amp; Sanitation</td>
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<td>WSTF</td>
<td>Water &amp; Sanitation Trust Fund</td>
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Executive Summary

A. Purpose and Approach

1. The new Medium-Term Strategic and Institutional Plan (MTSIP) for 2008-2013 was approved by the Governing Council (GC) of UN-Habitat in April 2007, with the overarching goal “to ensure an effective contribution to sustainable urbanization”. This peer review, called for by the Governing Council of UN-Habitat, seeks to address two broad questions: To what extent has UN-Habitat become a more strategic organization with a sharper focus; and, to what extent has it become more efficient and effective in its operations since the MTSIP reform started?

2. This report is an assessment of the first phase of the MTSIP reform. It reviews the progress made towards changes in strategies, programmes, organisational structures and procedures to enhance UN-Habitat’s alignment with the MTSIP. The report may also have utility in assisting UN-Habitat to take stock of the on-going reform at a time when senior management is set to change.

3. A peer review model was adopted by the Governing Council to ensure the involvement of stakeholders, sharing of good practices, experience and mutual learning. The peer review panel consisted of nine members (including two consultants to prepare a draft) with delegated authority to manage the review, provide overall guidance and direction and submit the final report to the Committee of Permanent Representatives (CPR).

4. Given the limited time and resources, the report seeks to provide a general assessment of the impact of the MTSIP on UN-Habitat. Chapter 1 introduces the context and approach of this review. Chapter 2 provides a broad overview of the MTSIP process and achievements. Chapter 3 focuses on in-depth analysis of the five thematic areas of focus and their implementation mechanisms. Chapter 4 discusses organizational structure and alignment, country programme focus and coordination, programme planning and review processes, while Chapter 5 reviews Focus Area 6 (business processes) and resource mobilization issues. Chapter 6 presents the conclusions, recommendations and lessons learned.

5. The report is based on data and information collected from a review of selected documents, interviews with a selection of UN-Habitat staff and some external stakeholders.

B. Key Findings and Conclusions

1) MTSIP Progress and Achievements

6. The MTSIP has helped to establish a stronger common vision for the organization, create more enthusiasm and commitment among staff and reduce internal barriers through better collaboration and a greater focus on shared results. The MTSIP process has also led to strengthened normative and operational linkages at global, regional and
country levels. A number of important administrative and institutional reforms to improve organizational efficiency and effectiveness have also been initiated.

7. Considerable progress has been made and significant results achieved by UN-Habitat through the MTSIP process. The organization has successfully achieved a majority of the agreed “quick wins” and “must dos”, most of which required the delivery of specific outputs and activities. Some of these are to be followed up over the next two years. There has been less progress in certain areas such as improvement of business processes, resource mobilization and organizational restructuring which require further attention.

8. The institutional aspects of the reform have so far received the most attention in implementation of the MTSIP Action Plan as reflected in progress reports. A new look at the programmatic aspects of the reform is required while continuing the institutional change. There is a need to elaborate and clarify direction and substance in key concepts like sustainable urbanization in policy papers and the consistency and quality of the policy/strategy papers for the focus areas.

9. The MTSIP has been a necessary and important reform for UN-Habitat, but has not addressed all issues of organizational reform. The reform focused on programmatic policy/strategy formulation and improving internal institutional and administrative functions, without requiring transformation in the overall organizational structure. The divisional structure was taken as a “given” and changes were largely incremental. The result is that form did not follow function. This was due, in part, to the constraints presented by pre-existing UN planning requirements. The question of whether the existing structures were optimal was never seriously raised. There is evidence that incremental alignment has been costly and, to some extent, confusing. The alignment of human resources has been addressed and is ongoing, but not yet complete. This may have constrained the effectiveness of the MTSIP reform.

10. UN-Habitat’s work programme has been incrementally drawn from the MTSIP, but the MTSIP is not a complete results framework and has been perceived by some as an add-on to the biennial work programme and budget. There is a need for the process to consider the additional costs resulting from the overlapping planning and reporting systems. These constrain the development of a clear and shared organizational culture arising out of the MTSIP reform.

11. UN-Habitat is faced with a number of constraints over which the organization has no direct control. These constraints should be addressed to ensure further progress in the implementation of the MTSIP and improved organizational performance. Examples include the existing governance system (which is also being separately reviewed by both the CPR and UN-Habitat Secretariat) and arrangements for the efficient provision of administrative services.

2) Strategic Programmatic Focus and Leadership

12. The MTSIP helped to establish a clearer vision and a number of thematic priorities based on UN-Habitat Agenda. To a large extent it has led to the identification and reformulation of strategic entry points for the organization. However, there is no evidence that major activities have been dropped and resources redirected. On the contrary, some new priorities have been adopted. The limited resources of the
organization have therefore not been allocated among fewer strategic priorities, and thus the MTSIP has, so far, not led to a sharper and more strategic UN-Habitat.

13. The MTSIP has tried to define more clearly UN-Habitat’s special role and functions within the broad area of human settlements and urbanization. This has, to some extent, been successful. However, the concept of “sustainable urbanization” has not been adequately defined and yet, it is central to the strategic goal driving the five substantive focus areas. The strategy presents five substantive priorities covering important aspects of UN-Habitat’s mandate, but the five focus areas do not always communicate well. The strategy/policy papers need to be viewed together with Habitat Country Programme Documents (HCPD), the partnership strategy and the World Urban Campaign strategy. The policy/strategy papers for the focus areas are variable in conceptual clarity, overall quality and the strength in providing strategic directions. The message and goals of the World Urban Campaign (WUC) need to be more clearly articulated and communicated throughout UN-Habitat.

14. An increased results orientation has been achieved in UN-Habitat, through the development of the MTSIP results framework. This articulates objectives and ‘SMART’ (Specific, Measurable, Accurate, Replicable, and Time-bound) performance indicators for all six focus area. Greater staff familiarity with the various categories of results is required. In its reporting, results are largely reduced to numerical indicators, even for roles and activities for which other types of indicators could be more appropriate.

15. The MTSIP has focused on what UN-Habitat wants to achieve but it has not been sufficiently guided by short and medium term strategic planning, prioritisation and allocation of resources among and within each focus area. Strategic leadership in the direction and allocation of resources needs to be strengthened.

3) Organizational Alignment and Staffing

16. During the first phase of the MTSIP, new mechanisms and structures were adopted to give management more flexibility in introducing programmatic and institutional changes. The MTSIP reform was often driven by managers who lacked the authority to deal decisively with difficult and sensitive issues such as realignment of the organizational structure. The few changes in the formal organizational structure were initiated by the Executive Director, without any apparent involvement of the MTSIP Steering Committee. The view that there is further scope to improve the alignment of the current organizational structure is widely shared. Other organizational issues needing attention have been identified in the report.

17. There is also a perception that a small number of staff carries a disproportionate part of the burden. It is possible that this is linked to the finding that UN-Habitat is a top heavy organization, with 24% of all professional staff concentrated at the P-5 level and above. There has been improvement in staff recruitment and training in relation to MTSIP knowledge and skills. But it remains unclear how the UN-Habitat staffing structure impacts the implementation of the MTSIP.

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1 Leslie M. Fox, Guiding Principles and Benchmarks for Designing Performance Measurements for the MTSIP, April 2009.
18. A staff survey conducted in the fall of 2009 found that some staff were of the opinion that senior management were hesitant to support significant change. A sense of purpose was defined, but the leadership was not always successful in making progress towards achieving change.

19. There is a staff performance appraisal system in place, but there is a lack of clear performance standards, incentives, quality control mechanisms and no sanctions against underperformance. Nevertheless, there are a number of examples in UN-Habitat of high quality and high impact staff performance.

4) Country Programme Focus and Coordination

20. Coordination between global, regional and country activities are often based on informal mechanisms without clearly defined roles and formalized systems. The Regional Technical Cooperation Division (RTCD) offices at Headquarters do not have sufficient capacity to function as an effective coordinating link between regional/country offices and the other divisions. With an expanding level of activities at the regional and country levels and an increased emphasis on a combined normative and operational approach, the current situation is unsatisfactory. There is need for a) more formal structures for linking the MTSIP focus areas to the Regional Offices, b) clarification of roles and responsibilities, and c) improved mechanisms for coordination.

21. UN-Habitat country programmes and their managers were seen as the means through which the normative and operational roles would be better integrated. There is clearly an improved understanding of these trade-offs within the organization and several positive developments are evident. However, there is insufficient information about progress and performance at regional and country levels. Most resources for country level activities are mobilized by regional offices for operational activities with often insufficient normative elements and feedback mechanisms for organizational learning. Limited core resources are used for strengthening regional and country level normative work.

5) Programme Planning and Review Processes

22. The current planning structure is complex with several levels and a large number of documents. It does not present all UN-Habitat policies and strategies in a simplified form. The cost of maintaining two separate planning and reporting systems of MTSIP and biennium work programme has been high, but more importantly the two systems seem to have created confusion in parts of the organization. There is a need to align and establish a unified programming and reporting structure to better satisfy donor requirements and provide a sound basis for decision making.

23. The new Programme Review Committees (PRC) at HQ and regional level are now operational. A guide with relevant templates and a designated Secretary are in place, the review mechanism is mandatory and addresses both strategic and technical aspects. The new guidelines are in use and experience with the process is developing. However, there is so far not much evidence that the Steering Committee has fulfilled its strategic decision making responsibility to set corporate priorities, and allocate resources among focus areas and within the organization. The process for review and approval of emergency projects, where the agency has to react swiftly, was regarded as unsuitable, however, recent changes to these processes are expected to ameliorate the problem.
6) Business Processes

24. UN-Habitat has begun the process of streamlining travel, procurement, and recruitment procedures as well as the delegation of financial authority. However, all the required procedures are not yet in place and some of the problems attributed to the United Nations Office at Nairobi (UNON) have not yet been dealt with. There is a need to review and update all related service level agreements between UN-Habitat and UNON and increase staff awareness of their existence. The Programme Support Division (PSD) needs to become more service-oriented. As part of this process, greater attention should be paid to the needs of the country and the regional offices.

7) Resource Mobilization

25. There have been several achievements: (i) increased awareness among staff of the need for coordinated fund raising, (ii) largely reaching the target rates in 2008 and 2009 for non-earmarked contributions and (iii) exceeding targets for earmarked funds. Efforts to expand the use of multi-year agreements have increased and publication of the catalogue “UN-Habitat Products and Services” has aided the resource mobilization process. While a positive change was observed, namely the narrowing of the gap between earmarked and non earmarked resources, there was a slight overall decline in the total value of contributions in 2009 by 4.8%.

26. The dependence on a small group of major donors is considered the most critical risk for UN-Habitat and, whilst the gap has narrowed, the imbalance between the two categories of funds remains a challenge for UN-Habitat to prioritize. With respect to the mobilization of non-conventional sources of funding, the limited capacity of the Resource Mobilization Unit has been compensated, to some extent, by the efforts of the Divisions and Branches in negotiating deals/agreements with the private sector and foundations and obtaining corporate sponsorships.

C. Key Recommendations

27. The review includes recommendations which are addressed to senior management and divisions as well as suggestions for consideration by the CPR. Some lessons are also presented. Only key recommendations are presented in this summary.

i) Based on the findings of already completed and ongoing reviews, the next UN Habitat Executive Director should consider a new organizational structure with the aim of achieving better alignment with MTSIP focus areas. Achievement of results within the MTSIP priority areas should be the primary motivation for any such reorganization.  

ii) The CPR, and in particular, donor countries, should review their own reporting demand on UN-Habitat in order to reduce costs and duplication and strengthen coherence and quality of reporting.

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2 The future organizational structure would need further analysis and discussion, e.g. if the divisions should correspond to the focus areas or whether another solution is better.
iii) UN-Habitat should seek to establish a unified planning and reporting system for
decision-making, resource mobilization and reporting to all donors and avoid
expensive overlapping systems.

iv) UN-Habitat should define clearly and transparently, in the strategic framework and
biennial programme and budgets, what UN-Habitat’s policy and programme
priorities are for the short- and long-term. The criteria and process by which scarce
resources will be allocated among competing priorities and within focus areas
should be clearly specified. Specific criteria that deal with the allocation of core
resources to regions and countries should be considered.

v) Strategic planning, performance monitoring and reporting should be coordinated by
a central Strategic Management Unit at the highest level of the organization,
directed and supported by the Executive Director.

vi) An independent evaluation function should be established.

vii) There is a need to strengthen inter divisional collaboration in the delivery of the
UN-Habitat programme of work.

viii) The programmatic aspects of the MTSIP should be further emphasised to create a
clearer and more strategic UN-Habitat while continuing institutional reforms. The
review further recommends that an overarching paper that links the individual
policy/strategy papers, and defines key common concepts, be prepared.

ix) The individual focus area strategy/policy papers should be standardized to obtain
greater uniformity, quality and focus on ENOF and cross-cutting issues related to
gender, youth, and environment. There is also a need to elaborate and clarify key
concepts such as “sustainable urbanization”.

x) Coordination at global, regional and country levels should be formalized and
strengthened. The role and functions of RTCD need to be reviewed and
mechanisms for cooperation at all levels should be improved through a multi-
stakeholder process.

xi) Regional Offices should play a more active role in promoting a comprehensive and
coherent normative and operational vision between Headquarters divisions, focus
areas and country programmes. This may require more core resources to be made
available to Regional Offices.

xii) Given the strong relationship between the image of UN-Habitat and resource
mobilization, the organization should intensify efforts to raise its profile and
improve its image in the media through existing mechanisms such as the World
Urban Campaign, the Word Urban Forum, awards programmes, flagship reports
and other publications.

xiii) There are several examples of significant progress in UN-Habitat’s country level
work, however, to date achievements have not been systematically documented.
UN-Habitat should undertake a comprehensive independent assessment to a)
document what has been achieved to date and learn lessons from implementation
experiences and, b) to identify mechanisms for systematic tracking of UN-Habitat’s
work at country level.
28. Suggestions for the Committee of Permanent Representatives:

i) The CPR, and in particular the donors, should review UN-Habitat’s current planning and reporting systems and requirements, in light of their own requirements, in order to reduce costs and duplication and strengthen coherence and quality.

ii) The CPR should, as a matter of priority, continue to address the following issues: UN-Habitat’s governance structures, UN-Habitat’s relationships to the UN Secretariat and UNON. Optimal organizational efficiency and effectiveness will not be achieved unless such systemic constraints are addressed and resolved.

iii) The UN-Habitat Governing Council Resolution 21/2 of 20 April 2007 requested UN-Habitat, “to establish an annual peer-review process, in close collaboration with the Habitat Agenda Partners, on the implementation of the MTSIP”. Major reviews at the organizational level (such as this MTSIP Peer Review) are complex, involve multiple stakeholders, varied sources of information and therefore require considerable time and resources. The timeframe within which such a process can be completed, and the time needed for higher level results from the MTSIP to become apparent, suggest that annual implementation of the peer review is not feasible. The Panel suggests that minimum period between such reviews should be at least two years.

D. Lessons Learned

29. The MTSIP provides a longer planning horizon within which the Strategic Framework and the biennial work programme are developed. One unintended consequence of this initiative was the creation of overlapping systems of data collection and reporting. This created some confusion and much additional work; some of which was unnecessarily duplicative. Such negative effects could have been avoided or minimised by conducting a rigorous ex ante risk assessment of the proposed change or initiative. In future major reform initiatives (such as the MTSIP), risk assessments should be undertaken to inform Senior Management, UN-Habitat Governing Council and the CPR. Such an assessment should include an analysis of reporting requirements, additional staff workload, other associated cost and a realistic analysis of the administrative constraints.

30. The early engagement by the Executive Director on important strategic issues such as setting programmatic priorities, resource allocation and organizational restructuring is indispensable. Perseverance and clarity of purpose are essential in tackling unpopular and sensitive issues. This early and forceful engagement should involve consultation with all levels of management. Decisions, with their underlying rationale, should be clearly communicated to the relevant staff.

31. During times of institutional change, task forces can be useful, flexible, management tools. However, the following conditions must be maintained:

- Clear articulation of task force goals and results to be achieved.
- Clear specification of task force composition, coordination and reporting lines.
- Composition should ensure adequate representation from all contributing entities.
• Task forces should not undermine the authority and credibility of the formal structure.

32. Major reviews at the organizational level (such as this MTSIP Peer Review) are complex and involve multiple stakeholders, varied sources of information and therefore require considerable time and resources. This can represent substantial additional work for the organization and members of the peer panel. Future such reviews should:

• Clearly define and communicate the review approach and its information requirements well in advance to ensure that the required information is readily available in readiness for the review.
• Clearly define roles and responsibilities of the Secretariat and the Review Panel.
• Ensure “buy-in” through early involvement of key review stakeholders (e.g., CPR members, partners, donors, staff).
• Allocate sufficient time and resources to allow a comprehensive and in-depth treatment of the issues to be evaluated.
• Not be undertaken annually.
Chapter 1: Introduction

A. Background

33. The United Nations Centre for Human Settlements (UNCHS), set up in 1978, was transformed into the United Nations Human Settlements Programme (UN-Habitat) in 2001 by the United Nations General Assembly. UN-Habitat is mandated by the UN General Assembly to promote sustainable urbanization through socially and environmentally sustainable towns and cities with the goal of providing adequate shelter for all. The main documents outlining the mandate of the organization are the Vancouver Declaration on Human Settlements; The Istanbul Declaration on Human Settlements and The Habitat Agenda; The Declaration on Cities and Other Human Settlements in the New Millennium; and General Assembly Resolution 56/206. UN-Habitat has created a niche for itself and continues to make a valuable contribution towards the Millennium Development Goals (MDGs), particularly the implementation of the Millennium Development Goal 7 Target 11, to improve the lives of at least 100 million slum dwellers by the year 2020.

34. Given the challenging, broad and complex mission of UN-Habitat, two trends are evident. On the one hand, there is a growing demand for its role and inputs which are evolving and on the other, there is a need to focus on high-impact and critical areas. In 2004, the United Nations Office of Internal Oversight Services (OIOS) conducted an in-depth evaluation of UN-Habitat which called for the sharpening of its programmatic focus and the broadening of its funding base. Specifically, the evaluation stated:

“given its very broad mandate and the very limited scale of its available resources, UN-Habitat should identify a few critical areas of its mandate on which to focus in order to have the greatest impact within the constraints imposed by its approved work programme”.

35. The Governing Council of UN-Habitat subsequently endorsed the recommendations at its twentieth session in May 2005. It called upon the Executive Director to:

“develop a six-year, medium-term strategic and institutional plan, including clear implications for the organizational structure, financial and human resources of the United Nations Human Settlements Programme, including at the global, regional and country levels, taking into account wider United Nations reform processes....”

36. While consolidating and building upon previous reforms, the MTSIP represents an organizational response to global trends in urbanization and urban poverty and to United Nations system-wide reform. It sets out the core priorities and strategies that will guide UN-Habitat’s work during the period 2008-2013 within the framework of its broader mandate – the Habitat Agenda.

37. The strategy calls for enhanced partnerships and, over a six-year period, requires UN-Habitat to marshal the goodwill, know how and resources of all spheres of government and civil society to focus sharply on the key determinants for sustainable urbanization and inclusive urban development. The institutional component of the medium-term plan aims to fulfill UN-Habitat’s contribution to UN reform. A key component is management excellence focusing on enhanced accountability, transparency, results-based monitoring and reporting.
B. Purpose and Objectives for the Peer Review

38. According to the Terms of Reference, “the proposed peer review will provide an assessment of the extent to which result-based transformation processes have been put in place, the degree of implementation of the “kick-start” and part of the “roll-out” phase.” The review seeks to address two broad questions: To what extent has UN-Habitat become a more strategic organization with a sharper focus? And also, how has it become more efficient and effective in its operations since the MTSIP reform which started in 2008.

39. Specific objectives of the review include:

(a) Assessment of the progress made towards implementing the MTSIP: review achievements, identify challenges, specify areas for improvement and distil lessons learned.
(b) Reporting on the status of implementation of managerial changes in the ‘kick-start’ and ‘roll-out’ phases.
(c) Assessment of the efficiency and effectiveness of the UN-Habitat planning, programming, budgeting, and monitoring within the Results-Based Management (RBM) framework.
(d) Assessment of the status of application of RBM principles to other administrative and substantive areas of UN-Habitat with a view to achieve the six MTSIP focus area results.
(e) Identification of critical factors constraining or promoting achievement of the MTSIP and make recommendation for corrective action.
(f) Providing recommendations on the steps to facilitate effective implementation of the MTSIP.

40. The Peer Review comes at a pertinent time for UN-Habitat. The first phase of the MTSIP reform has been completed. It provides an opportunity to assess the progress made towards change in terms of strategies, programmes, organizational structures and procedures in order to improve the approaches and speed up implementation. It is also important for the CPR and UN-Habitat to take stock of the ongoing reform in view of the imminent change of the Executive Director.

41. The peer review model was adopted because review processes that involve relevant stakeholders usually result in broader representation of a wide variety of viewpoints and a more credible and transparent review process. The review aimed to strengthen knowledge exchange, facilitate sharing of good practices and promote the use of assessment findings by management, government bodies and others.

C. Approach and Focus

42. The review report begins with an overview of the MTSIP process and achievements through a synthesis of existing information. However, in order to add most value, the report focuses on in-depth analysis of a few important thematic areas. The following issues were identified:

1. Strategic and Programmatic Focus

43. The peer review assesses the extent to which the MTSIP has led to an organization with a clearer and sharper strategic focus. The review also assesses the extent to which the
thematic policy/strategy papers, Enhanced Normative and Operational Framework (ENOF), the World Campaign on Sustainable Urbanization, and The Habitat Country Programme Documents (HCPDs) provide the basis for a strategic and programmatic focus. It also examines the nature of linkages established between the thematic/focus areas.

2. Organizational Structure and Alignment for MTSIP Delivery

44. The review aimed to clarify the institutional structures and arrangements that were put in place to deliver the first phase of the MTSIP, assess their effectiveness, particularly in fostering ‘horizontal’ collaboration and their appropriateness for the next phase of the reform. The review discusses whether the formal organizational structure is properly aligned with the focus areas and describes recent changes in the formal organizational structure. Some organizational issues that require managerial attention are highlighted.

3. Country Programme Focus and Coordination

45. The review assesses the mechanisms in place to promote an enhanced normative and operational framework at regional and country levels. It considers whether adequate mechanisms are in place to facilitate the coordination of Regional and Country programmes with the aim of promoting synergy on both normative and operational issues. The review assesses the quality of the policy papers on thematic focus areas in providing programme focus, cohesion and alignment of UN-Habitat activities at the global, regional and country levels. The Habitat Country Programme Documents and the role of Country Programme Managers are also reviewed.

4. Programme Planning and Review Processes

46. The structure, responsibilities, processes and capacity issues underlying the programme planning, budgeting, monitoring, reporting and evaluation are analyzed with a view to improve their efficiency and effectiveness. Strengthening the programme review mechanism is an essential building block for the delivery of MTSIP strategic results, therefore, the report examines the changed decision making structure and processes for project approval and funding.

5. Business Processes

47. The review assesses whether changes in business processes during the first two years of implementation of the MTSIP have made UN-Habitat a more efficient and effective organization. It identifies business processes that have improved and those still in need of improvement.

6. Resource Mobilisation

48. In addition to its coverage of “quick wins” and “must dos” of the MTSIP, the strategic importance of this issue merits an in-depth analysis of its achievements and constraints. The role played by the various UN-Habitat Units including the Resource Mobilization Unit in operationalizing the strategy, as well as the challenges lying ahead is analyzed.
D. Methods and Peer Review Panel

49. A draft report was prepared by the two consultants on behalf of the Review Panel. The consultants adopted, to the extent possible, a consultative, interactive and transparent approach with the review stakeholders.

50. A variety of methods were applied during the data collection phase:
   a) Desk review of relevant MTSIP documents, including MTSIP Action Plan, refined MTSIP results framework, policy papers for each focus area, MTSIP progress/performance reports, biennial work programme documents, in-depth evaluation reports and other relevant documents.
   b) Analysis of managerial tools and strategies including annual work plans, monitoring and evaluation frameworks, performance indicators, guidelines, tools, etc.
   c) Open ended and semi-structured interviews with UN-Habitat senior management and a sample of staff from Divisions at headquarters, as well as regional office and countries.
   d) Interviews with various external stakeholders:
      i) A sample of CPR representatives
      ii) A sample of donors
      iii) A sample of external partners
   e) Validation of data and findings by the Secretariat and some follow-up interviews.
   f) Debriefing sessions with the Peer Review Panel for consultation and discussion of findings.

1. The Peer Review Panel

51. The Peer Review Panel consisted of nine members with delegated authority to manage the peer review, accept the final report, provide overall guidance and direction and in particular:
   a) Review and endorse the Inception report to ensure that the scope of work accurately reflects Terms of Reference, approve the methods of work as relevant and appropriate, endorse work methods and ensure a realistic timeline.
   b) Review the draft reports: Ensure that the conclusions and recommendations are supported by the data and evidence collected, that the presentation is clear, logical and of high quality.
   c) Provide a rigorous quality assurance process for preparation of the final report.
   d) Review and endorse the final report prior to its submission to the CPR.

2. Peer Review Support

52. The Monitoring and Evaluation Unit (M&E unit) of UN-Habitat supported the conduct of the peer review in various ways. These included drafting the Terms of Reference, selection and recruitment of consultants, establishment of the peer review panel, acting as liaison and focal points between the Peer Review Panel, the consultants and other partners. The M&E unit also collated and consolidated comments and corrections to the draft report for consideration by the panel and consultants, facilitated the work of consultants by ensuring that all relevant contacts and information are available and performed other professional and administrative tasks as required.
E. Limitations

53. There are potential limitations to the reliability and validity of findings in such a review. These include:

- The primary purpose of the review is to focus on the effective implementation of the MTSIP, rather than on all aspects of UN-Habitat’s work programmes, organization and programmatic achievements. There are several issues such as governance reform, role of UNON, UN-Habitat as part of the UN Secretariat, etc., that are relevant to effective implementation of the MTSIP but are beyond the scope of this report. Some of these issues are the subject of separate reviews.

- The review focuses on formal organizational systems and processes, but UN-Habitat, like all organizations, possesses cultures, informal systems, traditions and practices that cannot be readily assessed in a short period of time.

- A relatively brief review is not able to fully examine the broad range of UN Habitat documents and publications and its rich and complex organizational experience.

- The review team was not able to visit any country offices with the exception of the Regional Office for Africa and the Arab States (ROAAS) located at Headquarters. However, telephone interviews were conducted with the other Regional Offices to broaden the information collected on views of staff.

54. However, the broad consultations with the review panel and Secretariat aimed to mitigate some of the limitations and constraints.

55. This is not a comprehensive stand alone report on the activities of UN-Habitat, but rather one that seeks to address specific issues in the Terms of Reference of the Peer Review. There are other relevant documents (See Annex 3) on the achievements, strategic vision, research and normative work in relation to MTSIP that can be found through UN-Habitat publications, such as its annual report (see, for example, evaluations of UN-Habitat, under specific terms of reference, such as the 2005 OIOS report and those carried out by donors). Specific programmes or projects have been evaluated, such as the Global Land Tool Network (2010), Slum Upgrading Facility (2009) or Impact Study of the Water and Sanitation Trust Fund (2010). Information on the country activities of UN-Habitat is also available in various formats including its “Country Activities Report (2009)”.

56. As per UN-Habitat Governing Council resolution 21/2, the agency also submits regular progress reports to the Committee of Permanent Representatives (CPR) on the challenges and progress related to the implementation of the Medium-term Strategic and Institutional Plan (MTSIP).
Chapter 2: MTSIP Process and Progress

57. This chapter provides an overview of the MTSIP principles, focus areas, strategic objectives and mechanisms for implementation. This is followed by progress and achievements – mainly on “quick wins” and “must dos” for Excellence in Management and the five programme areas.

A. Overview of the MTSIP

58. The Medium-Term Strategic and Institutional Plan was approved by the Governing Council 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 vision was to help “create by 2013 the necessary conditions for concerted international and national efforts to stabilize the growth of slums and to set the stage for a subsequent reduction in and reversal of the number of slum dwellers”.

59. The overall principles of the MTSIP as stated in HSP/GC/21/add.1 and subsequently incorporated in GC resolution 21/2 of April 2007 were: (a) the selection of six mutually reinforcing focus areas for increased strategic focus, (b) development of an enhanced normative and operational framework (partnerships and global, regional, country-level and local-level approaches), (c) Institutional reform (harmonized with UN system best practices, organizational adjustment, results-based management and human resources management), and (d) improved resource mobilization.

60. The six focus areas of the MTSIP comprise the following: (1) advocacy, monitoring and partnerships, (2) participatory urban planning, management and governance, (3) pro-poor land and housing, (4) environmentally sound and affordable infrastructure and services (5) strengthening human settlement finance systems and (6) excellence in management.

61. According to the strategic objectives of the MTSIP, UN-Habitat should:

(a) mobilize networks of the UN-Habitat Agenda partners to implement a shared vision of sustainable urbanization,
(b) develop norms for sustainable, harmonious urban development, housing upgrading and slum prevention,
(c) improve global knowledge and understanding of urban development issues and development strategies, engage in monitoring and dissemination of best practices,
(d) build the capacity of governments, local authorities and other Habitat Agenda partners through technical cooperation and training, and
(e) develop innovative pro-poor mechanisms for financing of housing and urban services and infrastructure and promote their up scaling.

B. Mechanisms for Implementation

62. In June 2007, the Executive Director established four inter-divisional Task Forces to initiate the implementation of the MTSIP. The four Task Forces were:

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3 Memo from the Executive Director, dated June 2nd 2007, to all staff regarding Action Plan for implementing the MTSIP – Phase I 2007.
• Enhanced Normative and Operational Framework (ENOF), for country level activities and engagement;
• Resource mobilisation strategy and resource allocation policy;
• Results-based management and knowledge management for promoting innovation, systemic learning and results-based reporting; and;
• Human resources management to ensure organizational effectiveness and alignment.

1. MTSIP Mechanisms

63. As is common in organizations undergoing rapid change, the senior management of UN-Habitat decided to establish new mechanisms and structures which would give it greater flexibility to deliver the intermediate steps and achieve the objectives included in the first phase of the MTSIP. These mechanisms included: the MTSIP Steering Committee, Task Forces and Focal Points.

2. The Steering Committee

64. The Steering Committee (SC) was established in mid-2007 to oversee and provide strategic guidance for the implementation of the MTSIP, coordinate the work of the four Task Forces and establish priorities for the allocation of resources for the MTSIP funds. It is chaired by the DED and composed of Division Directors and other senior managers. A review of the intranet records of Steering Committee meetings indicates that, during the period 2008 - 2009, 10 meetings were scheduled, but only seven actually took place, three of them consisted of a one-day retreat. A review of the committee’s attendance record shows a mix of middle and senior managers with frequent attendance by Branch Chiefs substituting for Directors of Divisions. The SC identified and resolved its internal working problems which posed a risk to timely implementation of the MTSIP. For example, in mid-2008 new communication procedures were put in place to ensure that messages and directives reached the senior managers and were conveyed to the Officers in Charge in a timely fashion. New panels, task forces and committees were established by the SC as the need arose.

65. The SC’s greatest achievement was monitoring and reporting on the work of the four task forces. The SC noted that progress was lagging with respect to efficiency gains. For example, at the April 2008 meeting, a discussion of the “need for adjusting/streamlining the way Habitat is structured”, and “the need to abolish superfluous branches” took place. Each division was requested to put forward proposals in this regard. This was in-line with an indication of achievement in the Action Plan stating “Proposals for intra-divisional restructuring in line with MTSIP presented to the Directors Board and approved by the Executive Director by June 2008”. There were several changes in the formal organizational structure during the first year of the MTSIP, but it appears that these organizational changes were not placed on the agenda of the SC and were possibly made through the direct involvement of the ED. The consultants’ conclusion was that the SC was often driven by managers who had solid technical experience, but may have not have been sufficiently empowered to tackle the difficult and sensitive management and governance issues placed before the SC. In some areas, its leadership was moderately effective, while in others, such as reviewing the overall structure and overhauling business processes, the results were more limited.

3. Inter-Divisional Task Forces

66. The Task Forces had cross-divisional membership, were chaired by Division Directors and reported to an MTSIP Steering Committee. It was anticipated that the functions of the Task
Forces would be reviewed and the five substantive Focus Areas would take on an increased role in developing the strategic elements of the plan.  

67. Four Inter-Divisional Task Forces corresponding to the four objectives of the MTSIP Action Plan were established. There was a consensus that the purpose of establishing focus areas teams was to break the “silo mentality” and encourage cross-departmental collaboration in implementing the MTSIP goals.

68. The focus area “teams” were anchored in certain divisions: Focus area 1 in the Monitoring and Research Division (MRD) with additional members from the Information Services Section and the World Urban Campaign; Focus areas 2 and 3 in the Global Division; Focus areas 4 and 5 in the Human Settlements Finance Division. It would appear that the term “team” referred to an ad hoc grouping because the teams’ membership was not formally designated, as evidenced by the following sentence excerpted from the minutes of the Steering Committee meeting of May 2009: “(it was) decided that there was no need to establish focus area teams and instead to allocate the lead of each of the 5 substantial focus areas to a dedicated branch”.

69. With respect to the effectiveness of interdivisional task forces and focus area team/focal points, there was general agreement that they had performed well, had contributed to a break down of barriers and enhanced a more collaborative working environment in the early phase of MTSIP implementation. The following critical comments were, however, reported by various informants: (a) the composition and chairmanship of the focus areas was not formally designated and as a result information was not widely shared within the organization, (b) collaborative problems arose particularly when the focus area encompassed two or more units or divisions as, for example, in focus area one, (c) some units such as the Urban Economy Branch/MRD which contributed significant “normative inputs” (based on its two publication series Human Settlement Finance Systems and Financing Tools and Best Practices) was not invited to attend or participate in the discussion of focus area 5 (strengthening human settlement finance systems) and (d) some of task forces lost momentum and became uncertain about their mandate.

70. The Steering Committee, at its December 2009 meeting, decided to review the relevance and activities of the task forces. It was proposed to “reconstitute the Task Forces in-line with focus areas with a prime responsibility to coordinate the MTSIP implementation during the roll-out phase”. This decision was followed by a DED memo dated January 2010 in which the SC’s decision was confirmed and the Task Forces renamed “focus area teams”. The Panel is of the view that regardless of their scope, names and titles, task forces can serve as a useful, flexible, management tool in times of rapid change as long as the following conditions are maintained: (a) clarity of goals and in composition, coordination and reporting lines, (b) composition should ensure representation from all relevant parts of the organisation with a chair and a co-chair from different units, (c) clear articulation of goals and results to be achieved, (d) they do not undermine the authority of the formal structure.

71. The MTSIP was followed by a more detailed Action Plan which was presented to the CPR in December 2007. The Action Plan had four objectives:

(a) To prepare and implement an enhanced normative and operational framework to enable UN-Habitat to play a leadership role in promoting sustainable urbanization in at least 30 countries by 2013.

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4 Memo from DED, January 2010.
5 Focus area teams were initially constituted to develop the MTSIP results framework. However, following an SC decision (December 2009) Focus Area Teams have been formally established.
(b) To implement, by 2011, a results-based management and knowledge management system as part of better resource planning accountability, and the promotion of results based monitoring and reporting.

(c) To develop and implement a resource mobilization and communication strategy.

(d) To realign, by 2011, human resources, managerial and administrative systems to effectively scale up the implementation of the MTSIP and contribute to excellence in management.

72. The Action Plan adopted a three phased approach including a one year “kick-start” phase in 2008, a two-year “roll-out” phase 2009-2010 and a three-year scaling-up phase for 2011 to 2013. The first year emphasized delivering on selected “quick wins” – outputs and activities that were within the capacity and control of UN-Habitat to initiate largely with existing resources. The two consecutive years (2008-2009) included the delivery of “must dos” requiring additional funding and effort.

73. The additional financial resources approved for MTSIP implementation in the 2008-2009 biennium amounted to USD15 million. In terms of human resources, the additional capacity required was 18 professional staff and six general service staff. The funding for these posts would be drawn from the USD15 million.

74. In 2009, a process to develop an MTSIP “Road Map” for 2010 to 2013 was initiated for all the thematic areas as a plan for implementing the remaining components of the “quick wins” and “must dos” from the previous phase.

C. Progress and Achievements in MTSIP Implementation

75. The purpose of this section is to provide a brief overview of progress in MTSIP implementation, highlighting achievements but focusing mainly on the “quick wins” and “must dos” in Excellence in Management as required in the Terms of Reference. The major findings are:

76. UN-Habitat has achieved a majority of the agreed “quick wins”, most of which entailed delivery of specific outputs and activities. Some of these are to be followed up over the next two years. A progress report to CPR (November 2008) concluded that five of the twelve “quick wins” were fully implemented, four showed “satisfactory” progress and three were “partially achieved”. The achievements were reported in December 2008 and progress was again updated in March 2010. A summary of the achievements in terms of “quick wins” and ‘must dos’ are included in Table 1. 

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6 The following is based on existing data and information from CPR progress reports and supplemented with interviews.

7 The assessment of achievements in this table refers to successful completion of activities and delivery of outputs – not outcomes or impact.
Table 1: Summary of progress on “quick wins” and “must dos”

<table>
<thead>
<tr>
<th>AREAS AND INDICATORS</th>
<th>Progress December 2008</th>
<th>Progress March 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Enhanced normative and operational framework</td>
<td></td>
<td></td>
</tr>
<tr>
<td>HCPDs prepared for 25 countries</td>
<td>HCPDs prepared for 33 countries including in six delivering as One UN pilot countries</td>
<td>Experiences for first round of HCPDs evaluated, and preparation for next phase started.</td>
</tr>
<tr>
<td>Concept paper and strategy of the Global Campaign on Sustainable Urbanization prepared</td>
<td>Campaign plan and operational strategies prepared</td>
<td>World Urban Campaign launched during the World Urban Forum V in March 2010 focusing on: (i) 100 Cities Initiative as laboratories for best practice, and (ii) advocacy at country level to catalyze policy review and regulation.</td>
</tr>
<tr>
<td>Concept papers and strategies for three out of the five thematic focus areas prepared</td>
<td>Eight concept papers presented during WUF 4. Policy papers for focus areas 2 and 3 drafted.</td>
<td>Policy/strategy papers finalized for all substantive focus areas.</td>
</tr>
<tr>
<td>2. Results based and knowledge management</td>
<td></td>
<td></td>
</tr>
<tr>
<td>RBM guiding principles and benchmarking in place and further refinements being carried out to M&amp;E processes Knowledge management</td>
<td>Overall RBM framework drafted and results indicators for all focus areas. New M&amp;E guidelines under preparation. Capacity building in RBM undertaken.</td>
<td>Overall RBM framework with results indicators completed and guiding performance measurement. RMB guiding materials made available. Capacity building in RBM rolled-out. Strategic framework for 2012-13 aligned with the MTSIP prepared. Internal knowledge management strategy finalized.</td>
</tr>
<tr>
<td>3. Resource mobilization</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. Institutional and administrative processes</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Programme Review Committee (PRC)</td>
<td>Review of PRC commenced.</td>
<td>New programme review mechanism approved and guide issued. Headquarters and regional PRCs established.</td>
</tr>
<tr>
<td>Recruitment</td>
<td>All new recruitments aligned to MTSIP.</td>
<td>UN-Habitat assess that 93% of staff have skills aligned with the MTSIP, up from 60% in January 2009. The average time for recruitment has been reduced (from 265 to 177 days).</td>
</tr>
<tr>
<td>Internal alignment/restructuring</td>
<td>Slow</td>
<td>Formal restructuring slow and of limited scope. Some improvements in horizontal</td>
</tr>
<tr>
<td>AREAS AND INDICATORS</td>
<td>Progress December 2008</td>
<td>Progress March 2010</td>
</tr>
<tr>
<td>-------------------------------------</td>
<td>-----------------------------------------------------------------------------------------</td>
<td>----------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Harmonization of flagship reports</td>
<td>Completed</td>
<td></td>
</tr>
<tr>
<td>More participatory work programme</td>
<td>A more participatory process adopted for 2010-2011 work programme.</td>
<td>A more participatory process adopted for the 2012-2013 strategic framework and budget.</td>
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<tr>
<td>and budget preparations</td>
<td></td>
<td></td>
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</tbody>
</table>

77. There has been less progress in implementation in the following areas:

- The Resource Mobilization Unit has been established but needs further strengthening.
- Headquarters and Regional Programme Review Committees have been established, but face initial problems.
- A new Delegation of Authority framework has been prepared, but is perceived as insufficient – in particular by Regional Offices.
- An organizational master plan has yet to be prepared.
- There has been slow progress in developing knowledge management strategies/systems, preparation of monitoring/evaluation guidelines, internal alignment and communication and streamlining of work flows in order to improve internal efficiency.
- The staff survey (2009) identified several weaknesses: budget preparation and resource allocation, standard operating procedures, internal collaboration, etc. Efforts are required to strengthen such processes and make them more participatory and transparent.

78. The Excellence in Management programme has completed its first phase. It is, therefore, only possible to give a preliminary assessment of the extent to which UN-Habitat has become more effective and efficient. There are, nevertheless, positive signs of progress:

- The six-monthly progress report to the CPR of December 2009, noted that UN-Habitat had conducted a staff survey, using the organizational effectiveness indicator tool as a means for measuring progress in institutional reform in the MTSIP period. The overall organizational effectiveness score was 2.7 (on a scale of 1-4 where 4 is the highest).
- The review of Excellence in Management (June 2009) commissioned by Norway concluded that the new results framework had provided an overall new corporate vision and that the focus on results had led to increased understanding of the need for collaboration and less fragmentation.
- The new Programme Review Committee was launched in October 2009 to strengthen quality assurance in programme development.
- The MTSIP has provided an overall new corporate vision to which staff and units increasingly contribute.

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8 The resource allocation process that was undertaken during the last quarter of 2009 was said to be more transparent and participatory.
The results framework has contributed to better alignment and integration between divisions. Focusing on results has reduced fragmentation and led to an increased understanding of the need for collaboration.

The results framework has helped fine-tune the expected accomplishments and indicators.

Country Programme documents present, for the first time, UN-Habitat’s current activities and plans at the country level and provide a basis for joint programming and fund-raising.

Country documents reflect a better and more balanced understanding of the normative and operational roles.

Funding increased between 2006 and 2008, but there was a slight decline in 2009.

A number of internal and external challenges have also been identified, some of which are discussed in later chapters. The MTSIP provides an overarching vision for the organization, but the current institutional, governance and management arrangements – several of which are beyond the direct control of UN-Habitat – do not promote and have also constrained further progress in the implementation of the plan. The issues include:

- The incongruence between reporting systems and procedures for the biennial work plan and the MTSIP.
- The existing governance system (to be reviewed separately by another team).
- Inefficient arrangements for the provision of administrative services (UNON) and existing business processes.
- High dependency on a few donors, earmarked donations and, as such, high vulnerability to even small changes in donor preferences.
- Inability to carry out a strategic organizational restructuring based on MTSIP priorities (New York approval is required for such changes).

D. Progress in the Five Thematic Focus Areas

The following is a summary of progress in the five focus areas based on the latest six-monthly progress report to the CPR meeting (June 2010). It is too early to fully assess the achievements against the MTSIP strategic objectives. This should be a priority in the next Peer Review. Achievements are summarized below:

1. Advocacy, Monitoring and Partnerships (Focus Area 1)

Awareness of sustainable urbanization at global and national levels has increased as indicated by: (a) In 2008-2009, 25 international organizations have requested and referred to UN-Habitat urban data as a basis for their work, (b) 14 countries have established National Urban Forums, (b) Downloads of UN-Habitat publications from the website has increased significantly, from 78,587 from January to May 2009 to 351,630 from November 2009 to March 2010. Press coverage of global reports have increased (5,360 English language articles for the 2010 State of the World Cities report compared to 4,570 for the 2008 report). The number of national languages into which the flagship reports have been translated, as well as the number of parliamentary policy discussions of the reports have increased.

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9 The Panel has not been in a position to assess the validity and adequacy of the data and information provided.
10 Taken from Six-monthly progress report to the CPR on the implementation of the Medium-term Strategic and Institutional Plan (MTSIP) 2008-2013. November 2009.
82. Partnerships and networks have improved. The World Urban Campaign has secured the participation of more than 50 partners. The number of formal agreements with partners has increased over the MTSIP period, in particular, with the private sector and foundations, such as Google Inc, Siemens and the BASF Social Foundation.

83. Monitoring of sustainable urbanization issues and trends improved. The number of operational Urban Observatories has increased to 145 by May 2010, up from 126 in 2008. Of these, 60 Urban Observatories have adopted full UN-Habitat urban indicator guidelines, 55 partially adopted them, while 49 consulted the guidelines during indicator development. To the extent possible, the network is working closely with the UN agencies in different countries. By the end of 2009, partnerships for monitoring were operational in 16 countries (with UNDP, UNFPA, UNICEF and UNESCWA).

2. Participatory Urban Planning, Management and Governance (UPMG) (Focus Area 2)

84. 19 countries are promoting comprehensive UPMG, including the economy, ecology and equity dimensions of sustainable urbanization, at the national level with support from UN-Habitat in addition to 21 that are “partly” promoting comprehensive UPMG. A total of 30 crisis-prone and post-crisis cities in affected countries are integrating risk- and vulnerability-reduction programming in UPMG systems.

85. By October 2009, 28 countries had incorporated sustainable urbanization principles in their policies, legislation and strategies. 23 UNDAFs, 20 national development plans and ten Poverty Reduction Strategy Papers have integrated human settlement issues.

86. 37 institutions in targeted countries that have received institutional strengthening enabling them to promote sustainable urbanization at the national and regional levels, up from 29 institutions in November 2009 and 15 institutions in 2008.

87. A total of 112 cities were implementing inclusive UPMG with the support from UN-Habitat in 2009. This includes 51 cities working on inclusive urban safety.

3. Pro-poor Land and Housing (Focus Area 3)

88. By October 2009:

- 28 countries are implementing improved land and housing policies.
- 19 countries are implementing policies to improve security of tenure, including reducing forced evictions.
- 24 countries are implementing slum prevention and improvement policies with UN-Habitat support.

89. An evaluation of the Global Land Tool Network completed in January 2010 commended the network and indicated that it has “established a network that includes many of the most important actors in the land sector… it has a brand and credibility in the international land arena”.

4. Environmentally Sound Basic Urban Infrastructure and Services (Focus Area 4)

90. The number of countries adopting relevant policies that aim to expand access to environmentally sound urban infrastructure and services has increased from 25 in 2008 to 33 in April 2010. The Water and Sanitation Programme has increased its institutional partners in target countries which progressively adopt institutional mechanism that expand
access to basic environmentally sound urban infrastructure and services from 75 in 2008 to 107 in April 2010.

91. The total number of people benefiting from interventions of the Water and Sanitation programmes in Asia, Africa and Latin America by the end of April 2010 stands at 1.15 million, an increase of 128,000 since November 2009, up from 750,000 in 2008.

92. An impact study on Water and Sanitation and Gender Mainstreaming in Kenya and Nepal from March 2010 concluded that UN-Habitat has a good reputation especially among national and local water authorities, NGOs, communities. It is recognized as a key player in the sector.

5. Human Settlements Finance Systems (Focus Area 5)

93. By the end April 2010, direct upgrading projects in Ghana, Indonesia and Sri Lanka of the Slum Upgrading Facility (SUF) reached a total of 168 households in a combination of progressive upgrading projects, commercial market stalls and shops and new construction of homes. For the Experimental Reimbursable Seeding Operation (ERSO), all available loan funds have been disbursed, totaling US$2,750,000.

94. Municipal finance and affordable housing finance partnerships underway.

E. Staff views on the MTSIP process

95. Based on interviews with FA 1 staff members, it appears that the MTSIP process and particularly the RBM framework was perceived positively for the following reasons: (a) it increased awareness of the need for collaboration (FA 1 has established linkages with the World Urban Campaign, and the Information Services Section (ISS) in relation to WUF and the flagship reports and the Global Urban Observatory (GUO) which has been providing statistics for the two flagship reports using one database); (b) it was a new source of funding, (c) it contributed to a better alignment of resources against organizational priorities, and (d) it led to a change in organizational culture and an improved capacity to deliver.

96. Focus Area 2 team stated that the MTSIP and RBM processes had been a “transformational exercise”, inducing the team to transform a fairly scattered approach into a coherent, comprehensive plan. The process was said to have introduced greater clarity in the content of their work programme, helped them distill their common objectives and made linkages with other Focus areas mandatory.

97. Some Focus Area 4 staff acknowledged the positive benefits of the MTSIP in terms of reformulating more strategic objectives, mandating the strengthening of linkages with other Focal areas and Enhanced Normative and Operational Framework (ENOF), and in reducing “silo” mentality. While the process has been participatory, some suggested that it could have been more rigorous by inviting comments from UN-Habitat stakeholders and organizing discussion sessions at WUF 5.

98. The following are two illustrations of what has been achieved in two separate areas: the Global Land Tool Network (GLTN) (Box 1) and the Experimental Reimbursable Seeding Operations (ERSO) (Box 2).
Box 1: Example - Summary of Progress in the Global Land Tool Network (GLTN)

**Global Land Tool Network (GLTN)**

The GLTN is a global partnership of key international actors to address land tenure and land reform issues. It is currently being funded by the Governments of Norway and Sweden. Since its establishment, the GLTN coalition has expanded to 42 partners and has a total of 1,130 registered members within 132 countries. Its partners include professional groups, multilateral and bilateral organizations, training and research institutions, academia, civil society and grassroots organizations. Criteria for partnership include appreciation of the need to develop land tools at scale and support for the core values of the Network, namely that all initiatives must be pro-poor and gender-sensitive in nature, affordable, work towards equity, support subsidiarity and consist of systemic large-scale approaches.

Some of the main achievements of the GLTN at the global level include: a) support for the development of land policy frameworks and guidelines (such as the one adopted by African Union at a Heads of States meeting in Libya in July 2009); b) advocacy to support the need for a continuum of land rights rather than a focus on individual titles, c) better implementation of pro-poor land policies through the development of tools, d) development of a gender evaluation criteria tool, and e) capacity building on Islamic land law.

At the national level, achievements include: a) development of a pro-poor land rights recording system - the Social Tenure Domain Model; b) establishment of a set of gender evaluative criteria which can be used to assess national land systems; c) development of guidelines in addressing housing, land and property issues in post-disaster situations; d) capacity building of key stakeholders and decision makers by conducting the transparency in Land Administration training for over 15 countries in Africa, and e) impact evaluation of selected land reform initiatives at country level such as the Ethiopia’s Land Certification initiatives on women and changing inheritance legislation in India.

Box 2: Example - Summary of Progress in Experimental Reimbursable Seeding Operations (ERSO)

**Experimental Reimbursable Seeding Operations (ERSO)**

The decision to establish ERSO was taken in 2007. The ERSO structures have since been established and operationalized. A loan administration process has been developed, including a cash management, accounting and investor reporting, resulting in consistent monthly donor and co-investor reporting for all funded investment transactions. A staffing plan has been developed, incorporating expert consultants and experienced banking personnel. With respect to achieving Expected Accomplishment 1 “increasing financing for affordable and social housing and related infrastructure”, two ERSO transactions have been signed totaling USD700,000 and six others are expected to be signed in early 2010. Disbursement for 2010 is currently expected to be USD2.3 million with a leverage of 198 to 1.
Chapter 3: Strategic, Programmatic and Results Focus

99. This chapter *discusses* the progress achieved in making UN-Habitat both a more strategic and more results-oriented organization which is a major focus of the MTSIP. Strategic planning/programming and results based management are based on the following logic: substantive programmes are expected to produce results aimed at achieving the vision and strategic goals in an organization. Based on the use of SMART (Specific, Measurable, Accurate, Reliable, Timely) indicators, actual programmatic results can be measured against baselines or targets. These measures of achievement, in turn, can be used to make strategic decisions regarding the future direction of a specific programme: i.e., to continue, modify or reorient some of its elements, or reallocate its resources to other priorities and programmes that have a demonstrated record of effectiveness.

100. In UN-Habitat, this *process* began in April 2007 with the selection of six priority focus areas, of which five are substantive. These were prioritized in the MTSIP because they are critical urban development challenges and together they make up an “integrated approach to realizing more sustainable urbanization” (see ENOF Task Force report “Toward a policy and a roadmap”). The next step was the development, in November 2007, of an Action Plan. The Task force on ENOF, in turn, was responsible for developing four instruments: The World Urban Campaign, the policy papers for the five substantive focus areas, the Habitat Country Programme Documents, and the partnership strategy. Three of these four instruments: policy papers, partnership strategy and World Urban Campaign strategy are discussed in this report.

101. As a means to *refine* the MTSIP and make it SMART as called for in resolution 21/2, a “Results Framework” with a set of indicators to measure the achievement of corresponding results was developed from September 2008 to March 2009.

A. Policy and Strategy Papers

102. The process of drafting the policy papers began in January 2009. The policy papers were intended to be derived from the results framework for each focus area. The policy papers were developed based on a template clarifying the main elements of the paper: focus area situation, key results, lessons learned and strategies including a subsection on partnerships, management, monitoring and evaluation. One key question the papers were to address was “what strategic approaches will the Focus Areas want to promote in achieving their results at the global, regional and country levels?”

103. The important question: “To what extent has the MTSIP helped UN-Habitat to create a clearer and sharper strategy and programmatic focus?” is addressed here by analyzing the policy papers for the five focus areas. It should be noted that UN-Habitat’s vision is consistent with MDG #7, target 11 (by 2020 to have achieved a significant improvement in the lives of at least 100 million slum dwellers) and incorporates the notion of contributing to conditions for scaling-up efforts to stop and eventually reverse the growth of slums. The goal for all focus areas incorporates as well the additional concept of “sustainable urbanization principles”. Therefore, if the achievements of this vision and goal are to be taken seriously, the peer review panel would expect that the policy/strategy papers which were meant to specify the broad thematic areas and
operationalize them as a basis for programme preparation, should address the concepts of scale and urban sustainability. The criteria used to assess the papers include:

- Their conceptual clarity and consistency with the MTSIP vision and goal.
- Operationalization of the broader results framework into more concrete strategies and approaches.
- Laying out a coherent approach for global, regional and country levels.
- Management arrangements to achieve the results.

104. The discussion of the individual papers includes recommendations on how to improve their strategic focus.

Focus Area 1: Effective Advocacy, Monitoring and Partnerships

105. The paper has contributed to a clearer focus on the vision and goals of the MTSIP. Overall clarity, however, could have been enhanced by more careful drafting and better integration among the three main elements: advocacy, monitoring and partnerships. The sections on results and lessons learned could have benefited from a more substantive discussion and deeper reflection. The paper elaborates its results framework by clarifying the variety of approaches. The advocacy function relies upon dissemination of the flagship reports, best practice awards, lecture and dialogue series, the World Urban Forum participation in ministerial conferences and other awards and competitions. However, given the wide variety of methods used for advocacy, it would be helpful for the paper to provide more information on the relative effectiveness of these methods for influencing their target audiences. Furthermore, it is not clear from reading the policy paper whether “sustainable urbanization principles” have been mainstreamed in the advocacy and monitoring activities. The discussion of initiatives and activities related to the various functions should be better articulated in a revised version of that paper.

106. Only one sentence was devoted to recognizing the “need to ensure effective engagement of regional and country offices of RTCD to focus on Advocacy, Monitoring and Partnership based on regional needs as well as strengthen existing activities in order to achieve the MTSIP in global, regional, country and local level.” Only one concrete approach is offered: the need to harmonize and coordinate the flagship and regional report. Therefore, this part of the paper needs to be better developed. The section on management stresses the need for collaboration among contributing units (ISS, World Urban Campaign, MRD) and to ensure each contributing unit is clear on its roles and responsibilities.

107. The partnership strategy was further developed in another document: “UN-Habitat Partnership strategy” (in draft form at the time of this writing) which has the advantage of being well-written and conceptually clear. The following partnership engagement mechanisms are part of the strategy: the World Urban Campaign, the World Urban Forum, the Governing Council, and other networking events. The strategy also deals with issues related to the involvement of partners in UN-Habitat governance, the legal mechanisms through which partners are engaged and, finally the internal competencies required from partners. A list of strategic activities, referenced to the MTSIP, for the short, medium and long-term, is proposed with the intention that they will become part

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11 Three documents related to focus area 1 were reviewed: FA1 policy/strategy paper, UN-Habitat partnership strategy, and the Global campaign strategy paper.

12 Since the policy paper was analyzed an updated version has been produced. The quoted text has been revised.
of the formal UN-Habitat work plan and be subject to regular monitoring and evaluation.

**Box 3: Conceptualizing Sustainable Urbanization**

Though focus of MTSIP and the core objective of UN-Habitat’s work is promotion of sustainable urbanization, yet the concept or term defies simplification and easy definition. While UN-Habitat’s work programme is increasingly aligned toward sustainable urbanization goals, the agency has also been working to capture its varied dimensions and the multiple responses required. Since the joint publication with DFID in 2002 which reflected on the scope of the phenomenon, UN-Habitat has sought to distil what this means in different contexts and from numerous perspectives and priorities in order to develop appropriate strategies. The 2009 UN-Habitat Global Report on Human Settlements on Planning Sustainable Cities outlines the goals of sustainable urbanization (page 4), while emphasizing participatory and inclusive processes.

A working definition adopted by the Monitoring & Research Division (MRD) identifies the three pillars of sustainable urbanization as cities that are “environmentally livable, economically productive and socially inclusive”. This approach would address "urban inequities and the rural-urban divide through slum upgrading and prevention, development of infrastructure and basic services, and balancing territorial development". Translating sustainable urbanization into practice combines targeted public policy with effective strategies where there are enabling environments, responsive institutions, capacity building and improved urban governance. In the face of the challenges resulting from rapid and chaotic urbanization and climate change, UN-Habitat has launched two new initiatives: the World Urban Campaign and the Cities and Climate Change Initiative. These two initiatives, together with the World Urban Forum, will spearhead global advocacy for more sustainable urbanization and provide a coordinated and concerted approach to policy dialogue and development at the global, regional and country levels.

**The World Urban Campaign**

108. The concept and strategy papers of the World Urban Campaign (WUC) issued in January 2009 were also reviewed since WUC is part of Focus Area 1. The paper presents a five-year strategy is comprehensive in scope, and conceptually clear. The strategy paper states that the campaign is based on a multi-stakeholder model, identifies generic constituencies and stakeholders and distinguishes between types of action (annual or biennial, ongoing targeted and unique opportunities). It clarifies how UN-Habitat events and products which in the past were perceived as distinct and unrelated (for example, World Urban Forum, World Habitat Day, the flagship reports and Urban World Magazine, urban indicators, UN-Habitat networks such as the Sustainable Urban Development Network (SUDNet), could all contribute to the campaign message. In addition, the paper offers a range of approaches and options to be included in the campaign: a World Urban Forum Online, a slum representatives Network, sustainable urbanization awareness seminars aimed at journalists and professionals, an Urban World Podcast and TV shorts, and Urban Champions. There is an entire section devoted to the structure of the campaign and the responsibilities of various action groups.
109. The specific purpose, message and structure of the campaign were operationalized during two meetings of the WUC held in October and December 2009 in Barcelona and Paris and an Expert Group Meeting (EGM) held in Nairobi in January 2010 on the 100 Cities Initiative. The campaign message to promote a positive vision for sustainable urbanization and its principles are based on the substantive MTSIP goals and objectives. UN-Habitat is to play a coordinating role and to build a strong sense of ownership among all major stakeholders. Four working groups have been established to focus on the following areas: knowledge networking systems, goal and strategy, communications, and the Sustainable Cities Advisory Commission. The latter is the governing body of the 100 Cities initiative, an experimental initiative launched at WUF 5 whereby 100 cities made pledges for reform to be measured against certain criteria. According to the report of the above mentioned EGM of January 2010, this initiative is designed “to provide cities from around the world access to a global network dedicated to the sharing of new tools and methods and forms of investment of urban sustainability”.

110. Campaign partners who were interviewed expressed complete satisfaction with the campaign model, process and progress accomplished so far. Within UN-Habitat, however, it was observed that there was a general lack of knowledge about the campaign objectives and message and, as a result, limited engagement. The World Urban Campaign was launched at WUF 5. While a number of UN-Habitat staff attended WUF 5, it is not clear whether the situation has improved. This communication problem should be addressed as a matter of priority through greater outreach to UN-Habitat staff through available means including posting progress reports on the intranet and briefings/presentations during staff meetings.

Focus Area 2: Participatory Urban Planning, Management and Governance

111. The Focus Area 2 Policy/strategy paper is based on the findings of an Expert Group Meeting convened in October 2008 to discuss current thinking and practice in Planning, Management and Participatory Governance as well as on background papers prepared in February 2009. The task of developing a strategy paper for Focus Area 2 is particularly challenging as it involves developing a conceptual approach for the city as whole.

112. The paper proposes the following three entry points which were prioritized for their high impact in inducing systemic change: economy, environment and equity. The section on strategic approaches clarifies how new mandates, such as assisting localities in tackling climate change (mitigation and adaptation), and existing mandates, such as enhancing capacity for urban safety, urban development and municipal finance, can contribute to the three programmatic entry points. Based on the finding in background paper that the important theme of “urban economy” had been previously missing from UN-Habitat’s agenda, that theme is now clearly defined and included as a planned intervention. A set of activities to support each of the three Expected Accomplishments is spelled out. Finally, the strategy/policy paper proposes four additional indicators (to those in the MTSIP Results Framework), which are more in-line with the concepts and ideas contained in the policy paper with an intention to include these in the Strategic Framework for 2012-2013. While the discussion of strategic approaches is generally satisfactory amendments are required.

113. With respect to the first assessment criterion, i.e., conceptual clarity, it would appear that too many ideas were compressed together. However, these had been well developed in the background papers. Conceptual clarity could have also been enhanced by including a clearer definition of the concept of “urban planning, management and
governance” as a background to the discussion on how the respective practices have changed and become more integrated. Section 1.1 of the policy/strategy paper offers the closest approximation of a definition of the term “sustainable urbanization” as a “statement of concern about the future livability of cities as they face radical and rapid change in the economic, social and environmental situation”. At the same time, the construct calls for “new forms of planning to design, make and maintain the forms, function, operation and regenerative methods of economic transactions, social engagement and ecological exchanges needed to support today’s human settlements.” Nonetheless, these two sentences are not entirely successful in attributing a specific meaning to the designated concept nor do they spell out what the “principles” of sustainable urbanization are. Acknowledging the inherent complexity of the concept, and given its central importance in understanding and implementing the MTSIP framework, the Peer Review recommends that the principles of sustainable urbanization be illustrated in a brief case study contrasting real examples of sustainable and non sustainable urbanization.

114. In order to refine the strategic focus of the paper, the strategies need to be better articulated, in particular, as it affects practical application at the country and regional levels. With respect to strategic partnerships, the role of SUDNet and its relationship to UN-Habitat should be clarified. Regarding the strategy pertaining to “urban development”, the paper could have addressed the conclusion of the Expert Group Meeting (October 2008)13 which required the development of new tools, instruments and policies to address and manage the complexity inherent in sustainable urban development.

115. The policy/strategy paper does not include a section on management as was required by the template. In a revised version, this section should be added to include some of the valuable points that were included in the background paper, for example, the need to strengthen collaboration with UNEP.

Focus Area 3: Pro-poor Land and Housing

116. The policy/strategy paper clarifies the focus of UN-Habitat by offering concrete approaches related to the three Expected Accomplishments and placing them in the context of past programmes and initiatives. The overall clarity of the narrative is also enhanced by charts and figures.

117. The strategy for the first Expected Accomplishment, on improved land and housing policies, described under each sub-Expected Accomplishment, includes concrete approaches such as engagement at regional and country levels. Government priorities, as defined in national development plans and poverty reduction strategies, are to guide support at the country level. Focus areas are expected to include the strengthening of legal, regulatory and institutional frameworks for housing and property including the governance dimension.

118. Under Sub accomplishment 1.3, aimed at increasing capacity to promote hazard resistant and sustainable housing construction, the paper states that through “SUDNet, UN-Habitat will raise awareness and provide guidance to Ministries of Housing and local authorities to develop policies and guidelines to foster production of low greenhouse gas emitting building material and construction technologies as one of the vehicles of climate change mitigation”. This approach would have been clearer if put in the context of a broader definition of “sustainable urbanization”.

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13 Concept paper, Focus Area 2, October 21, 2008
119. It should be noted that elements of the first Expected Accomplishment related to housing have been more fully operationalized in another document entitled “Adequate Housing for All”. This latest report also includes a chart showing the linkages between Focus Area 3 and the Housing Section work programme, including a preliminary “road map” and graphs on how to align Focus Area 3 Expected Accomplishments and indicators with the work programme for the next biennium. It also identifies the areas of collaboration with other units within FA3 such as the Disaster Management programme, the Training and Capacity Building Branch, the ENOF Task Force and the Slum Upgrading Facility.

120. Activities related to housing rights are discussed in the section related to the second Expected Accomplishment, “security of tenure increased”. Specific approaches are elaborated under the four sub-Expected Accomplishments. These include the “documentation, dissemination and evaluation of innovative approaches to promoting the full and progressive realization of the right to adequate housing as provided in international instruments, as well as practices that promote the legal recognition of a range of land rights”. The strategy will include, inter alia, increasing the support to an existing initiative, the Advisory Group on Forced Evictions (AGFE), established under the United Nations Housing Rights Programme, as well as, the Global Land Tool Network (GLTN), to focus on developing pro-poor land tools at the country level. To strengthen countries’ capacity to achieve equitable housing rights, the approach is to develop and disseminate guidelines, tools and training materials based on knowledge generated from country experience. For example, guidelines will cover the following issues: alternatives to evictions and negotiated resettlement approaches, post-crisis situations, gender issues and land administration systems. At the country level, the paper states, governments and partners will be supported to develop and implement improved land and housing strategies.

121. Focus Area 3’s third expected accomplishment, slum improvement and slum prevention promoted, which is critically important for achieving the UN-Habitat vision “to help create by 2013 the necessary conditions… to stabilize the growth of slums …” is articulated under three sub-Expected Accomplishments.

122. The section on “partnerships for systemic change” clarifies how UN-Habitat’s role as “an enabler and catalyst” will be enhanced and how the GLTN model of assembling a coalition of diverse partners around a shared vision will be adapted to the context of housing and shelter-related stakeholders. The management challenges faced by Focus Area 3 are made clear in the section on management. These challenges include: (a) the loss of capacity of the Housing Policy Section “which has been increasingly driven by external priorities”, (b) the institutional fragmentation of housing issues within UN-Habitat, (c) the need to obtain strategic support from partners, constituent groups and the Governing Council towards developing a new global housing policy vision, and (d) administrative issues to improve the GLTN delivery capacity. Opportunities in terms of innovation and management initiatives are also discussed.

123. Table one of the policy/strategy paper includes two relevant indicators of achievement (% increase in slum communities being upgraded, and increased number of countries implementing policies to deliver land and housing at scale). However, in the absence of baseline data and projections it is not clear whether the vision to help create the necessary condition to stabilize the growth of slums can be attained by 2013.
Focus Area 4: Environmentally Sound Basic Urban Infrastructure and Services

124. The Focus Area 4 strategy/policy paper is clear, informative and well structured. Clarity of the paper would be enhanced if technical terms, such as, “environmentally sustainable basic infrastructure” and “ecological sanitation” were defined. The section on lessons learned is comprehensive. With respect to strategies, the approach and activities are those supported by the Water and Sanitation Trust Fund (WSTF). A review of those activities indicates that many of them are consistent with the strategic goal of “sustainability” (for example measures to minimize infrastructure’s project impact on the environment, and projects to increase energy conservation by public utilities).

125. The WSTF Strategic Plan for 2008-2012 lists the following four strategic objectives for that period: (a) delivering sustainable services for the poor, (b) ensuring synergy between the built and natural environments, (c) monitoring the MDGs, and (d) integrating infrastructure and housing. However, these objectives, even though they have been approved and endorsed by the WSTF Advisory Board, are not properly aligned with those of the MTSIP. Only the first objective has any similarity with the first Expected Accomplishment of the Results Framework of the MTSIP. The linkages between the other Trust Fund Strategic objectives and Expected Accomplishment #2 “increased institutional efficiency and effectiveness in the provision of basic urban infrastructure services” and Expected Accomplishment #3 “enhanced consumer demand for sustainable basic urban infrastructure and services” are not evident. It should be noted that the Trust Fund Advisory Board is aware of this discrepancy and recommended at its fifth meeting, in March 2009, that the WSTF monitoring framework be harmonized with that of the MTSIP. The Annual Progress Report of WSTF for 2009 recognized that the results framework was a more refined and strategically directed result-oriented document than the WSTF Strategic Plan stating that “the way forward was to realign the 2010 work programme and activities and outputs to individual corresponding expected accomplishments and sub accomplishments”.

126. There is a need to align the operations of the Trust Fund with the Results framework. The Strategic Plan and Annual report on the work of the Trust Fund are currently not subject to review by the MTSIP Steering Committee. Since the Trust Fund is now supported by four bilateral donors (Spain, Netherlands, Norway and Italy) and the private sector (Google, Coca Cola and BASF), the realignment would require the approval of the Advisory Board to revise the Trust Fund strategic plan to reflect the new priorities.

Focus Area 5: Human Settlements Finance Systems

127. The policy/strategy paper for Focus Area 5 clarifies and sharpens the focus of UN-Habitat’s involvement in Human Settlement Financing by describing its strategic goal and “vital niche”. The strategic goal of Focus Area 5 is described as assisting the achievement of MDG 7 (improving the lives of 100 million slum dwellers). The paper states that, in collaboration with other international financial players, UN-Habitat will play a catalytic role in developing the following: (a) early investment credit enhancement, (b) a prototype lending structure, (c) lending programme eligibility standards to encourage environmental and public health-minded design for affordable and social housing, working through community-based finance organizations, (d) well-targeted and efficient subsidies, (e) finance for affordable rental housing and progressive homebuilding, (f) approaches to document job creation from investments in
urban housing and infrastructure. The paper notes that both ERSO and the Slum Upgrading Facility (SUF) have a role to play in contributing to achieving Focus Area 5 Expected Accomplishment 1 (Raising Financing for affordable and social housing).

128. With respect to engagement at the global and country levels, the paper states that the approach is to build on existing partnerships while establishing new alliances internationally and in UN-Habitat partner countries. Partnerships will focus on the following: national governments, local authorities and utilities, domestic and financial institutions, slum dwellers, housing rights organizations and communities. The paper also states that reliance on Regional Offices and Habitat Country Managers is necessary for establishing partnerships in countries.

129. With respect to management arrangements, the policy/strategy paper states that the following actions have been taken: a) preparation of a staffing plan which includes expert consultants and experienced banking personnel, and b) a loan administration process with dual controls provided by a Programme Officer and PSD accounting. The paper also states that implementation will entail close collaboration with the following units: the Programme Support Division, the Training and Capacity Building Branch, the Housing Policy Section, the Global Land Tool Network, the Water Sanitation and Infrastructure Branch, as well as many of the initiatives developed by the Regional and Technical Cooperation Division. With respect to indicators of achievements, the policy/strategy paper includes statistics on what has been achieved so far (see Chapter 2).

130. With respect to SUF, the paper states that there are opportunities to expand the programme to more cities in Africa which are part of the Millennium Cities programme. In the context of selecting relevant indicators of performance, methods have not been elaborated to measure the changes in the socio-economic status of those city dwellers who would be helped through implementation of ERSO loans and investments in Local Finance Facilities. This measurement could provide specific and relevant data in assessing the degree of assistance to achieving MDG 7 which is clearly targeted at the lower income groups and slum dwellers. It should be noted, in this context, that Monitoring and Research Division has done very valuable work on slum estimation and the methods could assist Focus Area 5 in refining its performance indicators.

Conclusion

131. Generally, the policy papers have increased the clarity and focus of UN-Habitat’s mission and strategies. However, while two of the policy papers (FA3 – Pro-poor housing and FA 5 – Human settlements) rank high on the selected evaluation criteria, the total effort should have resulted in better and more uniform products for all the areas. Therefore, the papers should be better standardized to obtain a more uniform level of quality. In future versions all policy/strategy papers should include: a) a discussion of programmatic priorities, b) challenges and constraints, c) the intervention strategies of programmes and projects focusing on how to achieve effects of scale and mainstream the principles of urban sustainability, d) the policy/strategy papers will articulate achievement of specified MTSIP results at regional and country levels, e) address cross-cutting issues including gender, youth and environment. This review further recommends that an overarching paper that links the individual policy/strategy papers, and defines key common concepts, be prepared.
Box 4: Gender and the MTSIP

The UN-Habitat Gender Equality Action Plan (GEAP) aims to strengthen gender mainstreaming in UN-HABITAT programmes and activities within the context of the Medium Strategic and Institutional Plan (MTSIP) 2008-2013. The GEAP mirrors the six focus areas of the MTSIP. A year after endorsement of the GEAP, partners and UN-HABITAT met at the Gender Equality Action Assembly to assess progress in the implementation of the Plan and to consider emerging issues such as empowerment of girls in cities, urban planning and climate change, just before the 5th Session of the World Urban Forum. Progress in implementation was recorded by UN-HABITAT and some partners in all the five substantive action areas, albeit with challenges, especially the lack of adequate human and financial resources. Partners dialogued with policy-makers including Ministers, mayors, Parliamentarians and academics on making cities work for women and men, as well as increasing action in the areas of land and housing, access to basic services and infrastructure, and economic empowerment of women. GLTN also organized a round table at WUF on the gender evaluation criteria.

UN-Habitat has placed emphasis on providing evidence based information on gender equality and the empowerment of women. The gender website has been revitalised, a special feature on Gender and sustainable urbanization focusing on key issues and resources. Fact sheets have been launched in 2010 on the womenwatch website as a contribution to the commemoration of the 30th anniversary of the Convention on the Elimination of All Forms of Discrimination against Women. This feature was a result of the UN system-wide collective effort coordinated by UN-HABITAT with the support of the UN Division for the Advancement of Women. It serves to improve awareness and knowledge on gender equality in cities covering areas such as urban planning, climate change, safety and security, transport, governance, land and housing, and entrepreneuships. Furthermore, Gender Equality for Smarter Cities: Challenges and Progress was published in February 2010. The first edition of Women in Cities 2010/2011 report complementing the State of World Cities Report is being prepared. This report will enhance understanding of the gender urban divide and generated increased action to combat urban poverty among poor urban women who are disadvantaged. The agency is working towards building the capacity of staff both at headquarters and in the field on gender mainstreaming in normative and operational activities.

B. The Understanding of Results in Results Based Management

132. One of the MTSIP’s purposes was to introduce a stronger results focus into UN-Habitat. Through the efforts of the Results-Based Management-Knowledge Management Task Force, significant steps have been taken in introducing results based management into UN-Habitat. An overall results framework has been prepared for the MTSIP. Indicators of achievements have been developed at the Strategic Results and Expected Accomplishment levels for all Focus Areas. Training to enhance the understanding and use of RBM is also ongoing.

133. As such, the foundations for establishing Results Based Management have been completed, but further challenges lie ahead. These include: refining and streamlining indicators, strengthening skills and capacity to apply RBM, establishing realistic and
sustainable systems for data collection, making sure that there is analytical capacity to utilize information for reporting and as an input to further planning. A fundamental challenge is that there are still too many indicators in the results framework and insufficient capacity and financial resources to collect all the data required.

134. UN-Habitat now has a better understanding that results are those changes that occur above and beyond the level of outputs – even if progress to a large extent is still described in terms of activities and outputs. However, there is a much weaker understanding that there are various categories or types of results and that there needs to be different types of indicators for research, capacity-building, advocacy and scaling-up activities. This is important because it is related to how UN-Habitat can identify success and measure its performance. It is also significant in discussions with donors demanding evidence of results and that UN-Habitat “makes a difference” beyond the level of outputs.

135. Results are to a large extent measured by quantitative indicators. The Integrated Monitoring and Documentation Information System (IMDIS), based on the biennial work programme and budget, tends to focus on numerical data. The MTSIP progress reports also contain similar indicators. For example, in the Progress Report to CPR (November 2009), the achievements within Basic Urban Infrastructure and Services are for instance: 92 partner institutions have been strengthened and approx. 1.03 million people receive safe drinking water and basic sanitation. The figures might be accurate, but do not provide much insight; it is also impossible to know whether 92 partners and 1.03 million people are high or low figures and if such achievements can exclusively be attributed to UN-Habitat. UN-Habitat still has room for improvement in planning for results and also in documenting results and achievements.

136. The MDGs also have numerical targets and indicators. It is understandable that UN-Habitat will try to show that the organization can have an impact at the level of MDGs as do several other UN agencies. However, the contribution of UN-Habitat should, in many cases, be measured by other means than numerical indicators and long-term MDG impact. The organization has primarily a catalytic role while large-scale impact should be a shared responsibility with partners. The further “along” the results chain, the more unlikely it is that changes can and should be attributed to UN-Habitat alone.

**Box 5: MTSIP at Work: Kenya’s National Land Policy**

In its role as Chair of the Development Partners Group on Land since 2003, UN-Habitat played an instrumental role in the adoption of the Kenya’s National Land Policy by the Kenya Parliament in December 2009. This landmark legislation offers a platform for fundamental land reforms, addressing critical issues of land administration, access to land, land use planning, restitution for historical injustices, environmental degradation, conflicts, unplanned proliferation of informal urban settlements, outdated legal framework, institutional framework and information management. Based on its role in this land reform process, Focus Area 3 derived the following lessons learnt: Land sector reform is complex and requires a long-term perspective; strong ownership and political will is critical; combined efforts from civil societies, professional and grass roots can help overcome difficulties and build consensus; conforming to the common framework of agreement is critical in aligning donor support; capacity building is key in supporting delivery on land reform.
MTSIP has used the concept of strategic roles:
- A catalytic role and mobilization of networks.
- Advocate norms for sustainable urbanization.
- Improve global knowledge and understanding of urbanization issues.
- Build capacity of governments and local authorities.
- Develop innovative financing mechanisms.
- Become a premier reference institution and “first stop” centre for pro-poor urban development policy.

It could be a way forward to more clearly define results for the various roles – recognizing the different criteria of success and helping UN-Habitat to focus on results within its own special mandate with the argument that successful contributions in these areas will ultimately affect and impact on long term MDG achievement. A possible taxonomy of roles is presented in the following text box. The roles are to a large extent mutually exclusive and they capture the most important aspects of what UN-Habitat does or plans to do. The first four roles are associated with the normative function of UN agencies and the latter two are associated with their operational functions.

Box 6: A possible taxonomy of roles

<table>
<thead>
<tr>
<th>Taxonomy of Roles</th>
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</thead>
<tbody>
<tr>
<td>Laboratory of ideas, whereby UN-Habitat becomes engaged in innovative and applied research. It is not the same as doing research. UN-Habitat is not an academic institution. The role is rather to initiate and fund, to follow closely and receive the results from pilot schemes of an applied research character.</td>
</tr>
<tr>
<td>Clearing house for information, whereby UN-Habitat collects information, for example, on good practice on capacity development, organises this in databases, on CD-ROMs, or on the net, and makes it available to external audiences.</td>
</tr>
<tr>
<td>Setting norms and standards, whereby the organization facilitates an international exchange of experience and setting a binding mandatory agreement among member states or more general guidelines for a certain area.</td>
</tr>
<tr>
<td>Advocacy is a role whereby UN-Habitat would proactively try to influence the external environment to take action.</td>
</tr>
<tr>
<td>Capacity development, when UN-Habitat helps to build the capacity among Governments, local authorities or NGOs to perform specific tasks.</td>
</tr>
<tr>
<td>Catalyst for development cooperation, whereby UN-Habitat starts and initially coordinates an initiative, that is later taken over by organizations at country or regional level.</td>
</tr>
<tr>
<td>Financial and technical operations support is finally a role whereby UN-Habitat provides administrative capacities and/or financial support for the implementation of projects.</td>
</tr>
</tbody>
</table>

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14 A similar taxonomy has been used by UNESCO and is only mentioned as a source of inspiration to be adjusted to UN-Habitat realities.
Chapter 4: Organizational Structure and Programme Alignment

139. This section reviews the institutional structures and arrangements that were put in place to deliver the first phase of the MTSIP, assess their effectiveness and provide advice on the future of those arrangements. Secondly, it discusses recent changes that were introduced in the organization and highlights some structural issues that require managerial attention. The current organizational chart of UN-Habitat is included in Annex 4.

A. Changing the Formal Organizational Structure

140. In addition to the MTSIP mechanisms described in Chapter 2, the following changes were introduced in the formal organizational structure to facilitate the implementation of the MTSIP: (a) the establishment of the Resource Mobilization Unit\(^{15}\) which is elaborated in Chapter 5 of this report, (b) the proposed establishment of an Office of External Relations, the Secretariat of the Governing Council and External Relations and the World Urban Forum Unit, (c) the transfer of the Disaster Management Unit to the Shelter Branch, (d) the establishment of the Humanitarian Office in Geneva, (e) the establishment of the Urban Design Unit, and (f) the establishment of an Internal Oversight Unit.

141. These changes notwithstanding, several senior managers and staff members expressed the view that there is greater scope for improved alignment of the current organizational structure. Other staff members expressed the view that the current structure is rooted in the cumulative effects of Governing Council and General Assembly mandates and resolutions over the years and that, therefore, it would be very difficult to change. While recognizing that the formal structure of UN Habitat must reflect legislative mandates, the UN-Habitat Executive Director, similar to those in other UN Programmes, enjoys considerable leeway in making proposals for organizational change to their Governing Council. Once approved, these must be reviewed by the Advisory Committee on Administrative and Budgetary Questions at the UN Secretariat in New York. It is expected that these bodies would carefully review these proposals and ask pertinent questions related to mandates, and potential gains in efficiency and effectiveness. In other terms, while there is an administrative procedure to follow, the likelihood is that, if these proposals are well supported and do not have serious financial implications, they will be approved and formalized. It is recognized that any substantive change to UN-Habitat’s organizational structure will have to be aligned with ongoing Secretariat-driven work planning processes.

142. Specific organizational issues were raised by staff with a view to rationalize the overall structure and improve the general efficiency of the organization, such as:

\(^{15}\) RMU was established as a result of a CPR decision not as direct consequence of MTSIP implementation.
Table 2: Specific organizational issues raised by staff

<table>
<thead>
<tr>
<th>Structural Issue</th>
<th>Respondent viewpoints</th>
</tr>
</thead>
<tbody>
<tr>
<td>Should the Urban Finance Branch and the Water, Sanitation and Infrastructure Branch be included in the Human Settlement Finance Division under one umbrella, or should they become separate units since they appear to perform very different functions?</td>
<td>Water, Sanitation and Infrastructure Branch’s (WSIB) response to the above question was: Governing Council resolution 21/10 on ERSO stated that it had to build on the experience with instruments and partnerships networks such as the Water and Sanitation Trust Fund and the Slum Upgrading Facility. In addition, the experience and network of WATSAN with the regional development banks provide an entry point for the urban finance branch. At the same time one may argue that the size of WSIB does justify the establishment of a separate Division especially having in mind the greater attention to energy and transport.</td>
</tr>
<tr>
<td>Should the normative divisions and the Water and Sanitation Infrastructure Branch carry out operational activities which take place at the country level? Could such activities be transferred to the Regional Offices with commensurate funding?</td>
<td>WSIB’s answer to the above question was: The WSTF is one of the only unit in UN-Habitat that truly undertakes a mix of normative and operational work. They provide the model of integration where normative work drives project formulation and vice versa. Transferring the work of the WSTF to the regional programmes would kill the originality and creativity that comes from the unique opportunities the trust fund presents.</td>
</tr>
<tr>
<td>Should not the RTCD and the Regional Office operational activities be more fully integrated in the work of the focal areas?</td>
<td>This issue is discussed in greater depth with several options discussed in para 146-149 on Country Programme and Coordination.</td>
</tr>
<tr>
<td>Should the Urban Design and Planning Services Unit (UDPSU) being a small unit not been merged with the Urban Environmental Planning Branch?</td>
<td>The UDPSU’s response to the above was: UDPSU’s mandate is to mainstream design and planning principles in operational programmes organization wide within the ENOF framework. Therefore, it maintains a bridge between normative and operational works. So if this unit is to be amalgamated with any existing branch in the GD, that branch should be the Urban Development Branch and not the Environmental Planning branch whose agenda is clear.</td>
</tr>
<tr>
<td>Should the Regional Offices have two reporting lines, one to the technical advisory branch and other to the Executive Director’s office for issues of representation?</td>
<td>Currently, the Regional Offices report to the RTCD Director on all matters. As the Regional Offices have both official representation and technical advisory functions, the appropriateness of their reporting line needs to be reconsidered.</td>
</tr>
<tr>
<td>Should the Nairobi-based Disaster Post Conflict and Safety Section (DPCSS) be moved to Geneva where IASC is headquartered and where the office of Humanitarian Affairs is officed? Joining</td>
<td>Following UN-Habitat’s accession, in June 2008, to the Inter-Agency Standing Committee – a Geneva-based interagency forum for coordination of humanitarian assistance involving key UN and non-UN</td>
</tr>
</tbody>
</table>
these two units together would increase their critical mass, improve communications and strengthen their capacity to intervene rapidly to post disaster or post conflict crisis. On the other hand, DPCSS has benefited considerably from the knowledge and wealth of experience that the shelter branch has acquired over time in the area of building and construction materials, as well as needs assessment tools and methods. Thus, geographical separation may interrupt this beneficial exchange.

humanitarian actors – the Executive Director created a new UN-Habitat Humanitarian Office in Geneva. Geneva is also the hub for non-UN humanitarian activities. However, a Disaster Post Conflict and Safety Section (DPCSS) whose mission was to provide local government and communities with practical strategies for mitigating and recovering from conflicts and natural disasters already existed within the Global Division. The “humanitarian” function was thus split between two organizational units and geographical locations and this appear to affect communication and operational effectiveness.

Should particular attention be paid to some units with cross-cutting functions such as GUO, the City Monitoring Unit, the Training & Capacity Branch who play a critical role in the implementation of MTSIP? How could the challenge they face of providing services beyond those core services included in their formal work programme be addressed through their organization, earmarked funding and recognition of roles?

While some units are satisfied with their position in the organizational structure they would like to receive greater recognition and support by senior management. At the current time, there are no adequate mechanisms to monitor the level of their services, to ensure that the units receive adequate institutional support and recognition and that the demand for services does not exceed their capacity. This issue is particularly relevant to those units which do not benefit from earmarked funding. It should be noted that while gender and youth are also cross-cutting issues, their subject matter tend to have greater appeal to the donor community. They seem to have adequate funding for their activities and therefore are in a different position compared to the other three units mentioned above.

143. However, time limitations and the scope of the study did not allow the panel to answer these questions by weighing the pros and cons of all possible options for organizational changes and restructuring. Nonetheless, it is believed that their identification would help focus future work of Focus Area 6 on addressing the alignment issues. This future alignment review should be based on the following criteria: (a) careful analysis of the funding structure and competencies needed; (b) the location of a particular unit within the organizational structure should be made in the context of a strategic framework where optimum contribution can be configured; (c) the new structure should be more streamlined to promote efficiency.

Management and Staff

144. Preconditions for effective and efficient implementation of the MTSIP and improved organizational performance are staff composition, competency and commitment – both at technical and managerial levels. The MTSIP has focused mostly on policy development and certain administrative and institutional reforms and will need to look more closely at the “skill ware” aspects of reform. Achievement of results depends more on the quality of implementation and staff than on well formulated policies, written rules and regulations.
145. The following figures illustrate the size of different parts of the organization. If we include key staff in Nairobi, Liaison, Regional and Country Offices the total number is 414. By most standards, this is a small number but with a considerably broad global mandate. If field project staff members are included, the numbers would increase. An additional 2,000 people are, for instance, engaged by UN-Habitat in Asia alone. However, they are not recognized as UN-Habitat staff as such because the rules and regulations do not allow UN-Habitat to recruit national staff.16

Table 3: Size of different parts of the organization

<table>
<thead>
<tr>
<th>Location</th>
<th>No of staff</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nairobi Headquarters</td>
<td>293</td>
</tr>
<tr>
<td>Liaison Offices</td>
<td>17</td>
</tr>
<tr>
<td>Africa and Arab States Region</td>
<td>22</td>
</tr>
<tr>
<td>Asia and the Pacific Region</td>
<td>26</td>
</tr>
<tr>
<td>Latin America and the Caribbean Region</td>
<td>5</td>
</tr>
<tr>
<td>East and Central European Region</td>
<td>12</td>
</tr>
<tr>
<td>HPM Countries</td>
<td>39</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>414</strong></td>
</tr>
</tbody>
</table>

146. Looking at the number of professional staff, the organization is shrinking even further. The next table provides an overview of all P, D and higher level positions in UN-Habitat.

Table 4: An overview of positions in UN-Habitat

<table>
<thead>
<tr>
<th>Level</th>
<th>Male</th>
<th>Female</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>USG/ASG - 2</td>
<td>2</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>D2</td>
<td>2</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td>D1</td>
<td>16</td>
<td>3</td>
<td>19</td>
</tr>
<tr>
<td>P5</td>
<td>37</td>
<td>12</td>
<td>49</td>
</tr>
<tr>
<td>P4</td>
<td>33</td>
<td>18</td>
<td>51</td>
</tr>
<tr>
<td>P3</td>
<td>29</td>
<td>33</td>
<td>62</td>
</tr>
<tr>
<td>P2</td>
<td>17</td>
<td>25</td>
<td>42</td>
</tr>
<tr>
<td>NO*</td>
<td>41</td>
<td>15</td>
<td>56</td>
</tr>
<tr>
<td>NO from regional offices</td>
<td>24</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Professional Staff</strong></td>
<td><strong>308</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>GS</td>
<td>34</td>
<td>96</td>
<td>130</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>210</strong></td>
<td><strong>204</strong></td>
<td><strong>414</strong></td>
</tr>
</tbody>
</table>

*National Officers at levels A to D are equivalent to P1 - P4.

- The number of professional staff is around 300.
- UN-Habitat is a top heavy organization – approx 24% of all professional staff are P5 or higher.
- Compared to the number of chiefs and directors, there are relatively few middle level technical staff (P3-P4).
- Despite the fact that that there are two women at the top, there is a gender imbalance at lower levels – 16 women at P5 or higher compared to 55 men and 97 female professional staff in total compared to 111 men.
- There is a large number of general service staff – 130 GS compared to 308 in the professional categories.

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We were informed later that national staff can be recruited via UNDP.
147. Information about the technical background and experience of staff and to what extent the staff profile is aligned with the MTSIP is currently inadequate. However, to better gauge the collective skills within the organization a staff skills/job descriptions gap analysis, coupled with development of an associated inventory and database are ongoing.

148. There is insufficient systematic information about how well UN-Habitat is functioning. While the managerial and staff performance, organizational benchmarks and performance indicators exist, there is insufficient information to make a definitive evaluative judgment. The following are perceptions and observations about staff and organizational performance gathered in interviews during this review complemented with data from the staff survey.

149. UN-Habitat has several well functioning programmes, organizational units and highly competent and committed staff (as documented in the staff survey) – working extremely hard and delivering quality products. However, there is strong perception that a small number of staff carries a disproportional part of the burden. The staff survey found that staff tended to perceive senior management as hesitant to support significant change, a sense of purpose was defined, but the senior managers were not always successful in making progress towards achieving change. The problem of weak management was identified in some Sections and Units. Management training has been offered and carried out among senior staff, but more attention to training and coaching would be required.

150. There is a staff performance appraisal system in place, but a lack of clear performance standards, incentives, quality control mechanisms and sanctions against underperformance. Incentives are important for staff in all organizations. Motivation is a key component in promoting performance and linked to incentives. High performance among UN-Habitat staff is not rewarded in terms of promotions, new and more challenging tasks, recognition and positive feedback, etc. There are also few if any sanctions against underperformance.

B. Regional Coordination

151. This section discusses various aspects of progress and challenges in strengthening country focus and coordination between HQ, regional and country offices. The question concerning the proper balance between UN-Habitat’s normative and operational roles is also addressed.

152. A perception is held by some stakeholders that UN-Habitat has a Headquarters involved in global normative work whilst regional and country offices focus on operational activities. The country focus is perceived as being weak with relatively few and under-resourced country offices. These are two of the reasons why the MTSIP called for the development of an Enhanced Normative and Operational Framework (ENOF), described as “an integrated approach to support Governments and their development partners to achieve more sustainable urbanization”. An important purpose of ENOF was to align resources to more effectively achieve impacts in selected countries through more integrated programmes.

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17 UN-Habitat is in the process of revamping the staff appraisal system to make it more effective. A consultant has been recruited to support this initiative and to help set up an e-PAS Committee to provide the coaching to all managers.

18 Other similar organizations have introduced Merit Promotion Programmes addressing systematically performance and incentives systems.
1. The Role of the Regional and Technical Cooperation Division (RTCD)

153. RTCD is the Division in UN-Habitat with coordinating responsibility for regional and country level activities - a key instrument for implementing the enhanced normative and operational framework.\(^{19}\) It is organized as a separate Division. Many informants – including its own staff viewed it as, to a large extent, a Division within UN-Habitat responsible for its own survival. The RTCD including regional and country offices receive limited funding from regular resources – explaining their need for developing proposals to secure extra-budgetary funding from external donors (at the moment approx 85% to disaster and post-disaster projects). Several of the global programmes and trust funds also have their own projects at country level – at times coordinated through regional and country offices, but sometimes also operating on their own.

154. Informants explained that coordination between headquarters, regional and country levels is often based on informal mechanisms and agreements, i.e., without clearly defined roles and formal processes. The Regional Offices for Asia (ROAP) and Latin America (ROLAC) felt they are not sufficiently involved in consultations and decision making taking place at headquarter level, but more importantly that there are no mechanisms for collaboration and coordination between global and regional levels. There is inadequate capacity and no focal points within the RTCD at headquarters to respond to requests, provide links with global programmes and facilitate technical support to Regional and Country Offices. The Regional Offices are of the view that many of the global programmes are preoccupied with global normative issues and have less interest and time available for country level activities. The co-existence of Divisions and cross-cutting Focus Area teams are also seen as confusing – making it difficult to know who is responsible for what and who to contact. ROAP also made the point that post-disaster and post-conflict issues are not addressed in the MTSIP structure, even when UN-Habitat is mandated to address emergencies as a member of IASC.

155. With an expanding level of activities at the regional and country levels and an increased emphasis on a combined normative and operational approach, the current situation is unsatisfactory. There is need for: a) more formal structures for linking the MTSIP focus areas to the Regional Offices, b) clarification of roles and responsibilities, and c) improved mechanisms for coordination.

156. Alternative arrangements for RTCD were suggested by informants: (a) Either to incorporate the operational functions of RTCD in each of the Divisions thus establishing a formal link between normative and operational activities within each Focus Area and allocate staff time and financial resources at Headquarters for coordination with and support to regional and country offices, or (b) organize the RTCD as a cross-cutting function which coordinates activities of all thematic focus areas at regional and country levels. This is an important issue which requires further attention and analysis.

2. Habitat Country Programme Managers and Documents

157. An important motivation for the ENOF was to strengthen the country focus in UN-Habitat and bridge the divide between normative and operational activities. The new country programme documents and the recruitment of Country Programme Managers were seen as the means through which such integration should happen.

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\(^{19}\) RTCD is composed of regional offices and country staff and a regular technical cooperation section in Headquarters.
158. As explained earlier, the ENOF led to, among other things, the development of 33 country programme documents and the hiring of resident Habitat Programme Managers (HPMs) for most of these countries. These are commendable achievements. HPMs are required to carry out a variety of tasks at the country level including representing UN-Habitat vis-à-vis other in-country partners, being involved in advocacy and policy discussions with governments, and coordinating all UN-Habitat initiatives in the respective countries and projects. The Country Programme Documents summarized for the first time all UN-Habitat activities at country level and should serve as a basis for mobilization of resources.

159. There are several examples of significant progress in UN-Habitat’s country level work, however, to date, achievements have not been systematically documented. An evaluation of HPMs was carried out in 2006 with several positive findings. Among the most important were: a) an overall appreciation of having UN-Habitat staff at country level, b) more successful integration of urban issues in multilateral processes (UNDAF, Country Assessments, One UN, etc.), c) a more effective promotion of the normative mandate of UN-Habitat, and d) support to operational activities. However, there is a need for a comprehensive independent assessment of UN-Habitat’s progress and achievements at the country level. Some of the issues and questions raised during this review are mentioned briefly below.

- Most of the HPMs have limited core resources to support and implement a country programme. Each HPM has an operating budget of only USD5,000.
- Most resources for country level activities are raised by UN-Habitat’s regional offices. However, few additional resources have been mobilized for implementation of the new country programmes – potentially undermining the credibility of the Country Programme Documents and UN-Habitat among Governments and partners.
- It is questionable whether HPMs have the capacity to perform all tasks in their current terms of reference.
- There is a view that it may be more realistic and strategically wise to allocate more resources to a few regional offices instead of a large number of countries.

3. The Normative and Operational Divide

160. The terms normative and operational are used by UN-Habitat to describe two major roles. On the one hand, UN-Habitat was established as a normative and technical agency, as a focal point for inter-governmental deliberations in the area of human settlements and as a “centre of excellence” initiating and organizing international research and campaigns. The normative function should provide an instrument for agreement on norms, standards and recommendations. On the other hand, several UN agencies including UN-Habitat have increasingly become involved in the execution of technical assistance projects in developing countries which can be described as their operational function. There has been a debate – also in UN-Habitat on whether the agency has come to devote too much of its work to technical cooperation, which may have had an adverse effect on other important aspects of its mandate, like policy development, research, etc.

161. Normative work should be built from and on practical field experience. Nevertheless, both normative and operational work may require different expertise and capacity. A normative organization can be involved in operational projects beyond a model development and learning phase, but rarely into large up-scaling.

162. A programme often evolves through the following phases:
(a) An innovative phase in which new ideas and plans are developed (research and development).
(b) An experimental phase in which the new ideas and model are tried out and evaluated.
(c) A policy and capacity building phase in which the new ideas are incorporated in national policies and capacity built.
(d) A scaling up phase in which a reform is implemented and brought to scale at regional or national level through delivery of services.

163. There is consensus that UN-Habitat has a role to play in the first three phases. It seems that the disagreement is mostly about the balance between normative and operational activities and finding the right level of effort for the last phase. The extent to which there are normative elements in operational projects and that relevant mechanisms are in place to ensure feedback from country and regional offices to broader organizational learning remain unclear.

164. The operational role and scaling up are emphasized by the RTCD and, in particular, the Regional Office for Asia (ROAP) being heavily involved in disaster and post-disaster projects. The ROAP is of the view that this is part of UN-Habitat’s core mandate and that the organization will be judged based on what it is able to deliver at country level. They also emphasize that all country programmes include a normative component. The ROAP also sees the need for an expanded delegation of authority to execute disaster and post-disaster projects more efficiently.

165. Others argue that UN-Habitat is becoming too driven by donors – taking on operational projects on a contractual basis too easily with no or few normative elements – partly because donors prioritize service delivery and are hesitant to support normative components like research, development of polices and guidelines. The proponents for a stronger normative approach would also include country activities, but leave out or minimize large scale operations – since this is not part of UN-Habitat’s core mandate and other agencies are better equipped for such type of work.

166. The Peer Review Panel was not in a position to review the profile and actual substance of UN-Habitat’s work at regional and country levels and, in particular, not in the disaster and post disaster area. The rapid and significant increase in funding of such projects, further emphasizes the need for an in depth evaluation.

C. Programme Planning and Review Structures and Processes

167. This section discusses various aspects of the planning processes and structures since the introduction of the MTSIP and the need to reduce its complexity, streamline overlapping processes and improve coordination with donor requirements. It also examines the responsibility for planning in the organization and the internal review processes. The Governing Council requested the Executive Director to: “develop a six-year medium-term strategic and institutional plan, including clear implications for the organizational structure, financial and human resources, etc.” It should be noted that Governing Council approval of the MTSIP occurred in 2007, when the strategic framework for 2008-2009 had been approved in New York. UN-Habitat maintains the biennial programme and budget planning process since it is a compulsory requirement of the UN Secretariat.
1. Planning Structure

168. Figure 1 presents the levels and key documents in UN-Habitat’s planning structure. This is important because it signifies and explains what the organization intends to do and expects to achieve.

**Figure 1: A schematic representation of UN-Habitat planning processes**

![Diagram of UN-Habitat Planning Structure]

169. UN-Habitat’s mandate and foundation are found in the Habitat Agenda and a number of Governing Council Resolutions. The MTSIP is the most recent interpretation of the original mandate and presents five programmatic priorities.
170. There are two partly overlapping processes. On the one hand, the MTSIP Action Plan consisting of a number of short- and medium-term activities for introducing the new strategy with a separate budget. On the other hand, the biennial work programme and budget linked to the four divisions, both requested by the UN Secretary General in New York, continue as before. The strategic framework document, prepared well in advance of work programme and budget is meant to provide direction for the more operational work programme and budget. The latter document (2010-2011) has an introductory chapter on staffing, financial resources and budgets, policy-making and executive management. The last chapter is called “Programme of Work” and over 52 pages the four sub-programmes with expected achievements are presented. Each sub-programme is described similarly – first the legislative mandate, linkages to the MTSIP, broad strategic considerations followed by a list of expected accomplishments. Then there are some remarks on UN-Habitat’s comparative advantage, partners and integration of gender. Finally, expected outputs are listed and resource requirements specified (posts and budgets).

171. There is also a bottom up process, not always well captured in the documents, whereby needs and requests coming from country partners feed into regional and country programmes, illustrating that plans and activities are not necessarily initiated from HQ level alone.

172. According to the UN guidelines, there is no narrative presentation of the various global programmes and initiatives in the biennial programme and budget (2010-2011), such as the Global Land Tool Network, Water and Sanitation Trust Fund, Slum Upgrading Facility, etc. These are presented in separate documents. Finally, there are regional programmes and a set of new Country Programme Documents.

173. Such a planning structure can be assessed from various perspectives:
   - Is it clear and does it reflect a strategic focus?
   - Does it communicate well?
   - Is it concrete and actionable?
   - Are all the elements necessary and well linked?

2. A Complex Structure

174. Figure 1 shows that several documents are produced at multiple levels. It is often difficult to gain a thorough understanding from the large number of planning documents, policy statements and strategies. The biennial strategic framework has to be prepared by all entities of the UN Secretariat almost 2 years in advance of Programme of Works and budgets and is approved by the General Assembly. It has to guide each Programme of Work and budget. As the time delay between these documents is considerable this sequence is problematic. Programmes of Work can only to a certain limit be drafted according to the then relevant demands. As will be discussed later, that while it may be desirable to include discreet programmes in the POW, for the purposes of resource mobilization, it is a global planning document and, as such, cannot discuss individual projects/programmes in detail. The description of the policy and strategy level (visions, objectives, thematic priorities, strategies) is dominant, in the planning documentation. There is also significant repetition and overlap in and between documents and, as explained earlier, the policy documents vary in quality and direction.

175. What UN-Habitat ideally wants to achieve is reflected but what is missing in the work programme and budget are details of how prioritization is linked to resource allocation. In order to create a sharper focus, reduce competition and fragmentation between and
within focus areas, UN-Habitat needs to adopt a more transparent and collegial approach to prioritization and allocation of resources. The Panel recognizes that prioritization is a difficult and challenging task for UN-Habitat as an organization with scarce resources, but it is crucial for the MTSIP reform.

3. Two Overlapping Programming Processes Maintained

176. The organizational structure of UN-Habitat was taken as a “given” in the implementation of the MTSIP and has incrementally incorporated the MTSIP priorities within the existing planning system and divisional structure. The question whether the existing systems and structures were optimal for effective implementation is discussed elsewhere in the report. The point here is that two systems were established and will be operational until 2013. Gradual alignment of the MTSIP thematic priorities into the work programme and budget is expected to be completed in the 2012-2013 biennium.

177. The cost of maintaining two separate planning and reporting systems has been high, but more importantly the two systems seem to have created confusion in parts of the organization. The work programme and budget is the legally binding document and MTSIP is perceived by some as an “add on” and as an additional source of funding. This has constrained the development of a strong unified programme planning process and clear organizational culture.

4. Form and Functions not Synchronized

178. An organizational reform like the MTSIP would, ideally, consist of three interlinked processes:

- Articulating the new vision and objectives (functions).
- Creating an organizational structure in line with and supporting the implementation of policy (finding a new form).
- Making sure that relevant and adequate human skills and capacities are in place.

179. The MTSIP reform completed the first of the above processes, which were followed by changes in a number of institutional and administrative areas. As already mentioned, the MTSIP took the overall divisional structure as a “given” and worked towards incremental organizational reform. The result is that form did not follow function, due to the constraints presented by pre-existing planning requirements. The question of whether the existing structures were optimal was never seriously raised. There is evidence, confirmed through several interviews, that incremental alignment has been costly and to some extent confusing. The alignment of human resources has been addressed and is ongoing, but not yet complete (e.g., focus on the revision of job descriptions for staff). A number of important administrative reforms have been carried out, but without addressing the larger underlying structural challenges. This may have weakened and to some extent constrained the effectiveness of the MTSIP reform.

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20 Several UN-Habitat staff made the comment that UN Secretariat rules, e.g., the divisional structure and the biennial planning process could not be changed. Even if the divisional structure is decided, the Panel believes it is important to emphasise the need and potential for long-term change.

21 UN-Habitat prepares a separate report for the UN Secretariat based on the work programme and budget while at the moment biennial reports are submitted to the Committee of Permanent Representatives on the implementation of MTSIP. There is overlap and increasingly overlap in indicators between the reports and staff are concerned about the high transaction costs in maintaining multiple planning and reporting systems.
5. Harmonization of Programme Information and Donor Requirements

180. An important question is to what extent the current planning structure satisfies demands and requirements from donors. Information on global programmes and initiatives like Global Land Tool Network, Water and Sanitation, SUDNet, etc., is present in the biennial work programme and budget document, but only in the form of expected achievements and indicators. Donors are often interested in such programmes and initiatives, but there is no narrative overview – making it difficult to understand what UN-Habitat wants to achieve at a more concrete level. Programmes are UN-Habitat’s primary means for funding as well as the building blocks for achieving its mandate and expected accomplishments. Since approximately 80% of UN-Habitat’s funding is secured through programmes, their importance cannot be overstated. If the biennial work programme and budget had covered the programmatic level better, it could have been possible for UN-Habitat to have one document for decision making vis-à-vis the Governing Council and for fund raising among most – if not all donors.

181. Some donors have argued that the current programme and reporting structure does not provide sufficient information and consequently demand separate proposals. If the programme presentation had been more comprehensive and discussed with donors in advance, they might have been willing to accept one plan and one report. However, it must be recognized that the requirements of the UN will not always be a good match with the interests of individual donors. The result of these different information demands is a complex and expensive set of multiple and overlapping planning and reporting systems.

182. There are already many documents and reports and some of these already include the necessary information that could satisfy donor interests. For example, the Annual Report, a public relations document first issued in 2007 and UN-Habitat Products and Services (2009), both of which are structured along the five substantial focus areas, provide clearly written information pertaining to the all the current Habitat programmes in a corporate format.

6. Arrangements for Planning, Monitoring and Evaluation

183. Both strategic and work programme planning functions are currently located in the Programme Support Division (PSD). As part of the UN Secretariat, the work programme and budget has, for a long time, been UN-Habitat’s planning tool. It is a technical two-year rolling plan. With the implementation of the MTSIP the strategic aspects of the planning function and reporting at the results level have become more prominent. This is the background for a proposal to move the strategic and programme planning function to a higher level in the organisation and establish a Unit responsible for strategic planning, quality control and performance monitoring in the organization – since there is a logical and substantive link between planning and reporting.

184. In such a restructuring, it would also be wise to separate out an independent evaluation function reporting directly to the ED’s office. Performance monitoring is a very different function from independent evaluation – the former is an internal management function while the latter an independent assessment of value and merit.

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22  Covering objectives, strategies and major components – not details at activity level.
7. Review Processes: The Programme Review Committee (PRC)

185. The limited core resources for UN-Habitat’s work and the strong focus on results justify the need for a strong programme review function. Non-earmarked funds cover about 20 percent of total revenue, meaning that the remaining 80 percent are earmarked funds largely raised through approved projects. Strengthening the Programme Review Committee was one of the “quick wins” in the “kick-start” phase of MTSIP. The purpose of the Project Review Committees was “to ensure compliance of projects with the strategic objectives and cross cutting issues of the UN-Habitat agenda, and to strengthen results-based programme planning, alignment and cohesion, evaluation and reporting, improved resource allocation and sharing”.

186. Divisions and, in particular, the RTCD, have been the principal initiators and managers of projects and the most important means of accessing resources.23 The intention behind the Programme Review Committee was to review proposals and make recommendations from an organizational, and not only divisional, point of view and as such minimise fragmentation and promote cohesion in the organization. However, this was found to be no quick “technical fix”, but embedded in or linked to broader complex organizational issues like decision making and delegation of authority.

187. A consultant reviewed the role and functions of the Committee (Fox 2009) and pointed to the fact that there was not a single UN-Habitat PRC. In addition to the Committee at Headquarters, there were also regional PRCs authorised to review projects below a certain level and some of the major programmes (Water and Sanitation Trust Fund, Slum Upgrading Facility) had their own internal review and approval systems.

188. The consultant identified a number of constraints in the previous system (June 2009):

- Divisions sometimes dealt bilaterally with donors and negotiated deals with them that were then brought to PRC for “rubber-stamping”.
- Rules and procedures were ignored when decisions were not to the liking of concerned proposers.
- Several of the larger trust funds had their own internal review and approval processes including donors.
- There was no required review, by the PRC, of proposals below USD100,000 leaving such proposals to be approved by Division Directors.
- PRC had only an advisory function with a complex dual mandate. On the one hand, “review and appraise feasibility of proposals and provide guidance on development of programme documents” and on the other carry out a strategic assessment of the extent to which proposals are in line with UN-Habitat’s overall goals and corporate interests.

189. In response to these findings a guide for the new “Programme and Review Mechanism” was prepared and approved by the MTSIP SC in 2009. A shift to a two-stage process of programme development was introduced, starting with a three-page project brief before proceeding to preparation of a full project document using standard templates requiring a clear linkage between the proposed programme and MTSIP focus areas.

190. The document outlines also a new structure for the review – on the one hand the MTSIP Steering Committee and on the other a Programme Review Committee. The Steering

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23 A significant number of staff (35 to 40 percent) are also dependent on earmarked projects for their salaries.
Committee is supposed to be the highest level strategic oversight body\textsuperscript{24} while the PRC is focusing more on the quality and relevance of the individual proposals.\textsuperscript{25} The HQ PRC is headed by Division Directors on a rotational basis. Each regional PRC is chaired by the Regional Director.

191. At Headquarters, there have so far been six PRC meetings as at the end of March 2010 following the new guidelines and experience with the process is developing. The strengths with the new mechanism are:

- A clear guide with relevant templates and a designated Secretary.
- A mandatory review mechanism.
- Two levels and types of review processes established – a strategic and one more operational.

192. Perceived problems and challenges with the new mechanism identified in this peer review were:

- The Trust Funds maintain their internal review and approval processes leaving the role of the PRC unclear.
- If the PRC only reviews broader programme areas and strategies (e.g., the Water and Sanitation Trust Fund), which makes sense, it will leave out a scrutiny of individual proposals.
- If the ambition of the PRC is to review all proposals, it may have problems maintaining a high level of quality assessment of an increasing number of proposals in various technically complex areas. The Committee may face problems with the capacity to deal with a large number and wide variety of technical proposals.
- If the PRC moves towards assessing broader programme documents, the role of the Steering Committee may have to be revised. There is so far not much evidence that the Steering Committee has fulfilled its strategic decision making responsibility to set corporate priorities, and allocate resources among focus areas and within the organization.
- The financial threshold to delegate review to the regional PRC (less than USD1 million) was considered too low by some involved in emergency operations. However, during the course of this review, the threshold has been removed for emergency operations.
- The process for review was regarded as not suitable for the approval of emergency projects where the agency has to react swiftly. It is unclear whether the recent changes will ameliorate this problem.

193. A study was recently carried out (Mbiba 2009) to assess the degree to which projects and programmes approved from 2008 and before and in 2009 were aligned to MTSIP. The study found a steep increase in alignment from 17% in 2008 compared to 31% in 2009, measured by explicit reference to MTSIP focus areas. The percentage is higher for HQ PRC projects (39%) compared to 13% for both of the regional PRCs. When looking at the substantive content, the study found that up to 95% make direct contributions to the MTSIP focus areas. Most of the project documents also reflect a high level of awareness of cross-cutting themes like gender equality, human rights and security of tenure, capacity building and, more recently, youth participation in development. The figures are interesting, but it is difficult to determine what has caused the changes. It could be more active PRCs and/or more awareness and systematic use of

\textsuperscript{24} Endorses MTSIP focus area strategy papers, review biennial strategic frameworks, budgets and programmes, sets criteria for funding of MTSIP activities, reviews donor framework agreements, reviews and endorses MTSIP progress reports, etc.

\textsuperscript{25} Reviews and recommends for approval project briefs and documents, approves biennial programme implementation plans, reviews biennial reports, etc.
MTSIP terminology among those preparing proposals. Perhaps MTSIP compliance is difficult to define precisely.
Chapter 5: Business Processes and Resource Mobilisation

A. Business Processes

194. This chapter presents an analysis of problems and issues and of selected business processes and the changes made to make them more efficient. In addition, the chapter also examines trends in resource mobilization and the strategies adopted to enhance the financial resource base of the organization.

195. Focus Area 6 on Excellence in Management has, as one of its objectives, improving the efficiency of business processes. The Programme Support Division (PSD) is responsible for the financial, administrative and human resources functions of the organization and is accountable for achieving efficiency gains in the performance of these functions. UNON also plays an important role in the approval process in those areas.

196. The staff survey conducted in September 2009 indicates that 52 percent of staff considered that the overall effectiveness of business processes had improved over the previous 12 months. During the peer review, informants noted that there was still room for improvement in business processes. Some felt that while the PSD is taking steps to improve standard operating procedures, it would be more difficult to transform its culture to one which is more service-oriented. Members of the Regional Technical Cooperation Division, the Regional Offices and the Disaster Post-Conflict and Safety Section voiced the most forceful concerns with respect to the impact that the inefficiency in procurement and recruitment processes was having on post-conflict or disaster relief operations. While the increased delegated authority to the Regional PRC was perceived positively, the USD1 million threshold for projects falling within their delegation of authority was considered too low when emergency projects were under review. However, during the course of this review, the threshold has been removed. A recent assessment of the Global Land Tool Network (October 2009) also highlighted the “complexity faced by GLTN in engaging consultants and subcontractors”, mentioning the efforts of the GLTN secretariat to reach agreements with PSD and UNON to streamline procurement procedures.

197. Based on interviews with members of PSD, it was reported that the Division had conducted several reviews of the problems that came to their attention and that corrective measures are under way. The reviews focused on four areas for analysis: travel, procurement, recruitment and delegation of financial authority. In general, these reviews have indicated that the source of the problems frequently originated in UN-Habitat, but was then aggravated by actions or lack of action within UNON. The reviews also revealed that there were inconsistencies in the delegation of authority across UN-Habitat’s Divisions and Units.

1. Travel

198. Improvements have been initiated by PSD to simplify the travel approval process. While each division already had its own travel budget, the new system includes the following: (a) each Division Director to prepare quarterly travel projections and submit a quarterly report on actual travel; (b) delegation of authority to Division Directors in approving the quarterly travel plans and individual travel requests for official missions and (c) divisional quarterly travel projections/plans are approved by the Chief of the
Office of the Executive Director. A pilot for new travel guidelines was started in Human Settlements Finance Division (HSFD) and should be implemented agency wide.

2. Recruitment

199. In a joint review with Human Resources Management Services/UNON, PSD conducted an analysis of the specific obstacles and constraints in the process of recruitment and payment of consultants. The review concluded that in the first instance problems could be attributed to the originator of the request in UN-Habitat. For example, either the documents were submitted late, were incomplete or incorrect. However, delays could also be attributed to UNON which frequently failed to send the request back with comments.

200. To correct the problem, UNON is currently trying to automate the entire recruitment and administrative process for consultants and to develop applications for handling consultant payments. To increase the pool of candidates, the review recommended that an online application facility be developed and placed on the internet so that interested consultants can apply and be considered for the roster and that a section of the intranet be dedicated to consultancy recruitment, information and policy guidelines. While a service level agreement with UNON for the recruitment of consultants exists, it seems that only senior PSD staff are aware of it. At the time of this review, the agreement had expired. The GLTN Secretariat (a unit within the Shelter Branch) has tried to work out a separate agreement with UNON providing that the recommendation on a consultant selected from a shortlist of at least three candidates will be processed within seven days. PSD reported that these agreements are being complied with, but only in the case of GLTN recruitment.

201. An issue which was not addressed in the above mentioned joint review concerns the inability by Regional Office to recruit national staff in the context of existing United Nations Rules and Regulations. The Regional Offices have two options: (i) they recruit through third parties such as UNDP (ii) recruit as “consultants”. The former has an influence on staff loyalty and the latter suffers from the disadvantage that financial authority cannot be delegated according to UN Rules and Regulations. ROAP, in particular, has identified this rule as a major obstacle hampering the efficient delivery of field operations which in that region involves work in mostly post-conflict and post-disaster situations. UN-Habitat should raise this issue with the Department of Management to determine if a solution could be found and inform the Regional Office of the outcome of this intervention.

3. Procurement

202. The Programme Support Section within PSD conducted a review of inefficiencies in the procurement process. The study found that, in the majority of cases, UN-Habitat was responsible for submitting incomplete or incorrect forms. UNON was also responsible for delays by not providing timely feedback on the nature of the problems in the initial request and how to correct them. The November 2009 MTSIP Progress Report stated that the average procurement time for IT was 67 days, of these only 3.4 days are associated with UN-Habitat approval process. Based on interviews with both PSD managers and users of PSD services, it appears that there are problems with the level of professional skills, knowledge and experience demonstrated by many UN-Habitat and UNON procurement staff. The users of services have expressed the view that there are constraints in the field in terms of obtaining sufficient bids from local vendors that are often not recognized by procurement staff in UN-Habitat HQ. The PSD managers
concerned believe that knowledge of procurement procedures, product specifications, and availability and geographical distribution of vendors should be strengthened.

203. To address that problem, PSD has developed a training programme targeted at staff in PSD, the divisions and Programme Management Officers (PMO). Senior managers recognized that efficiency gains could be achieved by greater standardization in office products and equipment and having a list of pre-approved vendors which could speed up the entire procurement process. Similar to the above finding under the recruitment process, it appears that only senior staff members are aware of existing procurement service level agreement between UN-Habitat and UNON. Again, the service level agreement has expired and needs to be renegotiated with revised and more rigorous standards and performance evaluation criteria.

4. Delegation of Authority

204. A new system for the financial delegation of authority was established in December 2009 for signing programme/project documents and revisions of technical cooperation and earmarked/special purpose programme/projects. The responsibility is decentralized to the Deputy Executive Director, Divisions and Regional offices and accompanied by a corresponding increase and ownership of the process. In this regard, a document providing guidance on roles, responsibilities, accountabilities, process and use of standard templates and tools was issued.

205. PSD acknowledged that there is still considerable room for improvement in general efficiency and cost reductions. Opportunities for improvement include: (i) standardization of all building and office supplies including IT, (ii) selection of one pre-qualified vendor (following a competitive bidding process), and (iii) expansion in the use of on-line applications for business processes tracking and approval.

206. In conclusion, PSD has taken the following steps to improve business processes: (a) procedures for delegating authority for travel, financial authority and other processes have been made clearer and more consistent, (b) procedures in all four areas are to be streamlined and made more “client friendly”, and (c) staff training programmes developed to improve service delivery. Future plans include taking additional steps in the procurement area through greater standardization of supplies and pre-qualification of vendors. For some of these changes PSD will need UNON’s support and UNEP’s cooperation. Nevertheless, there is still a communication gap between RTCD/Regional Offices/Disaster Management Unit and PSD to address their specific needs for a speedy approval process for recruitment and procurement in the case of post-conflict, post-disaster situations. There is also a need for PSD to become more service-oriented.

B. Resource Mobilization

207. The financial framework of UN-Habitat comprises three sources of funding: (i) Regular budget allocations approved by the General Assembly, (ii) Foundation contributions for which the budget allocations are approved by the Governing Council, and (iii) Technical cooperation contributions for which the budget allocations are approved by the Executive Director. The contributions to the Foundation are of two kinds: General purpose (non-earmarked) and Special purpose (earmarked from governments and other donors for the implementation of specific activities) to support the implementation of the approved UN-Habitat work programme.
208. The general purpose (non-earmarked) contributions have increased by 230% from USD6 million in 2002 to approximately USD20 million in 2009. During the same period the Special purpose contributions (excluding technical cooperation) have increased by 100% from USD20.2 to USD40.8 million. Between 2002 and 2009, the ratio of General to Special purpose contributions (excluding operational activities) increased from 30% to 50% (Figure 2). The Panel is encouraged by the narrowing of the gap since 2007.

Figure 2: Trends in Donor Contributions (2001-2009)

209. However, the donor base for non-earmarked contribution is very narrow with over 90% of core voluntary contributions coming from just 10 donors. The difficulty caused by the narrow donor base is further compounded by the short-term nature of donor contributions. Member States’ funding commitments tend to be made on a year-to-year basis. So far, four donors (Norway, Sweden, Spain and the U.K) have signed multi-year programme framework agreements. Overdependence on a few donors and the small number of multi-year agreements combine to render UN-Habitat’s funding unpredictable and vulnerable to changes in donor priorities and economic downturns. Thus, if one major donor withdraws as was the case in 2009, it could have a critical, negative impact on the allocation of funds to both normative and operational activities.

210. While grateful to the top donors for their continuous support, UN-Habitat could not help but note a paradoxical trend. At the same time donors in their public statements stress the importance of UN-Habitat’s normative role, year after year many continue to earmark the greatest proportion of their total contributions to UN-Habitat special purpose and operational activities (HSP/GC/22/2/Add.3). While the above mentioned trend points towards a narrowing of the gap between the two categories of contributions, the ratio between the two (Special purpose being twice the size of General purpose) continues to be a cause for concern as it restricts the agency’s flexibility in allocating funds to UN-Habitat’s strategic priorities.

211. The budget figures for 2010-2011 reflect an increase of USD34 million over the estimates for 2008-2009, owing to a projected increase in country level activities to support post-disaster and post-crisis activities.

212. The Resource Mobilization Unit (RMU) was established in February 2008. In view of its cross-cutting nature, it operates under the Deputy Executive Director’s overall guidance. However, its operational management is the task of the Director of the Human Settlement Division. The Unit is not fully staffed. It presently has a D1, a P2 and GS4 as well as a number of short-term consultants operating both in Nairobi and abroad. A P4 has been recruited and is expected to be on board by June 2010. In 2008, an interdivisional network was established to function as a bridge between the RMU and the substantive divisions.

213. The unit’s key responsibilities include general interdivisional coordination, donor coordination and relations, provision of up to date information on donor preferences, repository of reports to donors and a general catalogue of bankable projects. The role of the RMU is specified in RMU’s guiding principles.

214. The RMU strategy is to be implemented through the following steps: (a) consolidating the agency’s engagement with the existing donor base, (b) correcting the imbalance between earmarked and non-earmarked resources, (c) broadening the donor base, and (c) reaching out to non-conventional donors. An implementation strategy was developed for the period 2009-2013. The approach places increased emphasis on tapping non conventional sources of funding such as foundations, the private sector and the general public. Another planned action is to support the establishment of not-for-profit NGOs and UN-Habitat national committees in selected countries.

215. One Expected Accomplishment in the MTSIP is the “degree to which resource targets for non-earmarked and earmarked funding are met”. The 2009 final accounts state that 92% of the 2008 annual target for non-earmarked resources (USD21.5 million) was met while for 2009, 93% of the target was met by the end of December. For earmarked resources (excluding technical cooperation) the annual target of USD33.9 million was exceeded by 32% in 2008 and by 20% in 2009. Other achievements included the discussion of potential multi-year funding framework agreements with Spain. Resource mobilization trends are shown in Figure 3.+
216. The significant increase in extra-budgetary resources during the period 2006 to 2008 can be largely attributed to the combined efforts of the UN-Habitat Executive Director and senior staff. The Executive Director has personally campaigned for funds. The Deputy Executive Director has spent considerable time developing relations with donors focusing on governments, development banks, Division Directors and staff including the senior staff and Regional Directors of ROAP, the senior staff from the Water and Sanitation Division, and the Chief of the Urban Finance Branch were active as well. Some donors might also have been encouraged by the MTSIP progress reports reflecting advances made with respect to excellence in management.

217. Similarly, staff from the substantive programmes have played a key role in mobilizing resources from non-conventional donors. For example, the Water and Sanitation programme has just signed a new deal with Coca Cola for the urban water programme and has negotiated an innovative initiative with Google for citizens’ monitoring of water utilities. The World Urban Campaign has obtained sponsorship from corporations as well as from cities and municipalities. Private Foundations have been increasingly tapped, for example, the Urban Finance Branch secured funds from the Rockefeller Foundation for ERSO.

218. The role of RMU has focused on expanding and consolidating the donor base as well as coordinating the above mentioned resource mobilization efforts by the various programmes. With respect to the latter, there appears to have been progress in developing a coordinated and structured approach. However, there are still instances when staff members from Headquarters or Regional Offices will directly contact a government ministry without clearing the request with the RMU. A prototype of the resource mobilization system with donor profiles has been completed. The data base is aimed at becoming a “one stop shop” on donor information for the entire organization, ensuring that discussions with donors are based on concrete information about their interests and that fund-raising efforts are well coordinated. In addition, a comprehensive programmatic document to present to donors for the purpose of fund raising has been developed named “UN-Habitat’s Product and Services”. With some
modifications and reformatting to include specific budgetary and results information, this document could fill the information gap reported both by donors and CPR members.

2. Challenges

219. A major challenge is how to expand the donor base, at a time when the effects of the global financial crisis are still being felt, forcing countries to reassess their contribution to international organizations and development. A new donor has been added to the base, and several traditional donors (Spain, Italy and the U.K) have increased their contributions. The recently available December 2009 financial update prepared by PSD indicates that the total value of contributions declined slightly in 2009 (4.8%). However, it is not possible, at present, to forecast what they will be by the end of 2010.

220. With respect to non-conventional donors, the strategic plans for 2010-2013 include several promising strategies for outreach. However, given its small size, the unit may not have the capacity to pursue all of these avenues. Furthermore, the effectiveness of the fund-raising strategy aimed at non-conventional donors depends, to a large extent, on creating and maintaining a positive image. Not only is there a need to emphasize UN-Habitat’s positive success stories, a strategy adopted by the World Urban Campaign, but there is also need to learn from the success stories of other UN organizations.
Chapter 6: Conclusions, Recommendations and Lessons Learned

A. Conclusions

1. MTSIP Progress and Achievements

   i) A Revitalized Mandate

   221. The Peer Review Panel concludes that the MTSIP process has introduced several positive developments in UN-Habitat. The new strategy has helped to establish a stronger common vision for the organization, created more enthusiasm and commitment among staff and reduced internal barriers through better collaboration and a greater focus on shared results. The MTSIP process has also led to strengthened normative and operational linkages at global, regional and country levels. A number of important administrative and institutional reforms to improve organizational efficiency and effectiveness have also been initiated.

   ii) Significant Achievements

   222. Considerable progress has been made and significant results achieved by UN-Habitat through the MTSIP process. The organization has successfully achieved a majority of the agreed “quick wins” and “must dos”, most of which required delivery of specific outputs and activities. Some of these are to be followed up over the next two years. There has been less progress in certain areas such as improvement of business processes, resource mobilization and organizational restructuring which require further attention.

   iii) Stronger Institutional than Programmatic Attention

   223. The MTSIP had a dual purpose, not only to create a more efficient and effective organization (excellence in management), but also a sharper and more strategic UN-Habitat. The institutional aspects have so far received the most attention both in the MTSIP Action Plan and regular progress reports. A new look at the programmatic aspects of the reform is required while continuing the institutional change. There is a need to elaborate and clarify direction and substance in key concepts like sustainable urbanization in policy papers and the consistency and quality of the policy/strategy papers for the focus areas.

   iv) An Ongoing Reform

   224. The MTSIP has been a necessary and important reform process for UN-Habitat. However, there are issues that the reform has yet to address. The MTSIP-related reform should ideally have consisted of three interlinked processes:
      - Articulating the new vision, strategy and objectives (functions),
      - Creating an organizational structure in line with and supporting the implementation of policy (finding a new form),
      - Making sure that relevant and adequate human skills and capacities are recruited.

   225. The MTSIP reform completed the first of the above processes, which were followed by changes in a number of institutional and administrative areas. As already
mentioned, the MTSIP took the overall divisional structure as a “given” and worked towards incremental organizational reform. The result is that form did not follow function, due to the constraints presented by pre-existing planning requirements. The question of whether the existing structures were optimal was never seriously raised. There is evidence, confirmed through several interviews, that incremental alignment has been costly and to some extent confusing. The alignment of human resources has been addressed and is ongoing, but not yet complete (e.g., focus on the revision of job descriptions for staff). A number of important administrative reforms have been carried out, but without addressing the larger underlying structural challenges. This may have weakened and to some extent constrained the effectiveness of the MTSIP reform.

226. The MTSIP has, to some extent, been perceived as an add-on to the “real” UN-Habitat which is the implementation of the biennial work programme and budget. The incremental approach to reform has also added considerable costs, maintaining overlapping planning and reporting systems and constrained the development of a sufficiently clear and shared organizational culture.

v) Constraints to Effective Implementation

227. UN-Habitat is faced with a number of constraints over which the organization has no direct control. The constraints will have to be addressed to ensure further progress in implementation of the MTSIP and improved organizational performance:
   - The existing governance system.
   - The current arrangement for providing administrative services (UNON) (ref. 3.5).
   - The mandatory systems and procedures imposed by the UN Secretariat constraining the scope for organizational restructuring (ref. 3.4).

2. Strategic Programmatic Focus

i) A Clearer but not Sharper Focus

228. The MTSIP brought in a clearer vision and a number of thematic priorities based on the UN-Habitat agenda - to a large extent an identification and reformulation of strategic entry points for the organization. However, the MTSIP has so far not led to a sharper and more strategic UN-Habitat in the sense that scarce resources are allocated among fewer strategic priorities. There is no evidence that major activities have been dropped and resources redirected. On the contrary, several new priorities have been adopted increasing the competition for limited resources.

ii) Insufficient Strategic Leadership in Allocation of Resources

229. The MTSIP has focused on what UN-Habitat wants to achieve. This is necessary, but not sufficient given the scarcity of resources and the need to prioritize. Policy intentions have not been sufficiently followed by short- and medium-term strategic planning and prioritization of resources among and within focus areas. Examples of important resource allocation questions are:

   - What UN-Habitat has to do (e.g., key normative functions)?

26 Three examples were mentioned – one flagship report, an HIV/AIDS project and a reduction in the total number of publications.
- **What UN-Habitat ought to do** (e.g., cover all focus areas with relevant activities)?
- **What UN-Habitat could do** (e.g., extend operational activities at country level)?
- **What UN-Habitat should not do** (e.g., compete with other agencies)?

### 3. Substantive Focus: Challenge of Communication

230. The MTSIP has tried to define more clearly UN-Habitat’s special role and functions within the broad area of human settlements and urbanization. This has to some extent been successful. However, the concept of “sustainable urbanization principles” has not been adequately defined and yet it is central to the strategic goal driving the five substantive focus areas. The strategy presents five substantive priorities covering important aspects of UN-Habitat’s mandate, but the five focus areas do not always communicate well. Some include broad, complex concepts not clearly defined. The policy/strategy papers for each focus area are also highly variable in conceptual clarity and technical quality (in particular 1 and 2) and weak in strategic direction (except 3 and 5). The message and goals of the World Urban Campaign need to be more clearly articulated and communicated throughout UN-Habitat.

231. While the various roles and strategies described in the five policy/strategy papers are all “relevant” to achieving the MTSIP’s vision, the sum of all the strategies does not convincingly support the notion that they are sufficient to fulfill the vision’s broad scope within the next three years.

### 4. Structural Alignment Issues

232. During the first phase of MTSIP implementation new mechanisms and structures were adopted to give management more flexibility in introducing programmatic and institutional changes. There is a general consensus that the inter-divisional task forces, the focus area teams/focal points performed their respective tasks well and helped increase collaboration and reduce the “silo” mentality. The Steering Committee, comprised of a mixture of senior and middle level managers, was chaired by the DED. The SC provided sufficient guidance and coordination in some substantive areas, for example, by creating a separate committee to review the policy/strategy papers. Guidance was lacking in other areas requiring strategic vision and authority (e.g., structural/alignment issues and the reform of business processes). Several changes were introduced in the formal structure to reflect priorities expressed in the MTSIP including: a) the creation of the Resource Mobilization Unit, b) the establishment of an External Relations function in the Executive Office, and c) changes in the Global Division. These changes were made through the direct action of the Executive Director with little apparent input from the Steering Committee.

233. There is a widespread view that there is further scope for improving the current organizational structure. Several organizational issues have been highlighted with the potential for rationalizing the organizational structure.

### 5. Variable Organizational Performance

234. UN-Habitat has a number of well-functioning programmes, organizational units and highly competent and committed staff – working extremely hard and delivering quality products. However, there is a widespread perception that a small number of staff carry a disproportionate part of the burden. The staff survey found that senior management was somewhat hesitant to support significant change. A sense of
purpose was defined, but the leadership was not always successful in making progress towards achieving change. The problem of weak management was identified in some Sections and Units. Clear performance standards, staff incentives, quality control mechanisms and sanctions against underperformance are lacking.

6. Inadequate Coordination between Global, Regional and Country Levels

235. Coordination between global, regional and country activities are often based on informal mechanisms without clearly defined roles and formalized systems. The RTCD does not have sufficient capacity to function as an effective coordinating link between regional/country offices and the other Divisions. Regional offices are, to a large extent, left on their own. With an expanding number of activities at regional and country levels and a combined normative and operational approach, a more formal structure for internal coordination is required. Two alternatives were mentioned: (a) either incorporate the operational functions of RTCD in each of the Divisions, or (b) organize RTCD as a cross-cutting function through which all MTSIP focus areas are channeled and should be coordinated.

7. Progress in Integrating Normative and Operational Roles

236. The distinction between normative and operational roles has often been unclear and created controversy in many UN agencies including UN-Habitat. However, there seems to be consensus within the organization that both orientations are required and should be combined, but the appropriate focus and balance are debated and unresolved.

237. The operational mandate is emphasized by the RTCD and in particular the Regional Office for Asia (ROAP) being heavily involved in disaster and post-disaster projects. Others argue that UN-Habitat may have become too donor driven by increasingly taking on operational projects on a contractual basis. Proponents of a stronger normative approach support the inclusion of country activities, but suggest that large scale operations be minimised since this is not part of UN-Habitat’s core mandate or comparative advantage. This is an area which requires better documentation and further analysis.

238. UN-Habitat country programmes and their managers were seen as the means through which the normative and operational roles would be better integrated. There is clearly an improved understanding of a combined approach within the organization and several positive developments. However, there is insufficient information about progress and performance at regional and country levels. Most resources for country level activities are mobilized by regional offices for operational activities with often insufficient normative elements and feedback mechanisms for organizational learning. Limited core resources are used for strengthening regional and country level normative work.

8. Complex Programming and Planning Structure

239. The current planning structure is complex with several levels and a large number of documents. It does not present all UN-Habitat policies and strategies in a simplified form. The policy and strategy level is dominant with considerable repetition and overlap between documents.

240. The work programme and budget is missing details on how prioritization is linked to resource allocation. In order to create a sharper focus, reduce competition and
fragmentation between and within focus areas, UN-Habitat needs to adopt a more transparent and collegial approach to prioritization and allocation of resources. The Panel recognizes that prioritization is a difficult and challenging task for UN-Habitat as an organization with scarce resources, but it is crucial for the MTSIP reform.

241. Both strategic and work programme planning functions are currently located in the Programme Support Division (PSD). As part of the UN Secretariat, the work programme and budget has, for a long time, been UN-Habitat’s planning tool. It is a technical two-year rolling plan. With the implementation of the MTSIP the strategic aspects of the planning function and reporting at the results level have become more prominent. This is the background for a proposal to move the strategic and programme planning function to a higher level in the organization and establish a Unit responsible for strategic planning, quality control and performance monitoring in the organization since there is a logical and substantive link between planning and reporting.

242. It would be wise to have a separate independent evaluation function reporting directly to the ED’s office. Performance monitoring is a very different function from independent evaluation, the former is an internal management function while the latter an independent assessment of value and merit.

9. Two Overlapping Programming Processes Maintained

243. The MTSIP took the organizational structure of UN-Habitat as “given” and has incrementally incorporated the MTSIP priorities within the existing planning system and divisional structure. Two overlapping systems were introduced and will be retained until 2013. The cost of maintaining two planning and reporting systems has been high, but has also created confusion in parts of the organization. The MTSIP is perceived by some as an add on to the biennial work programme and budget and a source of funding which has constrained the development a more unified programming and reporting structure. There is a need for a more unified programming and reporting structure to serve as a basis for decision making. A more unified planning document should also be used as a basis for fundraising.

10. Categories of Results – Contributions to MDG Achievements

244. UN-Habitat now has a better understanding that results are those changes that occur above and beyond the level of outputs – even if progress to a large extent is still described in terms of activities and outputs. However, there is a much weaker understanding that there are various categories or types of results and that there needs to be different types of indicators for research, capacity-building, advocacy and scaling-up activities. This is important because it is related to how UN-Habitat can identify success and measure its performance. It is also significant in discussions with donors demanding evidence of results and that UN-Habitat “makes a difference” beyond the level of outputs. It could be a way forward to more clearly define results for the various roles – recognizing the different criteria of success and helping UN-Habitat to focus on results within its own special mandate with the argument that successful contributions in these areas will ultimately affect and impact on long term MDG achievement.
11. Review Processes Strengthened

245. Strengthening the Programme Review Committee was one of the “quick wins” in the “kick-start” phase of MTSIP. This was in reality no quick technical fix, but embedded in broader issues of decision making and delegation of authority within UN-Habitat. The new PRC’s at HQ and regional level are now operational and using the new guidelines, experience is developing. However, a guide with relevant templates and a designated Secretary are in place, the review mechanism is mandatory and addresses both strategic and technical aspects. There is so far not much evidence that the Steering Committee has fulfilled its strategic decision making responsibility to set corporate priorities, and allocate resources among focus areas and within the organization.

246. The financial threshold to delegate review to the regional PRC (less than USD1 million) is considered too low by Regional Offices involved in emergency operations. However, during the course of this review, the threshold has been removed. The process for review is not found suitable for the approval of emergency projects where the agency has to react swiftly. The Trust Funds maintain their internal review and approval processes leaving the role of the PRC unclear.

12. Mixed Results in Improving Business Processes

247. UN-Habitat has begun the process of streamlining travel, procurement, recruitment procedures as well as delegation of financial authority. However, all the required procedures are not yet in place and some of the problems attributed to UNON have not yet been dealt with. There is a serious need to review and update all related service level agreements between UN-Habitat and UNON and increase staff awareness of their existence. PSD must become more service-oriented. As part of this process, greater attention should be paid to the needs of regional offices, in particular, in relation to their participation in post-conflict and post-disaster interventions. There is scope for improvement of practices and procedures such as greater standardization in the use of and requests for office products and equipment, and pre-approval of vendors.

13. Resource Mobilisation

248. Implementation of the Resource mobilization strategy contributed to the following achievements: (a) increasing the awareness among staff on the need for coordinated fund raising, (b) largely attaining the target rates in 2008 and 2009 for non-earmarked and exceeding them for earmarked funds, (c) working to expand the use of multi-year agreements, and (d) the publication of the catalogue “UN-Habitat Products and Services”. One encouraging sign observed was the narrowing gap between earmarked and non-earmarked contributions. This was achieved in large part by the combined efforts of the ED, DED’s office, and senior staff at the Divisional level. It is a source of concern that the global financial crisis could have a detrimental impact on donor contributions in the short-term. The dependence on a small group of major donors is considered the most critical risk for UN-Habitat and the imbalance between the two categories of funds remains a source of concern. It should be noted that the total value of contributions declined slightly in 2009. The limited capacity of the RMU to mobilize non-conventional sources of funding has been compensated by the efforts of other programmes and Divisions which have yielded concrete results in terms of deals and sponsorships by corporations and foundations. Given the strong relationship between resource mobilization and the positive image created by UN-Habitat, the organization should intensify efforts to raise its profile and improve its image in the
media through existing mechanisms such as the World Urban Campaign, the Word Urban Forum, awards programmes, flagship reports and other publications.

B. Recommendations

249. The Panel recognizes the complexity in the MTISP reform process and the significant efforts and achievements of UN-Habitat so far. The following recommendations focus on what is required to further implement the MTSIP more efficiently and effectively. There are also broader issues which, to a large extent, will decide UN-Habitat’s future. These include governance reform, the status of UN-Habitat within the UN system and the imminent changes in the top management team. Most of those issues are covered by other review processes and not discussed in any detail in this report. The recommendations are addressed to senior management, divisions and the CPR itself. Some of the recommendations can be resolved within a relatively short period of time while others are part of long term processes. The Review Panel recommends that the Secretariat prepares a management response to this review setting out an action plan for the implementation of the recommendations.

The Panel offers the following recommendations:

1. High Priorities

   For Senior Management

250. Based on the findings of already completed and ongoing reviews, the next UN-Habitat Executive Director should consider a new organizational structure with the aim of achieving better alignment with MTSIP focus areas. Achievement of results within the MTSIP priority areas should be the primary motivation for any such reorganization.  

251. UN-Habitat should seek to establish a unified planning and reporting system for decision-making, resource mobilization and reporting to all donors and avoid expensive overlapping systems. This might be a unified system that allows different reports to be efficiently produced.

252. UN-Habitat should define clearly and transparently, in the strategic framework and biennial programme and budgets, what UN-Habitat’s policy and programme priorities are for the short- and long-terms. The criteria and process by which scarce resources will be allocated among competing priorities and within focus areas should be clearly specified. Specific criteria that deal with the allocation of core resources to regions and countries should be considered.

253. Strategic planning, performance monitoring and reporting should be coordinated by a central Strategic Management section at the highest level of the organization, directed and supported by the Executive Director.

254. An independent evaluation function should be established.

255. Coordination at global, regional and country levels should be formalized and strengthened. The role and functions of RTCD need to be reviewed and mechanisms for cooperation at all levels should be improved through a multi-stakeholder process.

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27 The future organizational structure would need further analysis and discussion, e.g., if the divisions should correspond to the focus areas or whether another solution is better.
256. Regional Offices should play a more active role in promoting a comprehensive and coherent normative and operational vision between global divisions/focus areas and country programmes. This may require more core resources to be made available to Regional Offices.

257. The programmatic aspects of the MTSIP should be further emphasised to create a clearer and more strategic UN-Habitat while continuing institutional reforms. The review further recommends that an overarching paper that links the FA policy/strategy papers, and defines key common concepts, be prepared. The individual focus area strategy/policy papers should be standardized to obtain greater uniformity and quality. The revisions should include: a) a discussion of programmatic priorities, b) challenges and constraints, c) the intervention strategies of programmes and projects focusing on how to achieve effects of scale and mainstream the principles of urban sustainability. There is also a need to elaborate and clarify key concepts such as “sustainable urbanization”.

258. Given the strong relationship between resource mobilization and the positive image created by UN-Habitat, the organization should intensify efforts to raise its profile and improve its image in the media through existing mechanisms such as the Global Campaign, the Word Urban Forum, awards programmes, flagship reports and other publications.

2. Priorities

i) For Senior Management and Divisions

259. UN-Habitat should clearly define its roles and expected results in policy development, research and advocacy, capacity building, etc., and be held accountable for such results by recognizing the different criteria of success in each area. UN-Habitat should emphasize its catalytic role and contribution to the achievement of MDGs, but go to scale and reach impact through partners.

260. There are several examples of significant progress in UN-Habitat’s country level work, however, to date, achievements have not been systematically documented. UN-Habitat should undertake a comprehensive independent assessment to: a) document what has been achieved to date and learn lessons from implementation experiences, and b) to identify mechanisms for systematic tracking of UN-Habitat’s work at country level.

261. Given the rapid increase of funding of disaster and post-disaster projects, an in depth evaluation should be carried out to assess the extent to which it has contributed to an enhanced normative and operational framework at country level.

262. The MTSIP has focused on policy and more “technical” administrative reform, but should now concentrate more on staff composition, competency and commitment at all levels, these are preconditions for further success and implementation of MTSIP. The recommendations are:

- Quality management skills and processes should be introduced and strengthened in all units.
- More professional staff below P5 should be recruited and empowered.
- Individual tasks and responsibilities must be clearly delineated and staff must be held accountable for their delivery.
• e-PAS work planning should be better aligned with the results framework for focus areas, and sections and unit work and individual performance assessment, should be consistent with the accountability framework.

263. Work should continue on implementing reforms of business processes.
• The service level agreements between UN-Habitat and UNON should be reviewed to set new standards and raise the level of awareness about their existence in both UNON and UN-Habitat.
• The new procedures should be accompanied by training of all UN-Habitat staff.
• The PSD must become more service-oriented.
• There should be greater focus on Regional Offices’ long-standing requests for a review of recruitment of local staff and other administrative procedures which influence their efficiency and rapidity of response to crisis in their region. UN-Habitat should raise this issue with the Department of Management to determine if a solution can be found.

264. UN-Habitat should prepare: a) an assessment of financial risks, including initiatives to increase levels of funding from conventional and non-conventional donors, and b) donor guidelines for general and special purpose contributions.

265. World Urban Campaign partners who were interviewed expressed complete satisfaction with the campaign model, process and progress accomplished so far. Within UN-Habitat, however, it was observed that there was a general lack of knowledge about the campaign objectives and message and, as a result, limited engagement. The World Urban Campaign was launched at WUF 5. While a number of UN-Habitat staff attended WUF 5, it is not clear whether the situation has improved. This communication problem should be addressed as a matter of priority through greater outreach to UN-Habitat staff through a variety of means. The level of staff awareness and engagement with regard to the World Urban Campaign should be queried in the next UN-Habitat staff survey.

ii) Suggestions for the Committee of Permanent Representatives

266. The CPR, and in particular the donors, should review UN-Habitat’s current planning and reporting systems and requirements, in light of their own requirements, in order to reduce costs and duplication and strengthen coherence and quality.

267. The CPR should, as a matter of priority, continue to address the following issues: UN-Habitat’s governance structures, UN-Habitat’s relationships to the UN Secretariat and UNON. Optimal organizational efficiency and effectiveness will not be achieved unless such systemic constraints are addressed and resolved.

268. The UN-Habitat Governing Council Resolution 21/2 of 20 April 2007 requested UN-Habitat “to establish an annual peer-review process, in close collaboration with the Habitat Agenda Partners, on the implementation of the MTSIP”. Major reviews at the organizational level (such as this MTSIP Peer Review) are complex and involve multiple stakeholders, varied sources of information and, therefore, require considerable time and resources. The timeframe within which such a process can be completed, and the time needed for higher level results from the MTSIP to become apparent, suggest that annual implementation of the peer review is not feasible. The Panel suggests that minimum period between such reviews should be at least two years.
C. Lessons Learned

The Panel would like to highlight four lessons:

269. The MTSIP provides a longer planning horizon than the Strategic Framework and the biennial work programme. One unintended consequence of this initiative was the creation of overlapping systems of data collection and reporting. This created some confusion and much additional work, some of which was duplicative. Such negative effects could have been avoided or minimised by conducting a rigorous ex ante risk assessment of the proposed change or initiative. In future, risk assessments should be undertaken to inform Senior Management, UN-Habitat Governing Council and the CPR before embarking on major reform initiatives (such as the MTSIP). Such an assessment should include an analysis of reporting requirements, additional staff workload, other associated cost and a realistic analysis of the administrative constraints.

270. The early engagement by the Executive Director on important strategic issues such as setting programmatic priorities, resource allocation and organizational restructuring is indispensable. Perseverance and clarity of purpose are essential in tackling unpopular and sensitive issues. This early and forceful engagement should involve consultation with all levels of management. Decisions, with their underlying rationale, should be clearly communicated to the relevant staff.

271. During times of institutional change, task forces can be useful, flexible, management tools. However, the following conditions must be maintained:
   - Clear articulation of task force goals and results to be achieved.
   - Clear specification of task force composition, coordination and reporting lines.
   - Composition should ensure adequate representation from all contributing entities.
   - Task forces should not undermine the authority and credibility of the formal structure.

272. Major reviews at the organizational level (such as this MTSIP Peer Review) are complex; involve multiple stakeholders, varied sources of information and therefore require considerable time and resources. This can represent substantial additional work for the organization and members of the peer panel. Future such reviews should:
   - Clearly define and communicate the review approach and its information requirements well in advance to ensure that the required information is readily available for the review.
   - Clearly define roles and responsibilities of the Secretariat and the Review Panel.
   - Ensure “buy-in” through early involvement of key review stakeholders (e.g., CPR members, partners, donors, staff).
   - Allocate sufficient time and resources to allow in-depth treatment of the issues to be evaluated.
   - Not be undertaken annually.
Annex 1: Terms of Reference

Peer Review
of the Implementation of UN-Habitat Medium-Term Strategic and Institutional Plan (MTSIP) for 2008-2013

I. Introduction and Mandate

1. The Governing Council of United Nations Human Settlement Programme (UN-Habitat) approved the Medium-Term Strategic and Institutional Plan (MTSIP) for 2008-2013 at its 21st Session, through Resolution 21/2 of 20 April 2007. In the same resolution, operational paragraph 18, the GC further requested UN-Habitat, “to establish an annual peer-review process, in close collaboration with the Habitat Agenda Partners, on the implementation of the MTSIP”.

2. The proposed peer review will provide an assessment of the extent to which results-based management (RBM) transformation processes have been put in place; degree of implementation of the kick-start and part of the roll-out phase; and make recommendations on how to further improve the implementation.

3. Of late, peer reviews have gained popularity in organizations that are trying to apply results-based management (RBM) principles. The argument is that credible peer reviews, involving relevant stakeholders and applying principles of evaluating development effectiveness, result into more reflection and tangible improvements in the formulation and implementation of programmes, thus improving organizational performance. Peer reviews build greater knowledge, confidence and use of assessment findings by management, governing bodies and others. They also bring about sharing of good practices, experience and mutual learning.

4. Following the development of the Framework for Professional Peer Review of Evaluation Functions in Multilateral Organizations by the OECD Development Assistance Committee (DAC) and United Nations Evaluation Group (UNEG) in 2007, a number of organizations have conducted peer reviews, including UNDP, UNICEF, the World Food Programme (WFP), the Office of Internal Oversight Services (OIOS) as well as the Global Environment Facility (GEF). It should be noted that peer reviews refer to reviews carried out by peer professional evaluators rather than peer organizations.

5. The present TOR outline key elements for the peer review of the implementation of the MTSIP in UN-Habitat. They describe the background, purpose, scope and focus, general approach and methodology, composition of the peer review panel and competences required, implementation arrangements, time schedule and expected deliverables.

II. Background and context

6. In its resolution 56/2006 of December 2001, the United Nations General Assembly decided that the United Nations Centre for Human Settlements (UNCHS), which had been in operation since 1978, be transformed into the United Nations Human
Settlements Programme (UN-Habitat) as from 1 January 2002. UN-Habitat’s overall objectives and mandate are to contribute to adequate shelter for all and sustainable urban development in cities and other human settlements. Other relevant mandates relate to the implementation of the Millennium Development Goals (MDGs), including improving living conditions of slum dwellers, and reducing the percentage of the population without access to drinking water and sanitation.

7. In 2004, the Office of Internal Oversight Services (OIOS) conducted an in-depth evaluation of the UN-Habitat. This was in accordance with the Committee of Programme Coordination (CPC) mandated evaluations of the UN Secretariat entities. The OIOS evaluation report recommends a number of organizational reforms for UN-Habitat. When the in-depth evaluation report was released, it was one of the key documents discussed at the Governing Council (GC) of UN-Habitat at its 20th session in April 2005. Key decisions were made for addressing the recommendations of the report, including asking UN-Habitat to develop a six-year MTSIP for the period 2008-2013 (HSP/GC/21/5/Add.1).

8. The MTSIP was developed with the intent of sharpening UN-Habitat’s focus and in alignment with the United Nations System-wide reform initiatives, including on coherence. The sharpened MTSIP focus is reflected in the six focus areas comprising the following: (a) advocacy, monitoring and partnerships, (b) participatory urban planning, management and governance, (c) pro-poor land and housing, (d) environmentally sound and affordable urban infrastructure and services, (e) strengthening human settlements finance systems, and (f) excellence in management.

9. After the GC approved the MTSIP, an action plan for its implementation was developed from May to November 2007. It was subsequently approved by the Committee of Permanent Representatives (CPR), in December 2007. The MTSIP Action Plan aims at developing and strengthening:
   (a) Results-Based Management (RBM), including improved strategic planning, programming and budgeting, monitoring, evaluation, and reporting;
   (b) An Enhanced Normative and Operational Framework (ENOF), for country level activities. It is designed to have impacts on programme cohesion and alignment, on the effectiveness of the UN-Habitat’s support at country level in the implementation of the Habitat Agenda and the attainment of the MDGs;
   (c) Resource Mobilization to consolidate and broaden the existing donor base as well as secure more predictable funding; and
   (d) Human Resources and Management to align staff competencies with programme priorities, improve accountability, delegation of authority, efficiency and transparency.

10. The Action Plan also includes a set of twelve “Quick Wins” and “Must Dos”; and is to be implemented in phases, starting with the kick-start phase for 2008, the roll-out phase for 2009-2010 and a scaling up phase for 2011-2013.

11. In 2008, the CPR endorsed the suggestion by the UN-Habitat Secretariat that the annual peer review be conducted at the end of 2009 rather than in 2008. This was to enable not only assessment of the implementation of the twelve quick wins of the kick start phase, but also assess the progress made towards organizational priorities, in terms of policies, strategies and programmes in the roll-out phase. As such, the review will have a sounder basis for assessing the readiness of UN-Habitat to support and achieve the MTSIP results.
III. Purpose of the MTSIP peer review

12. The purpose of the peer review is to assess the status of implementation of MTSIP and make recommendations for improvement of the pace and quality of implementation. It will assess the mechanisms put in place for implementation of MTSIP; institutional and strategic arrangements used; progress of implementation so far; identify significant gaps and provide lessons learned and recommendations to further strengthen MTSIP implementation. It will also provide key stakeholders (GC, CPR, the donors, UN-Habitat management and Habitat partners) with an independent assessment of implementation of MTSIP, focusing on the kick start phase and roll-out phase, 2008-2009. It will build on existing MTSIP progress reports and other MTSIP related assessments that have been carried out so far.

IV. Specific objectives

(i) Assess the extent to which transformation processes planned for the kick start and roll-out to make UN-Habitat a more efficient and effective organization, including: expected institutional changes; programme direction; management and administrative issues and other preconditions have been put in place to improve organizational systems and procedures.

(ii) Assess the efficiency and effectiveness of UN-Habitat’s planning, programming, budgeting, monitoring, evaluation and reporting within the context of an RBM framework.

(iii) Assess the extent to which RBM principles have been applied in relation to human resources management, including capacity development; information systems; alignment of resources, improved accountability; degree of delegation of authority; inter/interdivisional and focus area collaboration and cooperation and internal efficiency and performance for management.

(iv) Assess the adequacy of the current managerial, institutional and organizational arrangements to achieve MTSIP focus area results; and determine whether the MTSIP implementation is on track.

(v) Identify critical factors that might constrain or promote the successful implementation of MTSIP.

(vi) Make recommendations of what is required to improve the implementation of MTSIP.

(vii) Assess the level of implementation of all “quick wins” and “must dos.”

V. Scope and focus

13. The review panel will assess the implementation of MTSIP in light of the expected accomplishments specified in the kick-start phase and the roll-out phase of the MTSIP Action Plan; and expected results for each focus area. Much attention will be given to the focus area of Excellence in Management. This focus area provides the basis for organizational and administrative systems and tools necessary for any organization transformation. Indeed, most of the “quick wins” and “must dos” for the kick-start and initial roll-out phases were formulated for Excellence in Management.

VI. Methodology

14. The Peer Review will be guided by overall assessment of the kick-start and roll-out phases of MTSIP implementation. A variety of methodologies will be applied:

- Desk review of relevant MTSIP documents, including MTSIP Action Plan; refined MTSIP results framework, concept, and policy/strategy papers for each focus area; MTSIP progress/performance reports, biennial work programme documents, as the
MTSIP is implemented through the work programmes and other relevant documents.

- Analysis of managerial tools and strategies including annual work plan, documents, monitoring and evaluation frameworks, performance indicators, guidelines, tools and training programmes and activities.
- Interviews with various stakeholders, including UN-Habitat staff, CPR, donors, and other relevant UN-Habitat partners.
- Questionnaires may be used to measure the degree of internalization of RBM as a management tool in the organization and level of understanding of and satisfaction with RBM principles.
- Group meetings for consultations and validation of findings.
- E-mail exchange with panel group at various key stages to validate findings and commenting on draft reports.
- Any other relevant information sources.

VII. Key pillars of the review

15. The Peer Review will apply three core criteria by which its merit will be assessed.

- **Independence.** The review processes should be impartial and independent.
- **Credibility.** The review process should be open and transparent to achieve credibility and wide acceptance.
- **Utility.** The review should be planned, conducted and reported in ways that the findings will be used to improve implementation of the MTSIP.

VIII. The composition of the Peer Review Panel

16. The CPR MTSIP working group will establish the Peer Review Panel in consultation with the Secretariat to comprise the following:

- Two professional peer evaluators from UN agencies.
- Two experienced evaluation consultants, with substantive knowledge of the organization’s mandate and expected results from MTSIP.
- Two representatives of UN-Habitat donors, with organizational development assessment experience.
- Two Representatives of the CPR, with knowledge of formulation of MTSIP and its implementation.
- Representative from UN-Habitat partners.

17. Other considerations will be taken into account when composing the Review Panel, including relevant professional experience; independence, to avoid any potential or alleged conflict of interest; as well good knowledge of UN-Habitat operations. The review panel will decide on their Chair, who will have the final say on the review processes. The final review report will be presented to the Secretariat and to the CPR for consideration, endorsement and follow-up for implementation of the recommendations.

IX. Provisional time table

18. The conduct of the review will take place in the last Quarter of 2009 and is estimated to take six months. The preparation processes of establishing the review panel and recruitment of consultants should start immediately. The table below indicates timelines for the Review process:
<table>
<thead>
<tr>
<th>Item</th>
<th>Description</th>
<th>Timeframe</th>
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<tbody>
<tr>
<td>1</td>
<td>Development of draft TOR.</td>
<td>Mid-August 2009</td>
</tr>
<tr>
<td>2</td>
<td>Approval of TOR by CPR.</td>
<td>24 September 2009</td>
</tr>
<tr>
<td>3</td>
<td>Establishment of the Peer Review Panel.</td>
<td>October 2009</td>
</tr>
<tr>
<td>4</td>
<td>Call for consultancy proposals and recruitment of two consultants; and identification of the peer evaluators from the UN agencies.</td>
<td>October 2009</td>
</tr>
<tr>
<td>5</td>
<td>First preparatory meeting for the Peer Review Panel to discuss details of tasks and agree on the work plan.</td>
<td>First week of November 2009</td>
</tr>
<tr>
<td>6</td>
<td>Second preparatory meeting of the panel to agree on the work plan and tasks for the consultants. Commencement of data collection including desk reviews of relevant documents, interviews, and group meetings.</td>
<td>Second week of November 2009</td>
</tr>
<tr>
<td>7</td>
<td>Data collection including desk reviews of relevant documents, interviews, and group meetings.</td>
<td>November and December 2009</td>
</tr>
<tr>
<td>8</td>
<td>Draft report writing, and briefings to the Secretariat and the CPR.</td>
<td>January 2010</td>
</tr>
<tr>
<td>9</td>
<td>Production of final version of the review report.</td>
<td>February 2010</td>
</tr>
<tr>
<td>10</td>
<td>Presentation of the final report to CPR.</td>
<td>March 2010</td>
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X. Resources

19. The budget for the peer review process is covered by the MTSIP funds. USD125,000 has been approved for the MTSIP peer review. The consultants will be paid the review fee; and DSA when working in Nairobi. The contributions of UN Agencies, donors and CPR will be in-kind. They will only receive DSA when in Nairobi and when Nairobi is not their duty station. The Monitoring and Evaluation Unit will facilitate the Peer Review Process.

XI. Final deliverable

20. The final product is a report of findings and recommendations to be presented to the Regular Session of the CPR in March 2010.
Annex 2: People Met

Albert Diphoorn, Acting Director, Human Settlements Financing Division
Ananthankrishnan Subramonia, Senior Adviser, Partners & Youth Branch, Monitoring and Research Division
Andre Dzikus, Human Settlements Officer, Water, Sanitation and Infrastructure Branch, Human Settlements Financing Division
Andrew Rudd, Associate Human Settlements Officer, Urban Development Branch, Global Division
Anna K. Tibaijuka, Executive Director
Antoine King, Director, Programme Support Division
Asenath Omwega, Monitoring and Evaluation Officer, Monitoring and Evaluation Unit
Barbara C. Hewson, Chief, Urban Finance Branch, Human Settlements Financing Division
Bella Evidente, Business Process and Change Management Specialist, Programme Support Division
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Annex 2

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Ana Sugranyes, Habitat International Coalition
Egbert Schroten, African Development Bank

Committee of Permanent Representatives
H.E. Ambassador Daniel Chuburu, Permanent Representative, Republic of Argentina
Jon Geddes, Deputy Permanent Representative, United Kingdom of Great Britain and Northern Ireland
Jorge Laguna, Deputy Permanent Representative, United States of Mexico
Ketan Shukla, Deputy Permanent Representative, Republic of India
Morten Nordskag, Deputy Permanent Representative, Kingdom of Norway
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UN-Habitat Organisational Chart

Information Offices: Beijing, Chennai, Amman
Field Offices: Belgrade, Pristina, Warsaw, Amman, Cairo, Islamabad, Kabul, Kuwait, Tehran, Bangkok, Colombo, Dhaka
Habitat Programme Managers: 40 countries worldwide

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