PEER REVIEW OF THE IMPLEMENTATION OF
UN-HABITAT'S MEDIUM-TERM STRATEGIC AND INSTITUTIONAL PLAN
(2008–2013)

AUGUST 2010

UN@HABITAT
FOR A BETTER URBAN FUTURE

HSP/CPR/38/9

PEER REVIEW OF THE IMPLEMENTATION OF

UN-HABITAT'S MEDIUM-TERM STRATEGIC AND INSTITUTIONAL PLAN
(2008–2013)

AUGUST 2010

UN@HABITAT
FOR A BETTER URBAN FUTURE

FOREWORD

This report presents the findings of the Peer Review of the implementation of UN-HABITAT's Medium-term Strategic and Institutional Plan (MTSIP) for 2008-2013. The review was in response to Governing Council resolution 21/2, adopted at its twentieth session in 2007, which requested the Executive Director to establish a peer review process for regular assessment of the progress in the implementation of the MTSIP. The review was conducted by an independent review panel of nine members, established by the Committee of Permanent Representatives (CPR). The nine members included two external international evaluators, a representative of Habitat Agenda partners, two professional evaluators from a peer organization (UNEP) and four representatives of the CPR (Germany, Spain, Uganda and Republic of Korea).

The MTSIP is implemented in four phases: this review focused on assessment of the implementation of the first phase, 2008-2009. The central questions for the Peer Review were:

Whether UN-HABITAT has become more strategic with a sharper focus; and whether UN-HABITAT has become more efficient and effective in its operations after two years of the MTSIP implementation.

The review provides a comprehensive assessment of the progress made, focusing on strategic and programmatic aspects; organizational structure and alignment; programme planning and review process; business processes; and resource mobilization.
From the report, it is evident that the MTSIP has introduced positive developments, including a stronger common vision for the organization; enhanced enthusiasm and commitment among staff; reduced internal barriers; and improved collaboration and greater focus on shared results. The MTSIP process has strengthened normative and operational linkages at the global, regional and country levels. The Peer Review also reveals areas where progress has been slow and some organizational constraints that should be addressed, specifically business processes, resource mobilization and organizational restructuring.

Findings, lessons learned and the recommendations were discussed by UN-HABITAT's Management and the CPR. A management response was agreed to implement most of the recommendations.

On behalf of the Peer Review Panel, I would like to thank CPR representatives, donors and Habitat Agenda partners and all UN-HABITAT staff who, in one way or another, participated in or contributed to this review. I hope that UN-HABITAT's management, staff and governing bodies will make use of this peer review and its recommendations to improve the implementation of the MTSIP.

Ambassador Agnes Kadama Kalibbala,
Deputy Permanent Representative of Uganda
to UNEP and UN-HABITAT
Chairperson, Peer Review Panel

TABLE OF CONTENTS

FIGURES, BOXES AND TABLES

FIGURES

BOXES

TABLES

MEMBERS OF THE PEER REVIEW PANEL

Ms. Agnes Kadama Kalibbala, Permanent Representative of Uganda to the United Nations Human Settlements Programme (UN-HABITAT) and the United Nations Environment Programme (UNEP)

Ms. Arlette Klein, independent consultant, United States of America

Mr. Bruno Garcia-Dobarco Gonzales, Deputy Permanent Representative of Spain to UN-HABITAT

Mr. Jong-seon Jeong, Deputy Permanent Representative of the Republic of Korea to UNEP and UN-HABITAT

Mr. Michael Spilsbury, Senior Evaluation Officer, Evaluation Office, UNEP

Ms. Regine Hess, Deputy Permanent Representative of Germany to UNEP and UN-HABITAT

Mr. Segbedzi Norgbey, Chief, Evaluation Office, UNEP

Mr. Siraj Sait, Head of Research and Knowledge Exchange, Reader in Law and Human Rights, University of East London, United Kingdom of Great Britain and Northern Ireland

Mr. Stein-Erik Kruse, independent consultant, Nordic Consulting Group, Norway

ACRONYMS

GLTN   Global Land Tool Network

HCPD   Habitat Country Programme Document

MTSIP   Medium-Term Strategic and Institutional Plan

OIOS   Office of Internal Oversight Services

PRC   Programme Review Committee

RBM   Results-Based Management

SUDNet Sustainable Urban Development Network

UNICEF United Nations Children's Fund

UNON   United Nations Office in Nairobi

UPMG   Urban Planning, Management and Governance

WSTF   Water & Sanitation Trust Fund

EXECUTIVE SUMMARY

A. PURPOSE AND APPROACH

1. By its decision 21/2 of 20 April 2007 the Governing Council of the United Nations Human Settlements Programme (UN-HABITAT) adopted the Medium-term Strategic and Institutional Plan for 2008–2013. The overarching goal of the Plan is "to ensure an effective contribution to sustainable urbanization" and its vision is 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".

2. The plan was a response to an in depth evaluation of UN-HABITAT by the United Nation's Office of Internal Oversight Services (OIOS) in 2004, in which OIOS called for the reform of UN-HABITAT, with the specific goals of sharpening its programmatic focus and broadening its funding base. The Governing Council of UN-HABITAT subsequently endorsed the OIOS recommendations at its twentieth session, in its resolution 20/19, and 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."

3. Following the Governing Council's adoption of the Medium-term Strategic and Institutional Plan UN-HABITAT prepared an action plan for the implementation of the Plan (the MTSIP Action Plan). As explained in greater detail below, the four objectives of the MTSIP Action Plan were the preparation and implementation of 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; the implementation by 2011 of a results-based management and knowledge management system as part of better resource planning accountability and the promotion of results based monitoring and reporting;

the development and implementation of a resource mobilization and communication strategy; and the realignment, by 2011, of UN-HABITAT's human resources, managerial and administrative systems to enable it to implement the Medium-Term Strategic and Institutional Plan effectively. The MTSIP Action Plan also called for a number of "quick wins" and "must dos", including the preparation of strategic policy papers ("policy/strategy papers") for each of five substantive focus areas set out in the Plan.

4. In the same decision by which it adopted the Medium-term Strategic and Institutional Plan, the Governing Council requested the Executive Director of UN-HABITAT to establish a peer-review process for the Plan. A peer review model for evaluating the Plan was adopted by the Governing Council to ensure the involvement of stakeholders, the sharing of good practices and experiences and mutual learning.

5. In accordance with decision 21/2 paragraph 18 a peer review of the Medium-term Strategic and Institutional Plan has been conducted. The review sought to answer 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 reform under the Plan began in 2008? The terms of reference for the peer review are reproduced in annex 1 to the present report. The peer review was conducted by a panel of nine members (including two consultants tasked with preparation of a draft review report) with delegated authority to manage the review, provide overall guidance and direction and submit a final report on the results of the review to the Committee of Permanent Representatives to UN-HABITAT. The review consisted of interviews with UN-HABITAT staff members and external stakeholders and the examination of data and information found in selected documents. A list of the people interviewed is set out in annex 2 to the present report, while a list of the documents reviewed is set out in annex 3.

6. The present report is the final report on the results of the peer review referred to in the preceding paragraph. It describes what was learned through the peer review and the first phase of the Plan's implementation. It reviews progress made in improving UN-HABITAT strategies, programmes, organizational structures and procedures as called for in the Plan. It is hoped that the report will help UN-HABITAT to take stock of its continuing reform at a time when senior management is set to change.

7. Given that time and resources are limited, the report seeks to provide a general assessment of the impact of the Plan on UN-HABITAT. Chapter 1 discusses the context and approach of the review. Chapter 2 provides a broad overview of the implementation and achievements of the Plan. Chapter 3 provides an in-depth analysis of the Plan's five substantive focus areas and their implementation mechanisms. Chapter 4 discusses organizational structure and alignment, country programme focus and coordination, programme planning and review processes, and chapter 5 reviews the Plan's focus area 6, on excellence in management, and resource mobilization issues. Chapter 6 presents conclusions, recommendations and lessons learned.

B. KEY FINDINGS AND CONCLUSIONS

1. PROGRESS AND ACHIEVEMENTS

8. Implementation of the Medium-term Strategic and Institutional Plan thus far has helped to establish a stronger common vision for UN-HABITAT, create more enthusiasm and commitment among its staff members and reduce internal barriers through better collaboration and a greater focus on shared results. It has also led to strengthened normative and operational linkages at the global, regional and country levels. A number of important administrative and institutional reforms to improve organizational efficiency and effectiveness have also been initiated.

9. Considerable progress has been made and significant results achieved by UN-HABITAT through implementation of the Plan. The organization has successfully achieved a majority of the "quick wins" and "must dos"

in the MTSIP Action Plan, 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. These areas require further attention.

10. The institutional aspects of reform have so far received the most attention in implementation of the Plan and the MTSIP Action Plan. While such organizational change must continue, the time has come to emphasize programmatic reform; a sharp and fresh examination of UN-HABITAT's programmatic focus is needed. There is, for example, a need to elaborate and clarify direction and substance in respect of key concepts like sustainable urbanization in the policy/strategy papers and to improve the consistency and quality of the papers.

11. The Medium-term Strategic and Institutional Plan is a necessary and important vehicle for the reform of UN-HABITAT but its implementation to date has not addressed all issues of organizational reform. Reform has focused primarily on programmatic policy and strategy formulation and internal institutional and administrative functions, without requiring a transformation of the overall organizational structure. The divisional structure of UN-HABITAT was taken as a given and changes have been largely incremental. The result is that form has not followed function. This is attributable in part to constraints presented by United Nations planning requirements, in the light of which the question of whether the existing structures of UN-HABITAT were optimal was never seriously considered. There is evidence that the incremental organizational alignment that UN-HABITAT has undertaken in accordance with the Plan have been costly and, to some extent, confusing. The alignment of human resources has been addressed and is still under way. This may have constrained the effectiveness of reform.

12. UN-HABITAT's work programme has been incrementally drawn from the Medium-term Strategic and Institutional Plan, but the Plan is not a complete results framework and has been perceived by some as an add-on to the biennial work programme and budget. Implementation of the Plan has led to the existence of overlapping planning and reporting systems,

and there is a need to consider the additional costs resulting from that overlap, including the extent to which they constrain the development of a clear and shared organizational culture arising out of the Plan.

13. 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 Plan and improved organizational performance. Examples include the existing governance system (which is also being separately reviewed by both the Committee of Permanent Representatives and the UN-HABITAT secretariat) and arrangements for the efficient provision of administrative services.

2. STRATEGIC PROGRAMMATIC FOCUS AND LEADERSHIP

14. The Medium-term Strategic and Institutional Plan has helped to establish a clearer vision and a number of thematic priorities based on the Habitat Agenda. To a large extent it has led to the identification and reformulation of strategic entry points for the organization. There is no evidence, however, that major activities have been dropped or 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 the Plan has thus not so far led to a sharper or more strategic UN-HABITAT.

15. Through the Plan UN-HABITAT has tried to define more clearly its particular role and functions within the broad area of human settlements and urbanization. This has, to some extent, been successful. The concept of "sustainable urbanization", however, has not been adequately defined even though it is central to the strategic goal driving the five substantive focus areas of the Plan. The five focus areas cover important aspects of UN-HABITAT's mandate, yet they have not been effectively or consistently elaborated or communicated; the policy/strategy papers for the focus areas vary in quality, conceptual clarity and strength in providing strategic

direction. Furthermore, to get a complete picture one must read the policy/strategy papers together with Habitat country programme documents, the partnership strategy and the World Urban Campaign strategy. In addition, the message and goals of the World Urban Campaign need to be more clearly articulated and communicated throughout UN-HABITAT.

16. An increased results orientation has been achieved in UN-HABITAT through the development of the Plan's results framework. This framework articulates objectives and what are referred to as "SMART" (Specific, Measurable, Accurate, Replicable, and Time-bound) performance indicators for all six focus areas.[1] Greater staff familiarity with the various categories of results is, however, required. Reported results are largely reduced to numerical indicators, even for roles and activities for which other types of indicators could be more appropriate.

17. Implementation of the Medium-term Strategic and Institutional Plan has focused on what UN-HABITAT wants to achieve but has not been sufficiently guided by short and medium term strategic planning, prioritization or allocation of resources among and within focus areas. Strategic leadership regarding the direction and allocation of resources needs to be strengthened.

3. ORGANIZATIONAL ALIGNMENT AND STAFFING

18. During the first phase of implementation of the Medium-term Strategic and Institutional Plan, new mechanisms and structures were adopted to give management more flexibility in introducing programmatic and institutional changes. In line with those changes, the reform process was often driven by managers, but those managers 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 that were made were initiated by the Executive Director, without any apparent involvement of the steering committee established to oversee and provide

---

[1] Leslie M. Fox, Guiding Principles and Benchmarks for Designing Performance Measurements for the MTSIP, April 2009.

strategic guidance for the implementation of the Plan (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 present report.

19. There is also a perception that a small number of staff members carry a disproportionate part of the burden. This could be attributable to UN-HABITAT's top heavy staffing structure, with 24 per cent of all professional staff concentrated at the P-5 level and above. There has been improvement in staff recruitment and training in relation to knowledge and skills relevant to the Plan but it remains unclear how the staffing structure affects its implementation.

20. A staff survey conducted in the fall of 2009 found that some staff members were of the opinion that senior management was hesitant to support significant change. Staff members felt a sense of purpose and shared a view of the organization's mission but the senior managers were not always successful in making progress towards achieving change.

21. A staff performance appraisal system is in place but there is a lack of clear performance standards, incentives, quality control mechanisms and sanctions for 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

22. Coordination between global, regional and country activities is often based on informal mechanisms without clearly defined roles and formalized systems. The Regional Technical Cooperation Division office at headquarters does not have sufficient capacity to function as an effective coordinating link between UN-HABITAT's regional and country offices and its 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 more formal structures for linking the Plan focus areas to the regional offices, clarification of roles and responsibilities and improved mechanisms for coordination.

23. UN-HABITAT country programmes and their managers were seen as the means by which the normative and operational roles of UN-HABITAT could be better integrated. There is clearly an improved understanding of these trade-offs within the organization and several positive developments are evident. There is, however, insufficient information about progress and performance at the 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

24. 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, that is, one for the Medium-term Strategic and Institutional Plan and one for the regular biennium work programme, has been high; 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.

25. New programme review committees have been established at the headquarters and regional levels and 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 matters. The new guidelines are in use and experience with the process is developing. So far, however, there is not much evidence that the MTSIP Steering Committee has fulfilled its strategic decision making function, which includes responsibility for setting corporate priorities and allocating resources among focus areas and within the organization. The process for review and approval of emergency projects, which require UN-HABITAT to react swiftly, was regarded as unsuitable. Recent changes in these processes are, however, expected to ameliorate the problem.

6. BUSINESS PROCESSES

26. UN-HABITAT has begun the process of streamlining travel, procurement and recruitment procedures as well as the delegation of financial authority. All required procedures are not yet in place, however, 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 needs to become more service-oriented. As part of this process, greater attention should be paid to the needs of the country and regional offices.

7. RESOURCE MOBILIZATION

27. There have been several achievements in the area of resource mobilization. They include increased awareness among staff members of the need for coordinated fund raising; largely reaching the target rates in 2008 and 2009 for non-earmarked contributions; and 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 has been 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 of 4.8 per cent.

28. Dependence on a small group of major donors is considered the most critical risk for UN-HABITAT and, while the gap between earmarked and non-earmarked contributions has narrowed, the imbalance between the two remains a challenge for UN-HABITAT to prioritize. With respect to the mobilization of non-traditional sources of funding, the limited capacity of the Resource Mobilization Unit has been offset, to some extent, by the efforts of the divisions and branches in negotiating agreements with the private sector and foundations and obtaining corporate sponsorships.

C. KEY RECOMMENDATIONS AND SUGGESTIONS

29. The present report includes recommendations addressed to senior management and the divisions of UN-HABITAT as well as suggestions for consideration by the Committee of Permanent Representatives. Some lessons are also presented. A limited number of key recommendations and suggestions are presented immediately below.

30. Key recommendations are as follows:

(a) Based on the findings of reviews completed and under way, the UN-HABITAT Executive Director should consider whether to recommend a change in the organizational structure of UN-HABITAT to better align it with the focus areas of the Medium-term Strategic and Institutional Plan. Achievement of results within the Plan priority areas should be the primary motivation for any such change;[2]

(b) The Committee of Permanent Representatives and donor countries should review the demands that they make of UN-HABITAT in respect of reporting to reduce costs and duplication and strengthen the coherence and quality of reporting;

(c) 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;

(d) UN-HABITAT should define clearly and transparently, in its biennial strategic frameworks and programmes of work and budgets, what its policy and programme priorities are for the short and long term. The criteria and process by which scarce resources are 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;

(e) Strategic planning, performance monitoring and reporting should be coordinated by a central Strategic Management Unit at the highest level of

---

[2] Any future organizational structure would need further analysis and discussion regarding questions such whether the divisions of the organization should correspond to the focus areas of the Medium-term Strategic and Institutional Plan or whether another approach would be preferable.

the organization, directed and supported by the Executive Director;

(f) An independent evaluation function should be established;

(g) Inter divisional collaboration in the delivery of the UN-HABITAT programme of work should be strengthened;

(h) The programmatic aspects of the Medium-term Strategic and Institutional Plan should be further emphasized to create a clearer and more strategic UN-HABITAT while continuing institutional reforms. An overarching paper that links individual policy/strategy papers and defines key common concepts should be prepared;

(i) The individual focus area policy/strategy papers should be standardized to obtain greater uniformity, quality and focus on the enhanced normative and operational framework and cross-cutting issues related to gender, youth and environment. There is also a need to elaborate on and clarify key concepts such as "sustainable urbanization";

(j) Coordination at the global, regional and country levels should be formalized and strengthened. The role and functions of the Regional and Technical Cooperation Division need to be reviewed and mechanisms for cooperation at all levels should be improved through a multi-stakeholder process;

(k) 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;

(l) 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 World Urban Forum, awards programmes, flagship reports and other publications;

(m) There are several examples of significant progress in UN-HABITAT's country level work. To date, however, achievements have not been systematically documented. UN-HABITAT should undertake a comprehensive independent assessment to document what has been achieved to date, learn lessons identify mechanisms

for systematic tracking of its work at the country level.

31. Suggestions for the Committee of Permanent Representatives are as follows:

(a) The Committee of Permanent Representatives and donors should review UN-HABITAT's current planning and reporting systems and requirements, in the light of their own requirements, to reduce costs and duplication and strengthen coherence and quality;

(b) The Committee of Permanent Representatives should, as a matter of priority, continue to address UN-HABITAT's governance structures, UN-HABITAT's relationship with the United Nation Secretariat and UNON. Optimal organizational efficiency and effectiveness will not be achieved unless observed systemic constraints are addressed and resolved;

(c) 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 Medium-term Strategic and Institutional Plan". Major reviews at the organizational level (such as the peer review described in the present report) are complex, involve multiple stakeholders and varied sources of information and therefore require considerable time and resources. The time frame within which such a process can be completed, and the time needed for the Medium-term Strategic and Institutional Plan to produce meaningful and observable results, suggest that annual peer review is not feasible. The peer review panel therefore suggests that the minimum period between such reviews should be at least two years.

D. LESSONS LEARNED

32. The Medium-term Strategic and Institutional Plan provides a relatively long planning horizon within which UN-HABITAT's biennial strategic frameworks and work programmes are developed. One unintended consequence of the adoption of the Plan initiative was the creation of overlapping systems of data collection and reporting. This has created some confusion

and much additional work, some of which is unnecessarily duplicative. Such negative effects could have been avoided or minimized by conducting a rigorous risk assessment prior to adoption of the Plan. Any future major reform initiatives should be preceded by risk assessments on the basis of which senior management, the UN-HABITAT Governing Council and the Committee of Permanent Representatives may make informed decisions. Any such assessment should include an analysis of reporting requirements, additional staff workload, other associated costs and administrative constraints.

33.   Early engagement by the Executive Director on important strategic issues such as programme priority setting, 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 at all levels of management. Decisions, and their underlying rationales, should be clearly communicated to relevant staff members.

34.   During times of institutional change, task forces can be useful and flexible management tools. The following conditions, however, must be maintained:

   (a)   Task force goals and results to be achieved must be clearly articulated;
   (b)   Task force composition, coordination and reporting lines must be clearly specified;

   (c)   The composition of a task force should be such that all contributing entities are adequately represented;
   (d)   Task forces should not undermine the formal structure and the existing hierarchy of authority under that structure.

35.   Major reviews at the organizational level (such as the peer review documented in the present report) are complex, involving multiple stakeholders and varied sources of information, and therefore require considerable time and resources. This can mean substantial additional work for the organization and the members of the reviewing body. In respect of any such future reviews UN-HABITAT should:

   (a)   Clearly define and communicate the review approach and its information requirements well in advance to ensure that required information is available;
   (b)   Clearly define roles and responsibilities of the secretariat and reviewing bodies;
   (c)   Ensure buy-in through early involvement of key review stakeholders such as members of the Committee of Permanent Representatives, partners, donors and staff members;
   (d)   Allocate sufficient time and resources to allow a comprehensive and in-depth treatment of the issues to be evaluated;
   (e)   Undertake them not more often than every two years.

INTRODUCTION

A. BACKGROUND

36. The United Nations Centre for Human Settlements (UNCHS), established in 1978, was transformed into the United Nations Human Settlements Programme (UN-HABITAT) in 2001 by the United Nations General Assembly in its resolution 56/206. UN-HABITAT is mandated by the 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, the Habitat Agenda, the Declaration on Cities and Other Human Settlements in the New Millennium and United Nations General Assembly resolution 56/206. In accordance with its mandate UN-HABITAT has made the most of its comparative advantage to become the primary body through which the United Nations addresses human settlements issues, and continues to make a valuable contribution to the achievement of the Millennium Development Goals, particularly Millennium Development Goal 7, Target 11, to improve the lives of at least 100 million slum dwellers by the year 2020.

37. 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 services, which are evolving; on the other hand there is a need for UN-HABITAT 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".

38. The Governing Council of UN-HABITAT subsequently endorsed the OIOS recommendations at its twentieth session in May 2005 and 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…."

39. While consolidating and building upon previous reforms, the Medium term Strategic and Institutional Plan 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.

40. The Plan 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 United Nations reform. A key component is management excellence focusing on enhanced accountability, transparency, results-based monitoring and reporting.

B. PURPOSE AND OBJECTIVES OF THE PEER REVIEW

41. According to its terms of reference the peer review is intended to "provide an assessment of the extent to which result-based transformation

processes have been put in place … [and] the degree of implementation of the "kick-start" and part of the "roll-out" phase." The review seeks to address two broad questions: first, to what extent has UN-HABITAT become a more strategic organization with a sharper focus and, second, how has it become more efficient and effective in its operations since the reform under the Plan began in 2008.

42. Specific objectives of the review include:

    (a) Assessment of the progress made towards implementing the Medium-term Strategic and Institutional Plan: review achievements, identify challenges, specify areas for improvement and distil lessons learned;

    (b) Reporting on the status of implementation of managerial changes during the "kick start" and "roll-out" phases called for in the MTSIP Action Plan;

    (c) Assessment of the efficiency and effectiveness of UN-HABITAT planning, programming, budgeting and monitoring within the results-based management framework;

    (d) Assessment of the status of application of results-based management principles to other administrative and substantive areas of UN-HABITAT with a view to achieving results in the six focus areas of the Medium-term Strategic and Institutional Plan;

    (e) Identification of critical factors constraining or promoting implementation of the Plan and making of recommendation for corrective action;

    (f) Providing recommendations on the steps necessary to facilitate effective implementation of the Plan.

43. The peer review comes at an important moment for UN-HABITAT. The first phase of reform under the Plan has been completed. There is thus an opportunity to assess progress in respect of the timeliness and effectiveness of strategies, programmes, organizational structures and procedures. It is also important for the Committee of Permanent Representatives and UN-HABITAT to take stock of reform in view of the imminent change of the Executive Director.

44. 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 peer review aimed to strengthen knowledge exchange, facilitate sharing of good practices and promote the use of assessment findings by UN-HABITAT management, government bodies and others.

C. APPROACH AND FOCUS

45. Chapter 2 of the present report provides an overview of the Medium-term Strategic and Institutional Plan and its implementation thus far through a synthesis of existing information. The report then provides in-depth analysis of a few important thematic areas rather than an overview of all areas. The issues reviewed are outlined in the following paragraphs.

1. STRATEGIC AND PROGRAMMATIC FOCUS

46. The peer review assessed the extent to which the Medium term Strategic and Institutional Plan has led to an organization with a clearer and sharper strategic focus. It also assesses the extent to which the thematic policy/strategy papers, the enhanced normative and operational framework called for by the Plan, the World Campaign on Sustainable Urbanization, and Habitat country programme documents provide the basis for a strategic and programmatic focus. It also examines the nature of linkages established between the thematic and focus areas.

2. ORGANIZATIONAL STRUCTURE AND ALIGNMENT WITH THE MEDIUM-TERM STRATEGIC AND INSTITUTIONAL PLAN

47. The peer review panel aimed to assess the institutional structures and arrangements that were put in place to implement the first phase of the Medium-term Strategic and Institutional Plan, including their effectiveness, particularly in fostering horizontal collaboration, and their appropriateness for the next phase of reform. The present report discusses whether the formal organizational structure is properly aligned with the Plan focus areas and describes recent changes in UN-HABITAT's formal organizational structure. Some organizational issues that require managerial attention are highlighted.

3. COUNTRY PROGRAMME FOCUS AND COORDINATION

48. The present report assesses the mechanisms in place to promote an enhanced normative and operational framework at the 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 report assesses the effectiveness of policy/strategy papers on thematic focus areas in providing programme focus, cohesion and alignment of UN-HABITAT activities at the global, regional and country levels. Habitat country programme documents and the role of Habitat Programme Managers are also reviewed.

4. PROGRAMME PLANNING AND REVIEW

49. The structure, responsibilities, processes and capacity issues underlying programme planning, budgeting, monitoring, reporting and evaluation are analysed in the present report with a view to improving their efficiency and effectiveness. Strengthening the programme review mechanism is an essential building block in the delivery of strategic results under the Medium-term Strategic and Institutional Plan. The present report therefore examines changes in the decision making structure and processes for project approval and funding that have been made pursuant to the Plan.

5. BUSINESS PROCESSES

50. The peer review panel assessed whether changes in business processes during the first two years of implementation of the Plan have made UN-HABITAT a more efficient and effective organization. The present report identifies business processes that have improved and those that are still in need of improvement.

6. RESOURCE MOBILIZATION

51. In addition to discussing "quick wins" and "must dos", the present report analyses the strategically important issue of resource mobilization in depth, including achievements and constraints. The roles played by the various UN-HABITAT units, including the Resource Mobilization Unit, in implementing the resource mobilization strategy called for in the Plan are analysed, as are the challenges lying ahead.

D. METHODS AND PEER REVIEW PANEL

52. A draft report on the peer review of the Medium-term Strategic and Institutional Plan was prepared, on behalf of the peer review panel, by the two consultant members of the panel. The consultants adopted, to the extent possible, a consultative, interactive and transparent approach that involved stakeholders in the review process.

53. A variety of methods were applied during the data collection phase of the peer review. They include the following:

   (a) Desk review of documents relevant to the Medium-Term Strategic and Institutional Plan, including the MTSIP Action Plan, a refined Plan results framework, policy/strategy papers for each Plan focus area, Plan progress and performance reports, biennial work programme documents, in-depth evaluation reports and others;

   (b) Analysis of managerial tools and strategies including annual work plans, monitoring and evaluation frameworks, performance indicators, guidelines, tools and others;

   (c) Open ended and semi-structured interviews with UN-HABITAT senior management officials and a sample of staff members from divisions at headquarters, regional offices and country offices;

   (d) Interviews with various external stakeholders:

       (i) A sample of members of the Committee of Permanent 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 members of the peer review panel for consultation and discussion of findings.

1. THE PEER REVIEW PANEL

54. 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 in which the consultant members of the

panel set forth a proposal for the focus and conduct of the review to ensure that the work under the review accorded with the terms of reference, approve the methods of work and ensure a realistic timeline;

(b) Review the draft reports on the results of the review, ensuring that the conclusions and recommendations were supported by the data and evidence collected and that the presentation was clear, logical and of high quality;

(c) Provide a rigorous quality assurance process for the final report;

(d) Review and endorse the final report prior to its submission to the Committee of Permanent Representatives.

2. PEER REVIEW SUPPORT

55. The Monitoring and Evaluation Unit of UN-HABITAT supported the conduct of the peer review in various ways, including by preparing the terms of reference, selecting and recruiting consultants, establishing the peer review panel, and acting as liaison and focal points for the peer review panel, the consultants and other partners. The unit also collated and consolidated comments on and corrections to the draft report for consideration by the panel and consultants, facilitated the work of the consultants by ensuring that all relevant contacts and information were available and performed other professional and administrative tasks as required.

E. LIMITATIONS

56. There are a number of factors that might limit the reliability and validity of the findings of the peer review. For example, the primary purpose of the review is to focus on the effective implementation of the Medium-Term Strategic and Institutional Plan rather than on all aspects of UN-HABITAT's work programmes, organization and programmatic achievements. There are several issues such as governance reform, the role of UNON, the role of UN-HABITAT as part of the United Nations Secretariat and others that are relevant to effective implementation of the Plan but are beyond the scope of the review and the present report. Some such issues are the subject of separate reviews.

57. Two more factors are the scope and duration of the review. The review focuses on formal organizational systems and processes and was carried out over a period of seven months from January to July 2010. Like all organizations, however, UN-HABITAT has cultures, informal systems, traditions and practices that cannot be readily assessed in a short period of time. A relatively brief review does not allow for a full examination of the broad range of UN-HABITAT documents and publications or its rich and complex organizational experience.

58. Logistical constraints play a role as well. 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. Telephone interviews were conducted with the other regional offices, however, to broaden the information collected. Broad consultations with the review panel and the secretariat also aimed to mitigate some of the limitations and constraints.

59. The present report is not a comprehensive stand alone report on the activities of UN-HABITAT, but rather one that seeks to address specific issues described in the terms of reference for the peer review. There are other relevant documents (see annex 3) on the achievements, strategic vision, research and normative work in relation to the Medium-term Strategic and Institutional Plan 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 a 2005 OIOS report and those carried out by donors). Specific programmes or projects have been evaluated, such as the Global Land Tool Network (2010), the Slum Upgrading Facility (2009) and the 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)".

60. Pursuant to Governing Council resolution 21/2, the agency also submits regular progress reports to the Committee of Permanent Representatives on challenges and progress related to implementation of the Medium-term Strategic and Institutional Plan.

MEDIUM-TERM STRATEGIC AND INSTITUTIONAL PLAN: PROCESS AND PROGRESS

61. The present chapter provides an overview of the Medium-term Strategic and Institutional Plan's principles, focus areas, strategic objectives and mechanisms for implementation. This is followed by a discussion of progress and achievements, mainly in respect of "quick wins" and "must dos" for excellence in management and the five substantive focus areas.

A. OVERVIEW OF THE MEDIUM-TERM STRATEGIC AND INSTITUTIONAL PLAN

62. By its decision 21/2 of 20 April 2007 the Governing Council of UN-HABITAT adopted the Medium-term Strategic and Institutional Plan for 2008–2013. The overarching goal of the Plan is "to ensure an effective contribution to sustainable urbanization" and its vision is 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".

63. The plan was adopted in response to an in depth evaluation of UN-HABITAT by OIOS in 2004, in which OIOS called for the reform of UN-HABITAT, with the specific goals of sharpening its programmatic focus and broadening its funding base. The Governing Council of UN-HABITAT subsequently endorsed the OIOS recommendations at its twenty-first session, in its resolution 21/2, and 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."

64. Following the Governing Council's adoption of the Medium-term Strategic and Institutional Plan UN-HABITAT prepared an action plan for the implementation of the Plan (the MTSIP Action Plan). As explained in greater detail below, the four objectives of the MTSIP Action Plan were the preparation and implementation of 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; the implementation by 2011 of a results-based management and knowledge management system as part of better resource planning accountability and the promotion of results based monitoring and reporting; the development and implementation of a resource mobilization and communication strategy; and the realignment, by 2011, of UN-HABITAT's human resources, managerial and administrative systems to enable it to implement the Medium-term Strategic and Institutional Plan effectively.

65. The overarching objectives of the Plan, as stated in the Plan itself and endorsed by the Governing Council in resolution 21/2, are the selection of six mutually reinforcing focus areas for increased strategic focus; the development of an enhanced normative and operational framework (featuring partnerships and global-, regional-, country- and local level approaches); institutional reform (harmonized with United Nations system best practices, organizational adjustments, results based management and human resources management); and improved resource mobilization.

66. The six focus areas of the Plan are advocacy, monitoring and partnerships; participatory urban planning, management and governance; pro-poor land and housing; environmentally sound and affordable infrastructure and services; strengthening human settlement finance systems; and excellence in management.

67. According to the strategic objectives of the Plan, UN-HABITAT should:

(a) Mobilize networks of 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 and 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;

(e)   Develop innovative pro-poor mechanisms for the financing of housing and urban services and infrastructure and promote their scaling up.

B.   MECHANISMS FOR IMPLEMENTATION

68.   In June 2007 the Executive Director established four inter-divisional task forces to initiate the implementation of the Medium-Term Strategic and Institutional Plan.[3] The four task forces were assigned each to deal with the following subjects, which correspond to the four objectives of the MTSIP action plan:

(a)   Enhanced normative and operational framework for country level activities and engagement;

(b)   Resource mobilization strategy and resource allocation policy;

(c)   Results-based management and knowledge management for promoting innovation, systemic learning and results-based reporting;

(d)   Human resources management to ensure organizational effectiveness and alignment.

1.   PLAN MECHANISMS

69.   As is common in organizations undergoing rapid change, the senior management of UN-HABITAT decided to establish new mechanisms and structures that would give UN-HABITAT greater flexibility to deliver the intermediate steps and achieve the objectives included in the first phase of the Medium-term Strategic and Institutional Plan. These

mechanisms included the MTSIP Steering Committee, task forces and focal points.

2.   STEERING COMMITTEE

70.   The Steering Committee was established in mid-2007 to oversee and provide strategic guidance for the implementation of the Medium-term Strategic and Institutional Plan, coordinate the work of the four task forces and establish priorities for the allocation of resources for Plan funds. It is chaired by the Deputy Executive Director of UN-HABITAT 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 took the form of one-day retreats. 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 Committee identified and resolved its internal working problems, which had posed a risk to timely implementation of the Plan. In mid-2008, for example, new communication procedures were put in place to ensure that messages and directives reached senior managers and were conveyed to officers in charge in a timely fashion. New panels, task forces and committees were established by the Committee as the need arose.

71.   The Steering Committee's greatest achievement was monitoring and reporting on the work of the four task forces. The Committee noted that progress was lagging with respect to efficiency gains. At the April 2008 meeting, for example, 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 on the subjects. This action was taken in line with an indication of achievement in the MTSIP Action Plan calling for proposals for intra-divisional restructuring in line with the Plan to be presented to the Directors of the UN-HABITAT divisions and approved by the Executive Director by June 2008. There were several changes in the formal

---

[3] Memo from the Executive Director, dated June 2nd 2007, to all staff regarding Action Plan for implementing the MTSIP – Phase I 2007.

organizational structure during the first year of the Plan's implementation but it appears that these organizational changes were never placed on the agenda of the Committee and might have been made through the direct involvement of the Executive Director. The panel's conclusion was that the Committee 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 before the Committee. In some areas its leadership was moderately effective while in others, such as reviewing the overall structure of UN-HABITAT and overhauling business processes, results were more limited.

3.   INTER-DIVISIONAL TASK FORCES

72.   The task forces established under the Medium-term Strategic and Institutional Plan have cross divisional membership, are chaired by division directors and report to the Steering Committee. It was anticipated that the functions of the task forces would be reviewed and that the five substantive focus areas would play an increasingly important role over time in further developing the strategic elements of the plan.[4] Focus area teams were also established, and confirmed by the Deputy Executive Director in a memorandum dated 15 January 2010. There was a consensus that the purpose of establishing focus area teams was to break what might be seen as a "silo mentality" and encourage cross departmental collaboration in implementation of the Plan goals.

73.   The focus area teams[5] were anchored in certain divisions: focus area 1 was placed in the Monitoring and Research Division, with additional members from the Information Services Section and the World Urban Campaign, focus areas 2 and 3 in the Global Division and focus areas 4 and 5 in the Human Settlements Finance Division. Prior to the formal designation of the teams' members in April 2010 the term "team" referred to an *ad hoc* grouping, 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".

74.   With regard to the effectiveness of interdivisional task forces and focus area teams, there was general agreement among UN-HABITAT staff members that they had performed well, had contributed to the breaking down of barriers and had stimulated a more collaborative working environment in the early phase of Plan implementation.

75.   A number of critical observations were, however, reported by various informants. Thus, it was said that the members of the focus areas, including their chairs, had not been formally designated and as a result information was not widely shared within the organization; that collaborative problems had arisen, particularly in focus areas, like focus area 1, encompassing two or more units or divisions; that some units such as the Urban Economy and Finance Branch of the Monitoring and Research Division, which had contributed significant "normative inputs" (based on its two publication series Human Settlement Finance Systems and Financing Tools and Best Practices) had not been invited to attend or participate in discussions on focus area 5 (strengthening human settlement finance systems); and that some task forces had lost momentum and become uncertain about their mandates.

76.   The Steering Committee, at its December 2009 meeting, decided to review the relevance and activities of the task forces. It was proposed that UN-HABITAT "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 memo from the Deputy Executive Director of January 2010 in which the Steering Committee's decision was confirmed and the task forces were renamed "focus area teams". The peer review panel is of the view that regardless of their scope, names and titles, task forces can serve as a useful, flexible, management tool

---

[4] Memo from the Deputy Executive Director, January 2010.f

[5] Focus area teams were initially constituted to develop the results framework for the Plan. Following a decision by the Steering Committee in December 2009, however, focus area teams have been formally established.

in times of rapid change as long as a number of conditions are maintained. Thus, there must be clarity in respect of the teams' goals, composition, coordination and reporting lines; the teams should be so constituted as to ensure representation from all relevant parts of the organization, each with a chair and a co-chair from different units; each team's goals and expected results must be clearly articulated; and the teams should not undermine the formal structure and the existing hierarchy of authority under that structure.

77.   Following adoption of the Medium-term Strategic and Institutional Plan UN-HABITAT prepared a detailed plan of action for implementing it, the MTSIP Action Plan, which it presented to the Committee of Permanent Representatives in December 2007. The MTSIP Action Plan had four objectives:

(a)   Preparation and implementation of 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;

(b)   Implementation, by 2011, of 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)   Development and implementation of a resource mobilization and communication strategy;

(d)   Realignment, by 2011, of human resources, managerial and administrative systems to enable the implementation of the Medium-term Strategic and Institutional Plan to be scaled up effectively and to contribute to excellence in management.

78.   The Action Plan adopted a three phase approach including a one year "kick start" phase in 2008, a two-year "roll-out" phase in 2009–2010 and a three year scaling-up phase for 2011–2013. 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-year period 2008–2009 included the delivery of "must dos" requiring additional funding and effort.

79.   The additional financial resources approved for the implementation of the Plan in the 2008 2009 biennium amounted to $15 million. In terms of human resources, the additional capacity required was 18 Professional staff members and six General Service staff members. The funding for these posts would be drawn from the $15 million.

80.   In 2009, a process to develop a Plan road map for 2010–2013 was initiated for all 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 IMPLEMENTATION OF THE MEDIUM-TERM STRATEGIC AND INSTITUTIONAL PLAN

81.   The purpose of the present section is to provide a brief overview of progress in the implementation of the Medium-term Strategic and Institutional Plan, highlighting achievements but focusing mainly on the "quick wins" and "must dos" in the "Excellence in Management" focus area, as required by the terms of reference for the peer review.[6]

82.   UN-HABITAT has achieved a majority of the "quick wins" called for in the MTSIP Action Plan, 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 the Committee of Permanent Representatives concluded that five of the twelve "quick wins" had been fully implemented, four had showed "satisfactory" progress and three had been "partially achieved". The achievements were reported in December 2008 and progress was again updated in March 2010. A summary of the achievements in respect of "quick wins" and "must dos" is set forth in table 1.[7]

---

[6] The following is based on existing data and information from Committee of Permanent Representatives progress reports and information obtained during 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"

Areas and indicators	Progress December 2008	Progress March 2010
1. Enhanced normative and operational framework		
Habitat country programe documents (HCPDs) prepared for 25 countries	HCPDs prepared for 33 countries, including in six delivering as One UN pilot countries	Experiences for first round of HCPDs evaluated and preparation for next phase started
Concept paper and strategy for the Global Campaign on Sustainable Urbanization prepared	Campaign plan and operational strategies prepared	World Urban Campaign launched during World Urban Forum V in March 2010 Campaign focused on 100 Cities Initiative as laboratories for best practices and advocacy at country level to catalyze policy review and regulation
Concept papers and strategies for three out of the five thematic focus areas prepared	Eight concept papers presented during World Urban Forum IV Policy/strategy papers for focus areas 2 and 3 drafted	Policy/strategy papers finalized for all substantive focus areas
2. Results based and knowledge management		
Results-based management (RBM) guiding principles and benchmarking in place and further refinements being carried out to monitoring and evaluation processes Knowledge management	Overall RBM framework and results indicators for all focus areas drafted New monitoring and evaluation guidelines being prepared Capacity building in RBM undertaken	Overall RBM framework with results indicators completed and guiding performance measurement RMB guidance materials made available Capacity-building in RBM rolled-out Strategic framework for 2012–2013 aligned with the Plan prepared Internal knowledge management strategy finalized
3. Resource mobilization		
Branding and fundraising strategy adopted and implemented	Resource mobilization unit partly established Brief strategy paper prepared New branding strategy launched and being implemented	Resource mobilization unit established (re para 77) Resource mobilization action plan for 2010–2013 drafted. New branding implemented.
4. Institutional and administrative processes		
Programme Review Committee (PRC)	Review of PRC commenced	New programme review mechanism approved and guide issued. Headquarters and regional PRCs established.

Recruitment	All new recruitments aligned to Plan	UN-HABITAT assesses that 93 per cent of staff have skills aligned with the Plan, up from 60 per cent in January 2009. The average time for recruitment has been reduced from 265 to 177 days.
Internal alignment/restructuring	Slow	Formal restructuring slow and of limited scope. Some improvements in horizontal collaboration across Divisions and units. In the staff survey of October 2009, 65% reported improved collaboration across units and divisions and 61% reported improved collaboration between headquarters and outposted offices over the last 12 months.
Delegation of authority	Review of current work flows and business processes	New systems and ceilings agreed and communicated
Harmonization of flagship reports	Completed	
More participatory work programme and budget preparations	A more participatory process adopted for 2010–2011 work programme	A more participatory process adopted for the 2012–2013 strategic framework and budget

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

    (a) The Resource Mobilization Unit has been established but needs further strengthening;
    (b) Headquarters and regional programme review committees have been established but face initial problems;
    (c) A new delegation of authority framework has been prepared but is perceived as insufficient, in particular by regional offices;
    (d) As for recruitment and skills, an organizational master plan has yet to be prepared;
    (e) There has been slow progress in the development of knowledge management strategies and systems, preparation of monitoring and evaluation guidelines, internal alignment and communication and streamlining of work flows to improve internal efficiency;
    (f) The 2009 staff survey identified several weaknesses, including in respect of budget preparation and resource allocation, standard operating procedures, internal collaboration and other matters.[8] Efforts are required to strengthen such processes and make them more participatory and transparent.

84. 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:

    (a) The six-monthly progress report to the Committee of Permanent Representatives 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 under the Medium-term Strategic and Institutional Plan. The overall organizational effectiveness score was 2.7 (on a scale of 1–4 where 4 is the highest);

---

[8] The resource allocation process that was undertaken during the last quarter of 2009 was said to be more transparent and participatory.

(b) As found by the review of Excellence in Management (June 2009) commissioned by Norway, the new results framework has provided an overall new corporate vision and the focus on results had led to increased understanding of the need for collaboration and less fragmentation. The results framework has also contributed to better alignment and integration between divisions;

(c) The new Programme Review Committee was launched in October 2009 to strengthen quality assurance in programme development.;

(d) The Medium-term Strategic and Institutional Plan has provided an overall new corporate vision to which staff and units increasingly contribute;

(e) The results framework has helped UN-HABITAT fine-tune expected accomplishments and indicators;

(f) 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;

(g) Country programme documents reflect a better and more balanced understanding of the normative and operational roles;

(h) Funding increased between 2006 and 2008 but there was a slight decline in 2009.

85. A number of internal and external challenges have also been identified, some of which are discussed in later chapters. The Medium-term Strategic and Institutional Plan 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 even constrained further progress in the implementation of the Plan. The issues include:

(a) Lack of congruence between reporting systems and procedures for the biennial work plan and the Plan;

(b) Existing governance system (to be reviewed separately by another team);

(c) Inefficient arrangements for the provision of administrative services by UNON and existing business processes;

(d) High dependency on a few donors, earmarked donations and, as a result, high vulnerability to even small changes in donor preferences;

(e) Inability to carry out a strategic organizational restructuring based on Plan priorities. Approval from the United Nations Secretariat in New York is required for such changes.

D.   PROGRESS IN THE FIVE THEMATIC FOCUS AREAS

86. The following is a summary of progress in the five focus areas of the Medium-term Strategic and Institutional Plan based on the latest six-monthly progress report to the Committee of Permanent Representatives (June 2010).[9] It is too early fully to assess the achievements against the Plan strategic objectives. This should be a priority in the next peer review. Achievements are summarized below:[10]

1.   ADVOCACY, MONITORING AND PARTNERSHIPS (FOCUS AREA 1)

87. There are a number of indications that awareness of sustainable urbanization at the global and national levels has increased. Thus, in 2008–2009 25 international organizations requested and referred to UN-HABITAT urban data as a basis for their work; 14 countries have to date established national urban forums; downloads of UN-HABITAT publications from its website have increased significantly, from 78,587 from January to May 2009 to 351,630 from November 2009 to March 2010; press coverage of global reports has increased, with the 2010 State of the World Cities report inspiring 5,360 English language articles compared to 4,570 for the 2008 report; and the number of national languages into which UN-HABITAT's flagship reports have been translated as well as the number of parliamentary policy discussions of those reports, have increased.

---

[9] The Panel has not been in a position to assess the validity and adequacy of the data and information provided.

[10] Taken from the November 2009 six-monthly progress report to the Committee of Permanent Representatives on the implementation of the Medium-term Strategic and Institutional Plan.

88. 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 period of the Medium-term Strategic and Institutional Plan, in particular with the private sector and foundations such as Google, Inc., Siemens and the BASF Social Foundation.

89. Monitoring of sustainable urbanization issues and trends has improved. The number of operational urban observatories increased to 145 by May 2010, up from 126 in 2008. Of these, 60 have adopted the UN-HABITAT urban indicator guidelines in their entirety and 55 have partially adopted them, while 49 consulted the guidelines during their development of indicators. To the extent possible, the network is working closely with United Nations agencies in different countries. By the end of 2009, partnerships for monitoring (with the United Nations Development Programme (UNDP), the United Nations Population Fund, the United Nations Children's Fund (UNICEF) and the United Nations Economic and Social Commission for Western Asia) were operational in 16 countries.

2. PARTICIPATORY URBAN PLANNING, MANAGEMENT AND GOVERNANCE (FOCUS AREA 2)

90. With support from UN-HABITAT, nineteen countries are promoting comprehensive participatory urban planning, management and governance (UPMG), including the economic, ecological and equity dimensions of sustainable urbanization, at the national level, and twenty-one more countries are partially promoting comprehensive UPMG. A total of 30 crisis-prone and post-crisis cities are integrating risk- and vulnerability-reduction programming in UPMG systems. A total of 112 cities were implementing inclusive UPMG with support from UN-HABITAT in 2009. This includes 51 cities working on inclusive urban safety.

91. By October 2009, 28 countries had incorporated sustainable urbanization principles into their policies, legislation and strategies. In addition, human settlements issues had been integrated into 23 United Nations development assistance frameworks, 20 national development plans and ten poverty reduction strategy papers.

92. Thirty-seven institutions in targeted countries had 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.

3. PRO-POOR LAND AND HOUSING (FOCUS AREA 3)

93. By October 2009:

(a) Twenty-eight countries were implementing improved land and housing policies;
(b) Nineteen countries were implementing policies to improve security of tenure, including by reducing forced evictions;
(c) Twenty-four countries were implementing slum prevention and improvement policies with UN-HABITAT support.

94. An evaluation completed in January 2010 commended the Global Land Tool Network, (GLTN) indicating that it had "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)

95. The number of countries adopting policies that aim to expand access to environmentally sound urban infrastructure and services increased from 25 in 2008 to 33 in April 2010. The Water and Sanitation Programme works with institutional partners that are progressively adopting institutional mechanisms aimed at expanding access to basic environmentally sound urban infrastructure and services in target countries. The number of such institutional partners rose from 75 in 2008 to 107 in April 2010

96. The total number of people benefiting from UN-HABITAT's 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 and 400,000 since 2008.

97. An impact study on water and sanitation and gender mainstreaming in Kenya and Nepal from March 2010 concluded that UN-HABITAT had a good reputation, especially

among national and local water authorities, non-governmental organizations and communities. It is recognized as a key player in the sector.

5. HUMAN SETTLEMENTS FINANCE SYSTEMS (FOCUS AREA 5)

98. By the end of April 2010, direct upgrading projects in Ghana, Indonesia and Sri Lanka under the Slum Upgrading Facility reached a total of 168 households in a combination of progressive upgrading projects, commercial market stalls and shops and new construction of homes. As for UN-HABITAT's experimental reimbursable seeding operations, all available loan funds, totaling $2,750,000, have been disbursed.

99. Municipal finance and affordable housing finance partnerships are under way.

E. STAFF VIEWS ON THE MEDIUM-TERM STRATEGIC AND INSTITUTIONAL PLAN

100. Based on interviews with focus area 1 staff members, it appears that the Medium-term Strategic and Institutional Plan, including in particular the results-based management framework, is perceived positively for the following reasons: first, it increased awareness of the need for collaboration (focus area 1 has established linkages with the World Urban Campaign and the Information Services Section in relation to the World Urban Forum,

the flagship reports and the Global Urban Observatory, which has been providing statistics for the two flagship reports using one database); second, it was a new source of funding; third, it contributed to a better alignment of resources against organizational priorities; and, fourth, it led to a change in organizational culture and an improved capacity to deliver.

101. Members of the focus area 2 team stated that implementation of the Plan and results-based management had been a "transformational exercise", inducing the team to transform a relatively unsystematic approach into a coherent, comprehensive plan. The process was said to have introduced greater clarity into the content of the team's work programme, helped it distil common objectives and made linkages with other focus areas mandatory.

102. Some focus area 4 staff members acknowledged the positive benefits of the Plan in terms of reformulating more strategic objectives, mandating the strengthening of linkages with other focal areas and the enhanced normative and operational framework and in reducing what was referred to as a "silo" mentality. While the process has been participatory, some suggested that it could be made more rigorous by inviting comments from UN-HABITAT stakeholders and organizing discussion sessions at the fifth session of the World Urban Forum.

103. The Global Land Tool Network (Box 1) and the Experimental Reimbursable Seeding Operations (Box 2) are two illustrations of what has been achieved in two separate areas.

BOX 1: EXAMPLE - SUMMARY OF PROGRESS WITH THE GLOBAL LAND TOOL NETWORK

Global Land Tool Network

The Global Land Tool Network is a global partnership of key international actors seeking to address land tenure and land reform issues. It is currently being funded by the Governments of Norway and Sweden. Since its establishment, the network has expanded to 42 partners and has a total of 1,130 registered members in 132 countries. Its partners include professional groups, multilateral and bilateral organizations, training and research institutions, the academic community and 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, must be affordable, must work towards equity, must support subsidiarity and must consist of systemic large-scale approaches.

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

At the national level, achievements include development of a pro-poor land rights recording system - the Social Tenure Domain Model; establishment of a set of gender evaluative criteria that can be used to assess national land systems; development of guidelines on housing, land and property issues in post-disaster situations; capacity-building for key stakeholders and decision makers through transparency-in-land-administration training for 19 countries in Africa; and impact evaluation of selected land reform initiatives at the country level, such as Ethiopia's initiatives on land certification and women and changing inheritance legislation in India.

BOX 2: EXAMPLE - SUMMARY OF PROGRESS WITH EXPERIMENTAL REIMBURSABLE SEEDING OPERATIONS

Experimental reimbursable seeding operations

The decision to establish experimental reimbursable seeding operations was taken in 2007 and structures to implement such operations have since been established and put into operation. A loan administration process has been developed, including 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 reimbursable seeding transactions have been signed, totaling $700,000, and six others are expected to be signed in early 2010. Disbursement for 2010 is currently expected to be $2.3 million, with a leverage ratio of 198 to 1.

STRATEGIC, PROGRAMMATIC AND RESULTS FOCUS

104. The present 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 Medium-term Strategic and Institutional Plan. Strategic planning and programming and results based management are based on the idea that an organization's substantive programmes should produce results aimed at achieving the organization's vision and strategic goals. 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 the elements of a programme or reallocate its resources to other priorities and programmes that have a demonstrated record of effectiveness.

105. In UN-HABITAT, this process began in April 2007 with the selection of six priority focus areas, of which five are substantive. The focus areas were prioritized in the Medium-term Strategic and Institutional Plan because they relate to critical urban development challenges and together make up an "integrated approach to realizing more sustainable urbanization" (see the Enhanced Normative and Operational Framework Task Force report, "Toward a policy and a roadmap"). The next step was the development, in November 2007, of an action plan. The Enhanced Normative and Operational Framework Task Force, in turn, was responsible for developing instruments in four categories: the World Urban Campaign; policy/strategy papers for the five substantive focus areas; Habitat country programme documents; and the UN-HABITAT partnership strategy. Three of these four categories, i.e., the policy/strategy papers, the partnership strategy and the World Urban Campaign strategy, are discussed in the present report.

106. As a means of refining the Medium-term Strategic and Institutional Plan and making 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/STRATEGY PAPERS

107. The process of drafting policy/strategy papers began in January 2009. The papers were intended to be derived from the results framework for each focus area. They were developed based on a template clarifying the main elements of the papers: focus area situation, key results, lessons learned and strategies, including subsections on partnerships, management, monitoring and evaluation. One key question the papers were to address was what strategic approaches the focus area teams would want to promote in achieving their results at the global, regional and country levels.

108. An important question is addressed here by analyzing the policy/strategy papers for the five focus areas. That question is: "To what extent has the Medium-term Strategic and Institutional Plan helped UN-HABITAT to create a clearer and sharper strategy and programmatic focus?" It should be noted that UN-HABITAT's vision is consistent with Millennium Development Goal 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". If the achievements of this vision and goal are to be taken seriously, therefore, 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:

(a) Their conceptual clarity and consistency

with the vision and goals of the Medium-term Strategic and Institutional Plan;

(b) Operationalization of the broader results framework into more concrete strategies and approaches;

(c) The extent to which they lay out a coherent approach for the global, regional and country levels;

(d) Management arrangements to achieve results.

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

1. FOCUS AREA 1: EFFECTIVE ADVOCACY, MONITORING AND PARTNERSHIPS[11]

110. The policy/strategy paper for focus area 1 has contributed to a clearer focus on the vision and goals of the Medium-term Strategic and Institutional Plan. 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 UN-HABITAT flagship reports, best practice awards, lecture and dialogue series, the World Urban Forum, participation in ministerial conferences and other awards and competitions. Given the wide variety of methods used for advocacy, however, 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/strategy 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 the paper.

111. Only one sentence was devoted to recognizing the "need to ensure effective engagement of regional and country offices of [the Regional and Technical Cooperation Division] 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."[12] Only one concrete approach is offered: a recommendation to harmonize and coordinate the flagship and regional reports. This part of the paper therefore needs to be better developed. The section on management stresses the need for collaboration among contributing units (Information Services Section, the World Urban Campaign and the Monitoring and Research Division) and the need to ensure that each contributing unit is clear on its roles and responsibilities.

112. The partnership strategy was further developed in another document: "UN-HABITAT partnership strategy" (in draft form at the time of this writing), which is 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 Medium-term Strategic and Institutional Plan, for the short, medium and long term, is proposed with the intention that it will become part of the formal UN-HABITAT work plan and be subject to regular monitoring and evaluation.

2. THE WORLD URBAN CAMPAIGN

113. A concept and strategy paper for the World Urban Campaign issued in January 2009 was also reviewed, given that the Campaign falls within focus area 1. The paper presents a five-year strategy that is comprehensive in scope and conceptually clear. The paper states that the campaign is based on a multi stakeholder model, identifies generic constituencies and stakeholders and distinguishes between types of actions (annual or biennial, continuing

---

[11] Three documents related to focus area 1 were reviewed: a focus area1 policy and strategy paper, the UN-HABITAT partnership strategy and the global campaign strategy paper.

[12] Since the policy paper was analysed an updated version has been produced. The quoted text has been revised.

BOX 3: CONCEPTUALIZING SUSTAINABLE URBANIZATION

Although the focus of the Medium-term Strategic and Institutional Plan and the core objective of UN-HABITAT's work is the promotion of sustainable urbanization, the concept 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 issuance in 2002 of a joint publication with the Department for International Development of the United Kingdom reflecting on the scope of the phenomenon, UN-HABITAT has sought to distil what it means in different contexts and from numerous perspectives and priorities in order to develop appropriate strategies. The 2009 UN-HABITAT publication, Planning Sustainable Cities: Global Report on Human Settlements, outlines the goals of sustainable urbanization, while emphasizing participatory and inclusive processes.

A working definition adopted by the Monitoring and Research Division suggests that cities built on the three pillars of sustainable urbanization are those that are "environmentally liveable, economically productive and socially inclusive". Such cities 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. Through these two initiatives and the World Urban Forum, UN-HABITAT 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

targeted and unique opportunities). It clarifies how UN-HABITAT events and products that in the past were perceived as distinct and unrelated (for example, World Urban Forum, World Habitat Day, the flagship reports, Urban World Magazine, urban indicators and UN-HABITAT networks such as the Sustainable Urban Development Network (SUDNet)) could contribute to the Campaign message. In addition, the paper offers a range of approaches and options to be included in the Campaign: World Urban Forum Online, a slum representatives network, sustainable urbanization awareness seminars aimed at journalists and professionals, Urban World Podcast, short productions for television and Urban Champions. There is an entire section devoted to the structure of the Campaign and the responsibilities of various action groups.

114. The specific purpose, message and structure of the Campaign were put into effect during two meetings held in October and December 2009 in Barcelona and Paris and an expert group meeting held in Nairobi in January 2010 on the 100 Cities Initiative. The Campaign message, aimed at promoting a positive vision for sustainable urbanization and its principles, is based on the substantive goals and objectives of the Medium-term Strategic and Institutional

Plan. 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 the fifth session of the World Urban Forum whereby 100 cities made reform pledges to be measured against certain criteria. According to the report of the expert group meeting mentioned above, the 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".

115. Campaign partners who were interviewed expressed complete satisfaction with the campaign model, process and progress accomplished to date. 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 the fifth session of the World Urban Forum. While a number of UN-HABITAT staff attended that session, 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 and presentations during staff meetings.

3. FOCUS AREA 2: PARTICIPATORY URBAN PLANNING, MANAGEMENT AND GOVERNANCE

116. The focus area 2 policy/strategy paper is based on the findings of an expert group, which met in October 2008 to discuss current thinking and practices in planning, management and participatory governance, and on background papers prepared in February 2009. The task of developing a policy/strategy paper for focus area 2 is particularly challenging as it involves developing a conceptual approach for the city as whole.

117. The paper proposes three entry points – economy, environment and equity – which were selected for their high impact in inducing systemic change. 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 a background paper that the important theme of "urban economy" had previously been 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 policy/strategy paper proposes four indicators in addition to those in the Medium-term Strategic and Institutional Plan results framework, which are more in-line with the concepts and ideas contained in the policy/strategy 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.

118. With respect to the first assessment criterion, i.e., conceptual clarity, it would appear that too many ideas were compressed together, although they 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 certain 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", where it refers to 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 Plan framework, the peer review panel recommends that the principles of sustainable urbanization be illustrated in a brief case study contrasting real examples of sustainable and non-sustainable urbanization.

119. In order to refine the strategic focus of the paper, the strategies need to be better articulated, in particular as they affect 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 reached by the expert group at its October 2008 meeting,[13] when it discussed a need for the development of new tools, instruments and policies to address and manage the complexity inherent in sustainable urban development.

120. The policy/strategy paper does not include a section on management as was required by the template. In a revised version, such a section should be added to include some of the valuable

---

[13] Concept paper, Focus Area 2, October 21, 2008

points that were included in the background paper regarding, for example, the need to strengthen collaboration with UNEP.

4. FOCUS AREA 3: PRO-POOR LAND AND HOUSING

121. 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.

122. 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 the 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.

123. Under sub-expected 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".

124. It should be noted that elements of the first expected accomplishment related to housing have been more fully described in another document entitled "Adequate housing for all". That document includes a chart showing the linkages between focus area 3 and UN-HABITAT's 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 in respect of focus area 3 such as the disaster management programme, the Training

and Capacity Building Branch, the Enhanced Normative and Operational Framework Task Force and the Slum Upgrading Facility.

125. 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, among other things, increasing support for an existing initiative, the Advisory Group on Forced Evictions, established under the United Nations Housing Rights Programme, and 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 guidelines, tools and training materials based on knowledge generated from country experience are to be developed and disseminated. Guidelines will cover, for example, 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 in their efforts to develop and implement improved land and housing strategies.

126. 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.

127. 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 in respect of focus area 3 are made clear in the section on management. They include 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 for the development of a new global housing policy vision, and (d) administrative issues to improve GLTN delivery capacity. Opportunities in terms of innovation and management initiatives are also discussed.

128. Table one of the policy/strategy paper includes two relevant indicators of achievement (percentage increase in slum communities being upgraded, and increased number of countries implementing policies to deliver land and housing at scale). In the absence of baseline data and projections, however, it is not clear whether the vision of helping create the necessary condition to stabilize the growth of slums can be attained by 2013.

5. FOCUS AREA 4: ENVIRONMENTALLY SOUND BASIC URBAN INFRASTRUCTURE AND SERVICES

129. The focus area 4 policy/strategy paper is clear, informative and well structured. Clarity of the paper would be enhanced, however, 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. A review of those activities indicates that many of them are consistent with the strategic goal of "sustainability" (for example, measures to minimize the negative impact of infrastructure projects).

130. The Water and Sanitation Trust Fund Strategic Plan for 2008–2012 lists the following four strategic objectives for the period 2008–2012: delivering sustainable services for the poor; ensuring synergy between the built and natural environments; monitoring the Millennium Development Goals; and integrating infrastructure and housing. Those objectives, however, even though they have been approved and endorsed by the Water and Sanitation Trust Fund Advisory Board, are not properly aligned with those of the Medium-term Strategic and Institutional Plan. Only the first objective has any similarity with the first

expected accomplishment of the Plan's results framework. The linkages between the other Trust Fund Strategic objectives and expected accomplishment 2 and 3 of the Plan, "increased institutional efficiency and effectiveness in the provision of basic urban infrastructure services" and "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 Trust Fund monitoring framework be harmonized with that of the Plan. The Trust Fund's annual progress report for 2009 recognized that the results framework was a more refined and strategically directed result oriented document than the Trust Fund Strategic Plan, and stated that "the way forward was to realign the 2010 work programme and activities and outputs to individual corresponding expected accomplishments and sub accomplishments".

131. 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 Plan Steering Committee. Since the Trust Fund is now supported by four bilateral donors (Italy, the Netherlands, Norway and Spain) and the private sector (BASF, the Coca Cola Company and Google), the realignment would require that Trust Fund Advisory Board approve the revision of the Trust Fund strategic plan to reflect the new priorities.

6. FOCUS AREA 5: HUMAN SETTLEMENTS FINANCE SYSTEMS

132. The policy/strategy paper for focus area 5 clarifies and sharpens the focus of UN-HABITAT's involvement in human settlements financing by describing its strategic goal and vital niche. The strategic goal of focus area 5 is described as assisting the achievement of Millennium Development Goal 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 early investment credit enhancement; a prototype lending structure; lending programme eligibility standards to encourage environment and public health-minded design for affordable

and social housing, working through community-based finance organization; well-targeted and efficient subsidies; financing for affordable rental housing and progressive homebuilding; and approaches to documenting job creation resulting from investments in urban housing and infrastructure. The paper notes that both the experimental reimbursable seeding operations and the Slum Upgrading Facility have a role to play in contributing to the achievement of focus area 5 expected accomplishment 1 (raising financing for affordable and social housing).

133. With regard 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 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 UN-HABITAT country managers is necessary for establishing partnerships in countries.

134. With regard to management arrangements, the policy/strategy paper states that both a staffing plan, including expert consultants and experienced banking personnel, and a loan administration process, with dual controls provided by a Programme Officer and the Programme Support Division, have been established. The paper also states that implementation will entail close collaboration with a number of UN-HABITAT units, including 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 achievement, the policy/strategy paper includes statistics on what has been achieved so far (see chapter 2).

135. With respect to the Slum Upgrading Facility, the paper states that there are opportunities to expand the Facility to more cities in Africa that are part of the Millennium Cities programme. In the context of selecting relevant indicators of performance, methods have not

yet been elaborated to measure changes in the social and economic status of those city dwellers who would be helped through the experimental reimbursable seeding operation loans and investments in local finance facilities. This measurement could provide specific and relevant data in assessing the degree of assistance in the achievement of Millennium Development Goals 7, which is clearly targeted at lower income groups and slum dwellers. It should be noted in this context that the Monitoring and Research Division has done very valuable work on slum estimation and that the methods it employs could assist the focus area 5 team in refining performance indicators for the focus area.

7. CONCLUSION

136. Generally, the policy/strategy papers have increased the clarity and focus of UN-HABITAT's mission and strategies. While two of the policy/strategy papers (those for focus area 3, on pro-poor housing, and focus area 5, on human settlements) rank high on the selected evaluation criteria, however, the papers for all focus areas should have been better and more uniform in quality. In the future all policy/strategy papers should include a discussion of programmatic priorities; challenges and constraints; the intervention strategies of programmes and projects, focusing on how to achieve effects of scale and mainstream the principles of urban sustainability; the achievement of specified results called for in the Medium-term Strategic and Institutional Plan at the regional and country levels; and cross-cutting issues, including gender, youth and environment. It is further recommended that an overarching paper that links the individual policy/strategy papers, and defines key common concepts, be prepared.

B. UNDERSTANDING RESULTS IN RESULTS-BASED MANAGEMENT

137. One of the purposes of the Medium-term Strategic and Institutional Plan was to introduce a stronger results focus into UN-HABITAT. Through the efforts of the Results-Based Management and Knowledge

BOX 4: GENDER AND THE MEDIUM-TERM STRATEGIC AND INSTITUTIONAL PLAN

The UN-HABITAT Gender Equality Action Plan aims to strengthen gender mainstreaming in UN-HABITAT programmes and activities within the context of the Medium term Strategic and Institutional Plan 2008-2013. The Gender Equality Action Plan mirrors the six focus areas of the Medium-term Strategic and Institutional Plan. A year after endorsement of the Action Plan, partners and representatives of 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 fifth session of the World Urban Forum. Progress in implementation was recorded by UN-HABITAT and some partners in all five substantive action areas, although challenges, especially the lack of adequate human and financial resources, were also recognized. Partners talked with policy makers, including ministers, mayors, parliamentarians and members of the academic community, on making cities work for women and men and on increasing action in the areas of land and housing, access to basic services and infrastructure and the economic empowerment of women. Staff members working on the Global Land Tool Network organized a round table discussion on gender evaluation criteria.

UN-HABITAT has emphasized the provision of evidence based information on gender equality and the empowerment of women. Its gender website has been revitalized and has a special feature on gender and sustainable urbanization, focusing on key issues and resources. Fact sheets were 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 the result of a United Nations system-wide collective effort coordinated by UN-HABITAT with the support of the United Nations Division for the Advancement of Women. It serves to improve awareness and knowledge of gender equality in cities and covers areas such as urban planning, climate change, safety and security, transport, governance, land and housing and entrepreneurships. Furthermore, Gender Equality for Smarter Cities: Challenges and Progress was published in February 2010. The first edition of the Women in Cities 2010/2011 report complementing the State of World Cities Report is being prepared. This report will enhance understanding of the urban gender divide and has generated increased action to combat urban poverty among poor and disadvantaged urban women. UN-HABITAT is working to build the capacity of staff members both at headquarters and in the field on gender mainstreaming in normative and operational activities.

Management Task Force, significant steps have been taken to do so. An overall results framework has been prepared for the Plan. 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 results-based management continues.

138. The foundations for establishing results-based management have therefore been completed, but further challenges lie ahead. These include refining and streamlining indicators, strengthening capacity to apply results based management, establishing realistic and sustainable systems for data collection and ensuring that there is analytical capacity to use information for reporting and as an input for 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.

139. 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. There is a much weaker understanding, however, that there are various categories or types of results and that different types of indicators are needed for research, capacity building, advocacy and scaling-up activities. This is important because it affects 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.

140. 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. Progress reports under the Medium-term Strategic and Institutional Plan

also contain similar indicators. For example, the November 2009 Progress Report to the Committee of Permanent Representatives described the achievements under the heading of Basic Urban Infrastructure and Services as follows: "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 in documenting results and achievements.

141. The Millennium Development Goals 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 the Millennium Development Goals, as do several other United Nations bodies. UN-HABITAT's contribution, however, should in many cases be measured by means other than numerical indicators and long-term Millennium Development Goal impact. The role of UN-HABITAT is primarily a catalytic one, and 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.

142. The Medium-term Strategic and Institutional Plan uses the concept of strategic roles, which include the following:

(a) A catalytic role and mobilization of networks.
(b) Advocate norms for sustainable urbanization.
(c) Improve global knowledge and understanding of urbanization issues.
(d) Build capacity of governments and local authorities.
(e) Develop innovative financing mechanisms.
(f) Become a premier reference institution and "first stop" centre for pro-poor urban development policy.

BOX 5: MEDIUM-TERM STRATEGIC AND INSTITUTIONAL PLAN AT WORK: KENYA'S NATIONAL LAND POLICY

In its position as Chair of the Development Partners Group on Land, which it has held since 2003, UN-HABITAT played an instrumental role in the adoption of 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 frameworks, institutional frameworks and information management. Based on its role in this land reform process, the focus area 3 team learned the following lessons: land sector reform is complex and requires a long-term perspective; strong ownership and political will are critical; combined efforts from civil societies, professional and grass roots can help overcome difficulties and build consensus; conforming to a common framework of agreement is critical in aligning donor support; capacity building is key in supporting delivery on land reform.

143. It could be a way forward to define results for the various roles more clearly – 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 long term achievement of the Millennium Development Goals. A possible taxonomy of roles is presented in the following text box.[14] 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 United Nations agencies and the latter two are associated with their operational functions.

---

[14] A similar taxonomy has been used by the United Nations Educational, Scientific and Cultural Organization; appropriately adjusted it could perhaps be usefully employed by UN-HABITAT.

BOX 6: POSSIBLE TAXONOMY OF ROLES

Taxonomy of roles

- *Laboratory of ideas,* whereby UN-HABITAT becomes engaged in innovative and applied research. UN-HABITAT is not an academic institution and would not perform research. The role is rather to initiate, fund, follow closely and receive the results from pilot schemes of an applied research character.

- *Clearing house for information*, whereby UN-HABITAT collects information on subjects such as good practices in capacity development, organizes it in databases, on CD ROMs and the internet and makes it available to external audiences.

- *Setting norms and standards*, whereby the organization facilitates an international exchange of experiences and facilitates the negotiation of a binding mandatory agreement among member States or more general guidelines for a certain area.

- *Advocacy,* whereby UN-HABITAT proactively tries to influence the external environment to take action.

- *Capacity development*, whereby UN-HABITAT helps to build the capacity of Governments, local authorities and non-governmental organizations to perform specific tasks.

- *Catalyst for development cooperation*, whereby UN-HABITAT starts and initially coordinates an initiative that is later taken over by organizations at the country or regional level.

- *Financial and technical operations support*, whereby UN-HABITAT provides administrative capacities and financial support for the implementation of projects.

ORGANIZATIONAL STRUCTURE AND PROGRAMME ALIGNMENT

144. The present chapter reviews the institutional structures and arrangements that were put in place to implement the first phase of the Medium-term Strategic and Institutional Plan, assess their effectiveness and provide advice on their future. It also discusses recent changes introduced at UN-HABITAT and highlights some structural issues that require managerial attention. The current organizational chart of UN-HABITAT is set out in annex 4.

A. CHANGING THE FORMAL ORGANIZATIONAL STRUCTURE

145. In addition to the mechanisms under the Medium-term Strategic and Institutional Plan described in chapter 2, a number of changes have been introduced in the formal organizational structure of UN-HABITAT to facilitate the implementation of the Plan. Thus, UN-HABITAT established a resource mobilization unit,[15] an urban design unit and an internal oversight unit in Nairobi, along with a humanitarian office in Geneva, and has proposed the establishment of an office of external relations that would include within it the secretariat of the Governing Council and the World Urban Forum unit.

146. These changes notwithstanding, several senior managers and staff members have expressed the view that there is greater scope for improved alignment of the current organizational structure with the Medium-term Strategic and Institutional Plan. 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 it would therefore be very difficult to change. While it is recognized that the formal structure of UN-HABITAT must reflect legislative mandates, the Executive Director, similar to those of

other United Nations programmes, enjoys considerable leeway in making proposals for organizational change to the Governing Council. Once approved, any such proposals must be reviewed by the Advisory Committee on Administrative and Budgetary Questions in New York. It is expected that the Advisory Committee would carefully review the proposals to restructure UN-HABITAT and ask pertinent questions related to mandates and potential gains in efficiency and effectiveness. In other words, 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 would have to be aligned with existing Secretariat-driven work planning processes.

147. Specific organizational issues were raised by staff members with a view to rationalizing UN-HABITAT's overall structure and improving the general efficiency of the organization. The issues raised are listed in table 2.

148. Time limitations and the scope of the peer review did not allow the peer review panel to answer the questions listed in table 2 by weighing the pros and cons of all possible options for organizational changes and restructuring. Nonetheless, it is believed that the identification of those pros and cons would facilitate future work in focus area 6 on addressing the alignment issues. This future alignment review should be based on a careful analysis of the funding structure and competencies needed and consideration of where the various units should be placed within the organizational structure to maximize their contributions to the organization, and should be carried out with the aim of streamlining the organizational structure to promote efficiency.

---

[15] The Resource Mobilization Unit was established in response to a decision of the Committee of Permanent Representatives, not as a direct consequence of implementation of the Medium-term Strategic and Institutional Plan. The Unit is discussed further in chapter 5.

TABLE 2: ORGANIZATIONAL ISSUES RAISED BY STAFF

Structural issue	Respondent viewpoints
Should the Urban Finance Branch (UFB) and the Water, Sanitation and Infrastructure Branch (WSIB) be included in the Human Settlement Finance Division (SFD) under one umbrella or should they become separate units since they appear to perform very different functions?	WSIB response: Governing Council resolution 21/10 on experimental reimbursable seeding operations stated that it had to build on the experience with instruments and partnership networks such as the Water and Sanitation Trust Fund (WSTF) and the Slum Upgrading Facility. In addition, the experience and network of the Water and Sanitation Trust Fund with the regional development banks provide an entry point for the urban finance branch.
Should the normative divisions and WSIB carry out operational activities that take place at the country level? Could such activities be transferred to the regional offices with commensurate funding?	WSIB response: WSTF unit one of the only ones in UN-HABITAT that truly undertakes a mix of normative and operational work. It is a model of integration, in which normative work drives project formulation and vice versa. Transferring the work of WSTF to the regional programmes would kill the originality and creativity that comes from the unique opportunities the trust fund presents.
Should the Regional and Technical Cooperation Division and the regional office operational activities not be more fully integrated in the work under the focal areas?	This issue is discussed in greater depth in paragraphs 160-163, in the context of country programme and coordination.
Should the Urban Design and Planning Services Unit (UDPSU), being a small unit, not been merged with the Urban Environmental Planning Branch?	UDPSU response: The UDPSU mandate is to mainstream design and planning principles into operational programmes throughout the organization within the enhanced normative and operational framework. It therefore maintains a bridge between normative and operational works. It follows, therefore, that if this unit is to be amalgamated with any existing branch in the Global Division it should be the Urban Development Branch and not the Environmental Planning branch, which has a defined mandate that would not mesh easily with the mandate of UDPSU.
Should the regional offices have two reporting lines, i.e., one to the technical advisory branch and another to the Executive Director's office on issues of representation?	Currently, the regional offices report to the Director of the Regional and Technical Cooperation Division on all matters. As the regional offices have both official representation and technical advisory functions, however, the appropriateness of their current reporting line needs to be reconsidered.
Should the Nairobi-based Disaster Post Conflict and Safety Section (DPCSS) be moved to Geneva, where the Inter-Agency Standing Committee is headquartered and where the United Nations Office for the Coordination of Humanitarian Affairs has its office? Joining these two units together would increase their critical mass, improve communications and strengthen their capacity to intervene rapidly in post disaster or post conflict crises. 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; geographical separation might interrupt this beneficial exchange.	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 United Nations and other humanitarian actors – the Executive Director created the new UN-HABITAT Humanitarian Office in Geneva. Geneva is also the hub for non-United Nations humanitarian activities. DPCSS, however, whose mission is to provide local government and communities with practical strategies for mitigating and recovering from conflicts and natural disasters, already existed within the Global Division. Humanitarian functions were thus split between two organizational units and geographical locations, which this appears to affect communication and operational effectiveness.

Should particular attention be paid to some units with cross-cutting functions such as the Global Urban Observatory, the City Monitoring Unit and the Training and Capacity Branch, which play critical roles in the implementation of the Medium-term Strategic and Institutional Plan? How could the challenge that they face of providing services beyond the core services included in their formal work programmes be addressed through their organization, earmarked funding and recognition of roles?

While some units are satisfied with their positions 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 for monitoring the level of their services, for ensuring that they receive adequate institutional support and recognition and that the demand for their services does not exceed their capacity. This issue is particularly relevant to units that do not benefit from earmarked funding. It should be noted that while gender and youth are also cross-cutting issues, their subject matter tends to have greater appeal to the donor community. They seem to have adequate funding for their activities and therefore are in a different position than the three units mentioned above.

1. MANAGEMENT AND STAFF

149. Staff composition, competency and commitment at both the technical and managerial levels and improved organizational performance are preconditions for the effective and efficient implementation of the Medium term Strategic and Institutional Plan. Implementation of the Plan has focused mostly on policy development and certain administrative and institutional reforms and will need to look more closely at what may be referred to as the "skillware" aspects of reform. Achievement of results depends more on the quality of implementation and staff than on well formulated policies or written rules and regulations.

150. The following figures in table 3 illustrate the size of various parts of UN-HABITAT. Including staff members in Nairobi, liaison and regional and country offices the total number is 414. By most standards, this is a small number, especially considering that UN-HABITAT's mandate is broad in scope and global in scale. If field project staff members are included, the numbers increase substantially. An additional 2,000 people are, for instance, engaged by UN-HABITAT in Asia alone. They are not recognized as UN-HABITAT staff as such, however, because the rules and regulations do not allow UN-HABITAT to recruit national staff.[16]

TABLE 3: SIZE OF DIFFERENT PARTS OF THE ORGANIZATION

Location	No of staff
Nairobi headquarters	293
Liaison offices	17
Africa and Arab States region	22
Asia and the Pacific region	26
Latin America and the Caribbean region	5
East and Central European region	12
Habitat Programme Manager, countries	39
Total	414

151. Looking only at professional staff members reduces the numbers considerably. Table 4 provides an overview of all Professional, Director and higher level positions in UN-HABITAT.

---

[16] It is possible, however, to recruit national staff through UNDP.

TABLE 4: OVERVIEW OF PROFESSIONAL POSITIONS IN UN-HABITAT

Level	Male	Female	Total
USG/ASG	-	2	2
D-2	2	1	3
D-1	16	3	19
P-5	37	12	49
P-4	33	18	51
P-3	29	33	62
P-2	17	25	42
Number*	41	15	56
Number from regional offices			24
Total Professional staff			308
General Service	34	96	130
Total	210	204	414

* National Officers at levels A–D are equivalent to P-1–P-4.

152. As the table shows, the number of Professional staff is around 300. UN-HABITAT is a top heavy organization; approximately 24 per cent of all Professional staff are P-5 or higher. Compared to the number of chiefs and directors, there are relatively few mid level technical staff (P-3 and P-4). There are a large number of General Service staff – 130 compared to 308 in the Professional category.

153. Despite the fact that there are two women at the top, there is a gender imbalance at lower levels – 16 women at P-5 or higher compared to 55 men and 97 female professional staff in total compared to 111 men.

154. Information about the technical background and experience of staff members and to what extent the staff profile is aligned with the Medium-term Strategic and Institutional Plan is currently inadequate. To gauge the collective skills within the organization better, however, a staff skills and job description gap analysis, coupled with the development of an associated inventory and database are, under way.

155. There is insufficient information about how well UN-HABITAT is functioning. While benchmarks and performance indicators exist for managerial, staff member and organizational performance, there is insufficient information on which to base a definitive evaluative judgment. The following paragraphs, however, describe perceptions and observations about staff member and organizational performance gathered in interviews during the peer review, which have been complemented with data from the staff survey.

156. UN-HABITAT has several well functioning programmes and organizational units and highly competent and committed staff members (as documented in the staff survey) – working extremely hard and delivering high-quality products. There is a strong perception, however, that a small number of staff members carry a disproportionate part of the burden. The staff survey found that staff members tended to perceive senior management as hesitant to support significant change; staff members felt a sense of purpose and shared a view of the organization's mission 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 is required.

157. There is a staff performance appraisal system in place but there is a lack of clear performance standards, incentives, quality control mechanisms and sanctions against underperformance.[17] Incentives are important for staff in all organizations. Motivation is a key component in promoting performance and should be linked to incentives. High performance by UN-HABITAT staff members is not rewarded by promotions, new and more challenging tasks, recognition and positive feedback, or similar measures.[18] There are also few if any sanctions against underperformance.

---

[17] UN-HABITAT is in the process of revamping its staff appraisal system to make it more effective. A consultant has been recruited to support this initiative and to help set up a committee to provide coaching to all managers on the new system.

[18] Other similar organizations have introduced merit promotion programmes as a means of establishing systematic performance and incentives systems.

B.   REGIONAL COORDINATION

158.   The present section discusses various aspects of progress and challenges in strengthening country focus and coordination between headquarters and regional and country offices. The proper balance between UN-HABITAT's normative and operational roles is also addressed.

159.   A perception is held by some stakeholders that UN-HABITAT has a headquarters involved in global normative work while 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 Medium-term Strategic and Institutional Plan calls for the development of an enhanced normative and operational framework, described as "an integrated approach to support Governments and their development partners to achieve more sustainable urbanization". An important purpose of framework was to align resources with the aim of more effectively achieving impacts in selected countries through more integrated programmes.

1.   ROLE OF THE REGIONAL AND TECHNICAL COOPERATION DIVISION

160.   UN-HABITAT's Regional and Technical Cooperation Division is charged with coordinating regional and country level activities; it is a key instrument for implementing the enhanced normative and operational framework,[19] organized as a separate division. Many who were interviewed for the peer review, including its own staff members, described it as a division that was to a large extent responsible for its own survival. The Division, including regional and country offices, receives limited funding from regular resources and as a result must secure extra budgetary funding from external donors; presently approximately 85 per cent of such funding goes to disaster and post-disaster projects. Several of UN-HABITAT's global programmes and trust funds also have their own projects at the country level; they are at times coordinated through regional and country offices but sometimes operate on their own.

161.   Informants explained that coordination between headquarters and the regional and country levels is often based on informal mechanisms and agreements, without clearly defined roles or formal processes. Staff members at the Regional Office for Asia and the Pacific and the Regional Office for Latin America said that they were not sufficiently involved in consultations and decision making taking place at headquarters; more importantly, there are no mechanisms for collaboration and coordination between the global and regional levels. There is inadequate capacity and no focal points within the Regional and Technical Cooperation Division at headquarters to respond to requests, provide links with global programmes or 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 little interest in or time for country level activities. The coexistence of divisions and cross cutting focus area teams is also seen as confusing – making it difficult to know who is responsible for what. Staff members at the Regional Office for Asia and the Pacific also made the point that post-disaster and post-conflict issues were not addressed in the structure contemplated by the Medium-term Strategic and Institutional Plan, even though UN-HABITAT is mandated to address emergencies as a member of the Inter-Agency Standing Committee.

162.   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 therefore a need for more formal structures linking the focus areas of the Medium-term Strategic and Institutional Plan to the regional offices; clarification of roles and responsibilities; and improved mechanisms for coordination.

163.   Two alternative arrangements for the Regional and Technical Cooperation Division were suggested by a number of people interviewed. The first was to incorporate the operational

---

[19] The Regional and Technical Cooperation Division comprises regional offices, country staff and a technical cooperation section at headquarters.

functions of the Division in each of the other 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. The second was to organize the Division as a cross-cutting function that coordinates activities of all thematic focus areas at the regional and country levels. This is an important issue which requires further attention and analysis.

2. HABITAT COUNTRY PROGRAMME MANAGERS AND DOCUMENTS

164.   An important motivation for establishing the enhanced normative and operational framework 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 by which such integration should happen.

165.   Adoption of the enhanced normative and operational framework led to, among other things, the development of 33 country programme documents and the hiring of resident Habitat Programme Managers for most of the countries for which those documents were developed. These are commendable achievements. Habitat Programme Managers are required to carry out a variety of tasks at the country level, including representing UN-HABITAT vis-à-vis other in-country partners, participating in advocacy and policy discussions with Governments and coordinating all UN-HABITAT initiatives at the country level. The country programme documents summarized for the first time all UN-HABITAT activities at the country level and should serve as a basis for the mobilization of resources.

166.   There are several examples of significant progress in UN-HABITAT's country level work; to date, however, achievements have not been systematically documented. An evaluation of Habitat Programme Managers was carried out in 2006, with several positive findings. Among the most important were that partners and counterparts in countries expressed an overall appreciation for the presence of UN-HABITAT staff at the country level; that there had been improvement in the

integration of urban issues into multilateral processes such as United Nations development assistance frameworks, country assessments and the Delivering as One programme; that the normative mandate of UN-HABITAT was being promoted more effectively; and that support for operational activities was being enhanced. There is, however, a need for a comprehensive independent assessment of UN-HABITAT's progress and achievements at the country level.

167.   A number of issues and questions were raised during the peer review that would bear further examination. Thus, it was noted that most Habitat Programme Managers had limited core resources with which to support and implement country programmes, including an operating budget of only $5,000. It was also noted that most resources for country level activities were raised by UN-HABITAT's regional offices and that few additional resources had been mobilized for implementation of the new country programmes, which could potentially undermine the credibility of the country programme documents and UN-HABITAT among Governments and partners. It was also suggested that Habitat Programme Managers might not have the capacity to perform all tasks in their current terms of reference, and that it might be more realistic and strategically wise to allocate more resources to a few regional offices instead of spreading them among a large number of countries.

3. THE NORMATIVE AND OPERATIONAL DIVIDE

168.   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" responsible for initiating and organizing international research and campaigns. The purpose of the normative function is to provide a means of reaching agreement on norms, standards and recommendations. On the other hand, several United Nations bodies, including UN-HABITAT, have increasingly become involved in the execution of technical assistance projects in developing countries; such activities may be described as operational. There has been a debate in UN-HABITAT on whether it

has come to devote too much of its efforts to operational activities such as technical cooperation and whether such activities have had an adverse effect on the implementation of its normative mandate and activities thereunder such as policy development and research.

169. 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 may be involved in operational projects beyond the model development and learning phase, but will rarely be so when they are being applied on a large scale.

170. 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 applied on a national or regional scale through the delivery of services.

171. There is a consensus that UN-HABITAT has a role to play in the first three phases described above. There is disagreement, however, 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 facilitate organizational learning remain unclear.

172. The operational role and scaling up of projects are emphasized by the Regional and Technical Cooperation Division and, in particular, the Regional Office for Asia and the Pacific, which is heavily involved in disaster and post-disaster projects The latter is of the view that operational activities are part of UN-HABITAT's core mandate and that the organization will be judged based on what it is able to deliver at the country level. They also emphasize that all country programmes include

a normative component. It also sees the need for an expanded delegation of authority to execute disaster and post-disaster projects more efficiently.

173. Others argue that UN-HABITAT is becoming too driven by donors – too readily undertaking on a contractual basis operational projects with few or no normative elements – partly because donors prioritize service delivery and are hesitant to support normative components like research or 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 – saying that such operations are not within UN-HABITAT's core mandate and that other agencies are better equipped for such work.

174. The peer review panel was not in a position to review the profile and actual substance of UN-HABITAT's work at the regional and country levels, in particular in the disaster and post disaster area. The rapid and significant increase in funding of such projects, however, further emphasizes the need for an in depth evaluation.

C. PROGRAMME PLANNING AND REVIEW STRUCTURES AND PROCESSES

175. The present chapter discusses various aspects of the planning processes and structures that have been undertaken since the introduction of the Medium-term Strategic and Institutional Plan and the need to reduce their complexity, streamline overlapping processes and improve coordination with donor requirements. It also examines the responsibility for planning in the organization and internal review processes. When the Governing Council requested the Executive Director to develop the Plan it made clear that it should include "clear implications for the organizational structure [and] financial and human resources" of UN-HABITAT. It should be noted that Governing Council approval of the Plan occurred in 2007, by which time the strategic framework for 2008–2009 had already been approved by the General Assembly. UN-HABITAT maintains a biennial programme and budget planning process, which is a compulsory requirement of the United Nations Secretariat.

1. PLANNING STRUCTURE

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

FIGURE 1: SCHEMATIC REPRESENTATION OF UN-HABITAT PLANNING PROCESSES

```
                    ┌─────────────────────────────┐
                    │        Habitat Agenda        │
                    └─────────────────────────────┘
                                  │
                                  ▼
          ┌────────────────────────────────────────────┐
          │  Medium-term Strategic and Institutional     │
          │             Plan 2008–2013                   │
          │    Strategy document with six focus areas    │
          │             Results Framework                │
          └────────────────────────────────────────────┘
                                           │
                          ┌────────────────┴──────────────┐
                          ▼                                │
   ┌──────────────────────────────┐                       │
   │  Biennial strategic frameworks │                      │
   │       Four sub-programmes      │◄───┐                 │
   │     Overview and objectives    │    │                 ▼
   │  Expected results and indicators│   │   ┌──────────────────────────┐
   │           Strategy             │    │   │     MTSIP Action Plan     │
   └──────────────────────────────┘    │   │   Quick wins; must dos:    │
                  │                      │   │ Focus area policy papers,  │
                  ▼                      │   │        HCPDs,              │
   ┌──────────────────────────────┐    │   │  Global Campaign, Partnership│
   │ Biennial work programmes and   │◄──┘   │         Strategy          │
   │           budgets              │       └──────────────────────────┘
   │       Four sub-programmes      │                    │
   │     Overview and objectives    │                    │
   │ Expected results, indicators   │                    │
   │       and baselines            │                    │
   │  Strategy, outputs and budget  │                    │
   └──────────────────────────────┘                     │
                  │                                       │
                  ▼                                       ▼
          ┌────────────────────────────────────────────┐
          │      Annual workplans and budgets           │
          │               Objectives                    │
          │            Outputs and results              │
          │           Activities and budget             │
          └────────────────────────────────────────────┘
                              │
                              ▼
          ┌────────────────────────────────────────────┐
          │  UN-HABITAT regional and country programmes  │
          └────────────────────────────────────────────┘
                              │
                              ▼
          ┌────────────────────────────────────────────┐
          │          Country needs and requests          │
          └────────────────────────────────────────────┘
```

177. UN-HABITAT's mandate and foundation are set out in the Habitat Agenda and a number of Governing Council resolutions. The Medium-term Strategic and Institutional Plan is the most recent interpretation of the original mandate and presents five programmatic priorities.

178. UN-HABITAT's operations involve two partly overlapping processes: on the one hand there is the MTSIP Action Plan, consisting of a number of short- and medium-term activities with a separate budget, put in place by the Executive Director as a means of implementing the Medium-term Strategic and Institutional Plan; on the other hand there is the biennial work programme and budget linked to the four divisions, both requested by the United Nations Secretary General in New York, which continue as before, alongside the MTSIP Action Plan. The strategic framework documents, prepared well in advance of the work programmes and budgets for the periods to which they relate, are meant to provide direction for the work programmes and budgets, which are relatively operational compared to the Plan. Each work programme and budget document typically has an introductory chapter on staffing, financial resources and budgets, policy-making and executive management. The last chapter lays out the programme of work, including sub-programmes. In the 2010–2011 version, the four sub programmes with expected achievements are presented over the course of 52 pages. Each sub programme is described similarly – first comes the legislative mandate, then linkages to the Medium term Strategic and Institutional Plan and then broad strategic considerations followed by a list of expected accomplishments. Then there are remarks on UN-HABITAT's comparative advantage, partners and integration of gender. Finally, expected outputs are listed and resource requirements (posts and budgets) are specified.

179. There is also a bottom up process, not always well captured in the strategic framework and work programme and budget documents, whereby needs and requests coming from country partners feed into regional and country programmes, illustrating that plans and activities are not necessarily initiated at headquarters alone.

180. According to United Nations guidelines, the 2010–2011 biennial programme and budget document contains no narrative presentation of the various global programmes and initiatives such as the Global Land Tool Network, the Water and Sanitation Trust Fund and the Slum Upgrading Facility. These are presented in separate documents. Finally, there are regional programmes and a set of new country programme documents.

181. Such a planning structure can be assessed from various perspectives:

    (a) Is it clear and does it reflect a strategic focus?
    (b) Does it communicate well?
    (c) Is it concrete and actionable?
    (d) Are all the elements necessary and well linked?

2. COMPLEX STRUCTURE

182. Figure 1 shows that a large number of documents, produced at several levels, determine the activities of UN-HABITAT. It is often difficult to gain a thorough understanding from these documents, which include planning documents, policy statements and strategies. Under rules governing all bodies that are part of the United Nations Secretariat, UN-HABITAT must prepare the strategic framework for a given biennium almost two years in advance of the programme of work and budget for the same period. The strategic framework, which is approved by the General Assembly, must guide the programme of work and budget. As the time delay between these documents is considerable this sequence is problematic. Since programmes of work must follow the strategic frameworks they can take into account conditions extant at the time of drafting only to a limited extent. As will be discussed later, while it may be desirable to include discrete programmes in the programmes of work, for the purposes of resource mobilization it is a global planning document and, as such, cannot discuss individual projects and 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.

183. What UN-HABITAT ideally wants to achieve is reflected in the work programme and budget but what is missing are details of how

prioritization is linked to resource allocation. 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 peer review panel recognizes that prioritization is a difficult and challenging task for UN-HABITAT as an organization with scarce resources, but it is crucial for reform through the Medium-term Strategic and Institutional Plan.

3. TWO OVERLAPPING PROGRAMMING PROCESSES MAINTAINED

184. The organizational structure of UN-HABITAT was taken as a given in the implementation of the Medium-term Strategic and Institutional Plan. UN-HABITAT has incrementally incorporated the Plan's priorities into its existing planning system and divisional structure. The question whether the existing systems and structures were optimal for effective implementation is discussed elsewhere in the present report.[20] The point here is that two systems have been established and will be operational until 2013. Gradual alignment of the thematic priorities of the Plan into the work programme and budget is expected to be completed in the 2012–2013 biennium.

185. The cost of maintaining two separate planning and reporting systems has been high,[21] 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 FUNCTION NOT SYNCHRONIZED

186. An organizational reform like that being effected through the Medium term Strategic

and Institutional Plan would ideally consist of three interlinked processes:

(a) Articulation of a new vision and objectives (functions);
(b) Creation of an organizational structure in line with and supporting the implementation of policy (finding a new form);
(c) Ensuring that relevant and adequate human skills and capacities are in place.

187. In the case of reform through the Plan the first of the above processes has been completed and has been followed by changes in a number of institutional and administrative areas. As already mentioned, the Plan took the overall divisional structure as a given and worked towards incremental organizational reform. The result is that form has not followed 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 continues, but is 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 reform through the Plan.

5. HARMONIZATION OF PROGRAMME INFORMATION AND DONOR REQUIREMENTS

188. An important question is to what extent the current planning structure satisfies the demands and requirements of donors. Information on global programmes and initiatives like the Global Land Tool Network, the Water and Sanitation Trust Fund, SUDNet, etc., is present in the biennial work programme and budget

---

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

[21] UN-HABITAT prepares a separate report for the United Nations 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 the Medium-term Strategic and Institutional Plan. 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.

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 in any detail. 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 per cent of UN-HABITAT's funding is secured through programmes, their importance cannot be overstated. If the biennial work programme and budget covered the programmatic level better,[22] it would be possible for UN-HABITAT to have one document for decision making vis-à-vis the Governing Council and for fundraising among most, if not all, donors.

189. Some donors have argued that the current programme and reporting structure do not provide sufficient information about projects that they might wish to fund and consequently demand separate proposals. If the programme presentation were more comprehensive and discussed with donors in advance, they might be willing to accept one plan and one report. It must be recognized, however, that the requirements of the United Nations will not always be a good match with the interests of individual donors. The result of their differing information demands is a complex and expensive set of multiple and overlapping planning and reporting systems.

190. There are already many documents and reports and some of them include information that could satisfy donor needs. 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 around the five substantive focus areas, provide clearly written information pertaining to all current UN-HABITAT programmes in a corporate format.

6. ARRANGEMENTS FOR PLANNING, MONITORING AND EVALUATION

191. Both strategic and work programme planning functions are currently carried out by the Programme Support Division of UN-HABITAT. Since UN-HABITAT is part of the United Nations Secretariat, the work programme and budget has long been its planning tool. It is a technical two-year rolling plan. With the implementation of the Medium-term Strategic and Institutional Plan, however, the strategic aspects of the planning function and reporting at the results level have become more prominent. In the light of this, and given that there is a logical and substantive link between planning and reporting, a proposal has been made to move the strategic and programme planning function to a higher level in the organization and to establish a unit responsible for strategic planning, quality control and performance monitoring.

192. In such a restructuring, it would also be wise to separate out an independent evaluation function whose incumbent would report directly to the Executive Director's office. Performance monitoring is a very different function from independent evaluation: the former is an internal management function while the latter is an independent assessment of value and merit.

7. REVIEW PROCESSES: PROGRAMME REVIEW COMMITTEE

193. The Programme Review Committee was established in August 1996 in response to a recommendation by the Board of Auditors (see A/51/5/Add.8) that UN-HABITAT should establish a mechanism for reviewing the design of projects, estimated project costs and budget allocations at the project planning and appraisal stage and that project documents should include clear performance indicators. From 2003, the Manual for Project and Programme Cycle Management guided the project review and approval process.

194. The limited core resources of UN-HABITAT and the focus on results in the MTSIP justify a strong programme review function. Non earmarked funds constitute only about 20 per cent of total revenue, meaning that the remaining 80 per cent consists of earmarked contributions to approved projects. Furthermore, UN-HABITAT's divisions, in particular the Regional and Technical Cooperation Division, have historically been the principal initiators and managers

---

[22] Covering objectives, strategies and major components – not details at activity level.

of projects as the most important means of securing resources.[23] Against this background, 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 thereby minimize fragmentation and promote cohesion in the organization.

195. Experience with the Programme Review Committee showed that it offered no quick fix because it implicated broad and complex organizational issues such as decision making and delegation of authority. Other problems also emerged.

196. Strengthening the Programme Review Committee was an explicit objective of the MTSIP Action Plan and among the "quick wins" in its "kick-start" phase: "the programme review processes will be strengthened to promote: results-based programme planning, alignment and cohesion; monitoring, ex post facto evaluation and reporting; and improved resource allocation and sharing."

197. As part of the effort to strengthen the Committee a consultant reviewed its role and functions in 2008 and 2009, pointing to, among other things, the fact that the Committee was not the only body performing the programme review function. Thus, for example, regional programme review committees had been established and authorized to review projects below a certain funding level and some of the major programmes (e.g., the Water and Sanitation Trust Fund and the Slum Upgrading Facility) had their own internal review and approval systems.

198. The consultant also identified a number of additional constraints in the system. They included:

(a) That divisions sometimes dealt bilaterally with donors and negotiated deals with them that were then brought to the Programme Review Committee for rubber-stamping;

(b) That rules and procedures were ignored when decisions were not to the liking of project proponents;

(c) That the review and approval processes of the larger programmes included a role for donors;

(d) That review by the Programme Review Committee was not required for proposals with funding below $100,000, leaving such proposals to be approved by division Directors;

(e) That the Programme Review Committee had only an advisory function but a complex dual mandate: on the one hand it was to "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 were in line with UN-HABITAT's overall goals and corporate interests.

199. In response to these findings guidelines on a new "Programme and Review Mechanism" were prepared and approved by the MTSIP Steering Committee 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 project and the focus areas of the Medium term Strategic and Institutional Plan.

200. The mechanism features a new structure for project review, involving on the one hand the MTSIP Steering Committee and on the other hand the headquarters and regional programme review committees. The Steering Committee is the highest level body under the mechanism, providing strategic oversight,[24] while the headquarters and regional programme review committees focus on the quality and relevance of individual project proposals.[25] The headquarters Programme Review Committee is headed by division Directors, who serve on a rotational basis. Each regional committee is chaired by the Regional Director for the region that it serves.

---

[23] A significant number of staff members (35 to 40 per cent) are also dependent on earmarked projects for their salaries.

[24] Endorses Plan focus area strategy papers, reviews biennial strategic frameworks, budgets and programmes, sets criteria for funding of Plan activities, reviews donor framework agreements, reviews and endorses Plan progress reports, etc.

[25] Reviews and recommends for approval project briefs and documents, approves biennial programme implementation plans, reviews biennial reports, etc.

201. Experience with the process is growing, and by the end of March 2010 the headquarters Programme Review Committee had met six times following adoption of the new guidelines. The strengths of the new mechanism observed thus far are that it provides:

    (a) A clear guide with relevant templates and a designated secretary;
    (b) A mandatory review mechanism;
    (c) Two levels and types of review processes, one strategic and one operational.

202. Perceived problems and challenges with the new mechanism identified are:

    (a) That the trust funds maintain their internal review and approval processes, leaving the role of the Programme Review Committee unclear;
    (b) That if the Committee only reviews broader programme areas and strategies (e.g., the Water and Sanitation Trust Fund), it will not scrutinize individual proposals;
    (c) That if, on the other hand, the Committee were to review all proposals, it might have problems maintaining a high level of quality assessment of an increasing number of proposals in various technically complex areas;
    (d) That if the Committee were to move towards assessing broader programme documents, the role of the Steering Committee might 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;
    (e) That the financial threshold for delegating review of a project to a regional programme review committee (less than $1 million) was, according to some involved in emergency operations, too low. During the course of the peer review, however, the threshold was removed for emergency operations;

    (f) That the process for review was not suitable for the approval of emergency projects, to which a swift response was necessary. It is unclear whether the recent changes will ameliorate this problem.

203. 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 with the Medium-term Strategic and Institutional Plan. The study found a steep increase in alignment, from 17 per cent in 2008 compared to 31 per cent in 2009, measured by explicit reference to Plan focus areas. The percentage is higher for headquarters projects (39 per cent) compared to projects reviewed by the two regional project review committees (13 per cent). When looking at the substantive content, the study found that up to 95 made direct contributions to the Plan focus areas. Most of the project documents also reflected a high level of awareness of cross-cutting themes like gender equality, human rights, 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 due to the fact that the project review committees are more active than they were previously or that there is more awareness and systematic use of terminology from the Medium-term Strategic and Institutional Plan among those preparing proposals. Perhaps Plan compliance is difficult to define precisely.

BUSINESS PROCESSES AND RESOURCE MOBILIZATION

A. BUSINESS PROCESSES

204. The present chapter presents an analysis of problems and issues in respect of selected business processes and changes implemented to make them more efficient. It also examines trends in resource mobilization and strategies adopted to enhance UN-HABITAT's financial resource base.

205. Focus area 6, on excellence in management, has as one of its objectives improving the efficiency of business processes. The Programme Support Division is responsible for the financial, administrative and human resources functions of UN-HABITAT and is accountable for achieving efficiency gains in the performance of these functions. UNON also plays an important role in the approval process in these areas.

206. In the staff survey conducted in September 2009 52 per cent of staff members indicated that the overall effectiveness of business processes had improved over the previous 12 months. During the peer review, however, interviewees said that there was still room for improvement in business processes. Some felt that while the Programme Support Division was taking steps to improve standard operating procedures, it would be more difficult to transform its culture to one that was more service oriented. Staff members in the Regional and Technical Cooperation Division, the regional offices and the Disaster Post Conflict and Safety Section voiced the most forceful concerns regarding the impact that inefficiency in procurement and recruitment processes was having on post-conflict and disaster relief operations. While the increased delegated authority to the regional programme review committees was perceived positively, the $1 million threshold for projects falling within their delegation of authority was considered too low for emergency projects. During the course of the peer review, however, the threshold was 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 the Programme Support Division and UNON to streamline procurement procedures.

207. Based on interviews with members of the Programme Support Division, it was reported that the Division had conducted several reviews of the problems that had come to their attention and that corrective measures were under way. The reviews focused on four areas for analysis: travel, procurement, recruitment and delegation of financial authority. In general, the reviews 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

208. The Programme Support Division has put in place a new system to simplify the travel approval process. As had already been the case, under the new system each division has its own travel budget. In addition there are a number of new features. Thus, each division Director is to prepare quarterly travel projections and submit a quarterly report on actual travel; authority to approve quarterly travel plans and individual travel requests for official missions has been delegated to division Directors; and divisional quarterly travel projections and plans are approved by the Chief of the Office of the Executive Director. A pilot for new travel guidelines was started in the Human Settlements Finance Division and should be implemented agency wide.

2. RECRUITMENT

209. In a joint review with the UNON Human Resources Management Service, the Programme Support Division 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 originators of recruitment requests in UN-HABITAT. For example, documents were sometimes submitted late or were incomplete or incorrect. Delays could also be attributed to UNON, however, which frequently failed to send requests back with comments.

210. 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 peer review panel recommends that an online application facility be developed and placed on the internet so that interested consultants may apply 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 did exist, it seems that only senior staff members of the Programme Support Division were aware of it. Furthermore, by the time of the peer review the agreement had expired. The GLTN secretariat (a unit within the Shelter Branch) has worked out a separate agreement with UNON providing that recommendations on consultants selected from shortlists of at least three candidates will be processed within seven days. The Programme Support Division reports that GLTN is complying with this service target .

211. An issue that was not addressed in the above mentioned joint review concerns the inability of regional offices to recruit national staff under United Nations rules and regulations. In the face of these rules the regional offices have only two options: either to recruit staff members through third parties such as UNDP or to hire consultants. The former has an influence on staff loyalty and the latter suffers from the disadvantage that financial authority cannot be delegated to consultants under the United Nations rules and regulations. The Regional Office for Asia and the Pacific, in particular, has identified this inability to delegate financial authority as a major obstacle hampering the efficient delivery of field operations, which in the Asia-Pacific region involves mostly work in post-conflict and post-disaster situations. UN-HABITAT should raise this issue with the United Nations Department of Management to determine if a solution can be found and inform the regional offices of the outcome of its efforts in this regard.

3. PROCUREMENT

212. The Programme Support Section within the Programme Support Division conducted a review of inefficiencies in the procurement process. The Section found that, in the majority of cases, delays in procurement were attributable to UN-HABITAT submitting incomplete or incorrect forms. UNON was also responsible for delays, however, by not providing timely feedback on problems in the initial requests and how to correct them. The November 2009 progress report on implementation of the Medium-term Strategic and Institutional Plan stated that the average procurement time for information technology equipment was 67 days, of which the UN-HABITAT approval process accounted for only 3.4 days. Based on interviews with both managers in the Programme Support Division and users of the Division's 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 have also expressed the view that there are constraints in the field in terms of obtaining sufficient bids from local vendors, which are often not recognized by procurement staff in UN-HABITAT headquarters. For their part managers in the Programme Support Division have expressed the view that knowledge of procurement procedures, product specifications and availability and geographical distribution of vendors should be strengthened.

213. To address the problem, the Programme Support Division has developed a training programme for its own staff members as well as staff members in the divisions and Programme Management Officers. Senior managers have suggested that efficiency gains could be achieved by greater standardization in office products and equipment and by maintaining a list of pre-approved vendors as a means of speeding up the procurement process. Similar to the above finding in respect of the recruitment process, it appears that only senior staff members were aware that there had been a service level procurement agreement between UN-HABITAT and UNON. Again, the service level agreement had expired by the time of the peer review and now needs to be renegotiated with revised and more rigorous standards and performance evaluation criteria.

4. DELEGATION OF AUTHORITY

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

215. The Programme Support Division has acknowledged that there is still considerable room for improvement in general efficiency and cost reductions. Opportunities for improvement include standardization of building and office supplies, including those relating to information technology; selection of one pre-qualified vendor (following a competitive bidding process) for each procurement transaction; and expansion of the use of online applications for business process tracking and approval.

216. In conclusion, the Programme Support Division has taken the following steps to improve business processes: procedures for delegating financial authourity and authority for travel and other matters have been made clearer and more consistent; procedures in all four areas are to be streamlined and made more "client friendly"; and staff training programmes are to be 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 the Division will need UNON support and UNEP cooperation. It will also be necessary to address a communication gap that exits between the Programme Support Division on the one hand and the Regional and Technical Cooperation Division, the regional offices and the Disaster Management Unit on the other and to address their specific needs for a speedy approval process for recruitment and procurement in the case of post-conflict and post-disaster situations. There is also a need for the Programme Support Division to become more service-oriented.

B. RESOURCE MOBILIZATION

217. The financial framework of UN-HABITAT comprises three sources of funding: Regular budget allocations approved by the United Nations General Assembly; contributions to the United Nations Habitat and Human Settlements Foundation that are allocated to the biennial budgets by the Governing Council; and technical cooperation contributions that are allocated to the biennial budgets by the Executive Director. Contributions to the Foundation include general purpose (non-earmarked) and special purpose (earmarked from governments and other donors for the implementation of specific activities) contributions to support the implementation of the approved UN-HABITAT work programme.

218. General purpose (non-earmarked) contributions have increased by 230 per cent from $6 million in 2002 to approximately $20 million in 2009. During the same period special purpose contributions (excluding contributions for technical cooperation) have increased by 100 per cent from $20.2 million to $40.8 million. Between 2002 and 2009, the ratio of general purpose to special purpose contributions (excluding contributions for operational activities) increased from 30 per cent to 50 per cent (figure 2). The Panel is encouraged by the narrowing of that gap since 2007.

219. The donor base for non-earmarked contributions, however, is very narrow, with over 90 per cent of core voluntary contributions coming from just ten donors. The difficulty caused by the narrow donor base is further compounded by the short-term nature of donor contributions. Four donors (Norway, Spain, Sweden and the United Kingdom of Great Britain and Northern Ireland) have signed multi-year programme framework agreements. Apart from those four member States', funding commitments tend to be made on a year-to-year basis. 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. 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.

FIGURE 2: TRENDS IN DONOR CONTRIBUTIONS (2001–2009)
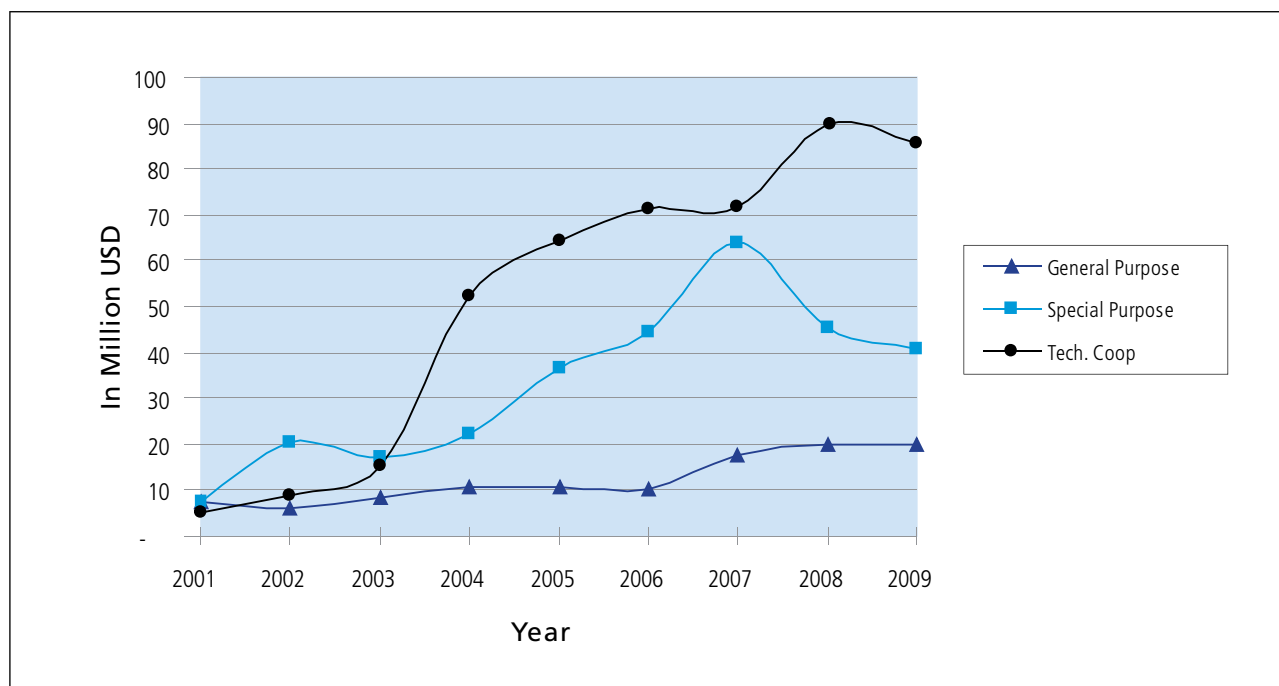
220. While grateful to the top donors for their continuous support, a paradoxical trend has been apparent for some time: at the same time that donors in their public statements stress the importance of UN-HABITAT's normative role, year after year many continue to earmark the greatest proportion of their total contributions for UN-HABITAT special purpose and operational activities (HSP/GC/22/2/Add.3). As noted above, the gap between special purpose and general purpose contributions is narrowing but continues to be a cause for concern. Special contributions are still double general contributions, which restricts the agency's flexibility in allocating funds to UN-HABITAT's strategic priorities.

221. The budget figures for 2010–2011 reflect an increase of $34 million over the estimates for 2008–2009, owing to a projected increase in country level activities to support post-disaster and post-crisis activities.

1. STRATEGY FOR RESOURCE MOBILIZATION

222. The Resource Mobilization Unit was established in February 2008. In view of its cross-cutting nature, it operates under the Deputy Executive Director's overall guidance. Its operational management, however, is the task of the Director of the Financing Human Settlements

Division. The Unit is not fully staffed. It presently has one D-1, one P-2 and one GS-4 staff member, as well as a number of short-term consultants operating both in Nairobi and abroad. A P-4 staff member 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 Unit and the substantive divisions.

223. The Unit's key responsibilities include general interdivisional coordination, donor coordination and relations, provision of up to date information on donor preferences and maintenance of reports to donors and a catalogue of bankable projects. The role of the Unit is specified in its guiding principles.

224. The Unit's strategy is to be implemented through the following steps: consolidating UN-HABITAT's engagement with the existing donor base; correcting the imbalance between earmarked and non earmarked resources; broadening the donor base; and reaching out to non-traditional donors. An implementation strategy was developed for the period 2009–2013. The approach places increased emphasis on tapping non-traditional 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

non governmental organizations and UN-HABITAT national committees in selected countries.

225. One expected accomplishment in the Medium-term Strategic and Institutional Plan is improvement in the "degree to which resource targets for non-earmarked and earmarked funding are met". The 2009 final accounts state that 92 per cent of the 2008 annual target for non-earmarked resources ($21.5 million) was met, while for 2009 93 per cent of the target was met by the end of December. For earmarked resources (excluding technical cooperation) the annual target of $33.9 million was exceeded by 32 per cent in 2008 and by 20 per cent in 2009. Other achievements included the discussion of potential multi-year funding framework agreements with Spain. Resource mobilization trends are shown in figure 3.

226. The significant increase in extrabudgetary resources during the period 2006–2008 can be largely attributed to the combined efforts of the UN-HABITAT Executive Director and senior staff members. The Executive Director has personally campaigned for funds. The Deputy Executive Director has spent considerable time developing relations with donors, focusing on Governments and development banks. Division Directors and staff members, including senior staff members and the the Director of the Regional Office for Asia and the Pacific, senior staff members in the Water and Sanitation Division and the Chief of the Urban Finance Branch, have been active as well. Some donors might also have been encouraged by the Medium-term Strategic and Institutional Plan progress reports showing advances made in respect of excellence in management.

227. Similarly, staff members from the substantive programmes have played a key role in mobilizing resources from non-traditional donors. The Water and Sanitation programme, for example, has just signed a new deal with the Coca Cola Company for the urban water programme and has negotiated an innovative initiative with Google on citizen monitoring of water utilities. The World Urban Campaign has obtained sponsorship from corporations and from cities and municipalities. Private foundations have been increasingly tapped; the Urban Finance Branch, for example, secured funds from the Rockefeller Foundation for experimental reimbursable seeding operations.

FIGURE 3: UN-HABITAT RESOURCE MOBILISATION TRENDS 2006 - 2009
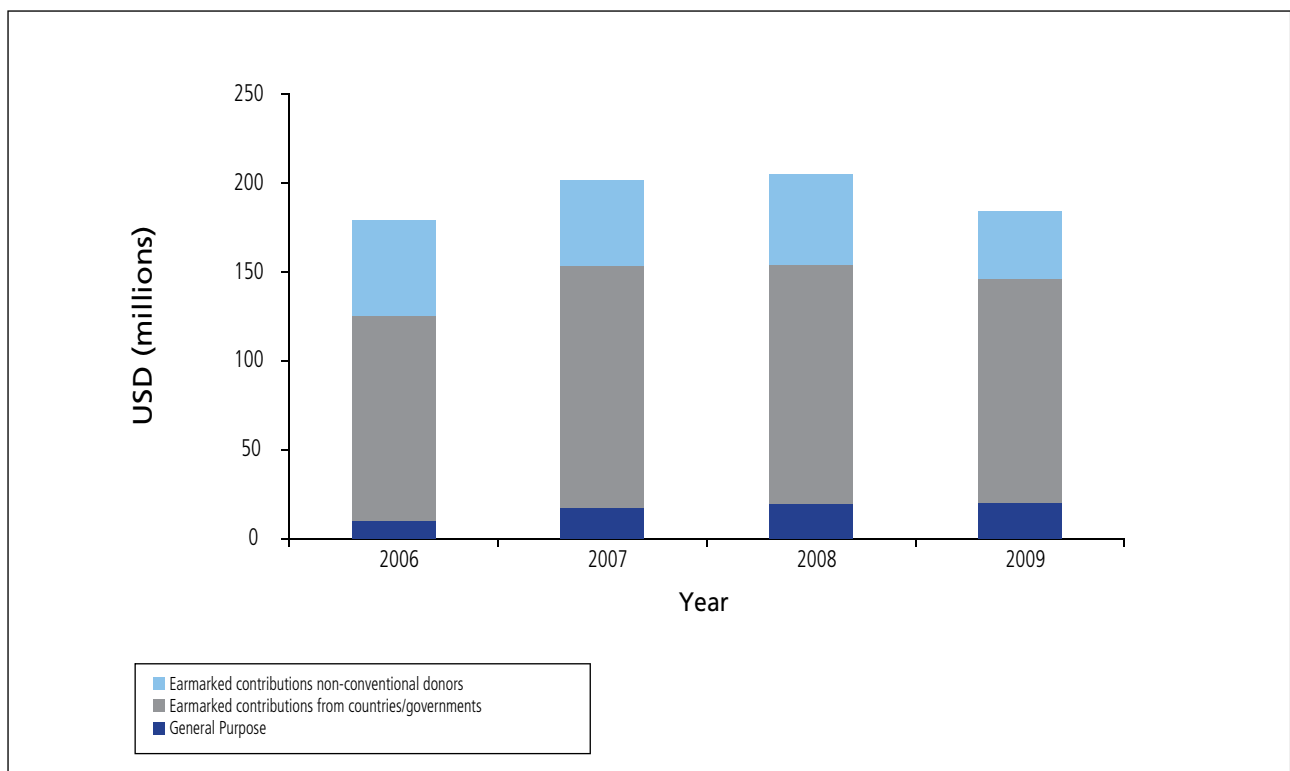
228. The role of the Resource Mobilization Unit has been focused on expanding and consolidating UN-HABITAT's donor base and coordinating the resource mobilization efforts by the various units described above. With regard to the latter, there appears to have been progress in developing a coordinated and structured approach. There are still instances, however, when staff members from headquarters or regional offices directly contact government ministries without first notifying the Resource Mobilization Unit. A prototype resource mobilization system featuring a donor profile database has been completed. The database is intended to be a "one stop shop" on donor information for all of UN-HABITAT that will ensure 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. Entitled "UN-HABITAT's products and services", the document could be modified to include specific budgetary and results information to fill the information gap reported by donors and members of the Committee of Permanent Representatives.

2.   CHALLENGES

229. A major challenge is how to expand the donor base at a time when the effects of the global financial crisis are forcing countries to reassess their contributions to international organizations for development. A new donor has been added to the base, and several longstanding donors (Italy, Spain and the United Kingdom) have increased their contributions. The recently available December 2009 financial update prepared by the Programme Support Division indicates that the total value of contributions declined slightly in 2009 (4.8 per cent). It is not possible at present, however, to forecast what they will be by the end of 2010.

230. With regard to non-traditional donors, the strategic plans for 2010–2013 include several promising strategies for outreach. Given its small size, the Resource Mobilization Unit may not have the capacity to pursue them all. Furthermore, the effectiveness of the fund-raising strategy aimed at non-traditional donors depends to a large extent on creating and maintaining a positive image. Not only is there a need to emphasize UN-HABITAT's success stories, a strategy adopted by the World Urban Campaign, but there is also need to learn from the success stories of other United Nations bodies.

CONCLUSIONS, RECOMMENDATIONS AND LESSONS LEARNED

A. CONCLUSIONS

1. MEDIUM-TERM STRATEGIC AND INSTITUTIONAL PLAN PROGRESS AND ACHIEVEMENTS

(a)   A revitalized mandate

231.   The peer review panel concludes that the adoption and implementation to date of the Medium term Strategic and Institutional Plan has led to several positive developments in UN-HABITAT. The Plan has helped to establish a stronger common vision for the organization, created more enthusiasm and commitment among staff members and reduced internal barriers through better collaboration and a greater focus on shared results. It has also led to strengthened normative and operational linkages at the global, regional and country levels. A number of important administrative and institutional reforms to improve organizational efficiency and effectiveness have also been initiated.

(b)   Significant achievements

232.   Considerable progress has been made and significant results achieved by UN-HABITAT through the Plan. The organization has successfully achieved a majority of the agreed "quick wins" and "must dos" set out in the MTSIP Action Plan, most of which required delivery of specific outputs and activities and some of which 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.

(c)   Stronger institutional than programmatic attention

233.   The Medium-term Strategic and Institutional Plan has a dual purpose: it is intended to produce not only a more efficient and effective organization through excellence in management but also a more sharply-focused and more strategic organization. The institutional aspects of the Plan have so far received the most attention, both in the MTSIP Action Plan and in regular progress reports. A new look at the programmatic aspects of reform under the Plan is required while institutional change continues. There is a need to elaborate and clarify direction and substance in key concepts like sustainable urbanization in policy/strategy papers and address the consistency and quality of the policy/strategy papers for the focus areas.

(d)   Continuing reform

234.   The Medium-term Strategic and Institutional Plan has been the basis of a necessary and important reform process for UN-HABITAT. There are, however, issues that have not yet been addressed. Reform under the Plan should ideally consist of three interlinked processes:

(a)   Articulation of a new vision, strategy and objectives (functions);

(b)   Creation of an organizational structure in line with and supporting the implementation of policy (finding a new form);

(c)   Ensuring that staff members with relevant and adequate skills and capacities are in place.

235.   Reform under the Plan thus far has included the first of the above processes, which was followed by changes in a number of institutional and administrative areas. As already mentioned, the Plan took UN-HABITAT's overall divisional structure as a given and worked towards incremental organizational reform. The result is that form has not followed function, due to the constraints presented by preexisting planning requirements. The question of whether 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 continues, but is not yet complete (e.g., focus on the revision of job descriptions). A number of important administrative reforms

have been carried out, but without addressing larger underlying structural challenges. This may have weakened and to some extent constrained the effectiveness of reform under the Plan.

236. To some extent the Plan has been perceived as an add-on to the "real" work of UN-HABITAT, i.e., implementation of the biennial work programme and budget. The incremental approach to reform has also added considerable costs, owing to the need to, maintain overlapping planning and reporting systems, and constrained the development of a sufficiently clear and shared organizational culture.

(e)   Constraints on effective implementation

237. UN-HABITAT is faced with a number of constraints over which the organization has no direct control, including the existing governance system, the current arrangements for providing administrative services through UNON and mandatory systems and procedures imposed by the United Nations Secretariat that constrain the scope for organizational restructuring. These constraints will have to be addressed to ensure further progress in implementation of the Plan and improved organizational performance.

2.   STRATEGIC PROGRAMMATIC FOCUS

(a)   Clearer but not sharper focus

238. The Medium-term Strategic and Institutional Plan resulted 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. So far, however, the Plan has 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 or resources redirected.[26] On the contrary, several new priorities have been adopted, increasing the competition for limited resources.

(b)   Insufficient strategic leadership in allocation of resources

239. The Medium-term Strategic and Institutional Plan has focused on what UN-HABITAT wants to achieve. That is necessary, given the scarcity of resources and the need to prioritize, but not sufficient. Policy intentions have not been sufficiently reflected in short- and medium-term strategic planning and prioritization of resources between and within focus areas. Examples of important resource allocation considerations are:

(a)   What UN-HABITAT must do (e.g., key normative functions);

(b)   What UN-HABITAT ought to do (e.g., cover all focus areas with relevant activities);

(c)   What UN-HABITAT could do (e.g., extend operational activities at the country level);

(d)   What UN-HABITAT should not do (e.g., compete with other agencies).

3.   SUBSTANTIVE FOCUS: CHALLENGE OF COMMUNICATION

240. Through the Medium-term Strategic and Institutional Plan, UN-HABITAT has tried to define more clearly its special role and functions within the broad area of human settlements and urbanization. This has to some extent been successful. The concept of "sustainable urbanization principles", however, has not been adequately defined notwithstanding that it is central to the strategic goal driving the five substantive focus areas. The Plan features five substantive priorities covering important aspects of UN-HABITAT's mandate, but the five focus areas do not always mesh well. Some include broad, complex concepts that are 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.

241. While the various roles and strategies described in the five policy/strategy papers are all relevant to achieving the vision articulated in the Plan, the sum of all the strategies does not convincingly support the notion that they are

---

[26] Three examples were mentioned: one flagship report, an HIV/AIDS project and a reduction in the total number of publications.

sufficient to fulfill the vision in all its breadth scope within the next three years.

4. STRUCTURAL ALIGNMENT ISSUES

242. During the first phase of Plan 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 and the focus area teams and focal points performed their respective tasks well and helped increase collaboration and reduce the silo mentality. The Steering Committee, comprising senior and middle level managers, was chaired by the Deputy Executive Director. The Committee 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, however, including with regard to structural alignment issues and the reform of business processes. Several changes were introduced in UN-HABITAT's formal structure to reflect priorities expressed in the Plan, including the creation of the Resource Mobilization Unit, the establishment of an external relations function in the Office of the Executive Director and 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.

243. 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

244. UN-HABITAT has a number of well-functioning programmes, organizational units and highly competent and committed staff members working extremely hard and delivering quality products. There is, however, 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. Staff members felt

a sense of purpose and shared a view of the organization's mission 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. Clear performance standards, staff incentives, quality control mechanisms and sanctions against underperformance are lacking.

6. INADEQUATE COORDINATION OF ACTIVITIES AT THE GLOBAL, REGIONAL AND COUNTRY LEVELS

245. Coordination of global, regional and country activities is often based on informal mechanisms without clearly defined roles and formalized systems. The Regional and Technical Cooperation Division does not have sufficient capacity to function as an effective coordinating link between regional and country offices and the other divisions of UN-HABITAT. Regional offices are, to a large extent, left on their own. With an expanding number of activities at the regional and country levels and a combined normative and operational approach, a more formal structure for internal coordination is required. Two alternatives were considered by the peer review panel: the first was to incorporate the operational functions of the Regional and Technical Cooperation Division into each of the divisions, while the second was to organize the Division as a cross-cutting function through which all Plan focus areas are channeled and coordinated.

7. PROGRESS IN INTEGRATING NORMATIVE AND OPERATIONAL ROLES

246. The distinction between normative and operational roles has often been unclear and created controversy in many United Nations bodies, including UN-HABITAT. There seems to be consensus within UN-HABITAT, however, that both functions are required and should be combined, although the appropriate focus and balance are debated and unresolved.

247. The operational mandate is emphasized by the Regional and Technical Cooperation Division and, in particular, the Regional Office for Asia and the Pacific, which is heavily involved in disaster and post-disaster projects. Others argue that UN-HABITAT may have become too donor driven, increasingly undertaking 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 minimized, arguing that they are not part of UN-HABITAT's core mandate or comparative advantage. This is an area which requires better documentation and further analysis.

248. UN-HABITAT country programmes and their managers were seen by those interviewed for the peer review as the means through which UN-HABITAT's normative and operational roles could be better integrated. There is clearly an improved understanding of such a combined approach within the organization and there have been several positive developments. There is, however, insufficient information about progress and performance at the regional and country levels. Most resources for country level activities are mobilized by regional offices for operational activities, which often lack sufficient normative elements or feedback mechanisms that would allow organizational learning. Limited core resources are used to strengthen regional and country level normative work.

8. COMPLEX PROGRAMMING AND PLANNING STRUCTURE

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

250. The work programme and budget lack detail on how prioritization is linked to resource allocation. To create a sharper focus and 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 reform under the Medium-term Strategic and Institutional Plan.

251. Both strategic and work programme planning functions are currently performed by the Programme Support Division. Since UN-HABITAT is part of the United Nations Secretariat, its work programme and budget has, for a long time, been its planning tool. It is a technical two-year rolling plan. With the implementation of the Medium-term Strategic and Institutional Plan the strategic aspects of the planning function and reporting at the results level have become more prominent. In the light of this, and given that there is a logical and substantive link between planning and reporting, a proposal has been made to move the strategic and programme planning function to a higher level in the organization and to establish a unit responsible for strategic planning, quality control and performance monitoring in the organization.

252. It would be wise to have a separate independent evaluation function reporting directly to the Executive Director'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

253. The Medium-term Strategic and Institutional Plan took the organizational structure of UN-HABITAT as a given and UN-HABITAT has incrementally incorporated the Plan 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 and has created confusion in parts of the organization. The Plan 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 of 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 ACHIEVEMENT OF THE MILLENNIUM DEVELOPMENT GOALS

254. 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. There is, however, a much weaker understanding that

there are various categories or types of results and that there need 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 evidence 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 the long-term achievement of the Millennium Development Goals.

11. REVIEW PROCESSES STRENGTHENED

255. Strengthening the Programme Review Committee was one of the "quick wins" in the "kick-start" phase of the MTSIP Action Plan. This was in reality no quick technical fix, as strengthening the Committee implicated broad issues of decision making and delegation of authority within UN-HABITAT. The new programme review committees at headquarters and the regional level are now mandatory and operational, with a designated secretary in place. They are using the new guidelines with new standards. The review committees addresses both strategic and substantive issues related to projects. 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.

256. The financial threshold for delegating review to the regional programme review committees (less than $1 million) is considered too low by regional offices involved in emergency operations. During the course of the peer review, however, that threshold was eliminated. The process for review is not found to be suitable for the approval of emergency projects requiring swift action. The trust funds maintain their internal review and approval processes, leaving the role of the Programme Review Committee unclear.

12. MIXED RESULTS IN IMPROVING BUSINESS PROCESSES

257. UN-HABITAT has begun the process of streamlining travel, procurement and recruitment procedures, as well as the delegation of financial authority. All required procedures are not yet in place, however, and some 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. The Programme Support Division 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 MOBILIZATION

258. Implementation of the resource mobilization strategy has contributed to increasing awareness among staff of the need for coordinated fund raising; largely reaching the targets in 2008 and 2009 for non-earmarked contributions and exceeding them for earmarked contributions; working to expand the use of multi-year donor agreements; and the publication of the catalogue "UN-HABITAT Products and Services". One encouraging sign was the narrowing gap between earmarked and non-earmarked contributions, achieved in large part by the combined efforts of the Executive Director, the Deputy Executive Director'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 earmarked and non-earmarked contributions remains a source of concern. It should be noted that the total value of contributions declined slightly in 2009. The limited capacity of the Resource Mobilization Unit to mobilize non traditional sources of funding has been compensated for by the efforts of other programmes and divisions, which have led to deals with 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

259. The peer review panel recognizes the complexity of the reform process under the Medium-term Strategic and Institutional Plan and the significant efforts and achievements of UN-HABITAT so far. The following recommendations focus on what is required to implement the Plan 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 United Nations system and the imminent changes in the top management team. Most of those issues are covered by other review processes and are not discussed in any detail in the present report. The recommendations are addressed to senior management, divisions and the Committee of Permanent Representatives. 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 prepare a management response to this review setting out an action plan for the implementation of the recommendations.

260. The peer review panel offers the recommendations set out in the following paragraphs.

1. HIGH PRIORITIES

For senior management

261. Based on the findings of already completed and continuing reviews, the next UN-HABITAT Executive Director should consider establishing a new organizational structure that better aligns with the focus areas of the Medium-term Strategic and Institutional Plan. Achievement of results within the Plan priority areas should be the primary motivation for any such reorganization.[27]

262. 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.

263. UN-HABITAT should define clearly and transparently, in its biennial strategic frameworks and programmes of work and budgets, its policy and programme priorities 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.

264. 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.

265. An independent evaluation function should be established.

266. Coordination at the global, regional and country levels should be formalized and strengthened. The role and functions of the Regional and Technical Cooperation Division need to be reviewed and mechanisms for cooperation at all levels should be improved through a multi-stakeholder process.

267. Regional offices should play a more active role in promoting a comprehensive and coherent normative and operational vision between global divisions and focus areas and country programmes. This may require more core resources to be made available to regional offices.

268. The programmatic aspects of the Medium-term Strategic and Institutional Plan should be further emphasized to create a clearer and

---

[27] The future organizational structure would need further analysis and discussion with regard to issues such as whether the divisions should correspond to the focus areas or whether another solution would be preferable.

more strategic UN-HABITAT while continuing institutional reforms. The review further recommends the preparation of an overarching paper that links the focus area policy/strategy papers and defines key common concepts. The individual focus area policy/strategy papers should be standardized to obtain greater uniformity and quality. Such papers should include a discussion of programmatic priorities; challenges and constraints; and 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.

269. 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 World Urban Forum, awards programmes and flagship reports and other publications.

2. PRIORITIES

(a) For senior management and divisions

270. UN-HABITAT should clearly define its roles and expected results in policy development, research and advocacy, capacity building and other areas and should be held accountable for such results through a comparison of outcomes against the criteria for success in each area. UN-HABITAT should emphasize its catalytic role and contribution to the achievement of the Millennium Development Goals and should work with partners to extend its reach and achieve an impact on a large scale.

271. There are several examples of significant progress in UN-HABITAT's country level work. To date, however, achievements have not been systematically documented. UN-HABITAT should undertake a comprehensive independent assessment to document what has been achieved to date, learn lessons from implementation experiences and identify mechanisms for systematically tracking its work at the country level.

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

273. The Medium-term Strategic and Institutional Plan has focused on policy and relatively technical administrative reform, but should now concentrate more on staff composition, competency and commitment at all levels. These are preconditions for further success in the implementation of the Plan. The peer review panel recommends :

(a) That quality management skills and processes be introduced and strengthened in all units;
(b) That more professional staff members below P-5 be recruited and empowered;
(c) That individual tasks and responsibilities be clearly delineated and that staff members be held accountable for their delivery;
(d) That e-PAS work planning be better aligned with the results frameworks for focus areas and that section and unit work and individual performance assessments be consistent with the accountability framework.

274. Work should continue on implementing reforms in business processes as follows:

(a) Service level agreements between UN-HABITAT and UNON should be reviewed to set new standards and raise awareness about their existence in both UNON and UN-HABITAT;
(b) New procedures should be accompanied by training of all UN-HABITAT staff;
(c) The Programme Support Division must become more service-oriented;
(d) There should be greater focus on regional offices' long standing requests for a review of limitations on the recruitment of local staff and other administrative procedures that impair their efficiency and ability to respond rapidly to crises in their regions. UN-HABITAT should raise this issue with the Department of Management to determine if a solution can be found.

275. UN-HABITAT should prepare an assessment of financial risks, including initiatives to increase levels of funding from traditional and non traditional donors and donor guidelines for general and special purpose contributions.

276. World Urban Campaign partners who were interviewed for the peer review 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 the fifth session of the World Urban Forum. While a number of UN-HABITAT staff attended that session, 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 explored in the next UN-HABITAT staff survey.

(b)   Suggestions for the Committee of Permanent Representatives

277. The Committee of Permanent Representatives and donors should review UN-HABITAT's current planning and reporting systems and requirements, in the light of their own requirements, to reduce costs and duplication and strengthen coherence and quality.

278. The Committee should, as a matter of priority, continue to address UN-HABITAT's governance structures and UN-HABITAT's relationships with the United Nations Secretariat and UNON. Optimal organizational efficiency and effectiveness will not be achieved unless systemic constraints resulting from these relationships are addressed and resolved.

279. The UN-HABITAT Governing Council, in its 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 Medium-term Strategic and Institutional Plan". Major reviews at the organizational level (such as the peer review discussed in the present report) are complex and involve multiple stakeholders and varied sources of information. They therefore, require considerable time and resources. The timeframe within which such a process review can be completed, and the time needed for the Medium-term Strategic and Institutional Plan

to produce meaningful and observable results, suggest that annual peer review is not feasible. The Panel therefore suggests that the minimum period between reviews should be at least two years.

C.   LESSONS LEARNED

280. The peer review panel would like to highlight four lessons, as described in the following paragraphs.

281. The Medium-term Strategic and Institutional Plan provides a longer planning horizon than do the strategic frameworks and the biennial work programmes. One unintended consequence of the Plan's adoption and implementation 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 minimized by conducting a rigorous ex ante risk assessment in respect of the Plan. In future, risk assessments should be undertaken to inform senior management, the UN-HABITAT Governing Council and the Committee of Permanent Representatives before major reform initiatives like the Plan are undertaken. Such a risk assessment should include an analysis of reporting requirements, additional staff workload, other associated costs and a realistic analysis of administrative constraints.

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

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

(a)   Task force goals and results to be achieved must be clearly articulated;

(b)   Task force composition, coordination and reporting lines must be clearly specified;

(c)   The composition of a task force should

be such that all contributing entities are adequately represented;

(d) Task forces should not undermine the formal structure or the existing hierarchy of authority under that structure.

284. Major reviews at the organizational level (such as the peer review discussed in the present report) are complex and involve multiple stakeholders and varied sources of information; they therefore require considerable time and resources. This can mean substantial additional work for the organization and members of the reviewing body. In respect of any such future such reviews UN-HABITAT should:

(a) Clearly define and communicate the review approach and its information requirements well in advance to ensure that required information is readily available;

(b) Clearly define roles and responsibilities of the secretariat and the reviewing bodies;

(c) Ensure buy-in through early involvement of key review stakeholders such as the Committee of Permanent Representatives, partners, donors and staff members;

(d) Allocate sufficient time and resources to allow in-depth treatment of the issues to be evaluated;

(e) Undertake them not more often than every two years.

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

    (a) 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.

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

    (c) 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.

(d) 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.

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

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

(g) 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:

(a) 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.

(b) Analysis of managerial tools and strategies including annual work plan, documents, monitoring and evaluation frameworks, performance indicators, guidelines, tools

and training programmes and activities.

(c) Interviews with various stakeholders, including UN-HABITAT staff, CPR, donors, and other relevant UN-HABITAT partners.

(d) 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.

(e) Group meetings for consultations and validation of findings.

(f) E-mail exchange with panel group at various key stages to validate findings and commenting on draft reports.

(g) 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.

(a) Independence. The review processes should be impartial and independent.

(b) Credibility. The review process should be open and transparent to achieve credibility and wide acceptance.

(c) 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:

(a) Two professional peer evaluators from UN agencies.

(b) Two experienced evaluation consultants, with substantive knowledge of the organization's mandate and expected results from MTSIP.

(c) Two representatives of UN-HABITAT donors, with organizational development assessment experience.

(d) Two Representatives of the CPR, with knowledge of formulation of MTSIP and its implementation.

(e) 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:

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.

Item	Description	Timeframe
1	Development of draft TOR.	Mid-August 2009
2	Approval of TOR by CPR.	24 September 2009
3	Establishment of the Peer Review Panel.	October 2009
4	Call for consultancy proposals and recruitment of two consultants; and identification of the peer evaluators from the UN agencies.	October 2009
5	First preparatory meeting for the Peer Review Panel to discuss details of tasks and agree on the work plan.	First week of November 2009
6	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.	Second week of November 2009
7	Data collection including desk reviews of relevant documents, interviews, group meetings.	November and December 2009
8	Draft report writing, and briefings to the Secretariat and the CPR.	January 2010
9	Production of final version of the review report.	February 2010
10	Presentation of the final report to CPR.	March 2010

PEOPLE INTERVIEWED

HEADQUARTERS

Anna K. Tibaijuka, Executive Director

Inga Bjørk-Klevby, Deputy Executive Director

Caudio Acioly, Chief, Housing Policy Section, Shelter Branch, Global Division

Cecilia Andersson, Associate Human Settlements Officer, Disaster, Post Conflict and Safety Section, Shelter Branch, Global Division

Danilo Antonio, Human Settlements Officer, Land Tenure and Property Administration Section, Shelter Branch, Global Division

Juma Assiago, Urban Safety Expert, Urban Development Branch, Global Division

Bernhard Barth, Associate Human Settlements Officer, Training and Capacity Building Branch, Global Division

Karin Buhren, Associate Human Settlements Officer, Urban Environmental Planning Branch, Global Division

Liz Case, Communication Officer, Slum Upgrading Facility, Human Settlements Financing Division

Liliana Contreras, Programme Management Officer, Regional and Technical Cooperation Division

Albert Diphoorn, Acting Director, Human Settlements Financing Division

Andre Dzikus, Human Settlements Officer, Water, Sanitation and Infrastructure Branch, Human Settlements Financing Division

Bella Evidente, Business Process and Change Management Specialist, Programme Support Division

Szilard Fricska, Coordinator, Human Settlements in Crisis programme, Disaster, Post Conflict and Safety Section, Global Division

Sandor Frigyik, Programme Management Officer, Global Division

Mohammed El-Sioufi, Chief, Shelter Branch, Global Division

Mohammed Halfani, Chief, Urban Development Branch, Global Division

Barbara C. Hewson, Chief, Urban Finance Branch, Human Settlements Financing Division

Maharufa Hossain, Global Urban Observatory, Monitoring and Research Division

Guenter Karl, Acting Chief, Partners and Youth Branch, Monitoring and Research Division

Gulelat Kebede, Chief, Training and Capacity Building Branch, Global Division

Antoine King, Director, Programme Support Division

Lucia Kiwala, Chief, Gender Mainstreaming Unit, Monitoring and Research Division

Daniel Lewis, Chief, Disaster, Post Conflict and Safety Section, Shelter Branch, Global Division

Jossy Materu, Chief, Urban Design & Planning Services Unit, Global Division

Gora Mboup, Chief, Global Urban Observatory Unit, Monitoring and Research Division

Thomas Melin, Senior Advisor, Global Division

Jaana Mioch, Special Assistant to the Deputy Executive Director

Eduardo Moreno, Chief, City Monitoring Branch, Monitoring and Research Division

Rosa Muraguri Mwololo, Secretary, Programme Review Committee

Dorothy Mutizwa-Mangiza, Senior Programme Officer, Programme Planning and Coordination Unit, Programme Support Division

Naison Mutizwa-Mangiza, Chief, Policy Analysis Branch, Monitoring and Research Division

Jane Nyakairu, Chief, Information Services Section

Asenath Omwega, Monitoring and Evaluation Officer, Monitoring and Evaluation Unit

Felista Ondari, Chief, Management Support Section, Programme Support Division

Laura Petrella, Urban Planning Expert, Urban Environmental Planning Branch, Global Division

Maurizio Pieroni, Chief, Resource Mobilization Unit, Office of the Deputy Executive Director

Miouly Pongnon, Chief, Legal Office, Programme Support Division

Rasmus Precht, Human Settlements Officer, Housing Policy Section, Shelter Branch, Global Division

Neil Reese-Evans, Chief, Programme Support Section, Programme Support Division

Andrew Rudd, Associate Human Settlements Officer, Urban Development Branch, Global Division

Ananthankrishnan Subramonia, Senior Adviser, Partners and Youth Branch, Monitoring and Research Division

Paul Taylor, Chief, Office of the Executive Director

Edle Tenden, Monitoring and Evaluation Officer, Monitoring and Evaluation Unit

Anna K. Tibaijuka, Executive Director

Rafael Tuts, Chief, Urban Environmental Planning Branch, Global Division

Ananda Weliwita, Urban Economy Branch, Monitoring and Research Division

Nick You, Special Advisor, Office of the Executive Director

REGIONAL OFFICE FOR AFRICA AND THE ARAB STATES

Alioune Badiane, Director

Alain Grimard, Senior Human Settlements Officer

Joseph Guiebo, Senior Human Settlements Officer

David Kithakye, Senior Human Settlements Officer

Joseph Maseland, Human Settlements Officer

REGIONAL OFFICE FOR ASIA AND THE PACIFIC

Toshi Noda, Director

Pura Abdullah, Programme Management Officer

Bharat Dahiya, Human Settlements Officer

Jan Meuwissen, Senior Human Settlements Officer

Chris Radford, Senior Human Settlements Officer

Mariko Sato, Chief, Bangkok Office

REGIONAL OFFICE FOR LATIN AMERICA AND THE CARIBBEAN

Cecilia Martinez Leal, Director

Leila Sirica, Research Assistant

Erik Vittrup, Senior Human Settlements Officer

PARTNERS (GLOBAL CAMPAIGN)

Maria Jose Alcala, United Nations Development Fund for Women

Gordon Feller, CEO, Urban Age Institute

Christine Plath, Commonwealth Association of Planners

Egbert Schroten, African Development Bank

Ana Sugranyes, Habitat International Coalition

COMMITTEE OF PERMANENT REPRESENTATIVES

Mr. Daniel Chuburu, Permanent Representative, Argentina

Mr. Ketan Shukla, Deputy Permanent Representative, India

Mr. Jorge Laguna, Deputy Permanent Representative, Mexico

Mr. Morten Nordskag, Deputy Permanent Representative, Norway

Mr. Jon Geddes, Deputy Permanent Representative, United Kingdom of Great Britain and Northern Ireland

ANNEX III

REFERENCES

PROGRAMME DOCUMENTS

Proposed work programme and budget for the biennium 2008–2009

Revised proposed strategic framework for the period 2008–2009

Annual work plan for 2009

RESULTS-BASED MANAGEMENT

Leslie M. Fox, Empowering UN-HABITAT Staff Through RBM Training, April 2009

Leslie M. Fox, Guiding Principles and Benchmarks for Designing Performance Measurements for the MTSIP, April 2009

Leslie M. Fox, Aligning the Institution to Deliver and Measure SMART Results, April 2009

A Framework and Strategy for Mainstreaming RBM in UN-HABITAT, April 2009

Leslie M. Fox, Terms of Reference for A Unified Programme Review and Approval Process, April 2009

REPORTS TO THE COMMITTEE OF PERMANENT REPRESENTATIVES

Progress Report on the Implementation of the Work Programme of UNHABITAT for the Biennium 2006–2007,

Implementation of MTSIP, 3rd Quarterly Progress Report, September 2008

One Year of Implementation of the MTSIP, 4th Quarterly Progress Report, December 2008

Six monthly progress report on the implementation of MTSIP 2008-2013, June 2009

Six monthly progress report on the implementation of MTSIP 2008-2013, November 2009.

MEDIUM-TERM STRATEGIC AND INSTITUTIONAL PLAN

Results-based framework, Governing Council Report 2007

MTSIP for UN-HABITAT for the period 2008–2013, Governing Council report 2007

MTSIP Action Plan 2008–2013

MTSIP Road Map 2010–2013, draft

Overview Results Framework

Task Force on the Enhanced Normative and Operational Framework.

REVIEWS AND EVALUATIONS

Roberto Ottolenghi and Emiel Wegelin, Independent strategic evaluation of the performance and impact of UN-HABITAT Programme Managers, October 2006

Stein-Erik Kruse and Don Okpala, Review of the Cooperation between UN-HABITAT and Norway, August 2007

OIOS, In-depth evaluation of the United Nations Human Settlements Programme, 2005

Stein-Erik Kruse, Assessment "Excellence in Management" Programme Agreement between UN-HABITAT and Norway 2008–2009, June 2009

George Collet and Tony Burns, Mid-Term Assessment Global Land Tool Network, Draft, October 2009

Review of the World Urban Forum Sessions 2002–2008

Roy Brockman, Slum Upgrading Facility Mid-Term Review, March 2009

Forbes Davidson and Paul G. de Nooijer, Evaluation of the project "Strengthening of National Training Capabilities for better Local Governance and Urban Development, June 2007

Manuel Moerales Peres, Review of the Operation of the Regional Office of Latin America and the Caribbean, January 2007

Sustainable Cities Programme/Localising Agenda 21 Programme, Mid-Term Review, Final Report, February 2006

Beacon Mbiba, UN-HABITAT Results Based Management Assessment of the Contribution of

projects/programmes to MTSIP Results, Draft Report, November 2009

VARIOUS UN-HABITAT DOCUMENTS

Annual reports (2007, 2008)

UN-HABITAT Products and Services, 2009

2008 UN-HABITAT Publications catalogue

Organizational Effectiveness Indicator UN-HABITAT Results for 2009

UN-HABITAT Partnership Strategy, Draft, December 2009

Global Campaign for Sustainable Urbanization, Initial concept and strategy paper, January 2009

Concept paper on UN-HABITAT country level activities

Country Programme Documents 2008-2009 (Malawi, Nigeria, Liberia, Rwanda…)

Guide Programme and Project Review Mechanism

Focus Area Policy and Strategy Papers – focus areas 1-5

Resource Mobilization Unit – Guidelines for Development Partners' Focal Points

UN-HABITAT Resource Mobilization Guiding Principles, June 2008

Resource Mobilization Unit, Scope of Work, Final Version, February 2008

Resource Mobilization Unit, Implementing the Resource Mobilization Strategy, Strategic Vision Implementation 2009
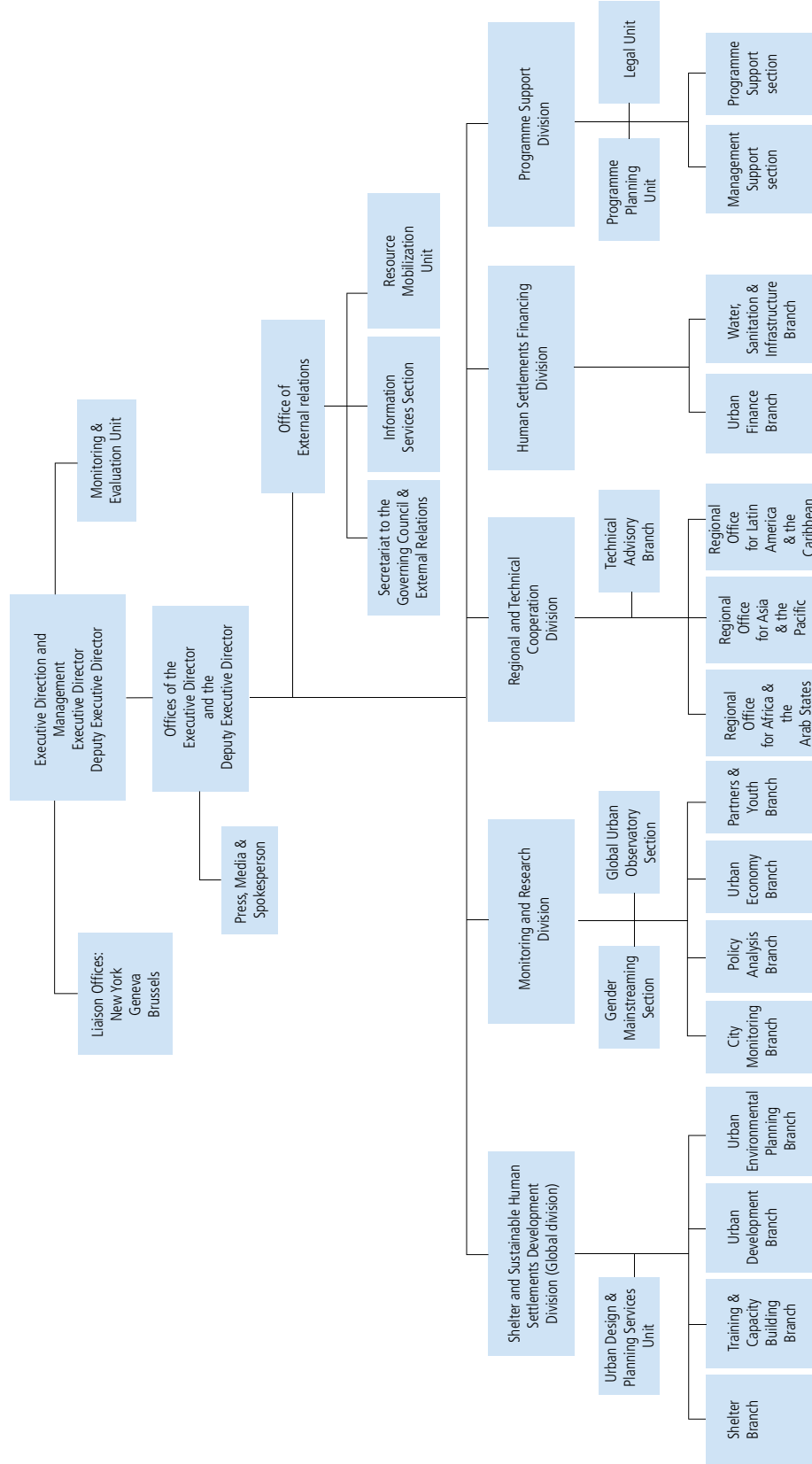
Country Activities Report 2009

Humanitarian Affairs and the Role of UN-HABITAT

Delegation of Financial Authority, December 2009

ANNEX IV
UN-HABITAT ORGANIZATIONAL CHART

Executive Direction and Management
Executive Director
Deputy Executive Director

Monitoring & Evaluation Unit

Liaison Offices:
New York
Geneva
Brussels

Offices of the Executive Director and the Deputy Executive Director

Press, Media & Spokesperson

Office of External relations

Secretariat to the Governing Council & External Relations

Information Services Section

Resource Mobilization Unit

Shelter and Sustainable Human Settlements Development Division (Global division)

Urban Design & Planning Services Unit

Shelter Branch

Training & Capacity Building Branch

Urban Development Branch

Urban Environmental Planning Branch

Monitoring and Research Division

Gender Mainstreaming Section

Global Urban Observatory Section

City Monitoring Branch

Policy Analysis Branch

Urban Economy Branch

Partners & Youth Branch

Regional and Technical Cooperation Division

Technical Advisory Branch

Regional Office for Africa & the Arab States

Regional Office for Asia & the Pacific

Regional Office for Latin America & the Caribbean

Human Settlements Financing Division

Urban Finance Branch

Water, Sanitation & Infrastructure Branch

Programme Support Division

Programme Planning Unit

Legal Unit

Management Support section

Programme Support section

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

August 2010

By its decision 21/2 of 20 April 2007, the Governing Council (GC) of the United Nations Human Settlements Programme (UN-HABITAT) adopted the Medium-term Strategic and Institutional Plan (MTSIP) for 2008–2013. In the same decision the GC requested Executive Director of UN-Habitat to establish a peer-review process for the Plan. The present report is the final report on the results of the peer review. It reviews progress made in improving UN-HABITAT strategies, programmes, organizational structures and procedures and gives recommendations for improving the implementation of MTSIP.