



UNITED  
NATIONS

**HSP**

**HSP/EB.2022/CRP8**

**UN HABITAT**

**Executive Board  
of the United Nations  
Human Settlements  
Programme**

Distr.: General  
19 November 2022

Original: English

---

**Executive Board of the United Nations**

**Human Settlements Programme**

**Second session of 2022**

21-23 November 2022

Item 14 of the provisional agenda

**Briefing by the Joint Inspection Unit on the findings of its  
management and administration review of UN-Habitat**

## **Management Response to the Recommendations by the Joint Inspection Unit on UN-Habitat Management & Administration (JIU MARS)**

**Update by the Executive Director**

### **I. Introduction**

1. The Executive Director affirms that she accepts the recommendations made by the Joint Inspection Unit addressed to her. Out of the eight recommendations made, one is addressed directly to the UN-Habitat Assembly, two to the Executive Board and one to the Secretary-General. The Executive Director's management responses are limited to those recommendations addressed to her.

**II. Recommendation 4: The Executive Director should implement activities supported by the Foundation non-earmarked fund within existing resources and should not consider new activities until adequate contributions for that fund are received.**

2. In February 2022, the Executive Director has proposed a work programme and budget plan that is realistic. The proposed budget in 2023 is treated as a spending plan. In 2022, the Secretariat have kept within an internally-agreed envelope of USD 3 million for the foundation non-earmarked fund. The Secretariat has presented the implications of a USD 3 million budget to the programme of work and addressed concerns raised by Member States in the ad hoc working group on programmatic, budgetary and administrative matters. In 2022, the Executive Director has also committed to an internally-agreed envelope of USD 10 million for programme support costs and has kept that commitment.
3. Throughout 2022, the Executive Director has kept to these limits without separating staff members as staff have been moved to project-funded positions. The Executive Director is committed to ensure that she does not over-spend on the core budget with a business model whereby any new mandates or expansion of existing mandates at the request of Member States must be accompanied by financial commitments from Member States and donors. In short, the Secretariat may not spend what it does not have. In terms of the work programme, the Secretariat does not take on any activities outside of the work programme approved by the Executive Board. In the case of additional work including that of strengthening UN-Habitat's technical support for urban crisis work, which was requested by Member States, this work is done within existing resources and with earmarked funds.

**III. Recommendation 5: By no later than the end of 2023, the Executive Director should develop a corporate risk register, including risk owners and action plans for each risk, and ensure that critical risks faced by UN-Habitat are regularly monitored and the necessary actions are taken.**

4. The Executive Director takes risk management seriously, Noting that it is part of her wider compact with the Secretary-General to ensure that UN-Habitat is a progressive and future-focused programme. Beginning in 2021, the Executive Director established the Project Review Committee, which reviews all project proposals that involve UN-Habitat at headquarters, regional or country levels. Risk assessment and mitigation measures are part of the project conception, development and approval process.
5. At the corporate level, with regards to financial risks, the Executive Director established the Budget Steering Committee to ensure that the overall financial commitments of UN-Habitat do not exceed the allocated budget. The Budget Steering Committee is responsible to ensure that budgets are treated as spending plans.
6. Finally, the Executive Director is committed to strengthen the corporate risk register relating to management, oversight and evaluation as recommended by the JIU. The Executive Director tasked the Director of the Management Advisory and Compliance Service to develop the register. The Secretariat is exploring the possibility to loan an enterprise risk management specialist from the Department of Management Strategy, Policy and Compliance in New York to support the finalization of the risk register. The Secretariat is confident this can be achieved before 31 December 2023.

**IV. Recommendation 6: Given the current financial constraints and staffing situation of the UN-Habitat secretariat, the Executive Director should implement the main outstanding audit recommendations as a matter of urgency.**

7. The Executive Director is committed to implement all audit recommendations noting the challenges highlighted by the JIU. UN-Habitat is reviewed by the JIU and audited by the Board of Auditors and the Office of Internal Oversight Services. The Executive Director established a task team led by the Acting Chief of Staff to compile and track all recommendations from the different bodies.
8. For the period of 2020-2022, UN-Habitat is tracking 79 JIU recommendations. As of October 2022, 13 (17%) were implemented, 24 (30%) were in progress and 42 (53%) have not started. The reason for not starting certain recommendations is that they are systemwide where there is not yet universal acceptance. UN-Habitat is waiting for further guidance from New York but stands ready to support the implementation where possible.
9. In terms of financial tracking, as of 30 October 2022, there are now fewer than 10 grants left unclosed. This metric is down from 787 unclosed grants in 2019.
10. Despite being under-staffed, the Secretariat is tracking and implementing these recommendations to ensure that it complies with them in a responsible manner.

**V. Recommendation 7: The Executive Director should urgently discuss the current financial and human resources issues with the Secretary-General and request substantive support and special arrangements, at no cost to UN-Habitat, until the financial stability of the Foundation non-earmarked fund is secured.**

11. The Executive Director, cognisant of the serious financial and human resource issues faced by the programme, has reached out to the Secretary-General for support. The first activity involved validation and endorsement for a proposal to convert seven foundation non-earmarked positions to the regular budget. United Nations headquarters provided support for this work that started in December 2021 and continues with the recent presentation to the Fifth Committee in October 2022.
12. The second activity is to strengthen austerity measures to control spending from the programme support costs and from the Foundation non-earmarked fund. The Secretary-General assigned a senior official to UN-Habitat from February to May 2022 to assist with the implementation of the hiring freeze, the redeployment of staff to projects as well as the redeployment available funding in the regular budget. To date, the Secretariat has been able to keep spending from the non-earmarked Foundation within the internally-agreed envelope of USD 3 million, taking into account the USD 1.2 million debt.
13. The Executive Director thanks the Secretary-General, the Deputy Secretary-General, the Under-Secretary-General for Management Strategy, Policy and Compliance, the Controller, and their teams in New York for their continued vigilance and support. The Executive Director sends quarterly updates to keep the Secretary-General informed on the financial situation.

**VI. Informal Recommendations**

14. The Secretariat takes note of the 24 informal recommendations by the JIU and is committed to take them into consideration as it rolls out further reforms in organizational restructuring, financial management and other related activities.