



Executive Board of the United Nations

Human Settlements Programme

Second session of 2021

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Item 4 of the provisional agenda**

**Financial, budgetary and administrative matters,
including the implementation of the resource mobilization
strategy in accordance with the strategic plan**

Financial, budgetary and administrative matters: financial status of the United Nations Human Settlements Programme as at 31 July 2021

Report of the Executive Director

I. Introduction

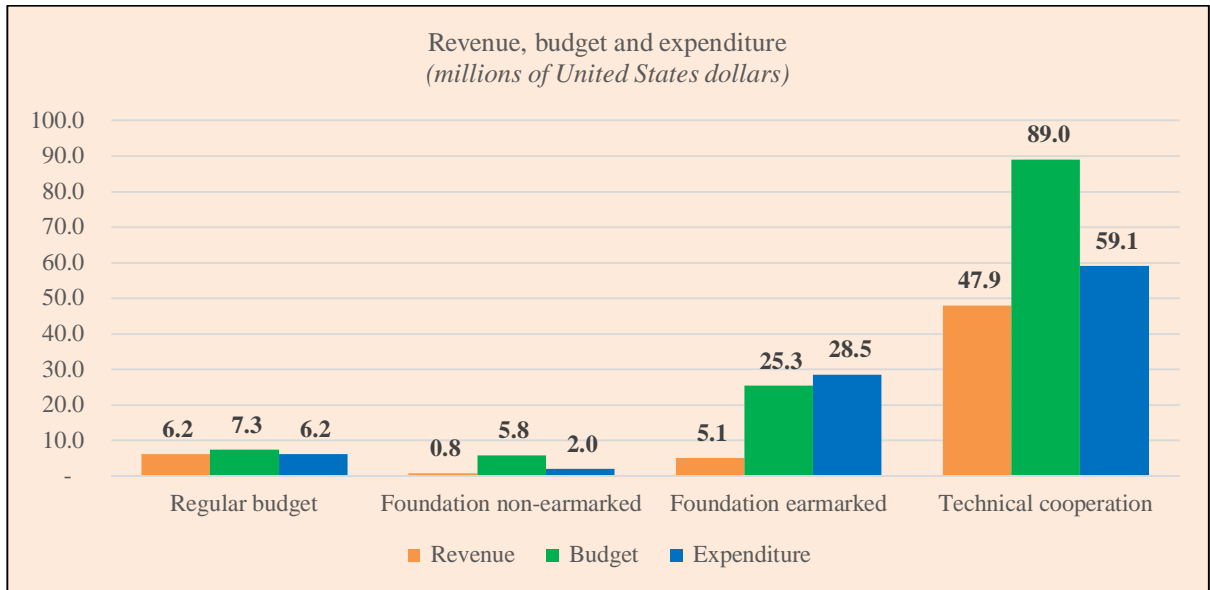
1. The present report provides an overview of the financial position of the United Nations Human Settlements Programme (UN-Habitat) as at 31 July 2021 and describes the performance of the Programme's main funding segments, namely the United Nations regular budget appropriations provided to UN-Habitat and the Foundation non-earmarked, programme support, Foundation earmarked and technical cooperation funds, during the year ended 31 July 2021.

2. Figure 1 provides an overview of funding for 2021, showing revenue (or contributions) and expenditure for all the major UN-Habitat funding segments, alongside the budgets from the approved work programme for 2021. More detailed information is set out in the annexes to the present report.

* Reissued for technical reasons on 8 November 2021.

** HSP/EB.2021/12.

Figure 1
Status of UN-Habitat main funds as at 31 July 2021^a

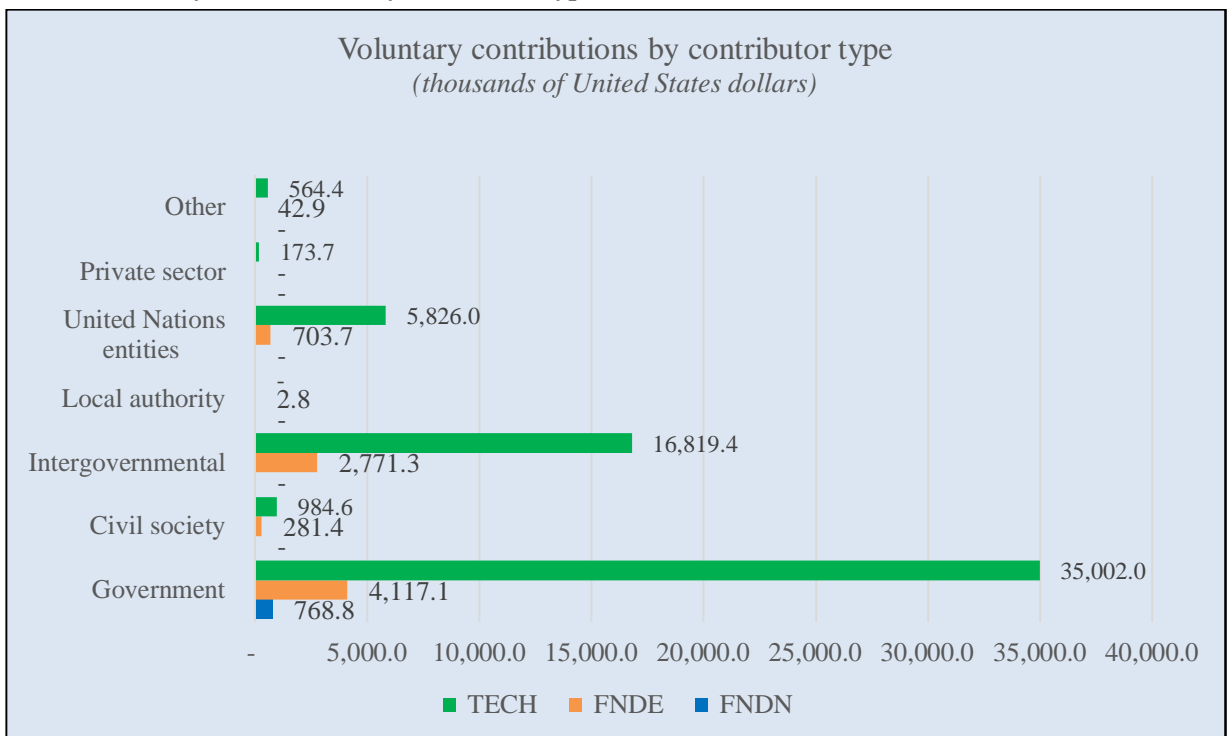


^a Revenue is stated net of adjustments.

3. Total revenue for the Foundation non-earmarked fund in the reporting period, including voluntary contributions of \$768,800, amounted to \$774,500, less than the total expenditure of \$1,950,700, resulting in a deficit of \$1,176,200.

4. Figure 2 shows the composition of all voluntary contributions received during the period, by contributor type.

Figure 2
Voluntary contributions by contributor type

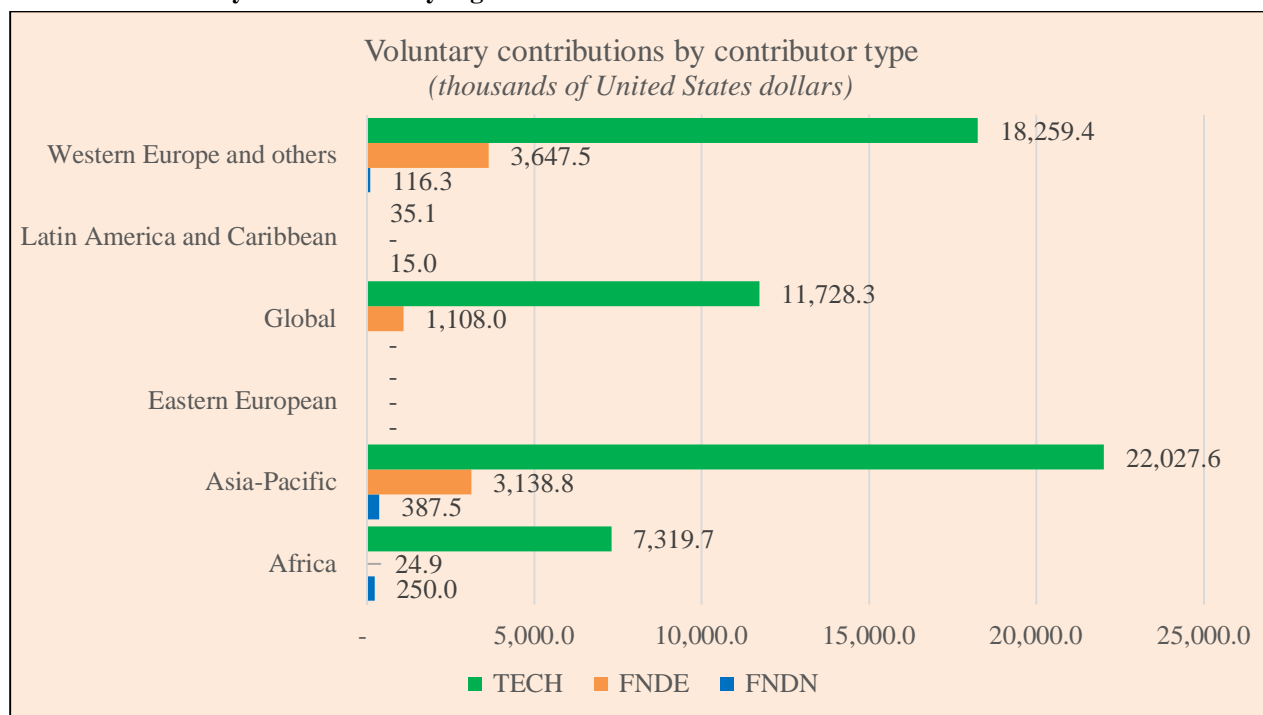


Abbreviations: FNDN – Foundation non-earmarked; FNDE – Foundation earmarked; TECH – technical cooperation.

5. Figure 3 shows voluntary contributions received during the period, by region.

Figure 3

Voluntary contributions by region



Abbreviations: FNDN – Foundation non-earmarked; FNDE – Foundation earmarked; TECH – technical cooperation.

II. Performance of core funds

6. Foundation non-earmarked contributions and United Nations regular budget appropriations are the core resources of UN-Habitat.

A. Foundation non-earmarked fund

7. In accordance with rule 302.6 of the Financial Regulations of the United Nations for the United Nations Habitat and Human Settlements Foundation, and Financial Rules of the United Nations Habitat and Human Settlements Foundation and of Other Extrabudgetary Resources of UN-Habitat (ST/SGB/2015/4, annex II), Foundation non-earmarked funds, otherwise known as the Foundation general purpose fund, are allocated against budget priorities approved by the UN-Habitat governing body, which was the Governing Council of UN-Habitat until 2018, when, pursuant to General Assembly resolution 73/239, it was dissolved and replaced by the United Nations Habitat Assembly of the United Nations Human Settlements Programme. By its decision 1/1, the UN-Habitat Assembly established an Executive Board.

8. Traditionally, the main source of Foundation non-earmarked revenue has been non-earmarked contributions from Member States. The non-earmarked fund constitutes the main source of funding for the implementation of the UN-Habitat strategic plan for mandated normative work, required executive direction and management, and a baseline level of programme support.

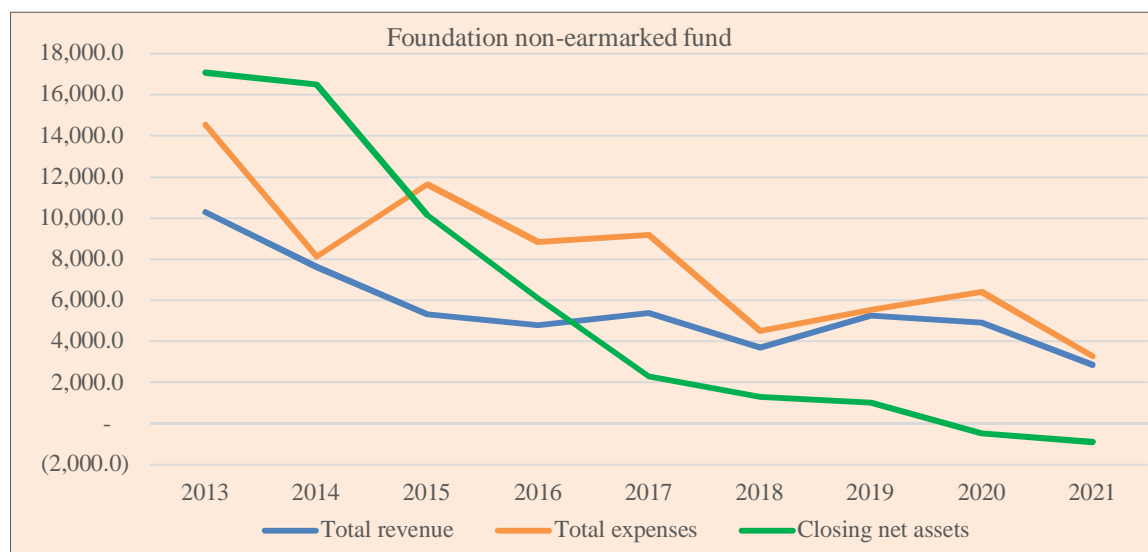
9. The approved budget for the year 2021 was \$10.0 million, which translates into \$5.8 million for the seven-month period ending on 31 July 2021. Total revenue for the period amounted to \$774,500, including voluntary contributions of \$768,800. Expenditures for the period totalled \$1,950,700. Expenditures included \$1,555,300 in post costs and \$395,400 in operating expenditures, resulting in a net operational deficit of \$1,176,200. The statutory operational reserve of \$2.0 million, as currently authorized, but which was not funded as at the end of 2020, represents 20 per cent of the \$10.0 million budget for 2021, approved by the Executive Board in November 2020 based on projected liquidity requirements. Revenue, expenses and closing net assets for the Foundation non-earmarked fund for the years 2013 to 2021 are shown in table 1.

Table 1
Revenue, expenses and closing net assets for the Foundation non-earmarked fund
 (Thousands of United States dollars)

Description	2013	2014	2015	2016	2017	2018	2019	2020	2021
Total revenue	10 295.0	7 610.0	5 307.0	4 785.0	5 373.0	3 699.0	5 239.0	4 916.0	2 852.0
Total expenses	14 550.0	8 134.0	11 651.0	8 851.0	9 182.0	4 519.0	5 518.0	6 396.0	3 275.3
Closing net assets	17 079.0	16 498.0	10 154.0	6 088.0	2 279.0	1 280.0	1 001.0	(479.0)	(901.6)

10. Figure 4 shows a steady long-term decline in revenue, meaning that, despite the implementation of the UN-Habitat 2021 financial austerity plan, current projected expenditures cannot be sustained.

Figure 4
Trends in the Foundation non-earmarked fund^a



^a The value shown for closing net assets is before the loan from the programme support account.

11. In 2017, UN-Habitat management approved a \$3.0 million loan from the programme support account to the Foundation non-earmarked fund. UN-Habitat has adopted an updated austerity plan for 2021 to halt the decline in its net asset value; nevertheless, it may still not be possible to repay the loan to the programme support account, in which case the net asset value of the programme support account will need to be reduced accordingly.

B. Regular budget fund

1. Section 15

12. An appropriation approved by the General Assembly is provided to UN-Habitat under section 15 (Human settlements) of the United Nations regular budget. In 2021, the appropriation amounted to \$12.5 million, in the form of an authorization to expend against specific items within a set budgetary allocation, of which \$7.3 million represents the proportion for the period between January and July 2021. Post costs accounted for 97.1 per cent of the \$6.2 million expenditure recorded by 31 July 2021.

2. Sections 23 and 35

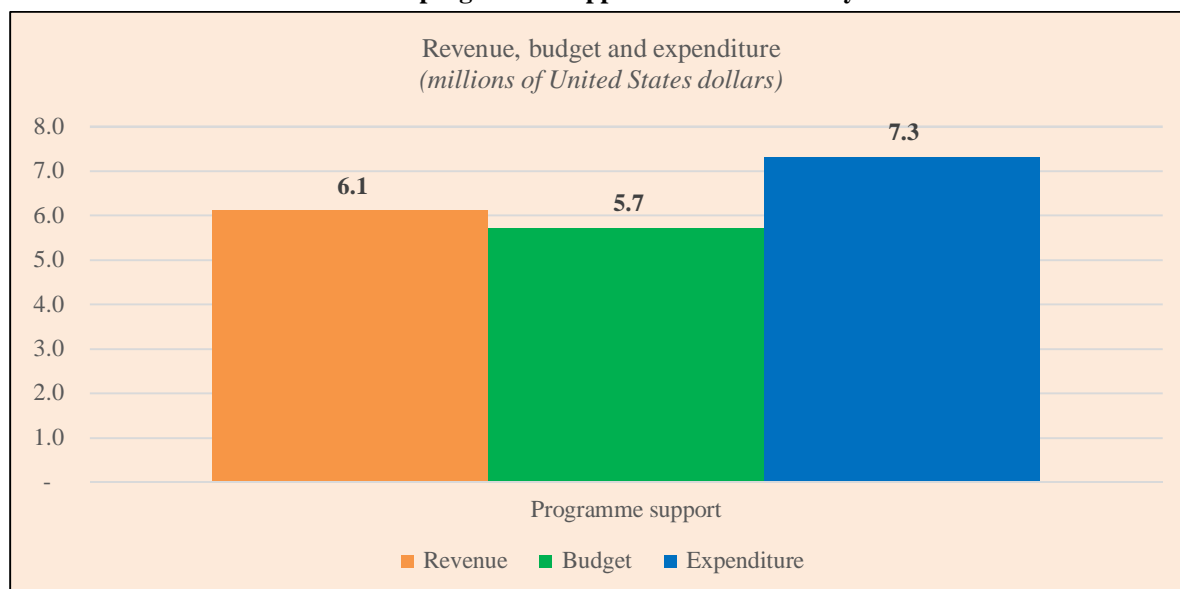
13. UN-Habitat is also allocated United Nations regular budget resources under section 23 (regional programme of technical cooperation) and section 35 (development account). The 2021 appropriations were \$1.0 million under section 23, of which \$432,400 has been spent to date, and \$1.5 million under section 35, of which \$333,000 has been spent to date.

C. Programme support fund

14. The 2021 programme support budget approved by the Executive Director totalled \$9.8 million, of which \$5.7 million represents the proportion for the period between 1 January and 31 July. Total programme support revenue as at 31 July 2021 amounted to \$6.1 million. The total expenditure for the same period amounted to \$7.3 million, of which 51.0 per cent was used to fund posts. Figure 5 shows the status of the programme support fund as at 31 July 2021.

Figure 5

Status of the UN-Habitat programme support fund as at 31 July 2021



* Revenue is stated net of adjustments.

15. Programme support resources are generated through the charge levied as a percentage of direct earmarked expenditures, in accordance with administrative instruction ST/AI/286. The charge is intended to recover the incremental indirect costs associated with supporting earmarked activities. Those funds are acquired to ensure that the additional cost of supporting activities financed by earmarked contributions is not paid from the core funds intended for the implementation of the approved work programme. Revenue, expenses and closing net assets for the programme support fund for the years from 2013 to 2021 are shown in table 2.

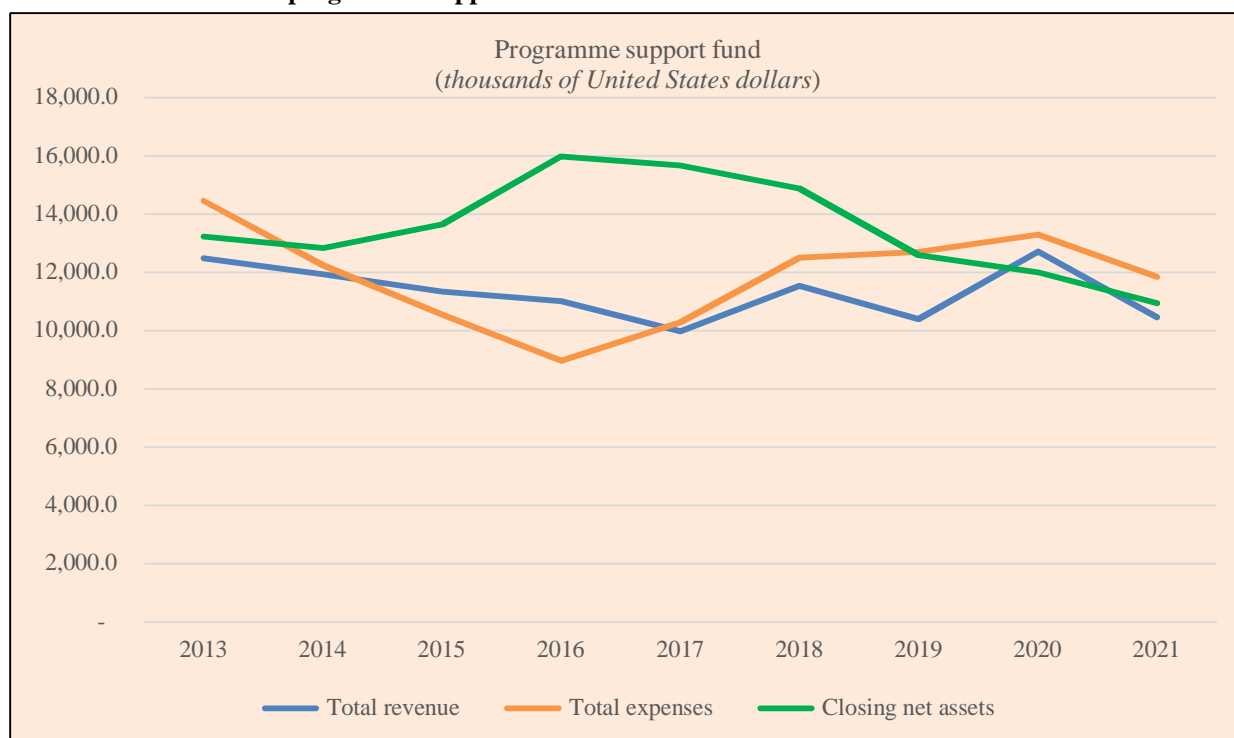
Table 2

Revenue, expenses and closing net assets for the programme support fund

Description	2013	2014	2015	2016	2017	2018	2019	2020	2021
Total revenue	12 477.0	11 942.0	11 341.0	11 000.0	9 975.0	11 543.0	10 400.0	12 709.0	10 468.4
Total expenses	14 456.0	12 241.0	10 536.0	8 966.0	10 277.0	12 514.0	12 700.0	13 304.0	11 854.0
Closing net assets	13 220.0	12 843.0	13 648.0	15 981.0	15 679.0	14 887.0	12 587.0	11 992.0	10 944.1

16. Figure 6 shows the programme support fund end balances by year, inclusive of 2021 projections.

Figure 6
Trends in the programme support fund^a



^a The value shown for closing net assets is before the loan to the Foundation non-earmarked fund.

17. As mentioned in paragraph 11, \$3.0 million was loaned to the Foundation non-earmarked fund from the programme support account in 2017. That loan is not expected to be collectable in the near future, given the low level of contributions to the Foundation non-earmarked fund during the reporting period. The closing net asset value reflected in figure 6 may therefore need to be reduced by that amount.

III. Performance of earmarked funds

A. Foundation earmarked fund

18. Contributions from Member States and other donors to the Foundation earmarked fund are intended for the implementation of specific activities in the work programme that are consistent with the mandate of UN-Habitat. Such activities generally comprise global, thematic and multi-country projects.

19. The approved 2021 budget for Foundation earmarked resources was \$43.3 million, of which \$25.3 million represents the proportion for the period between 1 January and 31 July. As at 31 July 2021, total revenue from Foundation earmarked contributions before refunds to donors was \$8.0 million, which includes voluntary contributions of \$7.9 million from various donors, as listed in annex III to the present report. Net revenue after refunds to donors amounted to \$5.1 million. Total expenditure incurred over the seven-month period ended 31 July 2021 was \$28.5 million. As reflected in annex I to the present report, the fund balance (gross project balances) at the end of the reporting period amounted to \$87.5 million, including a reserve of \$4.0 million. The reported deficit is notional, as it results from the implementation of part of the resources carried over from 2020.

B. Technical cooperation fund

20. Technical cooperation resources are earmarked voluntary contributions from Member States and other donors for the implementation of specific technical activities at the country and regional levels, consistent with the UN-Habitat mandate and work programme.

21. The approved 2021 budget for technical cooperation was \$152.6 million, of which \$89.0 million represents the proportion for the period between January and July. As at 31 July 2021, total revenue before refunds to donors was \$59.6 million, mainly from voluntary contributions. Net revenue after refunds to donors amounted to \$47.9 million, while expenditure was \$59.1 million. As reflected in annex I, the fund balance at the end of the reporting period amounted to \$248.9 million (gross project balances), including a reserve of \$11.4 million.

IV. Summary

22. Owing to the financial constraints that continue to affect the Foundation non-earmarked fund, the UN-Habitat regular budget continues to be a source of significant funding for the implementation of the annual core work programme. During the reporting period, 90.0 per cent of revenue has come from the regular budget, while 10.0 per cent of revenue has come from Foundation non-earmarked funds. The 2021 projected Foundation non-earmarked revenue of \$2.9 million represents 29 per cent of the \$10.0 million budget approved by the Executive Board.

23. The programme support account had an operational deficit of \$1,204,000 as at 31 July 2021. The prevailing administrative instructions are for programme support resources to be used to finance the indirect support provided to the activities of programme support, programme development and project management. Based on the current funding levels of the programme support fund, however, it is clear that, in the current context, the fund balance in the programme support account cannot continue to be used to offset the operational deficits in the Foundation non-earmarked fund until such time as ongoing fundraising efforts or additional austerity measures successfully ensure a balance between the revenue and expenditure of the Foundation non-earmarked fund.

24. With regard to earmarked funds as at 31 July 2021, the Foundation earmarked and technical cooperation funds posted deficits of \$23.4 million and \$11.2 million respectively. Those deficits resulted from timing differences on multi-year projects.

25. A statement of financial performance, showing the revenue, expenses, fund balances and reserves for each funding segment, is set out in annex I to the present report, while the status of Foundation non-earmarked contributions between 31 December 2016 and 31 July 2021 is set out in annex II. Annex III shows the status of earmarked contributions as at 31 July 2021.

Annex I

Statement of financial performance for the period ended 31 July 2021 (by segment)

(thousands of United States dollars)

Category	Sources of funds/funding segments										Intersegment elimination	Grand total	
	REGB	FNDN	FNDE	TECH	PRGS	Subtotal	RPTC	DEVT	EOSB	Subtotal			Total
R01.Assessed contributions	6 182.3	–	–	–	–	6 182.3	432.4	333.0	–	765.4	6 947.7	–	6 947.7
R02.Voluntary contributions	–	768.8	6 903.3	52 837.0	–	60 509.1	–	–	–	–	60 509.1	–	60 509.1
R03.Other transfers and allocations	–	–	1 016.0	6 533.0	–	7 549.0	–	–	–	–	7 549.0	–	7 549.0
R04.Refunds and adjustments	–	–	(2 930.8)	(11 712.8)	–	(14 643.6)	–	–	–	–	(14 643.6)	–	(14 643.6)
R05.Programme support revenue	–	–	–	–	6 047.3	6 047.3	–	–	–	–	6 047.3	(6 047.3)	–
R06.Investment revenue	–	2.0	52.4	156.9	4.8	216.1	–	–	10.0	10.0	226.1	–	226.1
R07.Other revenue	–	3.7	26.3	62.7	1.0	93.7	–	–	–	–	93.7	–	93.7
Total revenue	6 182.3	774.5	5 067.2	47 876.8	6 053.1	65 953.9	432.4	333.0	10.0	775.4	66 729.3	(6 047.3)	60 682.0
E01.Post costs	6 006.0	1 555.3	–	–	3 722.9	11 284.2	–	–	–	–	11 284.2	–	11 284.2
E02.Other staff costs	61.5	152.3	12 382.0	18 835.3	949.9	32 381.0	411.5	9.0	–	420.5	32 801.5	–	32 801.5
E03.Hospitality	0.5	–	15.0	74.9	–	90.4	–	–	–	–	90.4	–	90.4
E04.Consultant and experts	13.6	22.1	–	–	344.2	379.9	22.0	320.2	–	342.2	722.1	–	722.1
E05.Travel of representatives	–	–	1.2	0.3	–	1.5	–	–	–	–	1.5	–	1.5
E06.Travel of staff	32.9	3.7	130.5	442.3	11.5	620.9	–	6.4	–	6.4	627.3	–	627.3
E07.Contractual services	24.4	91.1	2 657.8	11 339.4	1 863.8	15 976.5	(0.7)	4.9	–	4.2	15 980.7	–	15 980.7
E08.General operating expenses	5.7	0.8	835.8	5 560.9	307.8	6 711.0	(0.4)	9.3	0.8	9.7	6 720.7	–	6 720.7
E09.Supplies and materials	11.0	0.2	1 143.7	282.2	4.0	1 441.1	–	–	–	–	1 441.1	–	1 441.1
E10.Furniture and equipment	3.1	3.7	245.1	696.8	8.2	956.9	–	–	–	–	956.9	–	956.9
E11.Grants and contributions	23.6	48.8	5 623.9	16 471.7	(1.5)	22 166.5	–	(16.8)	–	(16.8)	22 149.7	6 047.3	16 102.4
E12.Other expenses	–	72.7	5 453.3	5 402.4	46.3	10 974.7	–	–	14.2	14.2	10 988.9	–	10 988.9
Total expenditure	6 182.3	1 950.7	28 488.3	59 106.2	7 257.1	102 984.6	432.4	333.0	15.0	780.4	103 765.0	6 047.3	97 717.7
Surplus/(deficit)	–	(1 176.2)	(23 421.1)	(11 229.4)	(1 204.0)	(37 030.7)	–	–	(5.0)	(5.0)	(37 035.7)	–	(37 035.7)

<i>Category</i>	<i>Sources of funds/funding segments</i>										<i>Intersegment elimination</i>	<i>Grand total</i>	
	<i>REGB</i>	<i>FNDN</i>	<i>FNDE</i>	<i>TECH</i>	<i>PRGS</i>	<i>Subtotal</i>	<i>RPTC</i>	<i>DEVT</i>	<i>EOSB</i>	<i>Subtotal</i>			<i>Total</i>
Gross fund balances: 1 January 2021	–	(479)	110 909	260 122	11 992	382 544	–	–	(30 292)	(30 292)	352 252	–	352 252
Gross fund balances: 31 July 2021	–	(1 655)	87 488	248 893	10 788	345 513	–	–	(30 297)	(30 297)	315 216	–	315 216
Statutory operating reserves	–	2 000	4 023	11 360	2 932	20 315	–	–	–	–	20 315	–	20 315
Net fund balances: 31 July 2021	–	(3 655)	83 465	237 533	7 856	325 198	–	–	(30 297)	(30 297)	294 901	–	294 901

Abbreviations: REGB – regular budget; FNDN – Foundation non-earmarked; FNDE – Foundation earmarked; TECH – technical cooperation; PRGS – programme support; DEVT – development account (S.35); RPTC – regular programme of technical cooperation (S.23); EOSB – end-of-service and employment benefits.

Note: “R02.Voluntary contributions” and “R03.Other transfers and allocations” are both voluntary contributions.

Annex II

**Status of Foundation non-earmarked contributions between
31 December 2016 and 31 July 2021**

(United States dollars)

<i>No.</i>	<i>Contributor</i>	<i>31 Dec. 2016</i>	<i>31 Dec. 2017</i>	<i>31 Dec. 2018</i>	<i>31 Dec. 2019</i>	<i>31 Dec. 2020</i>	<i>31 Jul. 2021</i>
1	Algeria	10 000	–	–	–	10 000	10 000
2	Argentina	10 000	–	–	–	–	–
3	Barbados	–	14 815	14 815	14 700	14 706	15 000
4	Botswana	–	–	50 000	20 000	40 000	–
5	Burkina Faso	–	–	–	16 886	–	–
6	Chile	5 000	5 000	5 000	5 000	–	–
7	China	350 000	350 000	350 000	350 000	350 000	350 000
8	Côte d'Ivoire	–	25 000	–	–	–	–
9	Czechia	–	6 892	6 547	6 463	6 731	–
10	Dominican Republic	–	–	–	–	4 975	–
11	Egypt	–	–	–	–	–	50 000
12	Eritrea	50 000	–	–	–	–	–
13	France	105 860	–	–	225 220	227 740	–
14	Germany	–	–	–	–	184 049	–
15	Haiti	–	9 910	10 000	–	–	–
16	India	247 227	100 000	100 000	150 000	145 455	–
17	Iraq	–	–	–	50 000	–	–
18	Israel	10 000	10 000	–	3 800	–	–
19	Italy	–	–	–	–	–	116 252
20	Japan	–	117 136	–	34 950	31 455	31 458
21	Kenya	–	68 306	206 678	96 398	99 975	–
22	Kiribati	–	–	25 000	–	–	–
23	Republic of Korea	83 783	87 596	89 204	80 378	84 365	–
24	Malawi	–	–	–	10 000	20 000	10 000
25	Malaysia	–	–	1 200 000	–	–	–
26	Mali	–	–	–	9 653	–	10 012
27	Mexico	–	–	–	–	500 000	–
28	Myanmar	–	10 000	–	–	9 980	–
29	Namibia	–	150 000	–	–	–	–
30	Nigeria	–	–	–	–	75 000	–
31	Norway	598 982	593 014	632 631	2 356 129	2 180 130	–
32	Pakistan	6 000	–	6 000	6 000	5 941	5 992
33	Philippines	15 000	15 000	25 000	2 500	50 000	–
34	Rwanda	–	–	–	–	–	10 000
35	Senegal	–	–	–	9 988	44 868	–
36	Sierra Leone	–	10 000	–	–	–	–
37	Singapore	–	–	–	50 000	–	–
38	Slovakia	15 609	–	–	–	–	–
39	South Africa	–	283 560	150 000	160 000	150 000	160 000
40	South Sudan	–	–	–	40 000	–	–
41	Spain	–	–	–	977 000	–	–
42	Sri Lanka	25 000	25 000	25 000	23 000	25 000	–
43	United Republic of Tanzania	–	–	9 886	–	–	–

<i>No.</i>	<i>Contributor</i>	<i>31 Dec. 2016</i>	<i>31 Dec. 2017</i>	<i>31 Dec. 2018</i>	<i>31 Dec. 2019</i>	<i>31 Dec. 2020</i>	<i>31 Jul. 2021</i>
44	United States of America	766 838	692 000	672 974	650 000	650 000	–
45	Zambia	–	24 970	7 820	–	–	–
46	Zimbabwe	30 225	–	–	–	–	–
	Total	2 329 524	2 598 199	3 586 555	5 348 065	4 910 370	768 714

Annex III

Earmarked voluntary contributions as at 31 July 2021

(thousands of United States dollars)

<i>No.</i>	<i>Contributor</i>	<i>United Nations region</i>	<i>FNDE</i>	<i>TECH</i>	<i>Total</i>
1	Adaptation Fund Board	Global	80.0	5 027.3	5 107.3
2	Alwaleed Philanthropies	Asia and Pacific	–	500.0	500.0
3	Barcelona City Council	Western Europe and other	1.6	–	1.6
4	Canada	Western Europe and other	2.8	–	2.8
5	China	Asia and Pacific	1 527.2	369.4	1 896.6
6	Colombia	Latin America and Caribbean	–	35.1	35.1
7	Denmark	Western Europe and other	–	1 234.6	1 234.6
8	Ethiopia	Africa	–	7 260.6	7 260.6
9	European Commission	Western Europe and other	2 690.2	11 792.1	14 482.3
10	France	Western Europe and other	164.8	–	164.8
11	Germany	Western Europe and other	58.8	7.4	66.2
12	Group of Sponsors	Global	42.9	564.4	607.3
13	Here Be Dragons investment group	Global	–	310.6	310.6
14	India	Asia and Pacific	–	79.3	79.3
15	Institute for Transportation and Development Policy	Global	281.4	–	281.4
16	Israel	Western Europe and other	16.1	–	16.1
17	Italy	Western Europe and other	3.1	3 222.0	3 225.1
18	Japan	Asia and Pacific	1 481.3	18 815.7	20 297.0
19	Jordan	Asia and Pacific	63.9	–	63.9
20	Kenya	Africa	24.9	–	24.9
21	Korea East-West Power Co. Ltd.	Asia and Pacific	–	173.7	173.7
22	Kuwait	Asia and Pacific	66.4	–	66.4
23	Madrid City Council	Western Europe and other	1.2	–	1.2
24	Netherlands	Western Europe and other	–	260.2	260.2
25	Organisation for Economic Co-operation and Development	Western Europe and other	1.1	–	1.1
26	Poland	Western Europe and other	500.0	–	500.0
27	Republic of Korea	Asia and Pacific	–	89.5	89.5
28	Rockefeller Philanthropy Advisors Inc.	Western Europe and other	–	174.0	174.0
29	Saudi Arabia	Asia and Pacific	–	2 000.0	2 000.0
30	Senegal	Africa	–	59.1	59.1
31	Spain	Western Europe and other	52.9	1 565.2	1 618.1
32	Sweden	Western Europe and other	30.2	0.5	30.7
33	Switzerland	Western Europe and other	–	3.4	3.4
34	United Nations entities (includes the One United Nations fund)	Global	703.7	5 826.0	6 529.7
35	United Kingdom of Great Britain and Northern Ireland	Western Europe and other	124.7	–	124.7
Total			7 919.2	59 370.1	67 289.3

Abbreviations: FNDE – Foundation earmarked; TECH – technical cooperation.