

# **Briefing on the functions that cannot be delivered without adequate Foundation non-earmarked funding, with a focus on the normative work**

## **I. Introduction**

The Report of the UN Joint Inspection Unit (JIU) on the review of management and administration in the United Nations Human Settlements Programme (JIU/REP/2022/1) requested the UN-Habitat Executive Director to provide concise information to Member States to enable them to better understand the impact of shortfalls in the Foundation non-earmarked funding. This includes listing normative work activities and functions and deliverables that cannot be implemented with the current level of core funding. The JIU report references the analysis done in preparation for the Executive Board in November 2021, on the “Recalibration of the strategic plan of the United Nations Human Settlements Programme for the period 2020-2023” (HSP/EB.2021/19).

In the preparation for the second session of the UN-Habitat Executive Board for the year 2022, the ad hoc working group on programmatic, budgetary and administrative matters of the Executive Board met on 21 September 2022 and further requested the Secretariat to share a note detailing the following:

- What normative products or work are dependent on soft earmarked funds?
- Should UN-Habitat attain a surplus of funding, what would be the priority areas of expanded work?
- From programme management perspective, what are the principles of prioritisation of posts and activities as the organisation scales up when funds become available?

This note will first summarise the mandated roles of UN-Habitat followed by the main impacts of normative funding shortfall on the delivery of the organisation towards this mandate. It will then substantiate on the principles how normative activities will be expanded following the availability of additional Foundation non-earmarked funds. Normative work for the UN has been defined by the United Nations Evaluation Group: “*The support to the development of norms and standards in conventions, declarations, regulatory frameworks, agreements, guidelines, codes of practice and other standard setting instruments, at global, regional and national level. Normative work also includes the support to the implementation of these instruments at the policy level, i.e. their integration into legislation, policies and development plans, and to their implementation at the programme level. (UNEG, 2012, p. 5)*”.

## **II. Challenges to delivering the mandated roles of UN-Habitat in the continuing shortfall of Foundation non-earmarked funding**

The current mandate of UN-Habitat has expanded with the adoption of the 2030 Agenda for Sustainable Development in 2015 and the New Urban Agenda in 2016. UN-Habitat was assigned the role of custodian agency for nine indicators of the Sustainable Development Goals (SDGs) including SDG 11, which represents a major monitoring task. The New Urban Agenda in 2016 assigned UN-Habitat the role of focal

point on cities and sustainable urbanisation, including monitoring and reporting, and facilitating efforts by and supporting capacities of Member States to implement of the New Urban Agenda.

In 2019, the first session of the United Nations Habitat Assembly welcomed the endorsement of the Chief Executives Board of the United Nations of the UN systemwide strategy for sustainable urbanisation. The strategy requests UN-Habitat to work with UN entities through global, regional, and national inter-agency platforms to assist Member States implement the New Urban Agenda. Subsequently, the Secretary-General called upon UN-Habitat to chair the UN Task Force on the Future of Cities to identify institutional mechanisms to engage local governments in intergovernmental processes. UN-Habitat was also requested to serve as permanent Co-Chair of the Local2030 Coalition, a UN-led, multistakeholder initiative to strengthen efforts by local actors in coordination with national governments to accelerate the Decade of Action on Sustainable Development. The UN-Habitat Executive Board also stressed the need to assist Member States to build back better from the COVID-19 pandemic.

Against these mandated roles, at the second session of the Executive Board in November 2021, the Executive Director set out the challenges posed to the organization in the situation where the approved budget of Foundation non-earmarked fund could not be mobilized. These were summarized as:

***A. Challenges in executing fiduciary responsibility to monitor and report against the strategic plan***

(a) Partial roll-out of the results framework approved under the strategic plan: The results framework had to be further prioritised at this time in line with existing capacities.

(b) Limited capacity to monitor the implementation of the strategic plan: The regional architecture had foreseen for dedicated capacity to collect data and support the monitoring of the strategic plan, but the positions have not been filled in line with available resources.

(c) Limited capacity to evaluate progress made against the strategic plan: Insufficient capacity is available in the Strategic Planning and Monitoring Branch to support a proper evaluation. No funds were available to allow for an external mid-term evaluation of the progress made.

(d) Limited capacity to produce annual reports: No dedicated staff capacity is available to produce the annual reports which would also benefit from a stronger evidence base.

(e) Limited capacity for training, capacity-building and the identification and use of best practices: UN-Habitat's capacity building strategy, developed in response to UN-Habitat Assembly resolution 1/3 has allowed a more focused and corporate approach to training and capacity building. The roll out remains slow as capacity remains limited.

***B. Challenges in fulfilling UN-Habitat's mandated role as focal point on sustainable urbanization for United Nations system-wide coordination***

(a) Very limited capacity to implement the United Nations system-wide strategy on sustainable urban development, in particular the production of global urban data and the monitoring of country and regional trends and conditions: Progress has been made in the development and recognizing the importance of the Global Urban Monitoring Framework. However, the capacity to support member states and cities to collect the data remains limited with only less than 10% of countries/cities taking up the framework since its endorsement by the UN Statistical commission in March 2022.

(b) Very limited capacity to support common country analysis and cooperation framework engagement at the country level and to participate in integrated policy support and coordination at the regional level: The collaboration with the United Nations Development Coordination Office and the Resident Coordinators has

been strengthened through dedicated dialogues on opportunities for urban programming, but the request to support a growing number of countries to integrate sustainable urbanization into UN Sustainable Development Cooperation Frameworks as a lever to accelerate towards the SDGs can only be partly fulfilled.

(c) Slow development of strategic partnerships with other key United Nations entities, including the United Nations Development Programme (UNDP) and the United Nations High Commissioner for Refugees (UNHCR), working towards collective results in line with the UN-Habitat strategic plan: Limited dedicated capacity exists to develop the strategic partnerships. With UNDP, most progress has been made on collaboration towards climate action and resilience building, other areas, such as national urban policies and financing for sustainable urbanization are lagging. With UNHCR the focus has been on knowledge sharing. There is a strong interest to expand joint work for solutions around displacement.

### ***C. Challenges related to limited implementation of UN-Habitat Assembly resolutions***

No core resources are available to follow through on UN-Habitat Assembly resolutions: UN-Habitat Assembly resolution 1/2 on United Nations System-wide Guidelines on Safer Cities and Human Settlements; 1/3 on Enhancing capacity building for the implementation of the new urban agenda and the urban dimension of the Agenda 2030 on Sustainable Development; 1/4 on achieving gender equality through the work of the United Nations Human Settlements Programme to support inclusive, safe, resilient and sustainable cities and human settlements; 1/5 on enhancing urban-rural linkages for sustainable urbanization and human settlements. Progress is slow and where possible soft-earmarked resources are used to expand the work which includes key normative elements.

### ***D. Challenges related to limited capacity to ensure the development of UN-Habitat's global normative work***

(a) Increasingly, normative production starts from project-based work, which is anchored in specific countries and regions; limited capacity for such work will thus have implications on the further development of global normative frameworks and tools. This is partly compensated by soft-earmarked funding for specific thematic areas.

(b) Limited capacity is available to provide policy support to operations at the country and regional levels and to adapt the normative frameworks to each context: This limits the impact of norms and guidelines developed at country level. Some capacity is available through soft-earmarked funding in relation to climate action and localizing the SDGs. In other priority areas, such as housing, very limited capacity is available to support member states.

(c) Core support is not available for the development of UN-Habitat's Flagship Programmes as a catalyst for the integration of the Programme's normative and operational work: As set out in the report prepared for the second session 2022 of the Executive Board, progress has been made through a focus on strategic partnerships although the lack of dedicated core support hampers the roll out.

(d) Limited resources are available to produce global flagship publications, including the World Cities Report and the Quadrennial reports of the New Urban Agenda: Soft-earmarked funding has been used to produce the World Cities Report. This challenge also extends to the limited resources to collect relevant data to ensure evidence-based reporting in flagship publications.

### ***E. Challenges related to regional architecture and presence in the field, affecting engagement with UN Country Teams within the UN Sustainable Development Cooperation Frameworks (UNSDCF)***

The United Nations reforms have called for a stronger regional approach to the work of the United Nations. The value added to the United Nations system-wide efforts by UN-Habitat requires the Programme to play a full part in those efforts at the country, subregional and regional levels. That contribution is critical if UN-Habitat is to play its focal-point role in system-wide coordination on sustainable urbanization, ensure proper alignment and integration of its normative and operational work and deliver on its strategic partnerships with other United Nations entities. 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.

### **III. The funding gap of mandated functions and normative work that UN-Habitat is not able to fulfill without additional Foundation non earmarked funding**

The Cost Reduction Plan of the Executive Director for 2022 involved budget cuts by moving more staff members funded by the Foundation non earmarked budget to project funds or discontinuing those on fixed term contracts. The impact of the organization having only received funding for the lowest funding scenario included in the Plan, a significant number of Professional and General Service posts currently either filled or vacant were frozen across all divisions. The impact of this reduction on the delivery includes, for instance, discontinued strategic coordination by the Office of Deputy Executive Director, no dedicated flagship reports, reduced functions of Secretariat to the Governing Bodies of UN-Habitat, reduction in inter-agency coordination, reduced training and advise to Member States, to data collection on SDGs and the New Urban Agenda and reduced sharing of lessons learned due to pending implementation of the Knowledge Management Strategy.

In addition, roles of several core functions are performed by colleagues assuming duties of two posts. As of September 2022, such functions include the Deputy Executive Director, while the Division Director posts of both the External Relations, Strategy, Knowledge and Innovation Division (ERSKID) and the Regional Programmes Division (RPD) are vacant, as are three branch Chiefs post of ERSKID. These are being covered by staff who also perform other duties full-time. The position of Chief, Programme Development Branch (PDB), is being performed by an Officer-in-Charge and each of the five PDB Subprogramme Coordinator roles are held on part-time basis despite their important organizational results management and monitoring roles.

The impact of the shortfalls in Foundation non-earmarked funding are clearly evidenced in the preparation of the Work Plan (Proposed Programme and budget 2022) for 2022. The ambition and scope of the 2022 Work Plan was significantly reduced compared to previous years. All UN-Habitat's four Subprogrammes cut their expected outputs/deliverables across both normative operational activities. By example, regarding 'field and technical cooperation projects', which in most cases are direct support to Member States, the cut varied across Subprogrammes from approximately 28 per cent to 53 per cent (SP1 28 per cent; SP2 42 per cent; SP3 53 per cent; SP4 39 per cent), resulting in an average reduction of 39 per cent of planned deliverables for 2022.

This provides evidence that freezing or transferring staff on Foundation non-earmarked fund to project funding have had severe policy and programmatic implications. It has made core normative functions of the organization dependent on regular budget resources and soft-earmarked funds.

Gaps in the capacities to deliver have been temporarily and partially bridged using available soft-earmarked funding. Some donor governments agreed on a shift from earmarked to soft-earmarked funding on specific normative work streams (Sweden) and specific geo-graphical regions (Switzerland) or themes (Germany)

in line with the recommendations of Member States. Soft-earmarked resources from Sweden have allowed essential performance in several areas. These include core capacity development of national and governments, the UN System, and other stakeholders regarding awareness raising, knowledge and capacities for the New Urban Agenda implementation essential organizational and human resource capacities of UN-Habitat, necessary for engaging in the UNSDCF; adopting performance measurement plan of the UN-Habitat results framework.

The design of a broad range of normative tools, global guidance papers and corporate reports in the organization's core mandate work streams have continued with support from Sweden. These include implementation of the resolution on Safer Cities; work on 'Our City Plans' toolbox; knowledge sharing, methodologies, and programmatic guidance for effective urban policies, laws and governance; a position paper on prevention of forced evictions, a guidance note on green inclusive budgeting in support of SDG acceleration, and the production of the World Cities Report 2022, amongst others. UN-Habitat's strengthened role in climate change and land management were also funded by the soft-earmarked funding from Sweden, including stronger urban dimension of Nationally Determined Contributions and improved tools to address climate resilience of the urban poor. Finally, important engagements with local authorities and other key stakeholder for collaborative implementation of the SDGs and the New Urban Agenda were also accomplished with funding from Sweden.

#### **IV. Principles of prioritizing expansion of functions when adequate funding made available**

As stronger core funding base becomes available, scaling up in an organization can take multiple dimensions depending on the strategic objectives. A 'functional dimension' concerns the addition of new positions to execute new functions, that is, to do activities currently unfunded by the non-earmarked foundation, while 'expansive dimension' adds new positions to execute existing functions.

As requested in paragraph 5 of decision 2022/1 adopted by the Executive Board at its 2022 first session, the Secretariat prepared for consideration by the Board at its 2022 second session a report on the scalability model for the Foundation non earmarked fund that applies to the possible scaling the Foundation non earmarked budget level in 2023 from the baseline of USD3 million up to USD12 million should adequate funds become available. This model sets forth the guiding principle for UN-Habitat to systematically identify priorities in staffing to fulfil strategic objectives within the framework of available funds. The scalability model helps the organization identify priority positions on Foundation non-earmarked fund based on strategic objectives managed through the budget process in which positions are established, converted, reclassified, reorganized, upgraded, downgraded or abolished. Following a rationalization analysis, appropriate realignments of funding and function will be implemented within the authority of each source of funding.

In the first phase, six posts were proposed to be filled as the first set of priorities in the request for 2023 Regular Budget Allocation to UN-Habitat:

- Coordination Officer, Secretariat of the Governing Bodies (P3)
- Chief, Management and Compliance Services (D1)
- Programme Management Officer, Environmental and Social Safeguards (P4)
- Programme Management Officer (New York, P4)

- Programme Management Officer, Gender & Social Inclusion (P4)
- Senior Information Technology Assistant, Management & Compliance Services (G7)

When filled, these posts will support the delivery of core normative, intergovernmental, and inter-agency functions, including the leadership by the Secretariat of the Governing Bodies and the Executive Office.

Regarding programme development and the Flagship Programmes, core resources are required for running essential programme design, inclusion of social and environmental issues, coordination and reporting functions for expanded implementation and partnerships.

Additional resources to support Member States and regional institutions in the adoption of urban data systems is critical to UN-Habitat's role as an urban SDG indicators' custodian agency, especially global functions such as leading the production of the SDG 11 progress report that brings together the results of all stakeholders in a report to the High-level Political Forum. In 2022 this report coordination role was performed with insufficient human and financial resources, along with broad advocacy and technical support roles for use of the Global Urban Monitoring Framework and the Urban Agenda Platform as global convening facilities for urban stakeholders.

For strengthened knowledge management and knowledge sharing core funding will allow resuming regular global and regional flagship publications on emerging trends and data of urbanization as well as on the progress of the New Urban Agenda and urban SDGs.

For programme management, core functions that will be prioritised for additional funding include the Chief of the Management and Compliance Services (MACS), strengthening management oversight and audit, risk analysis and risk mitigation measures.

In addition, core work performed by Foundation non-earmarked type positions with high capacity to boost performance and impact of the normative work, if strengthened include communications, advocacy and partnerships, and outreach functions.

The Foundation non-earmarked shortfall has delayed the finalisation of the organisational restructuring regarding the reformed sub-regional architecture of UN-Habitat. This has hindered inter-agency engagements between the UN-Habitat regional and country offices, the headquarters' normative units with the UN Country Teams and Resident Coordinator System and the UN Development Coordination Offices in regions. This is also reflected in slower implementation of the UN system-wide strategy on sustainable urban development.

Regarding normative work priorities, with new Foundation non-earmarked funding UN-Habitat could resume broader mandated work on establishing human settlement norms and follow through their adoption process by countries and cities. Further, stronger normative support can be leveraged to four integrated strategic areas to address major urban challenges that can accelerate progress towards the SDG. These UN-Habitat's transformative priorities for 2022 - 2023 – adequate housing for all, cities' contribution to climate solutions, localising the SDGs, and urban crises response – can be catalysed using phased initiatives as funding becomes available.