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**Executive Board of the United Nations**

**Human Settlements Programme**

**First session of 2020**

Nairobi, 31 March–2 April 2020

Item 3 of the provisional agenda\*

**Financial, budgetary and administrative matters**

**Update on the on-going restructuring of UN-Habitat\*\***

**Report of the Executive Director**

**I. Introduction**

1. In February 2018, UN-Habitat launched a reform process underpinned by four (4) pillars that together aim to transform the governance, strategic and substantive focus of the Organization. These are:

- (a) A new governance architecture;
- (b) The development of a new Strategic Plan;
- (c) An internal change process; and
- (d) An organizational restructuring.

2. In line with General Assembly resolution A/RES/73/239 dated 20 December 2018, the new governance architecture was established with the first session of the UN-Habitat Assembly which was held from 27-31 May 2019 and the first session of the Executive Board which took place on 30 May 2019 and resumed from 19 to 20 November 2019 at the headquarters of UN-Habitat in Nairobi. The UN-Habitat Assembly adopted during its first session a new Strategic Plan for the period 2020-2023 and UN-Habitat subsequently initiated an internal change process.

3. UN-Habitat has now initiated the operationalisation of the last and fourth pillar i.e. the organisational restructuring of the Programme, at headquarters and in the field. The goal of this pillar of the reform is to better enable UN-Habitat to fulfil its mandate to support Member States and development partners in the implementation, realisation, and monitoring of the Sustainable Development Goals (SDGs) and of the New Urban Agenda at the national, subnational and local levels, to leave no one and no place behind.

**II. Organisational Structure and staffing**

4. The first step in realization of the fourth pillar of UN-Habitat's overall reform was completion of a new organisational structure for its headquarters in Nairobi. The new structure was shared with the Executive Board in November 2019 during its resumed first session. As of 1 January 2020, current UN-Habitat staff were reassigned to organisational units in the new structure. The reassignment exercise has primarily, however, been limited to staff serving at UN-Habitat headquarters; largely because of limited financial resources. Moreover, the additional staffing capacity necessary to

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\*\* The present document is being issued without formal editing.

optimise the new structure will be finalised in-line with operational exigencies, subject to available funds.

5. Specifically, as approved by the Executive Board, the new structure requires staff to encumber 255 posts, of which: 135 posts are funded from the UN-HABITAT Foundation; 73 posts from the Regular Budget; and 47 posts from Programme Support. Notably, of the 255 posts approved by the UN-HABITAT Executive Board, 100 of the 135 Foundation funded posts are currently vacant. Although critical for programme and mandate delivery, these positions cannot be filled unless and until the necessary funding is received. The UN-Habitat Foundation remains inadequately funded to support the level of staffing necessary to fully operationalize the organizational structure approved by the Executive Board.

### III. UN-Habitat's Regional Architecture

#### A. Regional reform

6. Full operationalization of the new organizational structure further involves the review and reform of UN-Habitat's presence at locations away from headquarters (the "**Regional Architecture**"). To this end, a working group with defined Terms of Reference (ToRs) has recently been established. Selection of working group members was based on principles of gender and geographical representational balance, as well as varied professional experience and areas of expertise. Under its ToRs the working group is charged, inter alia, with developing criteria for typologies of UN-Habitat's in-country presence, including of multi-country offices (MCOs). Establishment of MCOs will be preceded by a process through which Member States will be invited to submit expressions of interest, following which a formal bidding process will be conducted.

7. One principle underpinning the regional reform is how UN-Habitat can best support Member States in mobilizing for a decade of action, including through enhanced financing, and the strengthening of national implementation and the institutions necessary to achieve the objectives of the 2030 Agenda.

8. A second guiding principle is the call by Member States for the overall reform of the United Nations development system to encourage "integrative, effective and agile ways of working" to ensure impact at the country and regional level. As such, and consistent with the wider UN Development System reforms, ultimately, the goal of the restructuring of UN-Habitat's regional architecture is to enable the Programme to best leverage its assets and deliver on its integrated mandate as part of one coordinated United Nations. In this respect, UN-Habitat will be guided, as appropriate, by the findings and conclusions of the Secretary-General's report to the United Nations Economic and Social Council (ECOSOC), which will be released prior to the ECOSOC Operational Activities Segment to be held in May 2020, for Member States' consideration.<sup>1</sup>

9. A strategic regional presence will further ensure closer linkages between UN-Habitat's norm setting work and its operations at the field level. The United Nations Evaluation Group (UNEG, of which UN-Habitat is a member) has defined "normative work" as incorporating three categories:

- (a) The development of norms and standards;
- (b) The support to governments and others to integrate the norms and standards into legislation, policies and development plans; and
- (c) The support to governments and others to implement legislation, policies and development plans based on the international norms, standards and conventions and their development at the programme level. (UNEG, 2012, page 5).

10. Given this agreed definition, to ensure the realization of UN-Habitat's mandate the unique needs and context of each country and region must be recognized; as such, a diverse and flexible typology of regional and country-level presence will ensure that UN-Habitat identifies its priorities and has the workforce required to provide support that is sharply focused on the needs and expectations of the host countries and is well coordinated with partners.

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<sup>1</sup> The ECOSOC Operational Activities Segment provides overall coordination and guidance to the UN development system, and to assess whether the objectives, priorities and strategies of the system adequately responded to the policies formulated by the General Assembly, including the Quadrennial Comprehensive Policy Review and the resolution on repositioning of the UN development system.

## **B. Hosting requirements and selection criteria**

11. A clear and transparent process to determine the type of presence most appropriate to ensure effective deployment of resources and capacities in support of country action for the 2030 Agenda in each country or region will be followed. Geographic locations of MCOs will likewise be determined by a clear and transparent process, the details of which will be articulated and communicated to the Executive Board once developed. In this regard, the Executive Director wishes to bring to the attention of the Executive Board a recent directive, dated 7 November 2019 and received 3 December 2019, from Ms. Maria Luiza Ribeiro Viotti, Chef de Cabinet, Executive Office of the Secretary-General (EOSG) on “Procedures for the Establishment of United Nations Offices away from Headquarters” (the EOSG Directive). The Executive Director has sought clarity from the Office of the Chef de Cabinet on the scope of application of the EOSG Directive to UN-HABITAT. Once such clarification is received the Executive Board will be duly informed.

12. Pending clarification on its scope of application, UN-Habitat will follow the process for the establishment of offices as set out in the EOSG Directive, which is as follows:

(a) The head of the relevant entity (in this case, the Executive Director UN-Habitat) should consult with and seek “approval in principle” from the EOSG for establishment of the proposed office. It is envisaged that this initial consultation will provide an opportunity for consideration of “institutional policy or political aspects, including any offer of financial and/or in-kind support from the prospective Host Government”;

(b) Should such initial approval be provided by EOSG, the “technical, financial and legal aspects of the proposed sub-office, as well as the necessary legal instruments” may be discussed with the relevant Offices and Departments of the Secretariat;

(c) The United Nations Office of Legal Affairs (OLA) will provide legal assistance to the establishing entity with the negotiation of the host country or other office agreement with the Host Government, as well as any related financial and administrative agreements;

(d) The establishing entity (in this case, UN-Habitat) will be responsible for reporting to legislative bodies, including the United Nations General Assembly, as needed and deemed appropriate.

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