



Key Findings and Recommendations from the Management and Administration Review in UN-Habitat

**UN-Habitat Executive Board
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What is Joint Inspection Unit (JIU)?

The only independent external oversight body of the UN system, mandated to conduct evaluations, inspections and investigations system-wide, as well as single organization management and administration reviews (MARs).

(e.g., MAR of WMO in 2021; ECLAC in 2020; UNAIDS and ICAO in 2019)

Our goals are:

- To assist the legislative organs of the 28 JIU participating organizations in meeting their governance responsibilities;
- To help improve the efficiency and effectiveness of the respective secretariats;
- To promote greater collaboration among the organizations of the UN system;
- To identify good practices, propose benchmarks and facilitate information sharing throughout the system.

Review approach and methodology



Desk review of relevant documents



Questionnaire to UN-Habitat secretariat



46 online interviews with 63 stakeholders including:

(a) respective Chairs of the Executive Board and the Committee of Permanent Representatives, (b) Chairs of all five regional groups, (c) Executive Director and senior managers, (d) other personnel in charge of the main administrative, management and oversight functions, including the UN Secretariat and UNON and (e) staff representatives



Staff survey: 118 completed responses received from HQ (63 respondents) and other duty stations (55 respondents)



Observed sessions of the Executive Board and the Committee of Permanent Representatives in 2021 and in March 2022

About the review report

- **4 main chapters and conclusions and way forward**
- **8 formal recommendations & 24 informal recommendations** that are intended to improve the overall effectiveness and viability of UN-Habitat

Governance reform

1 formal recommendation
5 informal recommendations

Financial management

2 formal recommendations
4 informal recommendations

Organizational restructuring & management

2 formal recommendations
11 informal recommendations

Oversight & evaluation

1 formal recommendation
4 informal recommendations

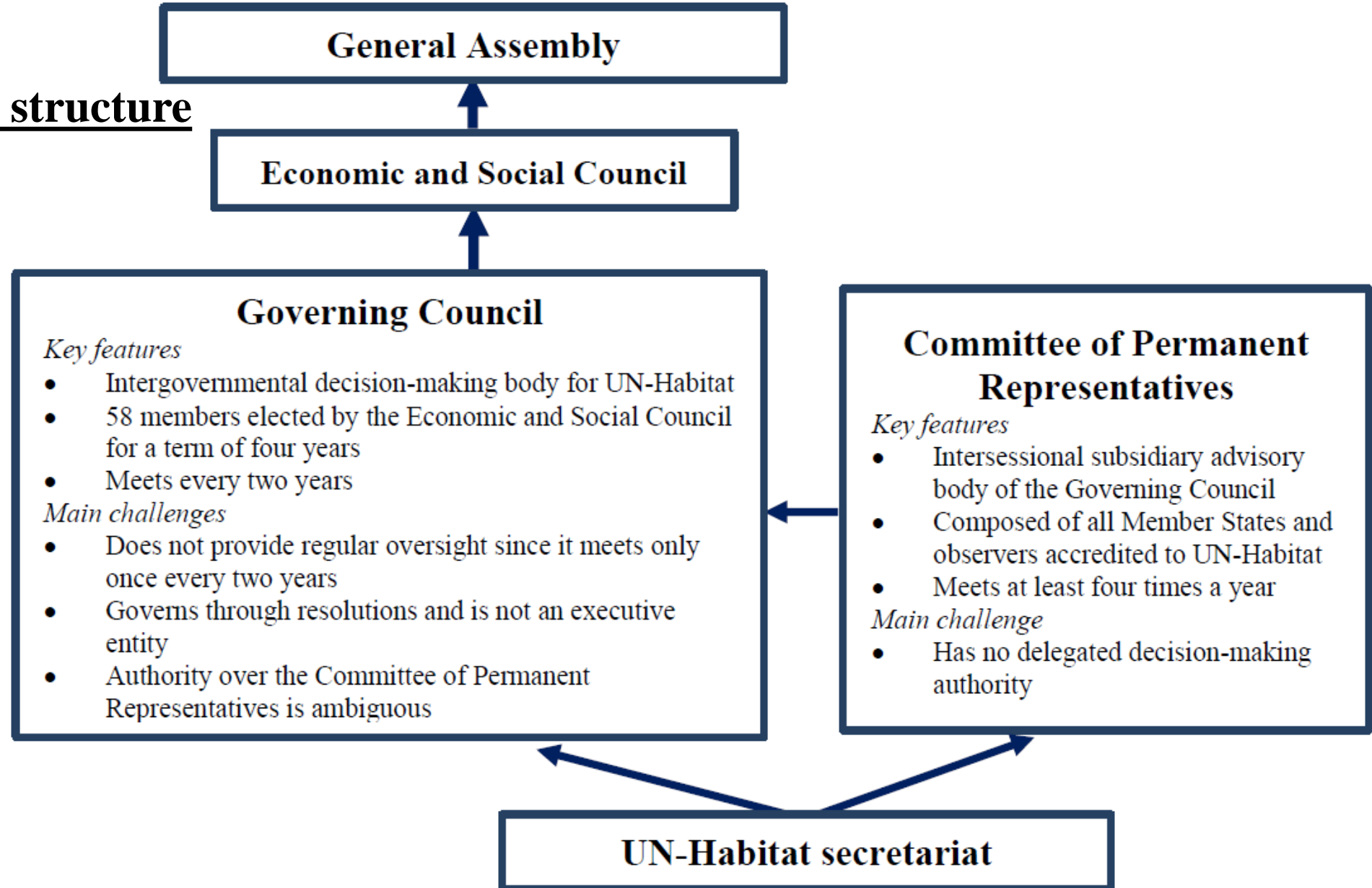
Conclusions & way forward

2 formal recommendations

- Review report, review highlights and staff survey results are available at: <https://www.unjju.org/>

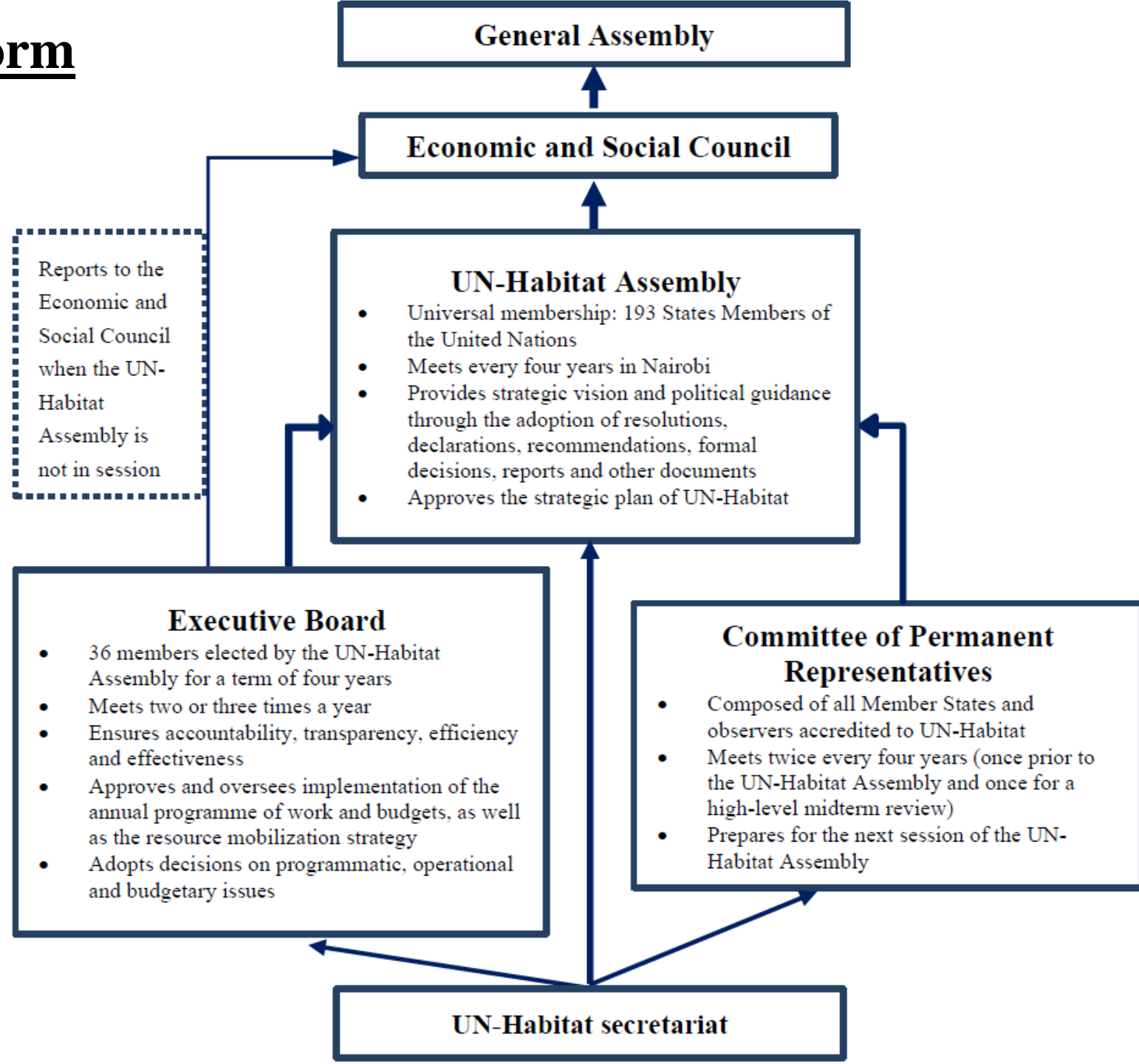
Governance reform

Governance structure before 2019



Governance reform

New structure from 2019



Governance reform: what the JIU found

New Three-tier Governance Structure

- Established the **UN-Habitat Assembly** on the basis of universal membership
- Established the **Executive Board** with the power to take decisions and hold much more frequent meetings than the previous Governing Council
- Retained the **Committee of Permanent Representatives (CPR)**

Viewed as a *positive change* in resolving the main challenges faced by the previous governance structure;

- The increased frequency of meetings of the governing bodies leads to more opportunities for Member States to engage in UN-Habitat and provide guidance and oversight to the secretariat.
- The accountability of the secretariat has also increased as the Executive Director is required to report much more frequently to the Executive Board.

At the same time, it must be noted that the work and costs associated with more frequent reporting have increased for the secretariat and these must be absorbed within existing resources.

Governance reform: what the JIU found

Rules of Procedure

- UN-Habitat has established the rules of procedure of the **UN-Habitat Assembly** and the **Executive Board** that were adopted at the 1st Assembly in May 2019 (decisions 1/1 and 1/2), but *not for the CPR*.
- The rules of procedure of the Assembly rather loosely define the role of the CPR (Rule 23), while the role of the Executive Board is more detailed (Rule 24).

Roles and Responsibilities & Division of Labour

- The roles and responsibilities of the CPR, as well as the division of labour between the CPR and the Executive Board, are not clearly articulated, which seems to have created some confusion among Member States.
- There is a compelling need to clarify the distinct roles and responsibilities of each of the governing bodies, in particular those of the CPR, especially given the current financial constraints of UN-Habitat and the increased costs associated with servicing the meetings of the governing bodies.

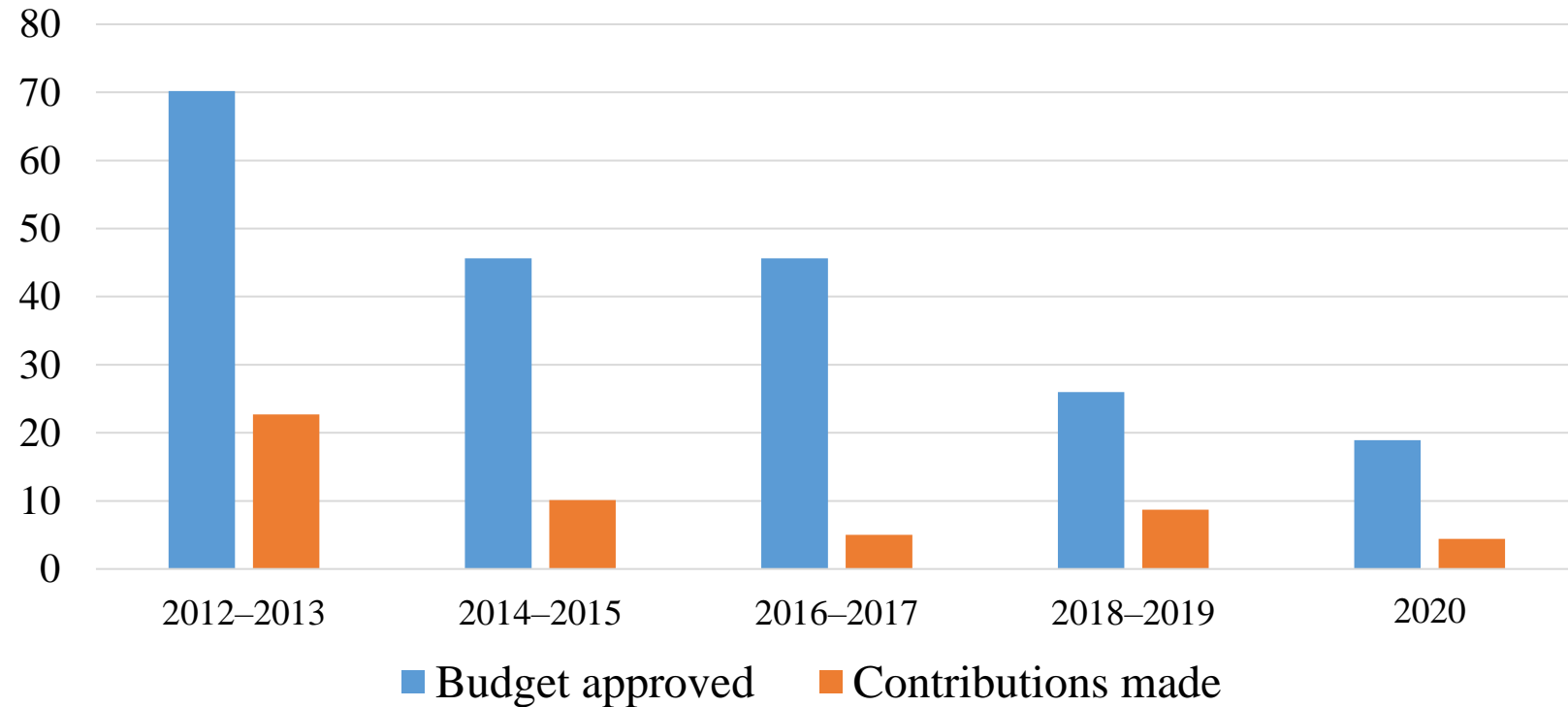
Governance reform

What the JIU recommends

- The UN-Habitat Assembly should consider amending its rules of procedure, in accordance with rule 71 thereof, to further clarify the distinct roles and responsibilities of each of the governing bodies of UN-Habitat. Such an amendment should be adopted by the end of 2024 (**recommendation 1**).

Financial management

Foundation non-earmarked fund: Trend of approved budget and contributions 2012-2020



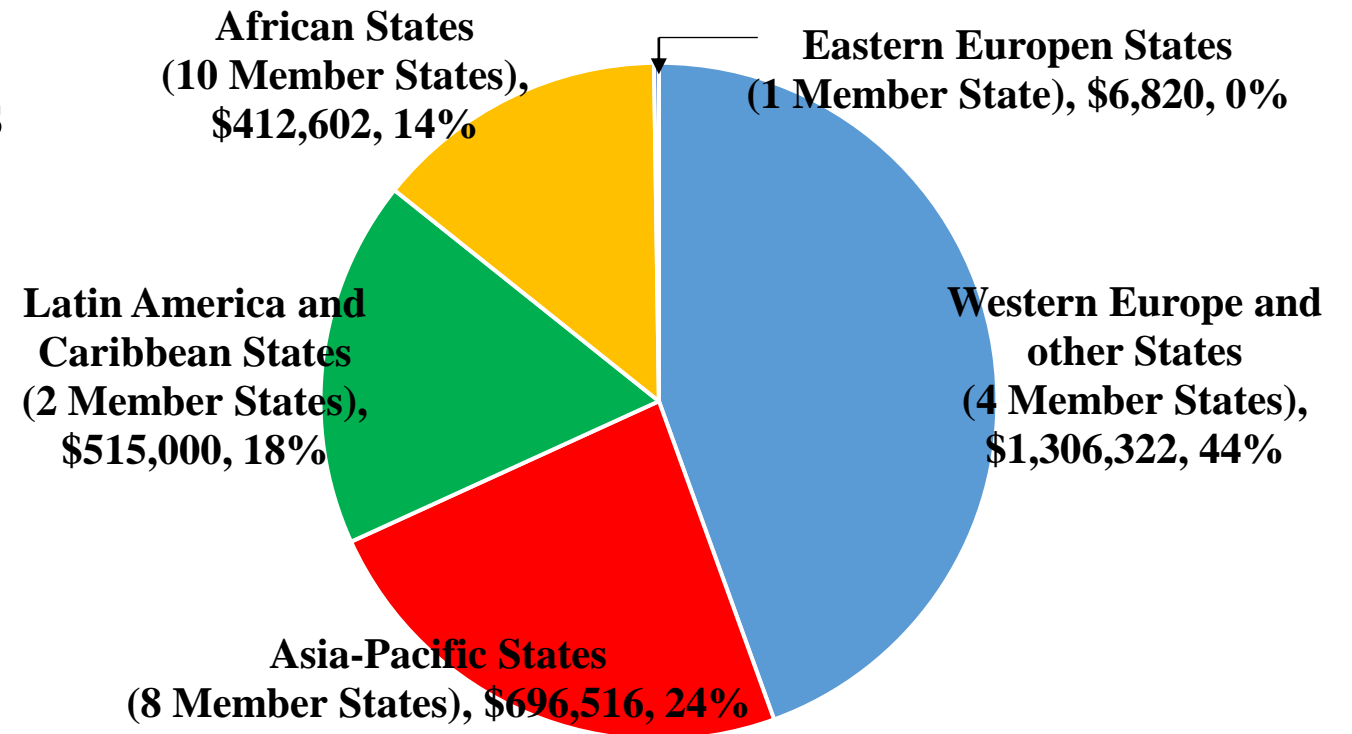
(In USD millions)

Source: Draft work programme and budget for the year 2022 (HSP/EB.2021/4).

- Over the years, contributions from Member States to the Foundation non-earmarked fund have *fallen far short* of the budgets approved by the then Governing Council and the current Executive Board.

Foundation non-earmarked: Contributors by regional groups for 2021

- The Executive Board approved a budget of **\$10 million** for the year 2021.
- Only **\$2.9 million** was contributed for 2021 by **25** Member States.
- Contributions from Member States are **very uneven**.
- The Board of Auditors stated that “It is critical that Member States provide funding in accordance with the approved budget of the Executive Board annually; this would improve the financial position of the Foundation and allow the Foundation to continue to support the critical normative work of UN-Habitat” (A/76/5/Add.9, para. 29, 2021).



Source: HSP/EB.2022/2, annex II

Financial management

- To address the financial situation,
 - In 2017, management approved an internal loan of \$3 million from the programme support fund to the Foundation non-earmarked fund, that had not been repaid as of 31 December 2021.
 - Since 2018, management has put in place an array of austerity measures.
 - Also, management has made strenuous appeals to Member States and donors to contribute not only to the earmarked funds, but also to the Foundation non-earmarked fund for core activities and the approved programme of work.
- Owing to a lack of funds, many core functions of normative work, such as monitoring the implementation of the urban dimension of the Sustainable Development Goals, as well as management, advocacy and oversight, are severely underfunded and understaffed.

Financial management

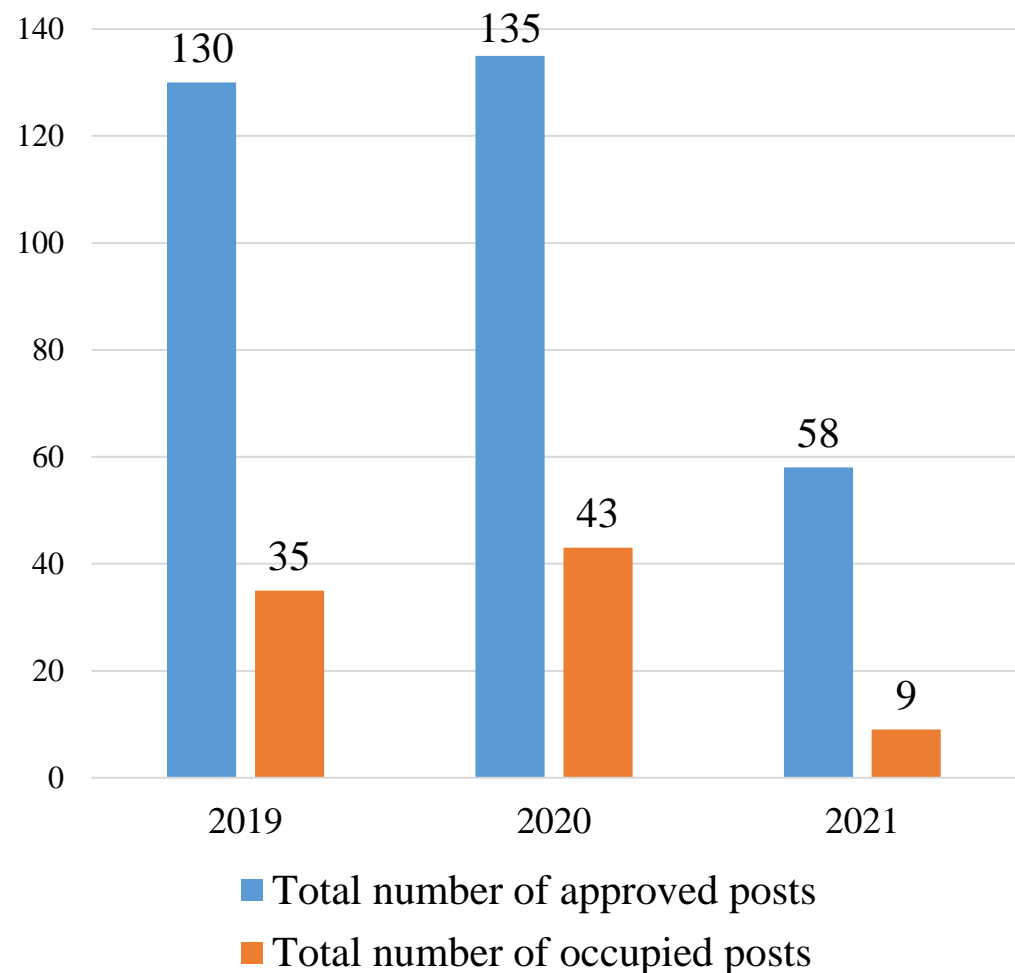
What the JIU recommends

- It is critical for UN-Habitat to enhance the effectiveness of its financial management, broaden the base of contributions by Member States, and enhance predictability in financing the Foundation non-earmarked fund.
- The **Executive Board** should approve a realistic budget for the Foundation non-earmarked fund, to which Member States should consider making sufficient contributions so that UN-Habitat can carry out its critical normative work in accordance with its mandate and in a consistent and sustainable manner (**recommendation 2**).
- The **Executive Board** should establish a *voluntary indicative scale of contributions*, which has been applied to the Environment Fund of UNEP, for the Foundation non-earmarked fund by the end of 2023 (**recommendation 3**).

Organizational restructuring & management

- In 2018, in parallel with the governance reform, the secretariat launched an organizational restructuring exercise.
- In November 2019, a new organizational structure, as well as overall human resources requirements that outlined the required posts for the implementation of the strategic plan 2020-2023, were approved by the Executive Board.
- In January 2020, existing staff members were laterally reassigned to the new organizational units.
- The Foundation non-earmarked fund remains insufficiently endowed to support the level of staffing necessary to fully operationalize the organizational structure approved by the Executive Board.

Foundation non-earmarked fund: trend of occupancy among staff posts 2019-2021

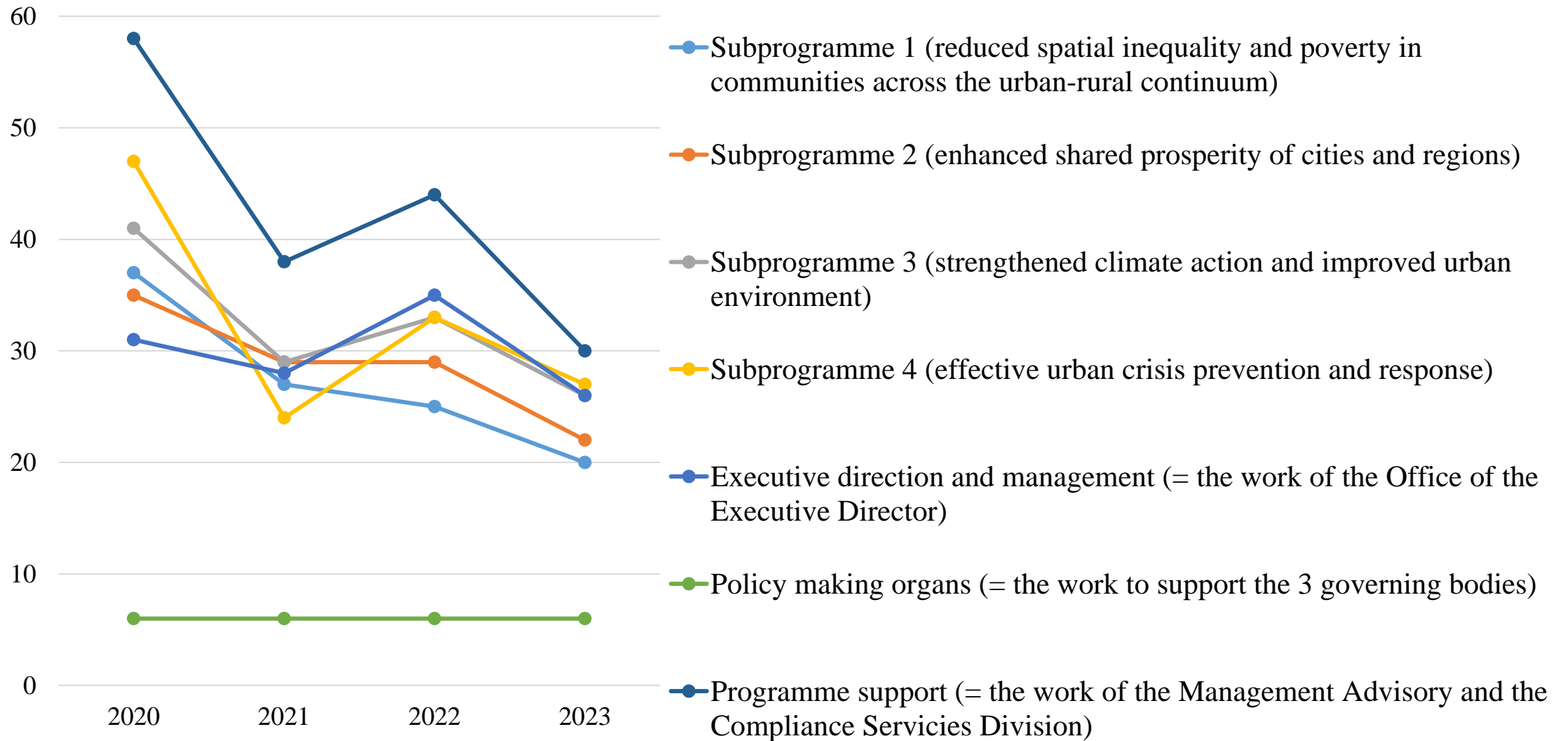


Source: Reports of the Executive Director on staffing at UN-Habitat as at 31 December 2019, 2020 and 2021.

Owing to insufficient funding of the Foundation non-earmarked fund,

- Most approved posts funded from the Foundation non-earmarked contributions have remained unoccupied.
- The full implementation of the organizational restructuring, including the proposed regional architecture, has been incomplete.

Estimated distribution of posts 2020-2023 by strategic area



Source: Draft work programme and budget for 2020, 2021, 2022 and 2023.

Organizational restructuring & management: what the JIU found

- The secretariat has been operating with only about 2/3 of the originally estimated number of posts for the implementation of the strategic plan 2020-2023.

What the JIU recommends

- Considering the current funding situation, in order to prevent further deterioration of the financial situation, 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 (**recommendation 4**).

Organizational restructuring & management

What the JIU recommends

- The current situation of understaffed management and oversight functions makes it even more essential for the secretariat to prepare a corporate risk register that provides an overview of key strategic and other significant risks faced by UN-Habitat, their potential impact and mitigation and management strategies.
- 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 (**recommendation 5**).

Oversight & evaluation: what the JIU found

- Over the years, the number of outstanding audit recommendations has increased.
- The Board of Auditors and the Independent Audit Advisory Committee are concerned about the low implementation rate of recommendations by UN-Habitat.

What the JIU recommends

- 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 (**recommendation 6**).

Conclusions & way forward: what the JIU concludes

- UN-Habitat is in a critical situation.
 - The financial situation remains a serious concern.
 - The organization operates with the absolute minimum of human resources.
 - Staff are stretched to the limit and their morale has been critically affected.
 - The low implementation rate of audit recommendations is another severe risk to the organization.
- UN-Habitat, being part of the UN Secretariat, should urgently seek substantive support from the UN Secretariat.

Conclusions & way forward

What the JIU recommends

- 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 (**recommendation 7**).
- The Secretary-General should, as a matter of priority, address the financial and human resources issues of UN-Habitat, re-evaluate its capability to fulfil its mandate, and explore ways to make it a more viable and sustainable entity (**recommendation 8**).



Good luck and all the best!