



Executive Board of the United Nations
Human Settlements Programme
Second session of 2021
Online, 15 and 16 November 2021
Item 5 of the provisional agenda*

Work programme of the United Nations Human
Settlements Programme and budget of the United Nations
Habitat and Human Settlements Foundation for 2022

Report of the Advisory Committee on Administrative and Budgetary Questions on the draft work programme and budget of the United Nations Human Settlements Programme for the year 2022

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 work programme of the United Nations Human Settlements Programme and draft budget of the United Nations Habitat and Human Settlements Foundation for the year 2022 (HSP/EB.2021/4). During its consideration of the report, the Advisory Committee received additional information and clarification from the United Nations Human Settlements Programme (UN-Habitat), concluding with written responses dated 7 July 2021.

II. Proposed work programme for 2022

2. In the report, the Executive Director states that UN-Habitat's strategy for delivering the programme plan in 2022 will continue to be driven by the strategic plan for the period 2020–2023, which has proven robust in responding to coronavirus disease (COVID-19). Its recently developed organizational structure will deliver the following four interconnected subprogrammes of the strategic plan for the period 2020–2023:

- (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;
- (d) Effective urban crisis prevention and response (HSP/EB.2021/4, para. 5).

III. Proposed budget for 2022

3. The report indicates that the financial framework of UN-Habitat comprises the following three broad sources of funding:

* HSP/EB.2021/12.

- (a) United Nations regular budget allocations, which are approved by the General Assembly;
- (b) Contributions from the United Nations Habitat and Human Settlements Foundation, from which non-earmarked budget allocations are approved by the Executive Board and earmarked budget allocations are approved by the Executive Director;
- (c) Technical cooperation contributions, from which budget allocations are approved by the Executive Director.
4. For management purposes, the regular budget and the Foundation non-earmarked account are the “core resources” of UN-Habitat. Programme support revenue is earned from the implementation of earmarked funds, which is a percentage of total expenditures on direct programme costs (HSP/EB.2021/4, paras. 131 and 133).
5. The overall resource requirements for UN-Habitat for 2022 are projected to be \$255,463,600, reflecting an increase of 12 per cent, or \$27,285,100, over the \$228,178,500 estimated for 2021. The overall budget comprises \$11,978,600 under Foundation non-earmarked funds; \$13,289,000 under the regular budget; \$69,122,000 under Foundation earmarked; \$149,845,500 under technical cooperation; and \$11,228,500 under programme support (HSP/EB.2021/4, para. 138 and table 11). Table 17 of the report sets out the proposed 2022 budget by category of expenditure and strategic priority.
6. Table 15 of the report shows the evolution of resources by subcategory of expenditure from 2020 to 2022. The Advisory Committee notes that the proposed budget for 2022 represents an increase of \$27,285,100, or 12 per cent, as compared with the 2021 budget, and further notes that a significant increase is proposed under other staff costs. The Advisory Committee trusts that additional information on the proposed increase will be provided for the Executive Board when it is required to consider the proposed budget for 2022. The Advisory Committee also trusts that future reports will include detailed explanations for variances by category of expenditure, and a comparison with actual expenditure (see also para. 7 below).
7. In view of the expected level of expenditure for 2022, a general financial reserve of \$2.4 million is recommended, which is equivalent to 20 per cent of the Foundation non-earmarked budget of \$12.0 million. The figure recommended is based on the historical timing of Foundation non-earmarked fund payments (HSP/EB.2021/4, para. 158).
8. Upon enquiry, the Advisory Committee was provided with the table below on the expenditure as at June 2021, as well as information on actual expenditure for 2020, approved resources for 2021 and proposed resources for 2022, set out by category of expenditure. The Advisory Committee recommends that future reports of the Executive Director should include such comparative data by category of expenditure as a matter of routine.

Resources by category of expenditure, 2020–2021

(Thousands of US\$)

<i>Category</i>	<i>Actual</i>		<i>Approved 2021</i>	<i>Change (amount)</i>	<i>Change (percentage)</i>	<i>Estimates 2022</i>
	<i>Actual 2020</i>	<i>Jan.–June 2021</i>				
Posts	12 913.5	8 508.0	14 625.5	989.1	6.8	15 614.6
Other staff costs	52 961.9	25 571.3	66 415.4	13 593.2	20.5	80 008.6
Hospitality	137.0	–	–	–	–	–
Consultants and experts	–	–	298.5	(143.4)	(48.0)	155.1
Travel of staff	1 205.1	578.9	9 193.7	2 117.9	23.0	11 311.6
Contractual services	18 835.7	12 903.9	23 796.3	3 711.5	15.6	27 507.8
General operating expenses	12 703.2	6 840.9	14 629.4	1 713.6	11.7	16 343.0
Supplies and materials	1 539.8	1 381.0	3 570.0	316.3	8.9	3 886.3
Furniture and equipment	191.0	774.3	4 092.4	408.1	10.0	4 500.5
Grants and contributions	48 347.3	20 816.0	79 061.5	3 785.6	4.8	82 847.1
Subtotal	148 834.5	77 374.3	215 682.7	26 491.9	12.3	242 174.6

9. The Executive Director states that over a period of many years, contributions from Member States to the Foundation non-earmarked fund have fallen far short of the budget approved by Member States. Following such experience from the biennium 2012–2013 onwards, the UN-Habitat approved budget for the biennium 2018–2019 was adjusted down to \$26.0 million, when total contributions received amounted to \$8.7 million (33.3 per cent of the adjusted figure of \$26.0 million). The total budget for 2020 amounted to \$18.9 million, of which a total of \$4.4 million was received (HSP/EB.2021/4, para. 137). The Advisory Committee encourages UN-Habitat to strengthen its efforts with regard to resource mobilization and outreach activities with a view to increasing non-earmarked contributions to the Foundation.

10. Regular budget appropriations 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 entities 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.2021/4, para. 132). The Advisory Committee's observations and recommendations on the proposed programme budget for 2022 for UN-Habitat are contained in its first report (A/76/7, sect. 15).¹

Posts

11. A total of 205 posts are proposed for 2022, comprising 75 regular budget posts, 69 Foundation non-earmarked posts and 61 programme support fund posts (HSP/EB.2021/4, para. 151). Estimated distribution of posts by source of funds and strategic priority is contained in tables 20 and 21 of the report respectively. Table 20 shows that the proposed level of staffing represents an increase of 22 posts compared with the 2021 total of 183 posts, comprising 11 posts under Foundation non-earmarked and 11 posts under programme support.

12. Upon enquiry, the Advisory Committee was informed that the UN-Habitat 2021 financial austerity plan, which was based on projected revenue of \$3.0 million of the \$10.0 million originally estimated, required the Executive Director to freeze 44 Foundation non-earmarked posts, which was partially offset by the additional funding of 12 posts from the programme support fund, bringing the number of frozen posts to 32 (4 P-4, 16 P-3, 2 P-2/P-1 and 10 LL). The Advisory Committee trusts that an update on non-earmarked posts and frozen posts will be provided in the next report.

IV. Other matters

A. Impact of the COVID-19 pandemic

13. The report indicates that during 2020, the COVID-19 pandemic had an impact on the planned deliverables and activities of UN-Habitat, requiring the adjusting of support for local communities, local and national authorities and technical advisory missions from in-person meetings to virtual or hybrid meetings. Certain activities related to technical cooperation projects were delayed or postponed owing to international travel restrictions as a result of the pandemic, and the change in approach to planned deliverables and activities also had an effect on the expected results for 2020 (HSP/EB.2021/4, para. 19).

14. Upon enquiry, the Advisory Committee was informed that UN-Habitat was accelerating the digitalization of its tools to facilitate access by national and local governments and other urban stakeholders, and to scale capacity-building opportunities. As part of the implementation of the Programme's capacity-building strategy it was drafting a digital capacity-building guide and strategy. UN-Habitat indicated to the Advisory Committee that, while Member States had engaged in virtual meetings, they continued to express a strong desire to negotiate, vote and make decisions at meetings in person. With regard to air travel, UN-Habitat would continue to engage virtually to minimize its environmental footprint and save travel-related funds whenever possible, although it noted that virtual meetings required additional costs for interpretation, software and training. It also indicated that the proposed budget for 2022 was drafted on the assumption that in 2022 operations would gradually return to normal and travel restrictions would be relaxed, meaning that travel plans associated with in-person representation would be feasible.

¹ Not available at the time of the issuance of the present report.

B. Presentation

15. Annexes I and II to the report of the Executive Director provide information on the implementation of the recommendations of the Advisory Committee and the Board of Auditors respectively. The Advisory Committee welcomes the continued inclusion of the information in the report of the Executive Director and trusts that the related information will continue to be provided in future reports.
