



United Nations

**Review of management and administration
in the United Nations Human Settlements
Programme (UN-Habitat)**

Report of the Joint Inspection Unit

Prepared by Jean Wesley Cazeau and Tesfa Alem Seyoum

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*Executive summary***Review of management and administration in the United Nations Human Settlements Programme (UN-Habitat)****I. Introduction and review objective**

The United Nations Human Settlements Programme (UN-Habitat) is a specialized, technical programme of the United Nations Secretariat working towards a better urban future. Its mission is to promote socially and environmentally sustainable and inclusive human settlements development and the achievement of adequate shelter for all.

The membership of UN-Habitat is the same as that of the United Nations, that is 193 Member States. Its work is guided by three governing bodies, namely: the UN-Habitat Assembly, which meets every four years; the Executive Board; and the Committee of Permanent Representatives. The UN-Habitat Assembly reports to the General Assembly through the Economic and Social Council. The Executive Board has been delegated authority by the UN-Habitat Assembly to submit periodic reports to the Economic and Social Council in the years when the Assembly is not in session. The Committee of Permanent Representatives convenes, in an open-ended manner, twice every four years. The secretariat of UN-Habitat is led by the Executive Director, who is elected by the General Assembly upon nomination by the Secretary-General, after consultation with Member States. The secretariat is headquartered in Nairobi.

The overall objective of the present review by the Joint Inspection Unit (JIU) is to provide an independent assessment of the management and administration in UN-Habitat, focusing, inter alia, on (a) the recent governance reform; (b) financial management; (c) organizational restructuring and management; and (d) oversight and evaluation.

II. Main findings**A. Governance reform**

UN-Habitat evolved from a committee established in 1962 to a commission and a centre in 1978, then to a fully fledged programme of the United Nations system in 2002. Changes in its mandate and the efficiency and effectiveness of its governance structure have been under review since 2007. A new three-tier governance structure was endorsed by the General Assembly in its resolution 73/239 in December 2018. The Committee of Permanent Representatives was retained, and the UN-Habitat Assembly and the Executive Board were established in 2019.

The establishment of the UN-Habitat Assembly on the basis of universal membership, as well as the creation of the Executive Board with the power to take decisions and hold much more frequent meetings than the previous Governing Council, has been viewed as a positive change to resolve 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 its 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.

The roles and responsibilities of the Committee of Permanent Representatives, as well as the division of labour between the Committee and the Executive Board, are not clearly articulated in the new rules of procedure of the UN-Habitat Assembly. The distinct roles and responsibilities of each of the governing bodies of UN-Habitat should be further clarified and the UN-Habitat Assembly should consider amending its rules of procedure in accordance with rule 71 thereof (recommendation 1).

B. Financial management

The financial framework of UN-Habitat comprises three sources of funding: (a) the United Nations regular budget; (b) the United Nations Habitat and Human Settlements Foundation, which consists of two categories of funds: Foundation non-earmarked and Foundation earmarked; and (c) technical cooperation contributions.

The United Nations regular budget and the Foundation non-earmarked fund are the core resources of UN-Habitat; they provide the funding for the basic operating functions of the organization and enable it to implement its normative work. Over the years, the revenues of the core resources have been consistently low. While the United Nations regular budget provides stable resources, including for approximately 75 staff posts, contributions from Member States to the Foundation non-earmarked fund have fallen far short of the budgets approved by the Executive Board. For 2020, the Executive Board approved a budget of \$18.9 million for Foundation non-earmarked contributions, but those made by Member States totalled only \$4.9 million, a shortfall of nearly 75 per cent.

The shortfalls in Foundation non-earmarked contributions have hindered the organization in its efforts to fully address the priorities approved by the Executive Board. Many core functions of the organization's normative work, such as monitoring the implementation of the urban dimensions of the Sustainable Development Goals, as well as management, advocacy and oversight, are severely underfunded and understaffed.

Member States are responsible for providing resources that are commensurate with the approved programmes and/or giving clear guidance on programme and resource allocation priorities in situations in which sufficient resources cannot be provided. Member States should consider making sufficient contributions to the approved budget of the Foundation non-earmarked fund, 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).

To address the financial situation, UN-Habitat 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. As a result, the situation is improving, however, less than a quarter of the 193 Member States contribute to the Foundation non-earmarked fund, with most of the contributions being made by only a few Member States from the Western European and other States regional group. Further broadening the base of contributions by Member States and enhancing predictability in financing the Foundation non-earmarked fund is critical for UN-Habitat. In this regard, the Executive Board should establish a voluntary indicative scale of contributions, similar to the one that has been applied to the Environment Fund of the United Nations Environment Programme, for the Foundation non-earmarked fund (recommendation 3).

While more Member States should consider contributing to the Foundation non-earmarked fund, the secretariat may need to refocus its strategy on and ways to communicate with Member States. The secretariat should provide relevant and concise information to Member States to enable them to understand all aspects of funding, including the impact of shortfalls in the Foundation non-earmarked fund.

C. Organizational restructuring and management

In 2018, in parallel with the governance reform, the UN-Habitat secretariat launched an organizational restructuring exercise to maximize fulfilment of its mandate. In November 2019, a new organizational structure and overall human resources requirements were approved by the Executive Board. The overall human resources requirements outlined the required posts for the implementation of the strategic plan 2020–2023. In January 2020, existing staff members were laterally reassigned to the new organizational units.

Insufficient funding of the Foundation non-earmarked fund has delayed the full implementation of the organizational restructuring, including the proposed regional architecture, and many senior posts remain vacant. Of the 135 authorized Foundation non-earmarked posts for 2020, 77 posts were abolished in October 2020 and, in 2021, of the remaining 58 posts only 9 were filled due to the shortfall in funding. As of April 2022, most management posts within the new structure, such as division directors and branch, section and unit chiefs, are either vacant or occupied by “ad interim” or “acting” officers. The secretariat has been operating with only about two thirds of the originally estimated number of posts needed to implement the strategic plan 2020–2023.

Considering the current funding situation, in order to prevent further deterioration of the financial situation, the Executive Director should implement activities funded by the Foundation non-earmarked fund within the existing resources and should not consider new activities until adequate contributions for that fund are received (recommendation 4).

Understaffing in management and oversight posts makes it even more essential for the secretariat to prepare a corporate risk register, including risk owners and action plans for each risk, and ensure that the critical risks faced by the organization are regularly monitored and the necessary actions are taken (recommendation 5).

Management should improve in-house coordination and cooperation, for example, by being more receptive to the opinions of staff working in individual regions and countries. Human resources management needs to be enhanced by applying and demonstrating the highest degree of compliance, transparency and communication to avoid the perceived lack of fairness and grounds for frustration and rumour. A knowledge management strategy should be developed to ensure a corporate approach to systematically recording information produced and knowledge accumulated and make them available and accessible.

While UN-Habitat is part of the United Nations Secretariat, it is also a programme that has operations in the field. This hybrid feature seems to necessitate adapting the practices and procedures of the Secretariat to the conditions in which UN-Habitat operates. The rules of the Secretariat on the duration of consultancy contracts often do not match the duration of a typical UN-Habitat project, which could affect successful delivery and completion of technical cooperation projects. This issue needs to be discussed with the United Nations Secretariat.

The United Nations Office at Nairobi provides administrative and support services to UN-Habitat, which also uses the resources and services of the United Nations Development Programme and the United Nations Office for Project Services in places in which the infrastructure of the United Nations Secretariat is not available. While there is a strong degree of satisfaction with the services provided by the latter two organizations in supporting the operation of UN-Habitat in the field, there seem to be issues with the services of the United Nations Office at Nairobi, which is reportedly slow and less efficient in processing administrative and support services, particularly as regards human resources and procurement. The performance of each service provider needs to be closely monitored and the selection criteria for choosing among the three service providers should be established to ensure transparency and avoid confusion.

D. Oversight and evaluation

Over the years, the number of outstanding audit recommendations has increased. The Board of Auditors is concerned about the low implementation rate of recommendations by UN-Habitat. The Independent Audit Advisory Committee has also pointed this out and urged management to make efforts to ensure the timely implementation of the recommendations of the Board of Auditors. Addressing outstanding audit recommendations may require significant time and resources. Nevertheless, the Executive Director should implement the main outstanding audit recommendations as a matter of urgency (recommendation 6).

The evaluation policy of UN-Habitat adopted in 2013 should be reviewed and updated, for example, by reflecting the recent changes in the governance structure and in the secretariat.

E. Conclusions and way forward

UN-Habitat is in a critical situation. The organization cannot credibly continue with insufficient resources and inadequate staffing to address oversight recommendations. A new approach must be considered before its risks overtake its mandate.

As UN-Habitat is part of the United Nations Secretariat, 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 also address the current condition of UN-Habitat to enable it to fulfil its mandate and avoid any reputational risk to the United Nations. 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). In the final stages of the review, the Inspectors were made aware that the Secretary-General had sent an official to UN-Habitat. While this could be a positive sign, the Inspectors are of the view that UN-Habitat should urgently seek substantive support from the United Nations Secretariat.

III. Recommendations

The present review contains eight recommendations, of which one is addressed to the UN-Habitat Assembly, two to the Executive Board, four to the Executive Director and one to the Secretary-General for action. There are also 24 informal recommendations aimed at complementing the 8 recommendations and improving the overall effectiveness and viability of UN-Habitat.

Recommendation 1

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 2

The Executive Board of UN-Habitat 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 3

The Executive Board of UN-Habitat should establish a voluntary indicative scale of contributions for the Foundation non-earmarked fund by the end of 2023.

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.

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.

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.

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.

Recommendation 8

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.

Informal recommendations**Chapter II: Governance reform**

- The respective Bureaux of the Executive Board and the Committee of Permanent Representatives should consider holding regular joint Bureaux meetings, for example semi-annually, in a way not to overburden the secretariat but to avoid any overlaps and enhance harmonization between the two bodies (see para. 43).
- The Inspectors recommend that the Executive Director further enrich the regular induction programme for delegations in order to establish and maintain a similar level of understanding and knowledge of UN-Habitat among Member States' delegates to promote the active engagement of all delegations (see para. 46).
- The Inspectors agree that there is a substantial number of pre-session documents of the governing bodies. While it is commendable that the secretariat prepares various documents within the current limited resources, the pre-session documents should adhere to the decision of the Executive Board. The Executive Director should consider setting a word limit for pre-session documents, if this has not already been introduced (see para. 50).

- The Inspectors are of the opinion that it is also necessary for the Executive Board to prioritize and streamline its reporting requests to the secretariat, with a view to enhancing the efficiency of the secretariat. For example, the Executive Board may wish to consider limiting the annual mandated reports on the activities of UN-Habitat due to the short timespan for preparing documentation between each session of the Board and the associated costs, including editing and translation costs (see para. 51).
- The Inspectors suggest that the Executive Board streamline and prioritize agenda items so that only issues that require urgent attention by the Board be discussed within the mandated two to three days for each session without compromising the quality of discussion and ensuring timely decision-making (see para. 52).

Chapter III: Financial management

- The Executive Director should further pursue more realistic budgeting based on the actual revenue levels of recent years with further cost rationalization (see para. 64).
- The Inspectors are of the opinion that more Member States should consider contributing to the Foundation non-earmarked fund, which is crucial to manage the organization and to have a normative presence globally and not to be project-based (see para. 69).
- The Inspectors believe that further broadening the base of contributions by Member States and enhancing predictability in financing the Foundation non-earmarked fund is critical for UN-Habitat in fulfilling its mandate and the objectives of the strategic plan 2020–2023 (see para. 71).
- As the Foundation non-earmarked fund is a key source for the normative work of UN-Habitat, the Inspectors are of the opinion that the secretariat should provide relevant and concise information to Member States to enable them to understand all aspects of the funding, including the impact of shortfalls in the fund, for example, by listing normative work activities and deliverables that cannot be implemented and produced in case of insufficient non-earmarked funding (see para. 80).

Chapter IV: Organizational restructuring and management

- The Inspectors reiterate their call to Member States to improve the financial situation of the organization by making non-earmarked contributions so that it can operate in a more stable and sustainable manner in fulfilling its mandate (see para. 99).
- With the new policy and the framework in place, together with the fact that the secretariat updated the results-based management handbook in 2021, it is advisable to conduct refresher training on results-based management (see para. 105).
- Considering the role of the Executive Committee, which is to provide advice to the Executive Director, the Inspectors are of the view that it should be chaired by a senior official who is not the Executive Director (see para. 119).
- [The Inspectors] are of the view that the Executive Director should improve in-house coordination and cooperation, for example, by collecting the opinions of staff working in the regions and countries through periodic staff surveys (see para. 132).
- The Executive Director is further encouraged to recruit qualified candidates from the underrepresented and/or unrepresented countries, whenever possible, to pursue more balanced geographical diversity among staff (see para. 136).
- The Inspectors commend the efforts of the Executive Director to address gender parity at the P-5 and D-1 levels, while encouraging such efforts to be continued (see para. 139).
- The Inspectors are of the view that a staff rotation scheme should be encouraged, considering the focus of UN-Habitat in balancing and connecting its normative and operational activities, as well as its efforts to implement the reform of the United Nations development system (see para. 142).

- The Executive Director should address the negative perceptions of staff regarding consistency and transparency in human resources management by applying and demonstrating the highest degree of compliance, transparency and communication in human resources management, such as in recruitment and promotion processes, to avoid the perceived lack of fairness and grounds for frustration and rumour (para. 144).
- Considering the funding status of UN-Habitat, which operates with approximately 90 per cent of earmarked funding, the Inspectors recommend that the Executive Director discuss the issue of the duration of consultancy contracts with the Department of Management Strategy, Policy and Compliance of the United Nations Secretariat (see para. 148).
- The Inspectors encourage the Executive Director to develop a knowledge management strategy, ensuring a corporate approach to systematic knowledge management, and provide training to staff accordingly (see para. 154).
- The performance of each service provider, especially the United Nations Office at Nairobi, needs to be closely monitored and the selection criteria used to choose such service providers among the United Nations Office at Nairobi, UNDP and UNOPS should be established to ensure transparency and avoid confusion (see para. 163).

Chapter V: Oversight and evaluation

- OIOS, as an independent function, should present its reports to the Executive Board (see para. 171).
- The Inspectors encourage the Executive Director to update the status of acceptance and implementation of JIU recommendations in the Unit's web-based tracking system (see para 180).
- The Inspectors recommend that the evaluation policy [of UN-Habitat adopted in 2013] be reviewed and updated, for example, by reflecting the recent changes in the governance structure and in the secretariat (see para. 182).
- The Inspectors recommend that the Independent Evaluation Unit report directly to the Executive Board on a regular basis (see para. 183).

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Acronyms and abbreviations

ICT	information and communications technology
JIU	Joint Inspection Unit
OIOS	Office of Internal Oversight Services
UNDP	United Nations Development Programme
UNEP	United Nations Environment Programme
UN-Habitat	United Nations Human Settlements Programme
UNOPS	United Nations Office for Project Services

I. Introduction

1. The review of management and administration in the United Nations Human Settlements Programme (UN-Habitat) is part of a series of management and administration reviews conducted by the Joint Inspection Unit (JIU) for its participating organizations, which is in line with its long-term strategic framework 2020–2029.¹ Originally planned for 2020, the present review was deferred until 2021 at the request of UN-Habitat due in part to the coronavirus disease (COVID-19) pandemic and the ongoing structural reform of the UN-Habitat secretariat.

A. Background

2. UN-Habitat is the United Nations programme working towards a better urban future. Its mission is to promote socially and environmentally sustainable and inclusive human settlements development and the achievement of adequate shelter for all. Specifically, UN-Habitat promotes transformative change in cities and human settlements through knowledge, policy advice, technical assistance and collaborative action to leave no one and no place behind.²

3. The normative work of UN-Habitat includes different forms of knowledge-building, research and capacity-building, which enables it to set standards, propose norms and principles, share good practice, monitor global progress and support the formulation of policies related to sustainable cities and human settlements. The operational work takes the form of various kinds of technical assistance in executing human settlement projects in order to provide value-added and tailored support to Member States.³

4. The membership of UN-Habitat is the same as that of the United Nations, that is 193 Member States. Its work is guided by three governing bodies, namely: the UN-Habitat Assembly, which meets every four years; the Executive Board; and the Committee of Permanent Representatives. The UN-Habitat Assembly reports to the United Nations General Assembly through the Economic and Social Council. The Executive Board has been delegated authority by the UN-Habitat Assembly to submit periodic reports to the Economic and Social Council in the years when the Assembly is not in session. The Committee of Permanent Representatives convenes, in an open-ended manner, twice every four years.

5. The UN-Habitat secretariat is headquartered in Nairobi, with four regional offices: Nairobi for Africa; Cairo for Arab States; Rio de Janeiro for Latin America and the Caribbean; and Fukuoka for Asia and the Pacific. There are also five liaison/representation offices in Bangkok, Brussels, Geneva, New York and Santiago. In addition, there is: an administrative office in Panama; 2 information offices in Moscow and Beijing; 2 multi-country offices in Bogotá and Mexico City; and 17 country offices and 37 project offices worldwide.⁴ The secretariat comprises 406 approved posts as of 31 December 2021, of which only 308 posts were occupied.⁵

6. The UN-Habitat secretariat is led by the Executive Director, who is elected by the General Assembly for a term of four years upon nomination by the Secretary-General, after consultation with Member States. The Executive Director is accountable to the Secretary-General and is responsible for the activities and administration of the UN-Habitat secretariat. The current Executive Director took office in January 2018 and was reappointed for a further two years until February 2024.

¹ A/74/34, annex I.

² UN-Habitat, *The Strategic Plan 2020–2023* (Nairobi, 2019).

³ *Ibid.*, para. 45.

⁴ UN-Habitat, *UN-Habitat Annual Report 2021* (Nairobi, 2022).

⁵ HSP/EB.2022/2/Add.1, para. 2. The report does not include UN-Habitat personnel hired through other United Nations entities or human resource service providers (e.g. the United Nations Development Programme or the United Nations Office for Project Services).

B. Objective and scope

7. The objective of the present review is to provide an independent assessment of the management and administration in UN-Habitat, focusing, inter alia, on the following areas:

- Early results of the recent governance reform in terms of enabling operational agility and the adequacy of current arrangements.
- Structural reform of the secretariat, including the regional architecture.
- Accountability and oversight, including monitoring performance and resources.
- Financial and human resources management and operational support services, including the current administrative arrangements with the United Nations Office at Nairobi and other major service providers, such as the United Nations Development Programme (UNDP) and the United Nations Office for Project Services (UNOPS).

8. The scope of the present review centres on the issues related to the governance, organizational structure, financial framework, executive management function, human resources management, and accountability and oversight. In particular, the Inspectors focus on four themes that mirror priorities established by the organization: (a) governance and accountability; (b) organizational and structural reform; (c) management and administration arrangements; and (d) organizational readiness for implementation of the strategic plan.

9. In the present review, the Inspectors aim to assist the governing bodies of UN-Habitat and the senior management of its secretariat in fulfilling their respective mandates. Reviewing performance on technical and programmatic work conducted by UN-Habitat is not included in the scope of this review. This area is covered only to the extent necessary in order to review management and administration processes related to it. The scope of the review intends to avoid overlaps with the work of the Office of Internal Oversight Services (OIOS), the Board of Auditors and the Independent Audit Advisory Committee of the United Nations Secretariat.

10. The present review is timely and relevant because UN-Habitat faces a number of challenges, external and internal, in particular financial constraints.

C. Methodology

11. The methodology applied in the review combines qualitative and quantitative methods for data collection and analysis. JIU follows a collaborative approach with its stakeholders, seeking comments and suggestions during the review process, which includes, inter alia:

- Desk review: a desk review was conducted, reviewing documentation of the relevant governing bodies, mainly the General Assembly, the UN-Habitat Assembly, the Governing Council, the Executive Board, the Committee of Permanent Representatives and the recommendations of oversight bodies, as well as internal policies, administrative instructions and other relevant internal documents.
- Questionnaire: a questionnaire was issued to the UN-Habitat secretariat covering the main areas of management and administration.
- Interviews: a total of 46 online interviews were conducted between May 2021 and February 2022 with 63 stakeholders, including the respective Chairs of the Executive Board and the Committee of Permanent Representatives, the Chairs of all five regional groups, the Executive Director, the Deputy Executive Director, senior managers, other staff in charge of the main administrative, management and oversight functions, including the United Nations Secretariat, the United Nations Office at Nairobi and staff representatives.
- Staff survey: an online staff survey was conducted in January 2022 to collect opinions from UN-Habitat staff. Some 118 completed responses (38 per cent of total staff) were received from staff working at headquarters, and regional, liaison and other field

presences. The questions and results of the survey are presented in the appendix to the present report.⁶

- Sessions of the Executive Board and the Committee of Permanent Representatives: the Inspectors attended, as observers, the first and second sessions of the Board in 2021, the first session of the Board in 2022 and the first open-ended meeting of the Committee of Permanent Representatives held in 2021.

12. The information and views collected have been gathered while maintaining the confidentiality of the sources. The report primarily reflects aggregated responses and, in cases in which quotations are given for illustrative purposes, the sources are not disclosed. JIU was not able to perform any work onsite due to travel restrictions resulting from the COVID-19 pandemic and therefore had to rely on the data provided by the organization with limited opportunities for triangulation. In accordance with article 11 (2) of the JIU Statute, the present report has been finalized after consultation among the Inspectors so as to test its conclusions and recommendations against the collective wisdom of the Unit.

13. The present review contains eight recommendations, of which one is addressed to the UN-Habitat Assembly, two to the Executive Board, four to the Executive Director, and one to the Secretary-General. These formal recommendations are complemented by 24 informal recommendations, which appear in bold throughout the text. To facilitate the handling of the recommendations, annex II contains a table including the eight formal recommendations and specifying whether they require action by the organization's legislative/governing body or by the executive head.

D. Acknowledgement

14. The Inspectors wish to express their appreciation to the secretariat and key stakeholders of UN-Habitat who assisted in the preparation of the report for their full cooperation and particularly to those who provided written responses, participated in the interviews and/or the staff survey and willingly shared their knowledge and opinions.

⁶ Available as a supplementary paper to the present review on the JIU website.

II. Governance reform

A. History of UN-Habitat

15. UN-Habitat is a specialized, technical programme of the United Nations Secretariat, which reports to the General Assembly through the Economic and Social Council. The organization evolved from a committee established in 1962 to a commission and a centre in 1978, then to a programme in 2001.

16. In 1962, the Economic and Social Council established the **Committee on Housing, Building and Planning** to deal with housing and related community facilities and physical planning. The Committee reported to the Economic and Social Council.⁷

17. On 1 January 1975, the General Assembly established the **United Nations Habitat and Human Settlements Foundation**, under the umbrella of the United Nations Environment Programme (UNEP).⁸ The Foundation was the first official United Nations body dedicated to human habitat management and environmental design and improvement of human settlements.

18. In 1976, the first United Nations Conference on Human Settlements was held in Vancouver. This conference, called **Habitat I**, resulted in the Vancouver Declaration on Human Settlements and provided the foundations for the creation of the precursors of UN-Habitat in 1978. In December 1977, the General Assembly decided that the Economic and Social Council should transform the Committee on Housing, Building and Planning into the **Commission on Human Settlements**, an intergovernmental body with 58 members elected for three-year terms. It also decided to establish the **United Nations Centre for Human Settlements (Habitat)** – a small secretariat to provide services to the Commission, in order to serve as a focal point for human settlements action and the coordination of activities within the United Nations system – located in Nairobi to maintain close linkages with UNEP.⁹

19. The Vancouver commitments were reconfirmed 20 years later at the second United Nations Conference on Human Settlements (**Habitat II**), held in 1996 in Istanbul, at which the Istanbul Declaration on Human Settlements and the Habitat Agenda were adopted. The United Nations Centre for Human Settlements was designated by the General Assembly as a focal point for the implementation of the Habitat Agenda.¹⁰

20. Five years after Habitat II, in 2001, the General Assembly convened a special session devoted to the overall review and assessment of the implementation of the twin goals of the Habitat Agenda: adequate shelter for all and sustainable human settlements development. The special session renewed the commitment of Member States to the principles of the Habitat Agenda and adopted the Declaration on Cities and Other Human Settlements in the New Millennium.

21. In 2002, the General Assembly decided to transform the Commission on Human Settlements and its secretariat, the United Nations Centre for Human Settlements, including the United Nations Habitat and Human Settlements Foundation, into the **United Nations Human Settlements Programme (UN-Habitat)**, a fully fledged programme of the United Nations system.¹¹

22. The General Assembly also decided to transform the Commission on Human Settlements into the **Governing Council** of UN-Habitat, a subsidiary organ of the General Assembly, with 58 members elected by the Economic and Social Council for a four-year term. It further decided that the **Committee of Permanent Representatives** to UN-Habitat would serve as the Governing Council's intersessional subsidiary body. It also decided that the UN-Habitat secretariat, headed by an Executive Director at the level of Under-Secretary-General, would service the Governing Council and serve as the focal point for human

⁷ Economic and Social Council resolution 903 C (XXXIV).

⁸ General Assembly resolution 3327 (XXIX).

⁹ General Assembly resolution 32/162.

¹⁰ General Assembly resolution 51/177.

¹¹ General Assembly resolution 56/206.

settlements and for the coordination of human settlements activities within the United Nations system.¹²

23. In line with the 20-year cycle, the United Nations Conference on Housing and Sustainable Urban Development (**Habitat III**) was convened in 2016 in Quito to reinvigorate the global commitment to sustainable urbanization. Building on the Habitat Agenda of Istanbul in 1996, the **New Urban Agenda** was adopted at the Conference and subsequently endorsed by the General Assembly in its resolution 71/256.

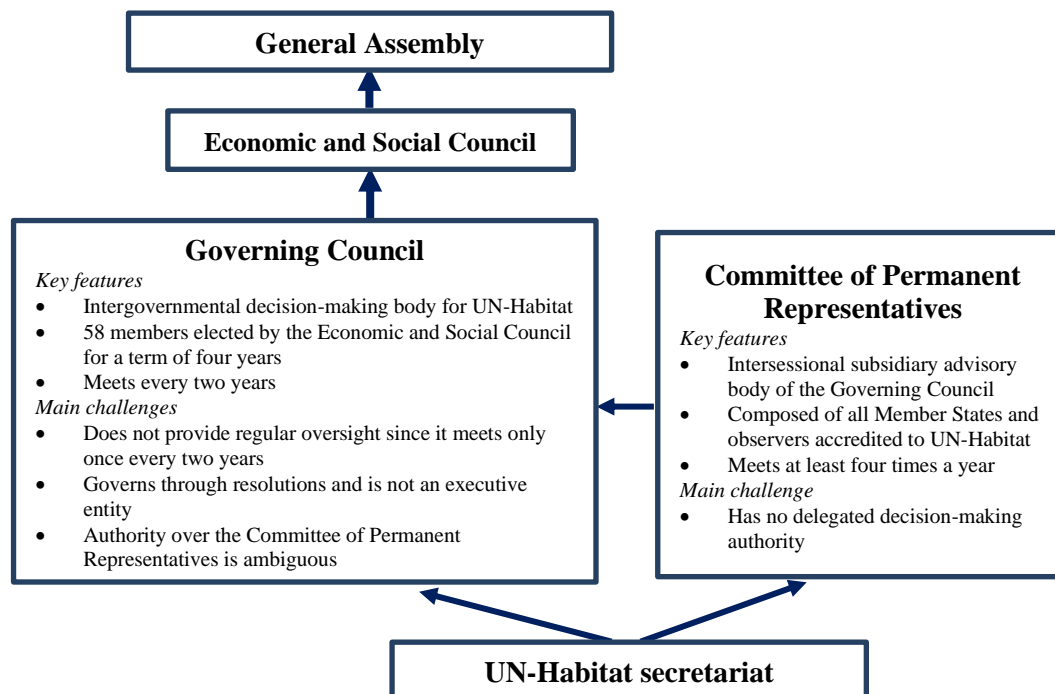
B. Context for the governance reform

24. UN-Habitat and its governance structure have undergone changes since its inception.¹³ In April 2007, the Governing Council in its resolution 21/2 requested the Executive Director to consult with the Committee of Permanent Representatives on the need to review the efficiency and effectiveness of the governance structure of UN-Habitat. Changes in the mandate and governance structure were reviewed and the Governing Council, in April 2009, further requested the Executive Director and the Committee of Permanent Representatives to carry out jointly an examination of the governance structure of UN-Habitat with a view to identifying and implementing ways to improve the transparency, accountability, efficiency and effectiveness of the functioning of the governance structure.¹⁴

25. Relatedly, a comprehensive review of UN-Habitat was carried out in 2011. Key governance challenges were assessed and several options for improvement were proposed jointly by the secretariat and the Committee of Permanent Representatives.¹⁵ However, the Governing Council could not reach a decision on changing the governance arrangements.

26. Figure I illustrates the governance structure of UN-Habitat before its reform in 2019.

Figure I
UN-Habitat governance structure before its reform in 2019



Source: Various documents, including HSP/GC/22/2/Add.3, HSP/GC/23/INF/7 and A/71/1006.

¹² General Assembly resolution 56/206.

¹³ HSP/GC/22/2/Add.3.

¹⁴ Governing Council resolution 22/5 (A/64/8, pp. 16–17).

¹⁵ HSP/GC/23/INF/7.

27. In endorsing the New Urban Agenda in 2016, the General Assembly sought to ensure that UN-Habitat could perform its mandated role more effectively. To that end, it asked the Secretary-General to commission an evidence-based and independent assessment of UN-Habitat that would make recommendations to enhance its effectiveness, efficiency, accountability and oversight. Key findings of the report submitted in 2017 by the High-level Independent Panel to Assess and Enhance the Effectiveness of UN-Habitat¹⁶ included that:

- The governance and management structure of UN-Habitat had not met the organization's need for effective, responsive, and timely decision-making, nor had it permitted the level of oversight by Member States that would ensure its reputation for accountability and transparency.
- Its resources had been inadequate, insecure and unpredictable, and the need to chase funds had caused it to stray from its normative mandate.

28. The Panel recommended that the first priority must be to save, stabilize and then rapidly strengthen UN-Habitat to equip it for a renewed role based on the 2030 Agenda for Sustainable Development and the New Urban Agenda.¹⁷ Among the measures called for by the Panel were transformed governance arrangements, including universal membership.

29. The decision on the governance reform was made in December 2018. Following General Assembly resolution 72/226, an open-ended working group was established in Nairobi by the Chair of the Committee of Permanent Representatives to examine options for strengthening Member States' oversight of UN-Habitat. In its findings and recommendations,¹⁸ the working group called for a three-tier governance structure, namely a universal assembly, an executive board of equitable geographic representation and a universal committee of permanent representatives. Recognizing the need to strengthen Member States' ownership, leadership and oversight of UN-Habitat, the General Assembly adopted the proposed structure in December 2018 and decided to dissolve the Governing Council and replace it with the universal UN-Habitat Assembly. It also decided that the first session of the Assembly should take place in May 2019 and the Executive Board should meet for its first session in 2019.¹⁹

C. Early results of the governance reform

30. The first session of the UN-Habitat Assembly was held in Nairobi from 27 to 31 May 2019. The UN-Habitat Assembly adopted its own rules of procedure²⁰ and those of the Executive Board.²¹ Figure II illustrates the main features of the new governance structure of UN-Habitat.

31. The Assembly also adopted the strategic plan for the period 2020–2023.²² Recognizing the importance of aligning its cycle with the four-year cycle of the UN-Habitat Assembly itself, the new plan for the period 2020–2023 was approved, instead of the previous six-year cycle. While the UN-Habitat Assembly also recognized the importance of aligning the planning cycles of UN-Habitat with the quadrennial comprehensive policy review process of the General Assembly, it was unable to align the period of the new strategic plan with the quadrennial comprehensive policy review for the period 2021–2024. It decided, in its decision 1/3 of May 2019, to further consider how to best achieve such an alignment.

¹⁶ A/71/1006.

¹⁷ *Ibid.*, para. 42.

¹⁸ A/73/726.

¹⁹ General Assembly resolution 73/239.

²⁰ HSP/HA.1/HLS.2.

²¹ HSP/HA.1/HLS.3.

²² HSP/HA.1/Res.1.

recommended that the UN-Habitat Assembly, at its second session of 2023, consider approving the extension of the current strategic plan 2020–2023 until 2025.²³

35. The Executive Board has held six sessions as of April 2022 (see table 1).

36. Guided by rule 23 of the UN-Habitat Assembly’s rules of procedure, the first open-ended meeting of the Committee of Permanent Representatives, a high-level midterm review, was held from 29 June to 1 July 2021 in Nairobi with the attendance of 71 Member States and 1 observer. The Committee reviewed the implementation of the strategic plan 2020–2023, the resolutions adopted by the first session of the UN-Habitat Assembly and the New Urban Agenda, and made several requests to the Executive Director as a consequence.²⁴

37. Table 1 lists the meetings of the new governing bodies of UN-Habitat that have taken place as at April 2022.

Table 1
Meetings of the new governing bodies of UN-Habitat

<i>Year and session</i>	<i>Dates</i>	<i>Format</i>	<i>Duration</i>	<i>Number of agenda items</i>	<i>Number of pre-session documents</i>	<i>Number of resolutions, decisions, recommendations and declarations</i>
2019						
First session of the UN-Habitat Assembly	27–31 May	In-person	5 days	18	25	5 resolutions, 3 decisions and 1 declaration
First session of the Executive Board	30 May	In-person	0.5 day	7	4	-
Resumed first session of the Executive Board	19–20 Nov.	In-person	2 days	11	15	5 decisions
2020						
First session of the Executive Board	29 June	Online	1 day	8	15	2 decisions
Second session of the Executive Board	27–29 Oct.	Online	3 days	16	40	4 decisions
2021						
First session of the Executive Board	7–8 April	Online	2 days	15	21	5 decisions
First open-ended meeting of the Committee of Permanent Representatives	29 June–1 July	Hybrid	3 days	12	17	1 decision and 4 recommendations
Second session of the Executive Board	15–16 Nov.	Hybrid	2 days	14	34	3 decisions
2022						
First session of the Executive Board	29–31 March	Hybrid	3 days	18	12	4 decisions

Source: Programmes, lists of documents and reports of each session.

Note: Owing to the COVID-19 pandemic, the date of the first session of the Executive Board in 2020, originally scheduled from 31 March to 2 April, was changed to 29 June and held online.

38. The establishment of the UN-Habitat Assembly on the basis of universal membership, as well as the creation of the Executive Board with the power to take decisions and hold much more frequent meetings than the previous Governing Council, has been viewed by several representatives of Member States interviewed 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-

²³ Executive Board decision 2021/6 (HSP/EB.2021/22, pp. 1–3).

²⁴ HSP/OECPR.2021/8.

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.

39. Another challenge of the previous governance structure was the unclear responsibilities between the Governing Council and the Committee of Permanent Representatives. Under the new governance structure, UN-Habitat has established the rules of procedure of the UN-Habitat Assembly and those of the Executive Board, which were both adopted at the first session of the Assembly in May 2019 through decisions 1/1 and 1/2. The rules of procedure of the UN-Habitat Assembly loosely define the role of the Committee of Permanent Representatives in rule 23, while the role of the Executive Board is elaborated in rule 24.

40. The roles and responsibilities of the Committee of Permanent Representatives, as well as the division of labour between the Committee and the Executive Board, are not clearly articulated, which seems to have created some confusion among Member States. Some representatives of Member States interviewed expressed their doubts about the need for the Committee to exist after the establishment of the Executive Board, while other representatives interviewed strongly supported the existence of the Committee as an important venue to engage the Permanent Representatives.

41. The Inspectors believe that there is a compelling need to clarify the distinct roles and responsibilities of each of the governing bodies, in particular those of the Committee of Permanent Representatives, especially given the current financial constraints of UN-Habitat and the increased costs associated with servicing the meetings of the governing bodies.

42. The following recommendation is expected to enhance the effectiveness of the new governance structure of UN-Habitat.

Recommendation 1

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.

43. Coordination between the Executive Board and the Committee of Permanent Representatives is lacking as there have been no joint meetings held between their Bureaux to coordinate activities since the establishment of the Board in 2019, although this is provided for under rule 28 of the rules of procedure of the UN-Habitat Assembly. **The respective Bureaux of the Executive Board and the Committee of Permanent Representatives should consider holding regular joint Bureaux meetings, for example semi-annually, in a way not to overburden the secretariat but to avoid any overlaps and enhance harmonization between the two bodies.**

44. During interviews, several representatives of Member States highlighted that the level of understanding and knowledge of the new governance structure, as well as the level of engagement among Member States, varied. The JIU review team also observed uneven engagement among the members of the Executive Board during its two sessions in 2021 and its first session in 2022, in which only a few members made interventions.

45. An induction programme convened by the UN-Habitat secretariat for newly arrived delegations in Nairobi has a good reputation for being informative and useful in better understanding UN-Habitat, including its reporting cycle and obligations to the General Assembly, the Economic and Social Council and the United Nations Secretariat. One representative of a Member State interviewed commended the induction programme as “very useful, both for newcomers and for longer-serving delegates, to refresh our memory and knowledge about UN-Habitat”.

46. **The Inspectors recommend that the Executive Director further enrich the regular induction programme for delegations in order to establish and maintain a similar level of understanding and knowledge of UN-Habitat among Member States' delegates to promote the active engagement of all delegations.**

47. In terms of the working methods of the Executive Board, a set of recommendations were made by the ad hoc working group on that issue,²⁵ which were adopted by the Executive Board in its decision 2020/6. One of the recommendations was for a post-meeting survey to be conducted by the secretariat after each session of the Executive Board to evaluate the effectiveness of the meeting and to improve the process and outcome of future meetings.

48. In early 2022, a survey was conducted by the secretariat to evaluate the effectiveness of the Executive Board's second session of 2021. The results were presented at the first session of 2022.²⁶ In general, despite the low rate of response, the results indicated that the Executive Board functioned well. Respondents suggested that determination of the appropriate duration of sessions and the allocation of time for statements and deliberation of key matters could be improved.

49. On the working methods of the Executive Board, one common issue raised by several representatives of Member States interviewed was the vast number of pre-session documents, in particular for the second session of the Executive Board of 2021 (see table 1). Several delegates voiced the opinion that numerous lengthy pre-session documents hindered the ability of delegates to participate effectively in the sessions of the Executive Board. Consequently, the Executive Board, in its decision 2021/8, requested that the Executive Director and the Bureau of the Board ensure that the pre-session documentation at its future sessions was manageable, in line with the mandate of the Board, and that the information set out therein was concise, clear, transparent and focused.

50. **The Inspectors agree that there is a substantial number of pre-session documents of the governing bodies. While it is commendable that the secretariat prepares various documents within the current limited resources, the pre-session documents should adhere to the decision of the Executive Board. The Executive Director should consider setting a word limit for pre-session documents, if this has not already been introduced.**

51. **The Inspectors are of the opinion that it is also necessary for the Executive Board to prioritize and streamline its reporting requests to the secretariat, with a view to enhancing the efficiency of the secretariat. For example, the Executive Board may wish to consider limiting the annual mandated reports on the activities of UN-Habitat due to the short timespan for preparing documentation between each session of the Board and the associated costs, including editing and translation costs.**

52. The number of agenda items also appears too high for the two days based on the first and second sessions of the Executive Board held in 2021; as a consequence, there is not sufficient time for substantive discussion (see table 1). **The Inspectors suggest that the Executive Board streamline and prioritize agenda items so that only issues that require urgent attention by the Board be discussed within the mandated two to three days for each session without compromising the quality of discussion and ensuring timely decision-making.**

²⁵ HSP/EB.2020/20.

²⁶ HSP/EB.2022/INF/2.

III. Financial management

A. Financial framework

53. The financial framework of UN-Habitat comprises three sources of funding:

(a) **United Nations regular budget** allocations, which are approved by the General Assembly;

(b) **United Nations Habitat and Human Settlements Foundation** contributions, which consist of two categories:

(i) **Foundation non-earmarked** (previously referred to as Foundation general purpose) contributions: voluntary contributions from Governments, from which the budget allocations are approved by the Executive Board²⁷ in accordance with agreed priorities to support the implementation of the approved UN-Habitat programme of work. Foundation non-earmarked contributions are a key source of funding for the normative work of UN-Habitat;

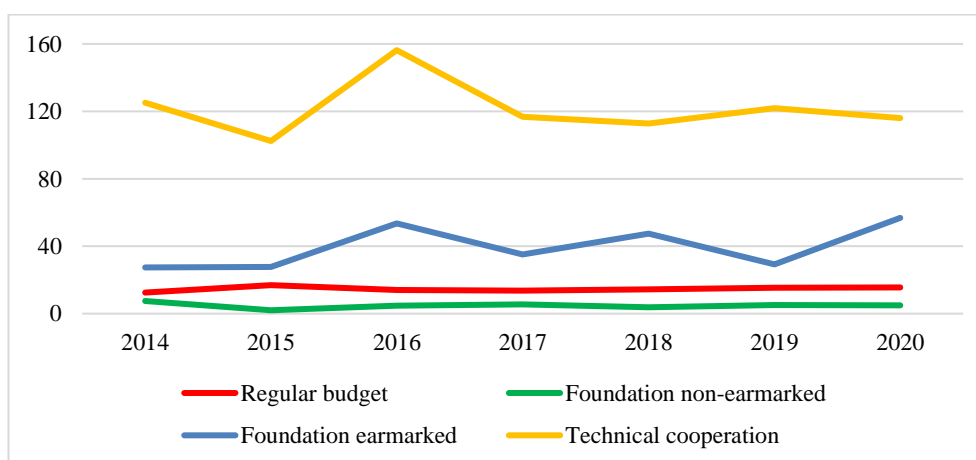
(ii) **Foundation earmarked** (previously referred to as Foundation special purpose) contributions: voluntary contributions from Governments and other donors for the implementation of specific activities, from which the budget allocations are approved by the Executive Director. Foundation earmarked contributions generally cover global, thematic and multi-country projects;

(c) **Technical cooperation** contributions: earmarked voluntary contributions from Governments and other donors for the implementation of specific technical country-level activities, from which the budget allocations are also approved by the Executive Director.

54. Foundation earmarked and technical cooperation contributions have been the predominant sources of funding for years for UN-Habitat, most of which target specific countries or areas of work.

55. The total revenue for 2020 was \$194.1 million, of this, 89 per cent was earmarked (Foundation earmarked and technical cooperation contributions), which is not subject to intergovernmental review.²⁸ The remaining 11 per cent (regular budget and Foundation non-earmarked contributions) is subject to intergovernmental oversight. Figure III shows the revenue trend of UN-Habitat between 2014 and 2020.

Figure III
Revenue trend of UN-Habitat between 2014 and 2020
(Millions of United States dollars)



Source: Financial reports and audited financial statements and reports of the Board of Auditors for the respective years.

²⁷ Previously approved by the Governing Council.

²⁸ A/76/5/Add.9.

B. Key challenge: core resources

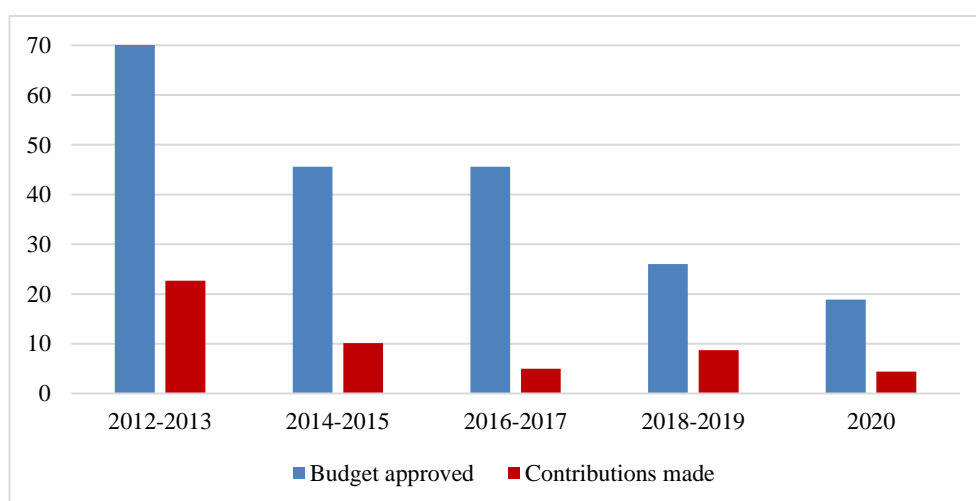
56. United Nations regular budget and Foundation non-earmarked contributions are the core resources of UN-Habitat. Core resources are intended to fund activities that are fundamental to the existence of an organization and its institutional mandates. They are the backbone of the funding of United Nations funds and programmes and an essential determinant of the capacity of their offices. A strong programme backed by core resources is a prerequisite for the effective deployment of earmarked non-core funds.²⁹

57. United Nations regular budget and Foundation non-earmarked contributions are fundamental to ensuring the fulfilment of the organization's mandate as they provide the funding for its basic operating functions and enable it to implement its normative activities. In order to have a normative presence globally, it is crucial for UN-Habitat to have adequate core resources. Over the years, the revenues of the core resources have been consistently low (see figure III).

58. **United Nations regular budget:** as part of the United Nations Secretariat, UN-Habitat receives funding from the United Nations regular budget. The regular budget allocations to UN-Habitat have been stable, constituting an annual average of \$14.6 million between 2014 and 2020. These resources provide for approximately 75 staff posts. The budget process involves the submission of the annual workplan and budget of UN-Habitat to the Committee for Programme and Coordination for programme coherence, to the Advisory Committee on Administrative and Budgetary Questions for budgetary review and on to the Fifth Committee of the General Assembly for approval.

59. **Foundation non-earmarked fund:** 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. Figure IV shows the trend of the approved budget and contributions made for the period between 2012 and 2020. It is evident that the Foundation non-earmarked fund has not been able to generate sufficient contributions. For example, for 2020, the Executive Board approved a budget of \$18.9 million for the Foundation non-earmarked fund. However, that approved budget was not supported by contributions from Member States for the implementation of the approved programme of work. Contributions made to the Foundation non-earmarked fund were only \$4.9 million for 2020,³⁰ a shortfall of nearly 75 per cent.

Figure IV
Foundation non-earmarked fund: trend of approved budget and contributions 2012–2020
(Millions of United States dollars)



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

Note: An annual budget was introduced in 2020.

²⁹ JIU/REP/2007/1, para. 51.

³⁰ A/76/5/Add.9.

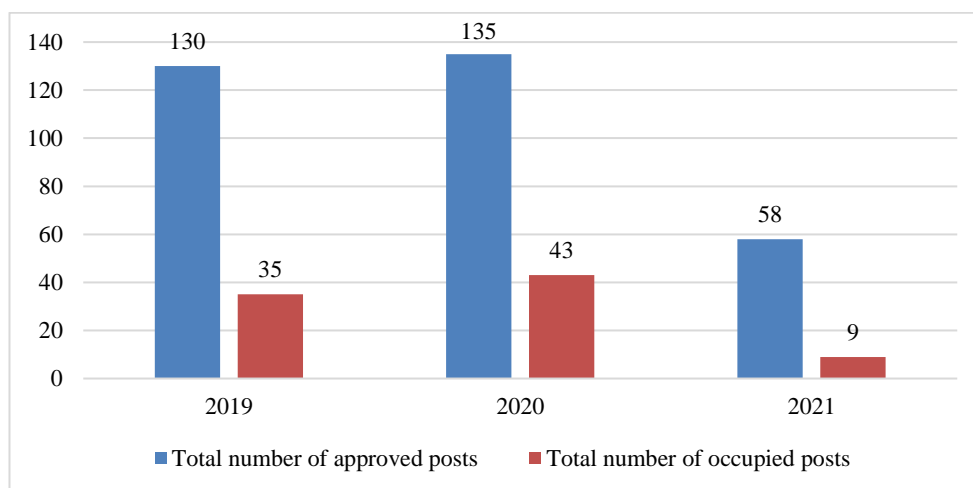
60. These shortfalls in Foundation non-earmarked contributions have led to a fragmented approach in the implementation of the approved work programme and have hindered the organization in its efforts to fully address established priorities.

61. In response to such shortfalls, in 2017, UN-Habitat management approved an internal loan of \$3 million from the programme support fund to the Foundation non-earmarked fund. UN-Habitat management has put in place an array of austerity measures since 2018 that include aligning expenditures with revenue and exercising tighter control over staff costs, such as freezing the recruitment of many posts and freezing post reclassifications to higher grades for posts funded from core resources. As of 31 December 2021, the internal loan had not been repaid.

62. Figure V shows the trend of occupancy among staff posts under the Foundation non-earmarked fund. Owing to a lack of funds, most approved posts funded from Foundation non-earmarked contributions have remained unoccupied. The effect is that many core functions of normative work, such as monitoring the implementation of the urban dimensions of the Sustainable Development Goals, as well as management, advocacy and oversight, are severely underfunded and understaffed. This issue will be discussed further in the next chapter.

Figure V

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.

63. The views of Member States and UN-Habitat officials interviewed converged on the point that one of the major factors most affecting the efficiency and effectiveness of UN-Habitat was its financial situation, specifically the underfunding of Foundation non-earmarked contributions. The Board of Auditors also noted 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.”³¹

64. Given the large gaps between the approved budgets and the actual contributions over the years, the secretariat updates the Executive Board on its financial situation at each session so that the Board can consider realistic budget levels and recommend how UN-Habitat can prioritize its work. It has taken steps to closely align expenditure with income received. While noting those efforts in recent years, the Inspectors believe that **the Executive Director should further pursue more realistic budgeting based on the actual revenue levels of recent years with further cost rationalization.**

65. At the same time, it is the responsibility of Member States to provide resources that are commensurate with the approved programmes and/or give clear guidance on programme

³¹ A/76/5/Add.9, para. 29.

and resource allocation priorities in situations in which sufficient resources cannot be provided.³² The following recommendation is expected to enhance the effectiveness of UN-Habitat.

Recommendation 2

The Executive Board of UN-Habitat 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.

C. Resource mobilization

66. To ensure sufficient, predictable, flexible, long-term funding to deliver the results of the strategic plan 2020–2023, the UN-Habitat secretariat developed a resource mobilization strategy in 2019, which was approved by the Executive Board in October 2020. The approach is to diversify the number and types of donors with a view to minimizing risk and securing broad ownership of the mandate of UN-Habitat.

67. To address the financial situation, UN-Habitat 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. The secretariat has increased its communication and outreach efforts to provide more acknowledgement and visibility to donors.

68. As a result, four Member States (Algeria, Germany, Israel and Myanmar) began to contribute once again to the Foundation non-earmarked fund in 2020 and three more (Egypt, Italy and Rwanda) did so in 2021. Three new Member States (the Dominican Republic, Mali and Nigeria) made non-earmarked contributions in 2020, and another three new Member States (Mauritius, Namibia and Türkiye) in 2021. Also, several Member States increased their non-earmarked contributions.³³

69. However, less than a quarter of the 193 Member States contribute to the Foundation non-earmarked fund, with most of the contributions being made by only a few Member States from the Western European and other States regional group.³⁴ **The Inspectors are of the opinion that more Member States should consider contributing to the Foundation non-earmarked fund, which is crucial to manage the organization and to have a normative presence globally and not to be project-based.**

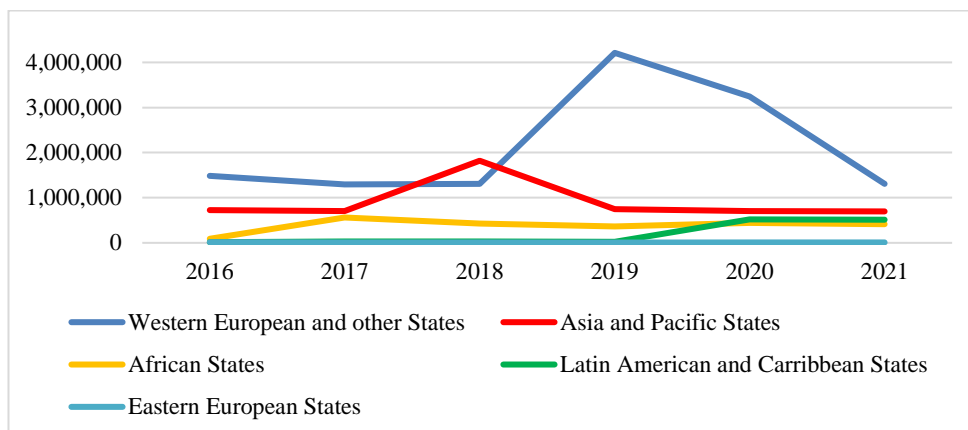
70. Figure VI shows the trend of contributions by regional group between 2016 and 2021. Furthermore, figure VII shows the distribution of contributions by regional group for the year 2021.

³² JIU/REP/2004/5, para. 16.

³³ Un-Habitat, *UN-Habitat Annual Report 2020* (Nairobi, 2021), p. 82; and HSP/EB.2022/2/Add.2.

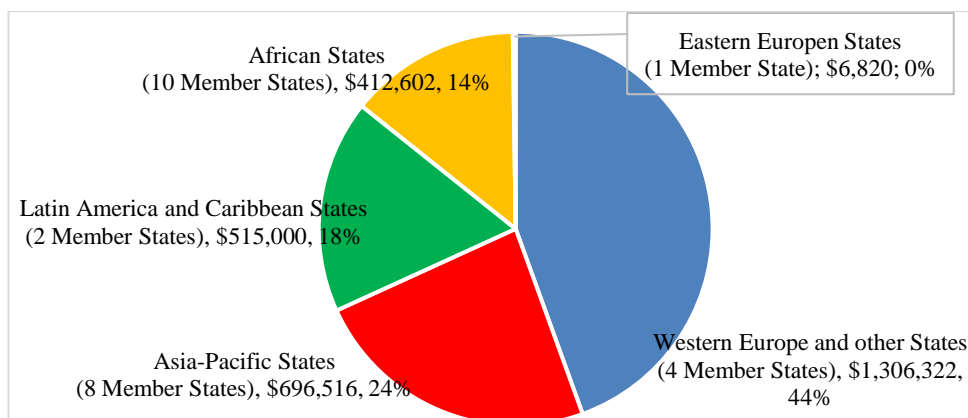
³⁴ See HSP/EB.2022/2, annex II.

Figure VI
Foundation non-earmarked contributions by regional group 2016–2021
 (United States dollars)



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

Figure VII
Foundation non-earmarked contributions by regional group for 2021
 (United States dollars)



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

71. Both figures show that the contributions from Member States are very uneven. **The Inspectors believe that further broadening the base of contributions by Member States and enhancing predictability in financing the Foundation non-earmarked fund is critical for UN-Habitat in fulfilling its mandate and the objectives of the strategic plan 2020–2023.** For a similar reason, UNEP has introduced a voluntary indicative scale of contributions to the Environmental Fund, which is its core financial fund.

72. **Voluntary indicative scale of contributions of UNEP:** the voluntary indicative scale of contributions, also called the “Fair Share”, was established by the Member States of UNEP in 2002, as a tool to improve the predictability of funding to the Environment Fund and to broaden the base of contributing Member States. The voluntary indicative scale of contributions represents the amount that each Member State is encouraged to contribute by taking into account each State’s assessed contribution to the United Nations, the socioeconomic status of the country and previous contributions.

73. According to the results of the survey on funding conducted among Member States by UNEP in 2020, most respondents agreed that:

- The voluntary indicative scale of contributions was a useful tool to encourage Member States to contribute to the Environment Fund.
- It was “fair” because it shared responsibility for funding UNEP among all Member States and because it considered each country’s situation individually.

- Every Member State should contribute its “fair share”.³⁵

74. The JIU review on voluntary contributions in United Nations system organizations³⁶ fully supported the voluntary indicative scale of contributions as a means of improving the predictability and adequacy of resources for those United Nations system organizations facing uncertain core funding. In the review, the Inspectors recommended that the legislative bodies of each United Nations fund and programme establish an intergovernmental working group to develop proposals for a voluntary indicative scale of contributions for core resources, based on the model adopted by UNEP, for the consideration and approval of the legislative bodies.

75. In line with the JIU recommendation and in response to resolution 20/19 (2005) of the Governing Council, the UN-Habitat secretariat developed a resource mobilization strategy in 2007, which included a voluntary indicative scale of contributions. However, the proposal to establish such a mechanism was not approved by the Governing Council.³⁷

76. The Inspectors are of the view that the above-mentioned JIU recommendation is still valid. Introducing something similar to the voluntary indicative scale of contributions, which has been applied to the Environment Fund of UNEP, would help UN-Habitat to ensure that sufficient contributions are made to the Foundation non-earmarked fund in a more consistent and sustainable manner.

77. The following recommendation is expected to enhance the effectiveness of the financial management of UN-Habitat.

Recommendation 3

The Executive Board of UN-Habitat should establish a voluntary indicative scale of contributions for the Foundation non-earmarked fund by the end of 2023.

78. **Communication with Member States:** while more Member States should contribute to the Foundation non-earmarked fund, the secretariat may need to refocus its strategy on and ways to communicate with Member States.

79. In examining various reports of the secretariat, the Inspectors find it difficult to capture the major impact of inadequate funding of Foundation non-earmarked contributions apart from the extreme shortage of staffing. In this regard, challenges listed in the recalibrated strategic plan³⁸ provide more practical information on understanding the possible negative impacts of the inadequate funding (see paragraph 98 below). This practice should be continued to focus the attention of Member States more keenly on the consequences of inadequate funding.

80. **As the Foundation non-earmarked fund is a key source for the normative work of UN-Habitat, the Inspectors are of the opinion that the secretariat should provide relevant and concise information to Member States to enable them to understand all aspects of the funding, including the impact of shortfalls in the fund, for example, by listing normative work activities and deliverables that cannot be implemented and produced in case of insufficient non-earmarked funding.**

³⁵ United Nations Environment Assembly of the United Nations Environment Programme, “Agenda item 4: consideration of a draft UNEP medium-term strategy 2022–2025 and programme of work 2022–2023”, UNEP/ASC.7/2/Add.4.

³⁶ JIU/REP/2007/1.

³⁷ Governing Council resolution 21/2, para. 1 (A/62/8, p. 11).

³⁸ HSP/EB.2021/19.

IV. Organizational restructuring and management

A. New organizational structure

81. In 2018, in parallel with the governance reform, the UN-Habitat secretariat launched an organizational restructuring exercise to maximize fulfilment of its mandate, to support Member States and partners in implementing and monitoring the 2030 Agenda and the New Urban Agenda, and to increase alignment with the Secretary-General's wider reforms.

82. Prior to this restructuring, most of the human and financial resources were concentrated in one division, which was the former Programme Division, comprising seven thematic branches in accordance with the seven subprogrammes of the previous strategic plans, as well as five regional offices (see annex I).

83. After a series of workshops and meetings with staff and bilateral discussions with Member States, in November 2019, at the resumed first session of the Executive Board, a new organizational structure and the overall human resources requirements were shared with and approved by the Board.³⁹ The overall human resources requirements outlined the required posts by subprogramme for the implementation of the strategic plan 2020–2023, which included 196 Foundation non-earmarked funded posts.

84. The new structure (see figure VIII) consists of four divisions.

(a) The former Programme Division was divided into two divisions:

(i) The Global Solutions Division, focusing on the delivery of the normative mandate of UN-Habitat;

(ii) The Regional Programmes Division, providing oversight of all regional offices and operational activities in the field. Together with the New York and the Geneva Offices, it also oversees inter-agency coordination;

(b) The former External Relations Division was expanded into the External Relations, Strategy, Knowledge and Innovation Division, with new components of data, knowledge and innovation, which feed into how the organization communicates the impact of its work. The previous strategic advisory role was also moved to this new division;

(c) The former Operations Division was refocused to include compliance and control, including following up the key recommendations of the Board of Auditors, OIOS and JIU as regards financial, budgetary and compliance management. The reconstituted division is named the Management Advisory and Compliance Service Division.

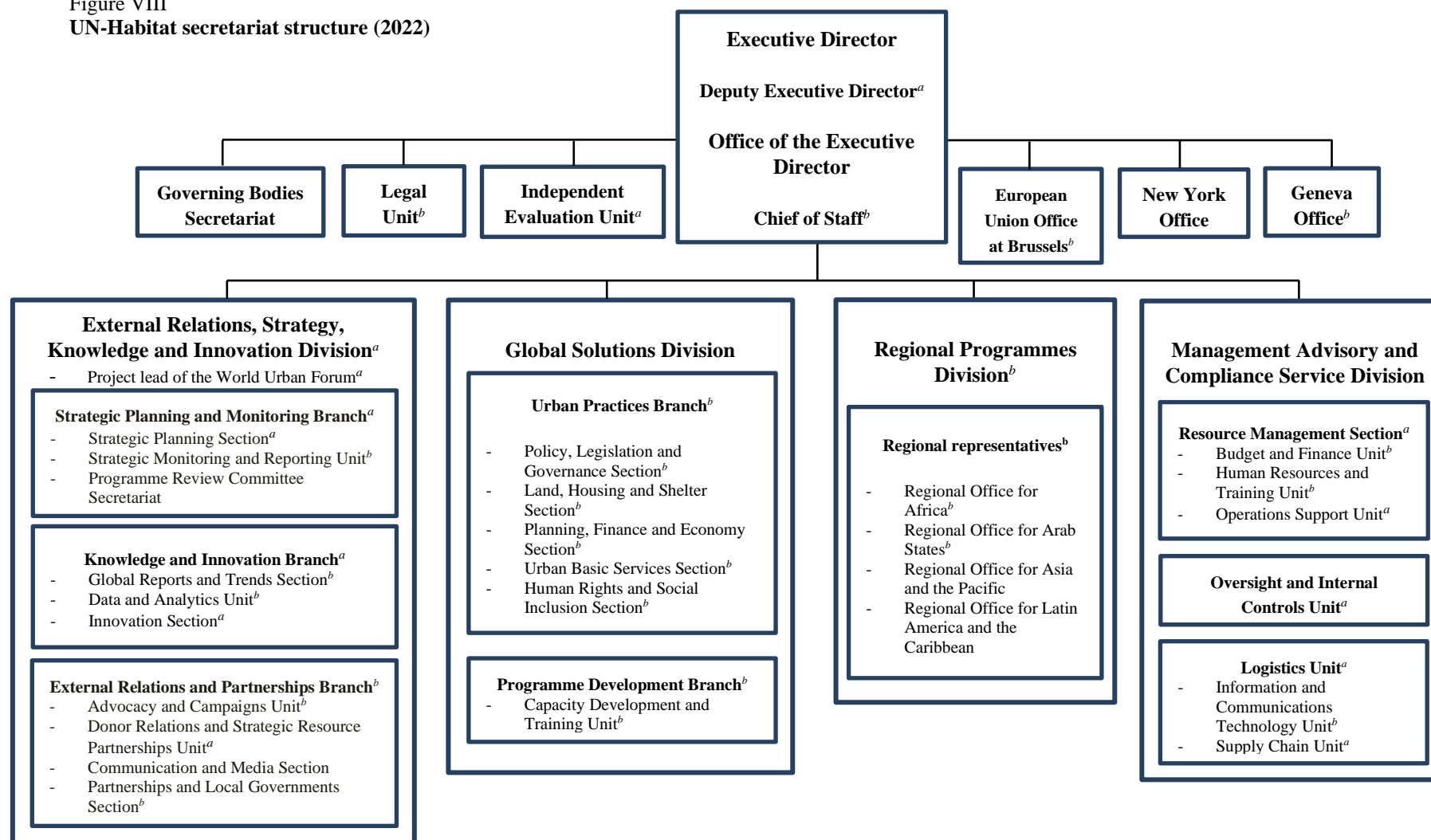
85. The Office of the Executive Director was expanded to include the Legal Unit, which was formerly located in the Operations Division. In the view of the Inspectors, this change is consistent with ensuring the independence of the legal function, which should report directly to the Executive Director.

86. In January 2020, existing staff members were laterally reassigned to the new organizational units. Due to a lack of core resources, the reassignment exercise has primarily been limited to staff serving at headquarters. The additional staffing capacity necessary to optimize the new structure, as approved by the Executive Board, cannot be filled unless and until the necessary funding is received.

87. **Regional architecture:** full operationalization of the new organizational structure involves the realignment of the presence of UN-Habitat at locations away from headquarters, in order to enable the organization to fulfil its mandate to support Member States and partners in delivering the 2030 Agenda and the New Urban Agenda.

³⁹ HSP/EB.1/2/Rev.1 and HSP/EB.1/11.

Figure VIII
UN-Habitat secretariat structure (2022)



Source: UN-Habitat website and UN-Habitat secretariat.

^a Posts of senior managers, division directors, branch chiefs, section chiefs and unit chiefs that are vacant as of April 2022.

^b Posts of senior managers, division directors, branch chiefs, section chiefs and unit chiefs that are filled by “ad interim” or “acting” officers as of April 2022.

88. An internal policy paper, entitled “Guiding principles to realign and enhance the agency’s regional architecture”, was developed by an organization-wide working group set up in January 2020 and was endorsed by the Executive Director in November 2020. The policy paper sets out a strategic direction and guiding principles for realigning and strengthening the global presence of UN-Habitat to maximize effective delivery of its mandate by ensuring alignment between headquarters-based normative work and field-based technical cooperation services and other activities, as well as its alignment with the reform of the United Nations development system.

89. All four regional representatives interviewed believed that one of the main challenges of the regional offices was their limited capacity to address the needs of all the countries in their respective regions and fulfil their role of fundraising to secure adequate resources. For example, at the Regional Office for Africa, two Senior Human Settlement Officers and three Human Settlement Officers cover 48 countries. However, the regional realignment exercise, with possible expansion of regional offices and the establishment of multi-country offices at the subregional level, have been put on hold due to the ongoing financial austerity measures.

B. Lack of non-earmarked funding as regards staffing

90. 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. This financial constraint has delayed the full implementation of the organizational restructuring, including the proposed regional architecture, and many senior posts remain vacant.

91. In 2019, of the 130 Foundation non-earmarked approved posts, only between 30 and 40 of them were occupied during that fiscal year. In 2020 the authorized Foundation non-earmarked posts of 135 were followed by the abolishment of 77 posts in October 2020 due to the shortfall in the funding. In 2021, 58 posts were approved of which only 9 were occupied as of 31 December 2021 (see figure V and table 2).

92. Table 2 illustrates the post distribution and occupancy trend between 2019 and 2021 by source of funding. It illustrates the large gaps between the approved numbers of posts and the actual numbers of occupied posts funded from the Foundation non-earmarked fund.

Table 2
Post distribution and occupancy between 2019 and 2021 by source of funding

Funding source	As at December 2019			As at December 2020			As at December 2021		
	Approved	Occupied	Occupancy rate (%)	Approved	Occupied	Occupancy rate (%)	Approved	Occupied	Occupancy rate (%)
Foundation non-earmarked fund	130	35	27	135	43	32	58	9	16
Regular budget	83	78	94	80	76	95	82	75	91
Programme support fund	80	48	60	52	40	77	67	57	85
Foundation earmarked fund	140	133	95	112	85	76	113	97	86
Technical cooperation fund				70	55	79	74	58	78
Total	433	294	68	449	299	67	394	296	75

Source: Staffing at UN-Habitat as at 31 December 2019 (HSP/EB.2020/3); as at 31 December 2020 (HSP/EB.2021/2/Add.1); and as at 31 December 2021 (HSP/EB.2022/2/Add.1).

Note: Data of the Junior Professional Officers are not included. As regards the posts funded by the Foundation earmarked and technical cooperation funds as at December 2019, the figures given are for both funds combined, as presented in HSP/EB.2020/3.

93. As of April 2022, most management posts, such as division directors and branch, section and unit chiefs, are either vacant or occupied by “ad interim” or “acting” officers (see figure VIII and its footnotes). It is evident that the organization operates with the absolute

minimum of human resources. The position of the Director of the Regional Programmes Division, who provides strategic guidance for the work of UN-Habitat in the field and ensures alignment between its normative work and technical cooperation activities, has remained unfilled since the establishment of that new Division. The position of Deputy Executive Director has been vacant since September 2021. Several representatives of Member States interviewed echoed the importance of appointing a Deputy Executive Director to assist the work of the Executive Director.

94. Owing to financial austerity measures, UN-Habitat has offices in a chronic state of abeyance. For example, the post of Chief of the Bangkok Office, who liaises with the Economic and Social Commission for Asia and the Pacific, the regional offices of other United Nations organizations and the Association of Southeast Asian Nations, has been vacant since September 2019, although the Inspectors have been informed that it is due to be filled imminently.

95. Keeping posts vacant has negative impacts not only on staff morale but also on the overall efficiency of the organization with increased workloads and discrepancies between individual expertise and the requirements of the posts.

96. According to the staff survey conducted by JIU in January 2022, 45 per cent of the respondents agreed or strongly agreed that the objectives of the recent restructuring of headquarters had been clearly explained and communicated to staff. However, 50 per cent of the respondents disagreed or strongly disagreed that the present structure of headquarters was functioning effectively. Furthermore, 65 per cent of the respondents disagreed or strongly disagreed that their units had adequate resources to perform their mandates and functions. Respondents' comments included the following:

- The organization lacks non-earmarked funding, which has been making it almost impossible to resource core functions and manage the organization.
- A lot of the current dysfunctionalities are linked to an incomplete restructuring process due to lack of resources.
- We are heavily under-resourced and overextended.

97. Several officials interviewed stated that many qualified staff members have left the organization due to the unstable funding situation and the lack of a clear career path within the organization.

98. At the second session of the Executive Board in November 2021, the Executive Director set out the challenges of the situation in which the approved budget of the Foundation non-earmarked fund could not be mobilized.⁴⁰ They included:

- Challenges in executing fiduciary responsibility to monitor and report against the strategic plan 2020–2023, such as limited capacity to monitor implementation and evaluate progress.
- Challenges in fulfilling the mandated role of UN-Habitat as a sustainable urbanization focal point for United Nations system-wide coordination, such as very limited capacity to implement the United Nations system-wide strategy on sustainable urban development and to support common country analysis at the country level and coordination at the regional level.
- Challenges related to limited implementation of UN-Habitat Assembly resolutions, including resolutions on: the United Nations System-Wide Guidelines on Safer Cities and Human Settlements; achieving gender equality through the work of UN-Habitat; and enhancing urban–rural linkages for sustainable urbanization and human settlements.
- Challenges related to limited capacity to ensure the development of the global normative work of UN-Habitat, such as limited capacity to provide policy support

⁴⁰ HSP/EB.2021/19.

operations at the country and regional levels and to adapt the normative frameworks to each context.

- Challenges related to regional architecture and presence in the field. The Executive Director also stated that: “UN-Habitat’s lack of capacity at present to ensure a minimal presence in key United Nations subregional and regional hubs risks fundamentally altering its core role as both a normative and operational agency.”

99. **The Inspectors reiterate their call to Member States to improve the financial situation of the organization by making non-earmarked contributions so that it can operate in a more stable and sustainable manner in fulfilling its mandate.**

C. Implementation of the strategic plan 2020–2023

100. **Strategic plan 2020–2023:** as mentioned in paragraphs 31 and 32 above, the UN-Habitat Assembly adopted the strategic plan 2020–2023, which has four mutually reinforcing and integrated domains of change: (a) reduced spatial inequality and poverty in communities across the urban–rural continuum; (b) enhanced shared prosperity of cities and regions; (c) strengthened climate action and improved urban environment; and (d) effective urban crisis prevention and response.

101. The strategic plan 2020–2023 sets 3 outcomes for each domain of change, totalling 12 outcomes. Each outcome describes to which Sustainable Development Goals and specific targets it contributes and to which paragraphs of the New Urban Agenda it contributes. It also lists key United Nations collaborators for each outcome.

102. **Results-based management:** building on existing efforts and initiatives on results-based management within UN-Habitat, a policy thereon and a results framework were developed by the secretariat to support implementation of the strategic plan 2020–2023. Both were approved by the Executive Board in October 2020.⁴¹ The policy confirms results-based management as the foundation for strategic, programme and project management throughout UN-Habitat. It further clarifies the roles and responsibilities of senior management, the four divisions and staff members. The results framework, with indicators and associated baselines and targets, sets out a corporate-wide and institutionalized monitoring and evaluation framework to track progress and trends for the work to be carried out during the four-year period of the strategic plan 2020–2023. The results-management policy and the results framework reflect the focus of UN-Habitat on managing for results and achieving outcomes and impacts.

103. In terms of the staff’s understanding of results-based management, according to the staff survey conducted by JIU, most respondents (84 per cent) agreed or strongly agreed that they had a basic conceptual understanding of such an approach at UN-Habitat and how it related to their work. Some 70 per cent of the respondents agreed or strongly agreed that the objectives and expected results of their units were linked to their workplans. Half of the respondents (52 per cent) agreed or strongly agreed that they had received sufficient training and instruction on results-based management.

104. Respondents to the survey made several comments on results-based management, including that:

- There was a gap between the implementation of results-based management at the strategic planning level and at the project level.
- Headquarters should invest more at the country level in order to further enhance results-based management of UN-Habitat.

105. **With the new policy and the framework in place, together with the fact that the secretariat updated the results-based management handbook in 2021, it is advisable to conduct refresher training on results-based management.**

⁴¹ HSP/EB.2020/8, HSP/EB.2020/9/Rev.1 and Executive Board decision 2020/3 (HSP/EB.2020/29), paras. 5–6.

106. For the implementation of the strategic plan 2020–2023, the secretariat has also developed a **partnership strategy** and an **impact communication strategy**, both approved by the Executive Board in October 2020.⁴² The partnership strategy sets out the objectives and strategies by target partner type, such as governmental partners; subnational governments and local authorities; United Nations entities; corporate sector actors; and knowledge partners. The impact communication strategy lists the existing and future platforms for communication and advocacy and sets out the target audiences and estimated reach for each platform.

107. The secretariat initially estimated the cost of implementing the strategic plan 2020–2023 to be approximately \$1 billion, which turned out to be overambitious. In the first two years of the strategic plan, the secretariat managed to raise approximately \$382.5 million, which did not meet the initial targets. The financial situation, especially the shortfall of the Foundation non-earmarked fund, has forced the secretariat to scale down its work programme.

108. **Annual work programmes and budgets:** annual work programmes and budgets of UN-Habitat are informed by the strategic plan. They set out seven strategic areas, namely, four subprogrammes aligned to the four domains of change; executive direction and management, which is the work of the Office of the Executive Director; policymaking organs, which is the work to support the three governing bodies; and programme support, which is the work of the Management Advisory and Compliance Services Division to ensure operational support, oversight and compliance.

109. Table 3 shows the changes during the period between 2020 and 2023 regarding the estimated distribution of posts funded by the regular budget, Foundation non-earmarked fund and programme support fund by strategic area.

Table 3
Estimated distribution of posts 2020–2023 by source of funding and strategic area

Strategic area	Regular budget				Foundation non-earmarked fund				Programme support fund			
	2020	2021	2022	2023	2020	2021	2022	2023	2020	2021	2022	2023
Subprogramme 1	13	13	13	13	20	7	7	2	4	7	5	5
Subprogramme 2	16	16	17	16	16	5	8	2	3	8	4	4
Subprogramme 3	14	14	14	14	23	8	10	3	4	7	9	9
Subprogramme 4	11	11	12	15	27	7	10	1	9	6	11	11
Executive direction and management	7	7	7	9	21	15	16	5	3	6	12	12
Policymaking organs	5	5	5	6	1	1	1	0	0	0	0	0
Programme support	7	7	7	9	27	15	17	1	24	16	20	20
Total	73	73	75	82	135	58	69	14	47	50	61	61

Source: Draft work programme and budget for 2020 (HSP/EB.1/2/Rev.1); for 2021 (HSP/EB.2020/22); for 2022 (HSP/EB.2021/4); and for 2023 (HSP/EB.2022/4).

110. While the distribution of posts funded from the regular budget is stable, the number of posts funded by the Foundation non-earmarked fund has been drastically reduced. The number of posts funded through programme support also fluctuates.

111. Table 4 shows a summary of the changes between 2020 and 2023 regarding the estimated distribution of posts by strategic area.

⁴² HSP/EB.2020/10/Rev.1 and HSP/EB.2020/11/Rev.1.

Table 4
Estimated distribution of posts 2020–2023 by strategic area

<i>Strategic area</i>	2020	2021	2022	2023	<i>Difference between 2020 and 2023</i>
Subprogramme 1	37	27	25	20	(46%)
Subprogramme 2	35	29	29	22	(37%)
Subprogramme 3	41	29	33	26	(37%)
Subprogramme 4	47	24	33	27	(43%)
Executive direction and management	31	28	35	26	(16%)
Policymaking organs	6	6	6	6	(0%)
Programme support	58	38	44	30	(48%)
Total	255	181	205	157	(38%)

Source: Draft work programme and budget for 2020 (HSP/EB.1/2/Rev.1); for 2021 (HSP/EB.2020/22); for 2022 (HSP/EB.2021/4); and for 2023 (HSP/EB.2022/4).

Note: The figures above do not include posts funded by the Foundation earmarked and technical cooperation funds.

112. Table 4 shows that subprogramme 1, subprogramme 4 and programme support have been most affected between 2020 and 2023. As a whole, the secretariat has been operating with only about two thirds of the originally estimated number of posts for the implementation of the strategic plan 2020–2023.

113. The Inspectors commend the efforts of the secretariat to pursue its mandate within the existing limited resources. Until the current funding situation improves, scaling down seems inevitable. The Inspectors make the following recommendation to prevent further deterioration of the financial situation of UN-Habitat.

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.

D. Accountability and management

114. **Accountability framework of UN-Habitat:** in response to the request of the Executive Board, the secretariat has developed an accountability framework, which was approved by the Board in October 2020.⁴³ The approved framework complements the accountability framework of the United Nations Secretariat.

115. The framework provides a list of key actors and specific roles and responsibilities to ensure effective and efficient organizational and staff accountability, and an overview of the monitoring and evaluation mechanisms to keep organizational and staff accountability up to date and under check. The Executive Director is accountable to and signs a compact on an annual basis with the Secretary-General, outlining the priorities for delivering results and the responsibilities as a senior manager of the United Nations.

116. To ensure efficiency and accountability within the new organizational structure, in 2020, a corporate responsibility and accountability matrix, called “RACI” (the Responsible, Accountable, Consulted and Informed matrix), was developed and gradually implemented. The matrix sets out the roles, responsibilities and reporting lines of each new component of the secretariat, and how they should come together to deliver in a more collaborative and

⁴³ HSP/EB.2020/24 and Executive Board decision 2020/3 (HSP/EB/2020/29), para. 10.

cohesive way. It serves as the basis for the workplans of each division, branch, section and unit.

117. According to the staff survey conducted by JIU, most respondents (75 per cent) agreed or strongly agreed that the reporting lines were clear in their units and 58 per cent of the respondents agreed or strongly agreed that the respective responsibilities and work processes of their units were clear and well documented.

118. To enhance managerial effectiveness, several committees have been established under the current Executive Director.

119. **The Executive Committee** is chaired by the Executive Director and composed of division directors, the Chief of Staff and selected senior officers. It provides advice to the Executive Director on policy and other critical matters to ensure UN-Habitat fulfils and strengthens its mandate. The Chief of Staff serves as a secretary to the Committee, which is scheduled to meet at least once a month. **Considering the role of the Executive Committee, which is to provide advice to the Executive Director, the Inspectors are of the view that it should be chaired by a senior official who is not the Executive Director.**

120. **The Programme Management Committee** is chaired by the Deputy Executive Director and composed of the Executive Director, division directors, regional representatives, the Chief of Staff, and all heads of branches, sections, and units. It ensures alignment between divisions and branches in accordance with the strategic plan 2020–2023. The Committee is scheduled to meet every two weeks.

121. **The Project Review Committee**, chaired by the Deputy Executive Director, has replaced the former Project Advisory Group. It ensures alignment between the normative and operational work of UN-Habitat at the project level, increases awareness of the strategic plan and corporate priorities among project managers, and avoids a fragmented project-based approach. Operational guidelines, including the delegation of authority to regional and branch-level heads, were issued in 2020 and further updated in early 2022. All projects must meet the requirements regarding evaluation, gender and social inclusion, as well as corporate communications. The Committee reviewed 132 project proposals in 2020⁴⁴ and 109 in 2021. It met 39 times in 2021.⁴⁵

122. Since the post of Deputy Executive Director became vacant in late 2021, the Executive Director has also chaired the Project Review Committee. Recently, the Executive Director has delegated the review of all projects under \$2 million to regional-level project review committees.

123. **The Business Coordination Team** is chaired by the Chief of Staff; other members of the Team include the Director of the Management Advisory and Compliance Service Division, representatives of each division and other selected senior officers. It coordinates and strengthens the efficiency of the organization by tackling operational issues in the areas of financial and human resources management, procurement, information and communications technology (ICT), general administration and management of common services, and business continuity and staff safety and security. The Team is scheduled to meet every week.

124. Recently, a **Budget Steering Committee** was established, which met for the first time in February 2022. The Committee helps the organization to develop a more systematic way to produce the budgetary requirements, which are submitted to the Office of Programme Planning, Finance and Budget in New York and the ad hoc working group on the work programme and budget, which advises the Executive Board on all budgetary matters.

125. In addition to the above, there are the **Risk Oversight and Advisory Committee** and the **Publications Committee**, which are chaired by the Deputy Executive Director. In 2021, the Publications Committee met three times to streamline publications and revive flagship reports, such as the World Cities Report.

⁴⁴ HSP/EB.2021/9.

⁴⁵ HSP/EB.2022/11.

126. **The Information and Communications Technology (ICT) Committee:** in its audit on ICT in UN-Habitat (2014/085), OIOS recommended that UN-Habitat establish ICT governance mechanisms, including an internal ICT committee. There have been efforts to establish such a committee as an advisory body to senior management to ensure that the organization has the appropriate ICT infrastructure and systems to support the achievement of its strategic and operational goals. The terms of reference of the Committee were drafted in 2016 and members of the Committee were nominated by the Executive Director in 2019. However, the first meeting of the Committee has not yet been convened, due to the financial constraints and inadequate resources for ICT, including the understaffed ICT Unit of the Management Advisory and Compliance Services Division. Once the Committee starts functioning, the UN-Habitat ICT strategy should be updated.

127. **Risk management:** UN-Habitat adopted implementation guidelines for enterprise risk management in 2015, which are in line with the United Nations Secretariat's enterprise risk management and internal control policy. The **Risk Oversight and Advisory Committee** was set up to oversee risk management. The strategic plan 2020–2023 lists the corporate risks and mitigation measures, which would serve as the basis of a corporate risk register of UN-Habitat. While the Oversight and Internal Controls Unit within the Management Advisory and Compliance Service Division is tasked with organizational risk management with one oversight officer, risk management is another area that lacks capacity for implementation. The current situation of understaffed management and oversight 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.

128. The following recommendation is expected to enhance the accountability and transparency of UN-Habitat.

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.

129. **Business continuity management:** in December 2021, OIOS issued an audit report (2021/67) on the response to the COVID-19 pandemic at the United Nations Office at Nairobi, UNEP and UN-Habitat, which concluded that the response to the pandemic was effective in Nairobi. However, in the report, OIOS stated that UNEP and UN-Habitat could improve their compliance with the United Nations system policy on the organizational resilience management system, which was adopted by the United Nations System Chief Executives Board for Coordination in 2014 and updated in 2021. This recommendation is in line with recommendation 4 made in the JIU review of business continuity management in United Nations system organizations.⁴⁶

130. **In-house coordination:** while the secretariat has put in place several structures to enhance accountability and management, in-house coordination seems one of the weak areas according to the results of the staff survey conducted by JIU. Nearly half of the respondents disagreed or strongly disagreed that there was sufficient coordination and cooperation between headquarters and field presences (47 per cent); between divisions, branches and/or sections at headquarters (45 per cent); and within each division, branch and/or section at headquarters (40 per cent).

131. Four respondents indicated the disconnect between headquarters, regional offices and country offices. One respondent commented that the incomplete organizational structure made cooperation between divisions very difficult due to the large number of vacancies in key positions. Three respondents mentioned that headquarters had applied a more top-down approach and one respondent stated that management should listen more to staff. Another

⁴⁶ JIU/REP/2021/6.

respondent commented that coordination could be enhanced to deliver the mandate in an integrated way and to meet the needs of Member States better.

132. While the Inspectors commend the overall work of the secretariat given the financial constraints and limited human resources, **they are of the view that the Executive Director should improve in-house coordination and cooperation, for example, by collecting the opinions of staff working in the regions and countries through periodic staff surveys.**

E. Human resources management

133. UN-Habitat is a part of the United Nations Secretariat and subject to the human resources framework and policies set by the General Assembly and the respective regulations and rules promulgated by the Secretary-General.

134. The UN-Habitat secretariat provides periodic updates to the Executive Board about the staffing situation and actions in addressing geographical and gender imbalance in the composition of its staff.

135. **Geographical representation:** as at 31 December 2021, 148 (47 per cent) staff members were from Africa, 93 (30 per cent) were from Western European and other States, 51 (16 per cent) were from the Asia-Pacific region, 17 (5.4 per cent) were from Latin America and the Caribbean and 4 (1.3 per cent) were from Eastern Europe. Among the staff nationalities represented, 57 per cent were from Member States that were overrepresented, 25 per cent were from Member States within the desirable range, 9 per cent were from underrepresented Member States and 9 per cent were from unrepresented Member States.⁴⁷

136. **The Executive Director is further encouraged to recruit qualified candidates from the underrepresented and/or unrepresented countries, whenever possible, to pursue more balanced geographical diversity among staff.**

137. **Gender parity:** as at 31 December 2021, the overall staffing of UN-Habitat was 52 per cent men and 48 per cent women. Among staff in the General Service category, 51 per cent were women and 49 per cent were men. Among staff in the Professional category, 54 per cent were men and 46 per cent were women. At the P-2 level, 63 per cent were women and 37 per cent were men; at the P-3 level, 51 per cent were men and 49 per cent were women; at the P-4 level, 54 per cent were women and 46 per cent were men; and at the P-5 level, 90 per cent were men and 10 per cent were women. At the D-1 level, 87 per cent were men and 13 per cent were women and there is equality at the D-2, Assistant Secretary-General and Under-Secretary-General levels.⁴⁸

138. In 2021, the Executive Director made a concerted effort to improve gender parity at the P-5 and D-1 levels, selecting three women for positions at the P-5 level and one for a position at the D-1 level. Unfortunately, all the selected candidates turned down the offers.⁴⁹

139. **The Inspectors commend the efforts of the Executive Director to address gender parity at the P-5 and D-1 levels, while encouraging such efforts to be continued.**

140. **Mobility:** several staff members interviewed mentioned that UN-Habitat did not have a staff rotation scheme and there had been very little mobility of staff between headquarters and the field. This is confirmed by the results of the staff survey by JIU, which showed that 60 per cent of the respondents disagreed or strongly disagreed when asked if they thought that UN-Habitat encouraged mobility of its staff within the organization and/or with other United Nations system agencies. Eight respondents highlighted the lack of mobility in UN-Habitat as an issue and the need for minimal rotation of staff, especially for those working at headquarters to have experience in the field, which is in line with the reform of the United Nations development system and which will enhance the connection between the normative work at headquarters and operations in the field.

⁴⁷ HSP/EB.2022/2/Add.3, para. 8.

⁴⁸ Ibid., para. 6.

⁴⁹ Ibid., para. 7.

141. Respondents also commented that ongoing financial constraints had made staff transfers more difficult, especially for those in non-family duty stations to move to family duty stations. In fact, many long-serving staff in the field have had no choice but to leave the organization, which is a great loss for the organization, affecting the motivation and morale of staff.

142. **The Inspectors are of the view that a staff rotation scheme should be encouraged, considering the focus of UN-Habitat in balancing and connecting its normative and operational activities, as well as its efforts to implement the reform of the United Nations development system.**

143. **Transparency in human resources management:** another area highlighted by the results of the staff survey was the transparency of implementing human resources policies, including in the promotion process. Some 50 per cent of the respondents disagreed or strongly disagreed that human resources policies were implemented in a consistent and transparent manner, while 19 per cent agreed and only 3 per cent of the respondents strongly agreed. More than half of the respondents (56 per cent) disagreed or strongly disagreed that the promotion process in UN-Habitat was fair and transparent, while 11 per cent agreed and only 3 per cent strongly agreed. Several respondents expressed their distrust of the transparency of the promotion process, citing, for example, that promotions might be due to the preferences of decision makers rather than based on merit.

144. Issues of human resources management tend to generate debates, discussion and frustration among the staff of any international organization. The ongoing austerity measures within the UN-Habitat secretariat further exacerbate the situation. Nevertheless, **the Executive Director should address the negative perceptions of staff regarding consistency and transparency in human resources management by applying and demonstrating the highest degree of compliance, transparency and communication in human resources management, such as in recruitment and promotion processes, to avoid the perceived lack of fairness and grounds for frustration and rumour.**

145. **Duration of consultancy contracts:** while UN-Habitat is part of the United Nations Secretariat, it is a “programme” that has operations in the field. This hybrid feature seems to necessitate adaptation of practices and procedures of the United Nations Secretariat to the conditions of UN-Habitat. One of the issues mentioned by several staff members interviewed was the duration of contracts for non-staff personnel recruited to work on technical cooperation projects in the field.

146. The administrative instruction of the United Nations Secretariat on consultants and individual contractors limits the duration of the contract of each consultant to 24 months in a 36-month period, whether continuous or not, and irrespective of the cumulative months of actual work. The same instruction limits the services of an individual contractor to 6 or, in special circumstances, 9 work-months in any period of 12 consecutive months, irrespective of the cumulative months of actual work.⁵⁰

147. UN-Habitat frequently has technical cooperation projects that last between 24 and 48 months. The above rule of the United Nations Secretariat on the duration of consultancy contracts does not often tie in with the project duration of UN-Habitat and thus could affect successful delivery and completion of technical cooperation projects.

148. **Considering the funding status of UN-Habitat, which operates with approximately 90 per cent of earmarked funding, the Inspectors recommend that the Executive Director discuss the issue of the duration of consultancy contracts with the Department of Management Strategy, Policy and Compliance of the United Nations Secretariat.**

F. Other management issues

149. **Grants management** refers to the process and methods established in the organization for the processing and oversight of grants. The United Nations Office at Nairobi

⁵⁰ ST/AI/2013/4, paras. 5.8–5.9.

is responsible for approval, financial reporting and closing of grants, while UN-Habitat is responsible for the creation and execution of grants, as well as the substantive reporting thereon.

150. According to the OIOS audit report (2020/018) on grants management at the United Nations Office at Nairobi, UNEP and UN-Habitat, data available on grants were not complete and accurate, with quality issues affecting reliability. Each entity had issued grant management procedures, but they had not been harmonized; and key performance indicators for monitoring the efficiency of grant management processes were not in place. OIOS concluded that internal controls relating to grant closure, grant reporting, liquidity management and internal loans processing needed to be strengthened.

151. In 2018, upon close inspection, it was revealed that more than 1,000 projects dating back to 2015 had not had financial closure. To regain financial credibility, the secretariat started a systematic process of closing the accounts in 2018 and to date the majority of the project accounts (93 per cent) have been closed. The Inspectors commend the secretariat on its action in this regard.

152. **Knowledge management:** knowledge management is crucial to capture lessons learned during the changes in leadership and staff turnover. Several respondents to the staff survey conducted by JIU commented that knowledge management was a key area to develop for UN-Habitat to systematically capture and share successful experiences and approaches, especially in the field, for possible replication and scaling up. Such evidence and knowledge management would help in fundraising and donor reporting.

153. Respondents to the survey made similar comments about knowledge management being “ad hoc”, “one of the weakest” or “very poor” at UN-Habitat even though a lot of knowledge was generated. It was claimed that a corporate approach was needed to ensure that the information produced and knowledge accumulated was systematically recorded and made available and accessible. One respondent commented that too many online meetings for knowledge-sharing had become counterproductive and that managers should encourage fewer but better prepared meetings.

154. **The Inspectors encourage the Executive Director to develop a knowledge management strategy, ensuring a corporate approach to systematic knowledge management, and provide training to staff accordingly.**

155. **Administrative and support services by the United Nations Office at Nairobi:** the United Nations Office at Nairobi was established with effect from 1 January 1996 as a successor to the United Nations Common Services Unit at Nairobi and the two separate divisions of administration of UNEP and UN-Habitat. The objective in establishing the Office was to strengthen the United Nations presence at Nairobi and to achieve economies of scale.

156. Under a memorandum of understanding and specific service-level agreements with UN-Habitat, the United Nations Office at Nairobi provides administrative and other support services to UN-Habitat. The administrative services of the Office cover: budget and finance; human resources; ICT; central support; and procurement. Support services include conference management and security and safety. The service performance of the Office is monitored by key performance indicators set out in service-level agreements. As regards United Nations regular budget resources, cost recovery to the Office is through direct allotments from the United Nations Secretariat. For servicing operations and activities that are not financed by regular budget resources, the Office uses an itemized rate-card system.

157. According to the staff survey conducted by JIU, while 19 per cent of respondents agreed or strongly agreed that the administrative processes between UN-Habitat and the United Nations Office at Nairobi were efficient and clear, 59 per cent disagreed or strongly disagreed. Similarly, 20 per cent of respondents agreed or strongly agreed that the Office provided excellent services to support UN-Habitat operations, while 56 per cent disagreed or strongly disagreed.

158. In their comments, few respondents recognized any improvements in services from the United Nations Office at Nairobi, while several respondents elaborated their dissatisfaction with its services as being slow in processing administrative and support

services, less efficient and more costly, particularly in the areas of human resources and procurement. One respondent commented that the current support services at UN-Habitat and the Office did not encourage efficiency and value for money, hence donors were discouraged from providing funds to UN-Habitat. Several officials interviewed also stated that the recruitment process took too long for short fixed-term contracts and delays in recruitment affected the delivery of projects, which exposed the organization to reputational risk.

159. There have been efforts made by the UN-Habitat secretariat and the United Nations Office at Nairobi to improve the coordination of processes by clarifying roles and responsibilities to avoid potential duplication and overlapping tasks and reduce delays, especially in the areas of human resources and procurement. Regular meetings are being held between the Director of the Division of Administrative Services of the United Nations Office at Nairobi and the Director of the Management Advisory and Compliance Services Division of UN-Habitat, who is the main focal point with the Office to discuss issues, find solutions and enhance processes.

160. **Support services by UNDP and UNOPS:** since UN-Habitat is not physically present in all areas in which it operates, it applies a hybrid model: using the resources of the United Nations Secretariat where present; and using UNDP and UNOPS resources in places in which the United Nations Secretariat infrastructure is not available, including infrastructure for recruitment and payments. UNDP provides services related to finance, procurement, human resources and other administrative support as needed, and uses its universal price list to charge for each service. A memorandum of understanding was concluded between UN-Habitat and UNDP that regulates the overall framework of the relationship. UNOPS provides human resources support services and uses rates that are agreed and specified in the human resources support services agreement signed between UN-Habitat and UNOPS. UN-Habitat receives monthly reports from both UNDP and UNOPS for all personnel contracted by the respective organizations on behalf of UN-Habitat.

161. This hybrid model seems reasonable considering the nature of UN-Habitat as part of the United Nations Secretariat and as a programme with operational activities in the field.

162. According to the staff survey, almost half of the respondents (47 per cent) agreed or strongly agreed that UNDP provided excellent services to support UN-Habitat. Similarly, 46 per cent of the respondents agreed or strongly agreed that UNOPS provided excellent services to support UN-Habitat.

163. While almost half of the respondents expressed satisfaction with the support services of UNDP and UNOPS, some respondents and several officials interviewed commented that, although UNOPS and UNDP provided better services, staff were now encouraged by senior management to use the services of the United Nations Office at Nairobi. However, some survey respondents and officials interviewed stated that the Office seemed to be overwhelmed with the volume of work generated by UN-Habitat and not able to provide services in a timely manner. Delays in recruitment and procurement affect project delivery, especially in the field, which puts UN-Habitat at a disadvantage and negatively affects its reputation. **The performance of each service provider, especially the United Nations Office at Nairobi, needs to be closely monitored and the selection criteria used to choose such service providers among the United Nations Office at Nairobi, UNDP and UNOPS should be established to ensure transparency and avoid confusion.**

V. Oversight and evaluation

164. UN-Habitat, as part of the United Nations Secretariat, is subject to internal oversight through the audits, investigations, inspections and evaluations of OIOS, and to external audit by the Board of Auditors. As part of the United Nations Secretariat, it is also a JIU participating organization, and subject to oversight by JIU. In addition, UN-Habitat has its own Independent Evaluation Unit.

165. **OIOS** performs risk-based internal audits of UN-Habitat, as well as cross-cutting issues looking at the United Nations Office at Nairobi, UNEP and UN-Habitat. OIOS also conducts investigations of staff members suspected of misconduct. Recent audit reports include an assessment of the response to the COVID-19 pandemic (para. 129 above), grants management (para. 150 above) and programme support costs.

166. **Programme support costs** refer to the overhead charges collected on trust funds or extrabudgetary expenditure to finance the related programme support services. According to the OIOS audit report on programme support costs at UN-Habitat (2020/062), internal controls relating to management of programme support costs needed to be strengthened to enhance transparency and effectiveness.

167. The audit findings included the following.

- UN-Habitat applied programme support cost rates that were different from the United Nations policy.
- There was no mechanism to ensure that programme support resources were equitably used for extrabudgetary operations that generated the revenue.
- UN-Habitat did not have clear and transparent criteria for the allocation of programme support revenue.

168. OIOS made recommendations, such as reviewing and updating the programme support cost rates; and developing clear and transparent criteria for the collection and distribution of programme support revenue.

169. The Board of Auditors also made a recommendation to UN-Habitat in 2019 to establish a framework and methodology for full cost recovery in accordance with General Assembly resolution 67/226.⁵¹

170. The UN-Habitat secretariat has drafted a programme support cost and cost recovery policy, which was submitted in early 2022 to the Office of Programme Planning, Finance and Budget in New York for review and feedback.

171. Under the new governance and organizational structures at UN-Habitat, the Director of the Management Advisory and Compliance Service Division delivers the annual reports of OIOS to the Executive Board. Without prejudice to the competencies and integrity of the secretariat staff delivering these reports, **OIOS, as an independent function, should present its reports to the Executive Board.**

172. The **Board of Auditors** performs an annual audit of the financial statements of UN-Habitat and reviews its operations regarding the efficiency of its financial procedures, accounting system, internal controls and, in general, administration and management of operations.

173. Table 5 illustrates the status of outstanding previous recommendations by the Board of Auditors, showing that there are many outstanding recommendations.

⁵¹ A/74/5/Add.9.

Table 5
Status of outstanding previous recommendations by the Board of Auditors 2018–2020

<i>Number of previous recommendations as at 31 December</i>			<i>Recommendations fully implemented during the year</i>			<i>Implementation rate (percentage)</i>		
<i>2018</i>	<i>2019</i>	<i>2020</i>	<i>2018</i>	<i>2019</i>	<i>2020</i>	<i>2018</i>	<i>2019</i>	<i>2020</i>
20	38	66	4	3	3	20	8	4.5

Source: A/74/5/Add.9, A/75/5/Add.9 and A/76/5/Add.9.

174. The Board of Auditors is concerned about the low implementation rate of recommendations by UN-Habitat. The Independent Audit Advisory Committee has also highlighted the low implementation rate and urged management to continue making efforts to ensure the timely implementation of the Board of Auditor’s recommendations.⁵²

175. The UN-Habitat secretariat has set up an Oversight and Internal Controls Unit within the Management Advisory and Compliance Service Division to assist and facilitate the work of the internal and external auditors and ensure the timely and complete implementation of audit recommendations. As of August 2021, of the 63 recommendations that were determined by the Board of Auditors to be under implementation, the secretariat considered that 28 had been implemented and requested their closure by the Board, while the remaining 35 were under implementation.⁵³

176. In its report for the year ended 31 December 2020, the Board of Auditors made 25 new recommendations to UN-Habitat, of which 6 were identified by the Board as being the main ones.⁵⁴ As of August 2021, the secretariat considered 9 recommendations to have been implemented and requested their closure by the Board, while the remaining 16 were under implementation.⁵⁵

177. The Inspectors commend the recent efforts of the secretariat to address certain outstanding audit recommendations. Nevertheless, the following recommendation is expected to enhance compliance in UN-Habitat.

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.

178. In 2016, JIU conducted a review of the acceptance and implementation of its recommendations by UN-Habitat and issued a management letter for action to the Executive Director.⁵⁶ In the management letter, it was noted that the organization’s acceptance and implementation rates of JIU recommendations were well below the average of all 28 JIU participating organizations.

179. That trend continues. The rate of acceptance by UN-Habitat of JIU recommendations between 2016 and 2020 was 24.5 per cent and the rate of implementation of the accepted recommendations was 45.95 per cent, both of which are far below the average of all 28 JIU participating organizations.⁵⁷ During the same period, UN-Habitat reported a high percentage of recommendations as “not available” (75.5 per cent).

⁵² A/74/280, A/75/293 and A/76/270.

⁵³ A/76/307/Add.1, paras. 921–922.

⁵⁴ A/76/5/Add.9.

⁵⁵ A/76/307/Add.1, pp. 154–155, table 31.

⁵⁶ JIU/ML/2016/9. Available on the JIU website.

⁵⁷ The average rate of acceptance across all JIU participating organizations between 2013 and 2020 was 70.82 per cent and the implementation rate of recommendations that had been accepted was 70.52 per cent, according to the JIU web-based tracking system.

180. The Inspectors understand that limited resources have hindered UN-Habitat in following up and implementing JIU recommendations. However, **the Inspectors encourage the Executive Director to update the status of acceptance and implementation of JIU recommendations in the Unit’s web-based tracking system.**

181. The **Independent Evaluation Unit** of UN-Habitat was established in 2012. It is located in the Office of the Executive Director and the Chief of the Unit reports to the Executive Director. The Unit has a mandate to plan, manage, conduct, report, disseminate and follow up on UN-Habitat evaluations. It also supports evaluations conducted by OIOS and reviews by JIU.

182. The evaluation policy of UN-Habitat was developed and adopted in January 2013. **The Inspectors recommend that the evaluation policy be reviewed and updated, for example, by reflecting the recent changes in the governance structure and in the secretariat.**

183. In 2021, in response to the request by the Chair of the Executive Board to include a sub-item on evaluation on its agenda, a report on implementation and follow-up of evaluation reports in UN-Habitat⁵⁸ was submitted to the Board at its second session of 2021. A presentation was made by the Director of the Management Advisory and Compliance Service Division. Although it should be presented by the independent evaluation function, the fact that evaluation is included on the agenda of the Executive Board is an example of good practice. In future sessions of the Executive Board, **the Inspectors recommend that the Independent Evaluation Unit report directly to the Executive Board on a regular basis.**

⁵⁸ HSP/EB.2021/INF/5.

VI. Conclusions and way forward

184. The recent governance reform of UN-Habitat has led to more opportunities for Member States to engage with the organization, enhance their oversight and therefore increase the accountability of its secretariat. However, the financial situation of UN-Habitat remains a serious concern. Contributions from Member States to the Foundation non-earmarked fund have fallen far short of the budgets approved by the Executive Board.

185. In response to the shortfalls, in 2017, the management approved an internal loan of \$3 million from the programme support fund to the Foundation non-earmarked fund. Austerity measures have been in place since 2018. The management has also made strenuous appeals to Member States to contribute to the Foundation non-earmarked fund for the core activities and programme of work approved by the Executive Board. The situation is improving, but still less than a quarter of the 193 Member States contribute to the Foundation non-earmarked fund. As of December 2021, the internal loan had not been repaid.

186. The shortfalls in the Foundation non-earmarked fund have hindered the full implementation of the organizational restructuring, which started in 2018 in parallel with the governance reform. The secretariat has been operating with only about two thirds of the originally estimated number of posts for the implementation of the strategic plan 2020–2023. Many senior posts remain vacant and core functions of the normative work, as well as management, advocacy and oversight, are severely underfunded and understaffed. 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 that should not be overlooked and could pose a risk to the United Nations.

187. UN-Habitat is in a critical situation. The organization cannot credibly continue with insufficient resources and inadequate staffing to address oversight recommendations. A new approach must be considered before its risks overtake its mandate.

188. In the final stages of the review, the Inspectors were made aware that the Secretary-General had sent an official to UN-Habitat. While this could be a positive sign, the Inspectors are of the view that UN-Habitat, being part of the United Nations Secretariat, should urgently seek substantive support from the United Nations Secretariat and recommend the following.

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.

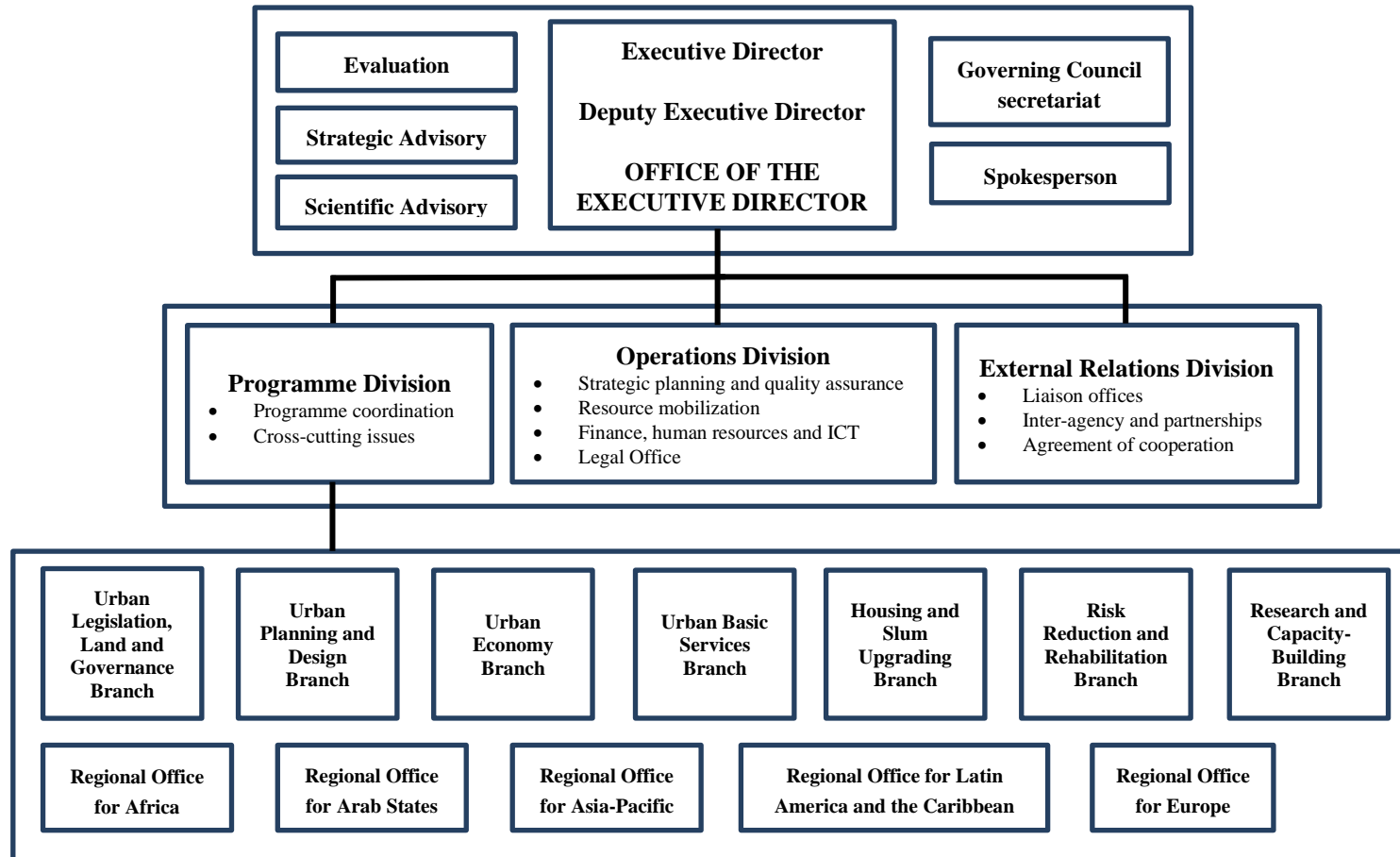
189. Acknowledging the above development, the Inspectors are also of the opinion that the Secretary-General should address the current situation of UN-Habitat as a matter of priority to enable it to fulfil its mandate and avoid any reputational risk to the United Nations.

Recommendation 8

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.

Annex I

UN-Habitat secretariat structure (2013)



Source: Memorandum of the Executive Director, 7 August 2013.

Annex II

Overview of actions to be taken by participating organizations on the recommendations of the Joint Inspection Unit

Report	Intended impact	United Nations, its funds and programmes																Specialized agencies and IAEA												
		CEB	United Nations ^a	UNAIDS	UNCTAD	ITC	UNDP	UNEP	UNFPA	UN-Habitat	UNHCR	UNICEF	UNODC	UNOPS	UNRWA	UN-Women	WFP	FAO	IAEA	ICAO	ILO	IMO	ITU	UNESCO	UNIDO	UNWTO	UPU	WHO	WIPO	WMO
For action		<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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Recommendation 1	f									L																				
Recommendation 2	f									L																				
Recommendation 3	f									L																				
Recommendation 4	i									E																				
Recommendation 5	a									E																				
Recommendation 6	e									E																				
Recommendation 7	i									E																				
Recommendation 8	i		E																											

Legend:

- L:** Recommendation for decision by legislative organ
- E:** Recommendation for action by executive head
- : Recommendation does not require action by this organization

Intended impact:

a: enhanced transparency and accountability **b:** dissemination of good/best practices **c:** enhanced coordination and cooperation **d:** strengthened coherence and harmonization **e:** enhanced control and compliance **f:** enhanced effectiveness **g:** significant financial savings **h:** enhanced efficiency **i:** other.

^a As listed in ST/SGB/2015/3.