



## **INTERNAL AUDIT DIVISION**

### **REPORT 2021/079**

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#### **Audit of Land, Housing and Shelter activities at the United Nations Human Settlements Programme**

**Some aspects of results-based management  
need to be strengthened**

**27 December 2021**

**Assignment No. AA2021-250-01**

# **Audit of Land, Housing and Shelter activities at the United Nations Human Settlements Programme**

## **EXECUTIVE SUMMARY**

The Office of Internal Oversight Services (OIOS) conducted an audit of Land, Housing and Shelter activities at the United Nations Human Settlements Programme (UN-Habitat). The objective of the audit was to assess the adequacy and effectiveness of governance, risk management and control processes in ensuring effective implementation of Land, Housing and Shelter activities at UN-Habitat. The audit covered the period from January 2020 to August 2021 and included a review of: (i) strategic and operational planning; (ii) implementation and monitoring; (iii) performance management; and (iv) evaluation.

The audit indicated that some results-based management controls over the programme need to be strengthened.

OIOS made five recommendations. To address the issues identified in the audit, UN-Habitat needed to:

- Link the indicators and targets contained in its results framework for land, housing, and shelter to its work programme and budget;
- Ensure that all project documents for land, housing and shelter contain specific expected impacts to be achieved in accordance with the results-based management approach;
- Ensure that project documents for land, housing and shelter contain specific and measurable performance indicators and targets for mainstreaming social issues;
- Report the achievements for land, housing and shelter projects against the impact targets defined in the results framework to enable objective assessment; and
- Update its Global Urban Indicators Database to include evidence of achievements in land, housing, and shelter activities.

UN-Habitat accepted the recommendations and has undertaken to implement them. Actions needed to close the recommendations are indicated in Annex I.

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# **Audit of Land, Housing and Shelter activities at the United Nations Human Settlements Programme**

## **I. BACKGROUND**

1. The Office of Internal Oversight Services (OIOS) conducted an audit of the Land, Housing and Shelter activities at the United Nations Human Settlements Programme (UN-Habitat).
2. UN-Habitat is mandated by the United Nations General Assembly to promote socially and environmentally sustainable towns and cities with the goal of providing adequate shelter for all. UN-Habitat's vision is "a better quality of life for all in an urbanizing world". Its mission is to "promote transformative change in cities and human settlements through knowledge, policy advice, technical assistance and collaborative action to leave no one and no place behind".
3. In May 2019, the UN-Habitat Assembly approved the UN-Habitat strategic plan for the period 2020-2023. The main strategic objectives of UN-Habitat will be delivered through four "Domains of Change" or sub-programmes: (i) reduced spatial inequality and poverty in communities across the urban-rural continuum; (ii) enhanced shared prosperity of cities and regions; (iii) strengthened climate action and improved urban environment; and (iv) effective urban crisis prevention and response. A new organization structure was adopted from January 2020 to complement UN-Habitat's new governance structure in realizing its mandate through the new strategic plan.
4. In 2020, UN-Habitat estimated that globally, over 1.6 billion people lived in inadequate housing and shelter, with over one billion living in slums. UN-Habitat's land, housing and shelter activities are mainly covered in sub-programme 1 – reduced spatial inequality and poverty in communities across the urban-rural continuum. The expected outcomes include: (i) increased and secure access to land, and adequate and affordable housing; and (ii) effective settlements growth and regeneration.
5. UN-Habitat's budgets for 2020 and 2021 were \$251.6 million and \$228.3 million, respectively. This included \$32.1 million and \$63.2 million for sub-programme 1 in 2020 and 2021, respectively.
6. In 2020 and 2021, UN-Habitat had total staffing of 255 posts (168 professional and 87 general service staff) and 181 posts (112 professional and 67 general service staff), respectively. In 2020, sub-programme 1 had 37 posts (29 professional and 8 general service staff); in 2021, its posts were reduced to 27 (17 professional and 10 general service staff).
7. Comments provided by UN-Habitat are incorporated in italics.

## **II. AUDIT OBJECTIVE, SCOPE AND METHODOLOGY**

8. The objective of the audit was to assess the adequacy and effectiveness of governance, risk management and control processes in ensuring effective implementation of Land, Housing and Shelter activities at UN-Habitat.
9. This audit was included in the 2021 risk-based work plan of OIOS due to the risk that potential weaknesses in planning and implementation of Land, Housing and Shelter activities could have an adverse impact on the achievement of UN-Habitat's objectives.
10. OIOS conducted this audit from September to November 2021. The audit covered the period from January 2020 to August 2021. Based on an activity-level risk assessment, the audit covered risk areas

which included: (i) strategic and operational planning; (ii) implementation and monitoring; (iii) performance management; and (iv) evaluation.

11. The audit methodology included: (a) interviews with key personnel; (b) review of relevant documentation; (c) analytical review of data; and (d) judgmental sample testing of projects and activities.

12. The audit was conducted in accordance with the International Standards for the Professional Practice of Internal Auditing.

### **III. AUDIT RESULTS**

#### **A. Strategic and operational planning**

##### Strategic plans had been developed to address land, housing and shelter issues

13. UN-Habitat adopted the results-based management (RBM) approach as a basis for strategic planning, implementation, performance monitoring and reporting. This approach was expected to shift the focus of its programmes and projects from processes to outcomes and impact. RBM involves moving away from inputs, activities, processes, products and services to focus on actual social and economic benefits of projects and programmes to beneficiaries.

14. In its strategic plan 2020-2023, UN-Habitat addressed land, housing and shelter issues mainly in “Domain of Change 1 - Reduced spatial inequality and poverty in communities across the urban-rural continuum”. In outcome 2 of Domain of Change 1, UN-Habitat aims for “increased and secure access to land, and adequate and affordable housing”. This contributes to Sustainable Development Goals (SDGs) such as SDG 1 - No poverty; SDG 2 - Zero hunger; SDG 5 - Gender equality; and SDG 11 - Sustainable cities and communities.

15. In its results framework, UN-Habitat had defined specific and measurable expected results (impact and outcomes), including performance indicators and targets.

##### Work programme and budgets needed to be linked to strategic results

16. UN-Habitat’s strategic plan is implemented through its work programme and budget. With RBM, the expected results at impact and outcome levels guide work planning and budgeting.

17. There were some inconsistencies between the expected results defined in the strategic plan’s results framework and those included in the work programme and budget. For example, in the 2021 budget, UN-Habitat’s planned results for sub-programme 1 (domain 1) were to support 8 institutions involved in land administration, including use of gender appropriate land tools, as well as 32 cities adopting land urban regeneration policies. Expected deliverables for the year included 34 field and technical projects, 49 days of seminars, workshops, and training events, 3 publications, and 11 technical materials. The impact performance indicators and targets, as specified in the results framework, were not included in the work programme and budget.

18. Inconsistency between strategic plans and work programmes and budgets could result in key activities not being funded.

<b>(1) UN-Habitat should link the indicators and targets contained in the results framework for land, housing and shelter to its work programme and budget.</b>
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*UN-Habitat accepted recommendation 1.*

Need for project documents to specify expected impact

19. In the results framework for the strategic plan for 2020-2023, UN-Habitat had identified the expected impacts and outcomes to be achieved. With RBM, planning for projects is expected to start with definition of expected impact, outcomes, outputs, activities, and inputs.

20. Some projects/activities reviewed had specified the impact expected to be achieved. Examples included the following:

(a) The Participatory Slum Upgrading Programme Phase III with a budget of \$13.8 million, which aimed at improving conditions of 668,000 slum dwellers by 2021 (up from 268,000 in 2017).

(b) The Municipal Governance Support Programme in Afghanistan with a budget of \$13.7 million targeted at 241,115 urban households (1.8 million people) to have improved land tenure security.

(c) Sustainable Human Settlements in Urban areas to support Reintegration in Afghanistan for \$30.7 million that, among others, was supporting beneficiaries to build 2,000 earthquake resistant houses.

(d) Global Land Tool Network Phase 3 (GLTN Phase 3) programme, with a budget of \$45 million that, among others, aims to support 25,000 people in 2023 (up from 10,000 in 2018) to have officially recognized land tenure documentation.

21. However, some projects did not specify the expected results (human impacts and institutional outcomes). Examples included the following:

(a) The Arab Region Programme on good land governance in support to inclusive development, peace, and stability for Euro 2 million. The project is part of GLTN Phase 3, aimed at improving the capacity of regional and national stakeholders to manage and administer urban, peri-urban and rural land in the Arab States to achieve inclusive social and economic development. The end beneficiaries identified for this project were women and men living in Arab states while intermediate beneficiaries were relevant ministries, municipalities, and land related professionals.

(b) Scaling up the Operationalization of the Computer-Based Flexible Land Tenure System involving Euro 182,204 in Namibia. The project is part of GLTN Phase 3, aimed at improving efficiency in registering starter and land hold title rights.

(c) Enhancing women's access to land to consolidate peace building in South Sudan for \$340,000.

(d) Improving living conditions of Roca Sunday Community, Principe Island, through sustainable resettlement for Euro 4 million. The project's logical framework defined key performance indicators (KPIs) but no targets.

(e) Land and property tax revenues for service delivery, reconstruction, citizenship building and sustainable peace in fragile states for \$3.3 million. The project is also part of GLTN Phase 3. It had a logical framework with defined KPIs but no targets.

22. Lack of impact indicators and targets could impair effective monitoring, contribute to under reporting of UN-Habitat's achievements, and reduce the effectiveness of resource mobilization efforts.

**(2) UN-Habitat should ensure that all project documents for land, housing and shelter contain specific expected impacts to be achieved in accordance with the results-based management approach.**

*UN-Habitat partially accepted recommendation 2 and agreed that all multi-year (5-6 year) umbrella programmes must define specific expected impacts to be achieved and that short and medium-term child projects should indicate parent programme impacts they are contributing to. However, UN-Habitat believes that child projects do not always require specific impact indicators for short/medium term timelines as impact level changes do not take place within short and medium timelines.*

Performance indicators and targets are required for effective mainstreaming of social issues

23. UN-Habitat's 2020-2023 strategic plan supports social inclusion of: (a) human rights; (b) gender; (c) children, youth, and older persons; and (d) persons with disabilities. Furthermore, the results framework for the strategic plan specifies performance indicators and targets for social issues.

24. There were inconsistencies in mainstreaming of social issues in land, housing, and shelter projects. For example, five of the nine project documents reviewed had no targets of expected achievements for gender mainstreaming. The absence of specific performance indicators and targets in project documents limited UN-Habitat's ability to demonstrate effective mainstreaming of social issues and assess the impact achieved through such mainstreaming.

**(3) UN-Habitat should ensure that project documents for land, housing and shelter contain specific and measurable performance indicators and targets for mainstreaming social issues.**

*UN-Habitat accepted recommendation 3.*

Risk management plans had been developed

25. UN-Habitat's strategic plan for 2020-2023 identified its top risks as: (a) realization and demonstration of results or impact in line with the new UN-Habitat strategic plan and mandate; (b) human resources strategy, operational tools and business processes that are fit for purpose; and (c) financing the core budget. To mitigate these risks, UN-Habitat proposed to: (a) focus on its niche position, value proposition and strengths; (b) develop an integrated programme planning and results management; and (c) develop a set of indicators to track its transformational work.

26. Project documents for land, housing and shelter assessed the relevant risks and identified appropriate mitigation measures. Progress reports reviewed by OIOS showed that UN-Habitat monitored the risks identified in project documents during implementation. OIOS therefore concluded that risk management of the land, housing, and shelter activities was satisfactory.

## **B. Implementation and monitoring**

Projects were generally implemented in a timely manner

27. Generally, UN-Habitat had implemented land, housing and shelter projects within the timelines indicated in project documents. 'No cost' extensions had been granted for a few projects mainly due to the COVID-19 pandemic which had adversely affected their timely implementation.

### Implementing partners were paid in accordance with agreements

28. OIOS' review of 15 agreements involving an expenditure of \$3.6 million (out of a total of 42 agreements involving \$6.1 million) showed that UN-Habitat had paid implementing partners in accordance with the signed agreements.

29. The results, achievements, and impact of completed projects were reported against the targets set in the agreements. For example, in Uganda, a project aimed at improving land and natural resources tenure security for 5,000 smallholder farmers including women, youth and vulnerable groups reported successful impact; 4,936 parcels of land (against a target of 5,000 parcels of land) were documented and mapped to the benefit of 9,864 households. Where impact targets had not been set in project documents, the partners reported the results based on project activities and outputs.

## **C. Performance management**

### Progress reports need to compare achievements against expected results

30. UN-Habitat's progress reports include impact achievements. However, the achievements in the reports are not compared with targets. For example, in the 2020 annual report, UN-Habitat reported an impact achievement of 557,000 people benefiting from improvement in secure land tenure and housing rights. This was not compared with the targeted expected results in the strategic plan results framework.

31. Similarly, a mid-term review of the 2020-2023 strategic plan reported that 700,000 people had gained secure access to land and adequate and affordable housing. However, this was not compared with any preset targets. Examples of indicators and targets not reported on included the following:

- (a) Proportion of urban populations living in slums, informal settlements, or inadequate housing in partner cities;
- (b) Proportion of total adult population in partner cities who perceive their rights to land as secure; and
- (c) Number of partner countries that are implementing housing policies to provide adequate and affordable housing for all, in line with target 11.1 of the SDG and the right to adequate housing.

32. Reporting achievements without comparison with preset targets could impair objectivity in performance assessment.

**(4) UN-Habitat should report the achievements for land, housing and shelter projects against the impact targets defined in the results framework to enable objective assessment.**

*UN-Habitat accepted recommendation 4 and stated that implementation of this recommendation is subject to availability of resources to collect data on indicators that require household level data collection.*

### Database needs to be updated

33. The UN-Habitat results framework that supports the strategic plan defines the evidence to be kept for verification of reported achievements. In case of land, housing and shelter, UN-Habitat had identified its Global Urban Indicators Database as the source for verification of data on human impact indicators.



This database is expected to support the verification of evidence of achievement, such as: (a) total populations with access to adequate housing in partner cities; and (b) proportion of urban population living in slums, informal settlements or inadequate housing in partner cities.

34. As of November 2021, the Global Urban Indicators Database was incomplete and out of date. This could impair UN-Habitat's ability to provide verifiable evidence to stakeholders on its achievements in land, housing, and shelter activities.

**(5) UN-Habitat should update its Global Urban Indicators Database to include evidence of achievements in its land, housing, and shelter activities.**

*UN-Habitat accepted recommendation 5 and stated that implementation of this recommendation is subject to availability of adequate resources to collect and analyze data.*

## **D. Evaluation**

Evaluations were conducted in accordance with policy

35. UN-Habitat's RBM policy defines evaluation as a systematic and objective assessment of ongoing or completed projects, programme or policy. An evaluation aims to determine the relevance and fulfilment of objectives, and the efficiency, effectiveness, impact and sustainability of programme interventions.

36. UN-Habitat was conducting evaluations of significant projects/activities pertaining to land, housing and shelter. This was done during mid-term reviews or after closure of projects. There were no significant reportable matters noted relating to evaluation.

## **IV. ACKNOWLEDGEMENT**

37. OIOS wishes to express its appreciation to the Management and staff of UN-Habitat for the assistance and cooperation extended to the auditors during this assignment.

*(Signed)* Eleanor T. Burns  
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## STATUS OF AUDIT RECOMMENDATIONS

## Audit of Land, Housing and Shelter activities at the United Nations Human Settlements Programme

Rec. no.	Recommendation	Critical <sup>1</sup> / Important <sup>2</sup>	C/ O <sup>3</sup>	Actions needed to close recommendation	Implementation date <sup>4</sup>
1	UN-Habitat should link the indicators and targets contained in its results framework for land, housing and shelter to its work programme and budget.	Important	O	Receipt of evidence that UN-Habitat has linked the indicators and targets contained in its results framework for land, housing and shelter to its work programme and budget.	31 December 2022
2	UN-Habitat should ensure that all project documents for land, housing and shelter contain specific expected impacts to be achieved in accordance with the results-based management approach.	Important	O	Receipt of evidence that UN-Habitat has updated project documents to include specific expected impacts where possible.	31 December 2022
3	UN-Habitat should ensure that project documents for land, housing and shelter contain specific and measurable performance indicators and targets for mainstreaming social issues.	Important	O	Receipt of evidence that UN-Habitat has updated project documents for land and housing to contain specific and measurable performance indicators and targets for mainstreaming social issues.	31 December 2022
4	UN-Habitat should report the achievements for land, housing and shelter projects against the impact targets defined in the results framework to enable objective assessment.	Important	O	Receipt of evidence that UN-Habitat is reporting achievements against impact targets defined in the results framework.	31 December 2022
5	UN-Habitat should update its Global Urban Indicators Database to include evidence of achievements in its land, housing, and shelter programme.	Important	O	Receipt of evidence that UN-Habitat has updated its Global Urban Indicators Database.	31 December 2022

<sup>1</sup> Critical recommendations address those risk issues that require immediate management attention. Failure to take action could have a critical or significant adverse impact on the Organization.

<sup>2</sup> Important recommendations address those risk issues that require timely management attention. Failure to take action could have a high or moderate adverse impact on the Organization.

<sup>3</sup> Please note the value C denotes closed recommendations whereas O refers to open recommendations.

<sup>4</sup> Date provided by UN-Habitat in response to recommendations

# **APPENDIX I**

## **Management Response**

## Management Response

## Audit of Land, Housing and Shelter activities at the United Nations Human Settlements Programme

Rec. no.	Recommendation	Critical <sup>1</sup> / Important <sup>2</sup>	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
1	UN-Habitat should link the indicators and targets contained in its results framework for land, housing and shelter to its work programme and budget.	Important	Accepted	ERSKID	December 2022	
2	UN-Habitat should ensure that all project documents for land, housing and shelter contain specific expected impacts to be achieved in accordance with the results-based management approach.	Important	Partially accepted	PRC	December 2022	We welcome that OIOS report has recognized the child projects' relationship to the umbrella programmes and their result frameworks. We agree that all multi-year (5-6 year) umbrella programmes must define specific expected impacts to be achieved. We agree that short- and medium-term child projects should indicate parent programme impacts they are contributing to. However, we believe that child projects do not always require specific impact indicators for short/medium term timelines. Impact level changes do not take place within short and medium timelines.
3	UN-Habitat should ensure that project documents for land, housing and shelter contain specific and measurable performance indicators and targets for mainstreaming social issues.	Important	Accepted	PRC	December 2022	

<sup>1</sup> Critical recommendations address those risk issues that require immediate management attention. Failure to take action could have a critical or significant adverse impact on the Organization.

<sup>2</sup> Important recommendations address those risk issues that require timely management attention. Failure to take action could have a high or moderate adverse impact on the Organization.

## Management Response

## Audit of Land, Housing and Shelter activities at the United Nations Human Settlements Programme

Rec. no.	Recommendation	Critical <sup>1</sup> / Important <sup>2</sup>	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
4	UN-Habitat should report the achievements for land, housing and shelter projects against the impact targets defined in the results framework to enable objective assessment.	Important	Accepted	ERSKID and PDB	December 2022	This recommendation is accepted, but it is subject to availability of resources to collect data on indicators that require household level data collection.
5	UN-Habitat should update its Global Urban Indicators Database to include evidence of achievements in its land, housing, and shelter programme.	Important	Accepted	ERSKID	December 2022	This recommendation is accepted, but it is subject to availability of adequate resources to collect and analyze data.