

United Nations Human Settlements Programme and Foundation proposed work programme and budget for the year 2023

Report of the Advisory Committee on Administrative and Budgetary Questions

I. Introduction

1. The Advisory Committee on Administrative and Budgetary Questions has considered an advance version of the report of the Executive Director on the draft annual work programme of the United Nations Human Settlements Programme (UN-Habitat) and proposed budget of the United Nations Habitat and Human Settlements Foundation for 2023 (HSP/EB.2022/4). During its consideration of the report, the Advisory Committee received additional information and clarification from UN-Habitat, concluding with written responses dated 1 June 2022.

II. Proposed work programme for 2023

2. The report indicates that strategy of UN-Habitat for delivering the programme plan in 2023 continues to be driven by the strategic plan for the period 2020-2023. The mid-term review of the plan concluded that it remains a solid framework for recovery and road map for achieving the SDGs, based on four subprogrammes: (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 (HSP/EB.2022/4, para. 5). **The Advisory Committee trusts that the next report to the Executive Board will include more updated information on the implementation of programmes and activities to meet the needs of Member States, including on facilitating increased engagement with Member States, as well as lessons learned and best practices.**

III. Proposed budget for 2023

3. The report indicates that the financial framework of UN-Habitat comprises three broad sources of funding, namely: (i) United Nations regular budget allocations, which are approved by the General Assembly; (ii) United Nations Habitat and Human Settlements Foundation contributions, from which non-earmarked budget allocations are approved by the Executive Board, and earmarked budget allocations are approved by the Executive Director; and (iii) technical cooperation contributions, from which the budget allocations are also approved by the Executive Director. For management purposes, the Foundation non-earmarked account and the regular budget are the “core resources” of UN-Habitat. Programme support revenue is earned from the implementation of the earmarked funds, which is a percentage of total expenditures on direct programme costs (HSP/EB.2022/4, paras. 82 and 84).

4. The overall resource requirements for UN-Habitat for the year 2023 are projected at \$162,943,500, reflecting a decrease of 36.2 per cent, or \$92,506,900, over the final \$255,450,400 approved for the year 2022. The overall budget comprises \$3,001,000 under Foundation non-earmarked funds; \$14,105,800 under the regular budget; \$39,076,600 under Foundation earmarked; \$96,709,700 under Technical Cooperation; and \$10,050,400 under programme support (HSP/EB.2022/4, table 1). Table 5 of the report shows the resource breakdown by subcategory of expenditure from 2021–2023. Upon enquiry, the Advisory Committee was provided with an updated table, as set out below.

Table: Resource breakdown by subcategory of expenditure from 2021–2023
(Thousands of United States dollars)

<i>Subcategory of expenditure</i>	<i>Actual 2021</i>	<i>Approved appropriations 2022</i>	<i>Change amount</i>	<i>% change</i>	<i>Estimates 2023</i>	<i>Actual 2022 (January to April)</i>
Posts	19,543.0	27,250.8	(572.7)	(2.1)	21,730.0	5,798.2
Other staff costs	49,623.1	79,995.1	(61,634.0)	(77.0)	46,473.4	20,403.6
Hospitality	186.6	3.1	177.3	5,719.4	180.4	29.9
Experts	-	89.3	(32.0)	(35.8)	57.3	-
Consultants	744.9	701.1	22,803.2	3,252.5	340.1	451.3
Travel of representatives	5.4	42.3	(37.2)	(87.9)	5.1	31.0
Travel of staff	1,476.1	11,417.0	(9,819.8)	(86.0)	1,597.2	1,001.2
Contractual Services	26,624.9	28,855.5	(2,353.8)	(8.2)	26,501.7	6,425.8
General operating expenses	15,659.3	15,836.0	(2,258.8)	(14.3)	13,577.2	6,638.1
Supplies and materials	1,105.9	3,902.1	(2,738.8)	(70.2)	1,163.3	211.5
Furniture and equipment	1,831.0	4,458.2	(2,635.7)	(59.1)	1,822.5	405.2
Improvement of Prem	178.0	-	169.1	-	169.1	184.0
Grants and contributions	51,910.0	82,899.9	(33,573.7)	(40.5)	49,326.2	23,712.8
Other costs	8.2	-	-	-	-	-
Total	168,896.4	255,450.4	(92,506.9)	(36.2)	162,943.5	65,292.6

5. **The Advisory Committee notes from the table the under-expenditure in the current period across a number of categories, including posts and other staff costs. The Committee also notes that the level of received contributions has an impact on expenditure patterns. The Committee trusts that future reports will include detailed information, by category of expenditure, on actual expenditure information and level of contributions received for the prior and current periods as compared with the proposed budget, together with detailed explanations for variances.**

6. In view of the expected level of expenditure in the year 2023, a general financial reserve of \$0.6 million is recommended, which is equivalent to 20 per cent of the Foundation non-earmarked budget of \$3.0 million. The recommended amount is based on the historical timing of Foundation unearmarked fund payments (HSP/EB.2022/4, para. 111).

7. The report indicates that contributions from Member States to the Foundation non-earmarked fund have fallen far short of the budget approved by Member States. The total budget for the year 2020 amounted to \$18.9 million of which a total of \$4.4 million was received. The approved level of budget for 2021 amounted to \$10 million with \$3.0 million received (HSP/EB.2022/4, para. 88). Upon enquiry, the Advisory Committee was informed that UN-Habitat launched the Private Sector Engagement Strategy in 2022 with the goal of increased fundraising from the private sector. Other efforts to increase non-earmarked funding include a crowd-sourced funding campaign to attract funding from the broader public; targeted donor packages for flagship initiatives; dedicated focal points for each donor; and improved engagement with development banks, private citizens and foundations.

8. **The Advisory Committee encourages UN-Habitat to strengthen its efforts on resource mobilization and outreach activities with a view to increasing non-earmarked contributions to the Foundation, including from the private sector, as well as exploring the possibility of the “soft-earmarking” of contributions from donors.**

9. **In view of the challenges faced in securing resources, the Committee also trusts that UN-Habitat will cooperate closely with the resident coordinator system, and explore opportunities for increased cooperation with other entities, in order to leverage shared expertise and capacity to implement its programmes.**

10. Regular budget appropriations are approved by the General Assembly and fall into two main categories: Section 15 (human settlements) and Section 23 (regular programme of technical cooperation). Other regular budget resources allocated to UN-Habitat through other agencies include Section 2 (department of conference services), which are allocations in support of UN-Habitat mandated components of conferences; and Section 35, Development Account, related to specified development projects (HSP/EB.2022/4, para. 83). The Advisory Committee's observations and recommendations on the proposed programme budget for 2023 for UN-Habitat are contained in its first report (A/77/7, Sect.15).

Posts

11. Paragraph 104 of the report indicates that for 2023 a total of 157 posts is proposed, comprising 82 posts from regular budget, 14 posts from foundation unearmarked and 61 posts from programme support fund. Table 10 of the report shows that the proposed staffing level represents a decrease of 48 posts as compared to the level of 205 posts for 2022.

COVID-19

12. The report indicates that for 2023, the UN-Habitat planned deliverables will support Member States' ongoing management of and recovery from the COVID-19 pandemic. UN-Habitat will also deploy advisory services, innovative solutions, and knowledge packages to support Member States towards sustainable socioeconomic recovery, while also addressing climate change. UN-Habitat has mainstreamed lessons learned and best practices related to the adjustments to and adaptation of its programme owing to the COVID-19 pandemic. This includes the continuation of virtual and hybrid meeting modalities where possible for technical support and for expert group meetings, enabling broader participation, and development of online training to complement existing tools of UN-Habitat with online digital learning companions. Where feasible, the programme plan for 2023 continues to incorporate novel approaches to implement mandates that were put in place in response to the changed operational conditions associated with the COVID-19 pandemic. At the same time, the programme plan for 2023 assumes that those operational conditions have improved and allow for mandate implementation through formerly established approaches (HSP/EB.2022/4, para. 12, 13, and 19).

IV. Conclusion

13. **Subject to its comments and observations above, the Advisory Committee has no objections to the proposed work programme and budget of UN-Habitat for 2023.**