

## Financial, budgetary and administrative matters: Financial status of the United Nations Human Settlements Programme as at 28 February 2021

### Report of the Executive Director

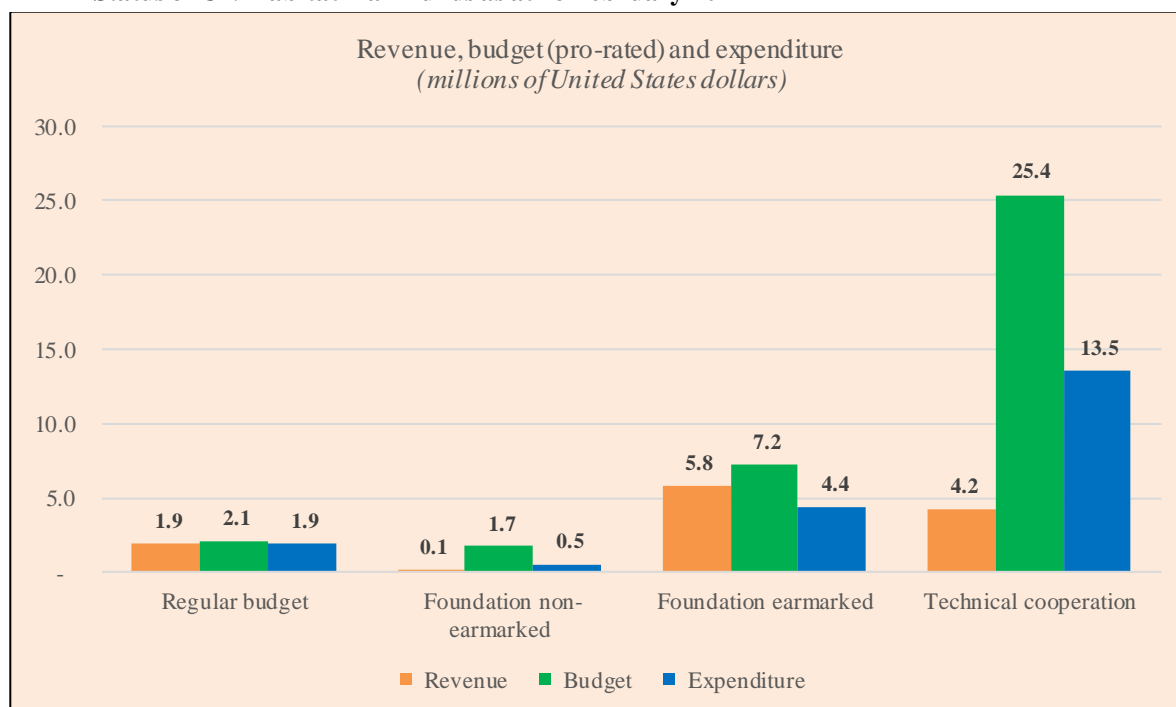
#### I. Introduction

1. The present report provides an overview of the financial position of the United Nations Human Settlements Programme (UN-Habitat) as at 28 February 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.

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.

Figure 1

Status of UN-Habitat main funds as at 28 February 2021<sup>a</sup>

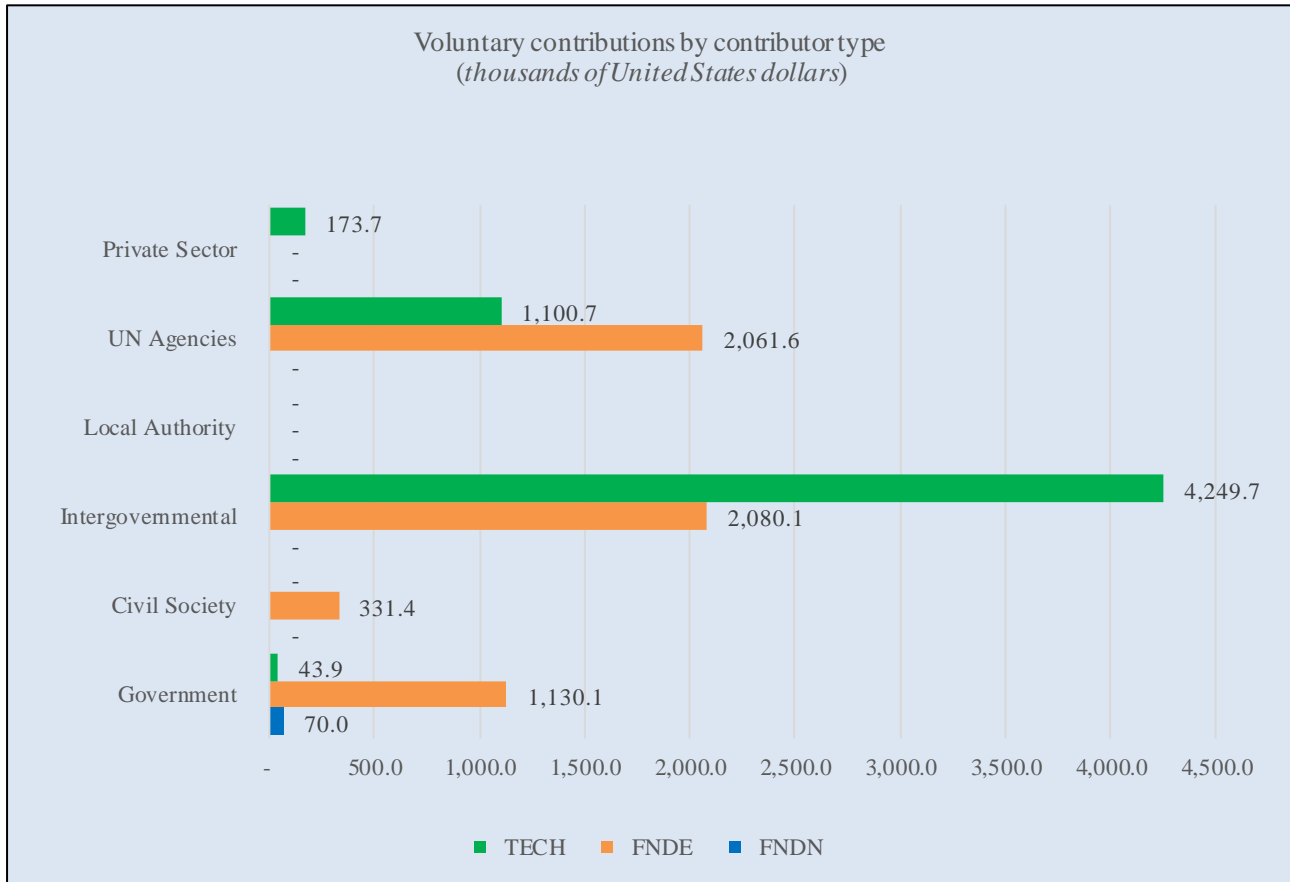


<sup>a</sup> Revenue is stated net of adjustments.

3. Total revenue for the Foundation non-earmarked fund in the reporting period, including voluntary contributions of \$70,000, amounted to \$70,300, less than the total expenditure of \$475,200, resulting in a deficit of \$404,900.

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

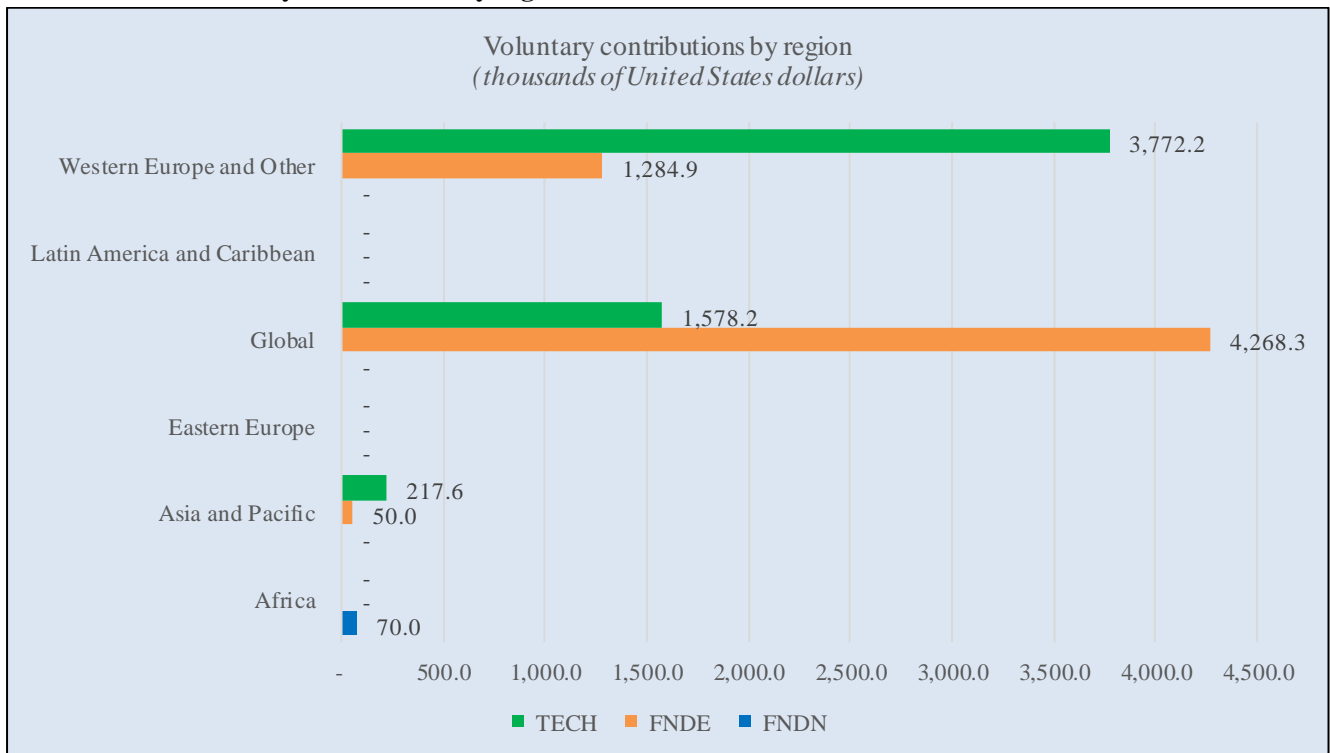
Figure 2  
**Voluntary contributions by contributor type**



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: FNDE, Foundation earmarked; FNDN, Foundation non-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 it was dissolved and replaced by the United Nations Habitat Assembly of the United Nations Human Settlements Programme pursuant to General Assembly resolution 73/239. 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 reporting period is \$10.0 million (translating to \$1.7 million for the two months ended 28 February 2021). Total revenue for the period amounted to \$70,300 including voluntary contributions of \$70,000. Expenditures for the period totalled \$475,200. Expenditures included \$467,300 in personnel costs and \$7,900 in operating expenditures, resulting in a net operational deficit of \$404,900. A remaining statutory operational reserve of \$2.0 million, as currently authorized, represents 20 per cent of the \$10.0 million budget for 2021, approved by the Executive Board in November 2020 based on liquidity requirements. Revenue, expenses and closing net assets for the Foundation non-earmarked fund for the years from 2012 to 2020 are shown in table 1.

Table 1

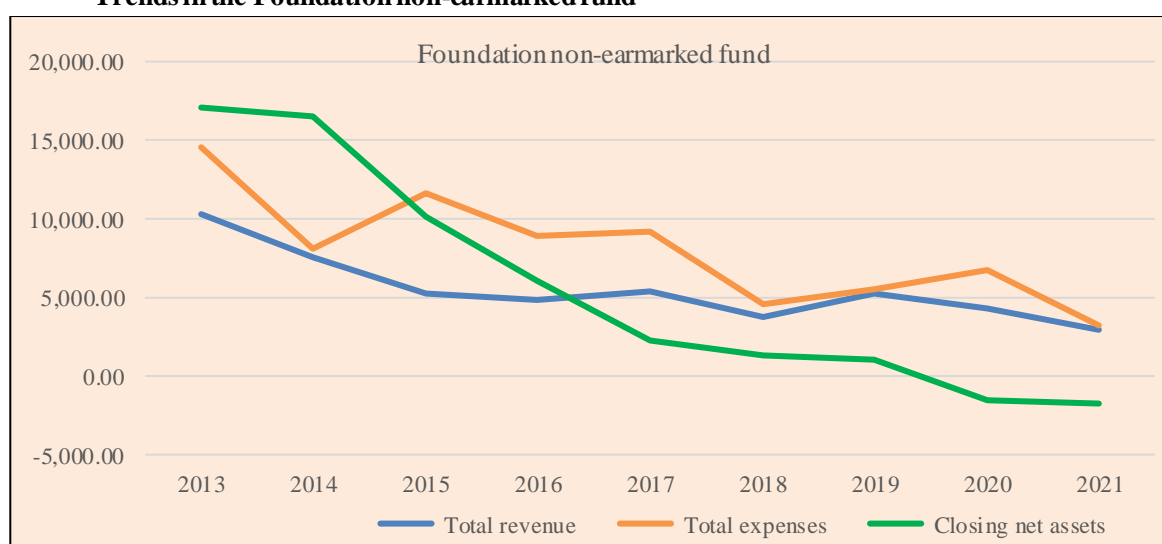
#### Revenue, expenses and closing net assets for the Foundation non-earmarked fund

(Thousands of United States dollars)

Description	2013	2014	2015	2016	2017	2018	2019	2020	2021*
Total revenue	10,295	7,610	5,307.0	4,785.0	5,373.0	3,699.0	5,239.0	4,321.0	2,938.4
Total expenses	14,550	8,134	11,651.0	8,851.0	9,182.0	4,519.0	5,518.0	6,797.0	3,217.5
Closing net assets	17,079	16,498	10,154.0	6,088.0	2,279.0	1,280.0	1,001.0	(1,475.0)	(1,753.1)

\* Projected

Figure 4  
Trends in the Foundation non-earmarked fund<sup>a</sup>



<sup>a</sup> Values shown for closing net assets is before the loan from the programme support account.

10. Figure 4 shows a steady long-term decline in revenue that has not been addressed despite approval by the Executive Board of a 2021 revised approved programme of work and budget.

11. The Executive Director has been required to implement a UN-Habitat 2021 Financial Austerity Plan limiting the number of positions in the Foundation non-earmarked fund to 14 positions, while 44 remain frozen, resulting in planning resources level of \$3.0 million.

12. 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

13. 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 (\$2.1 million is proportion for the first two months), in the form of an authorization to expend against specific items within a set budgetary allocation. Post costs accounted for 96.3 per cent of the \$1.9 million expenditure recorded by 28 February 2021.

### 2. Sections 23 and 35

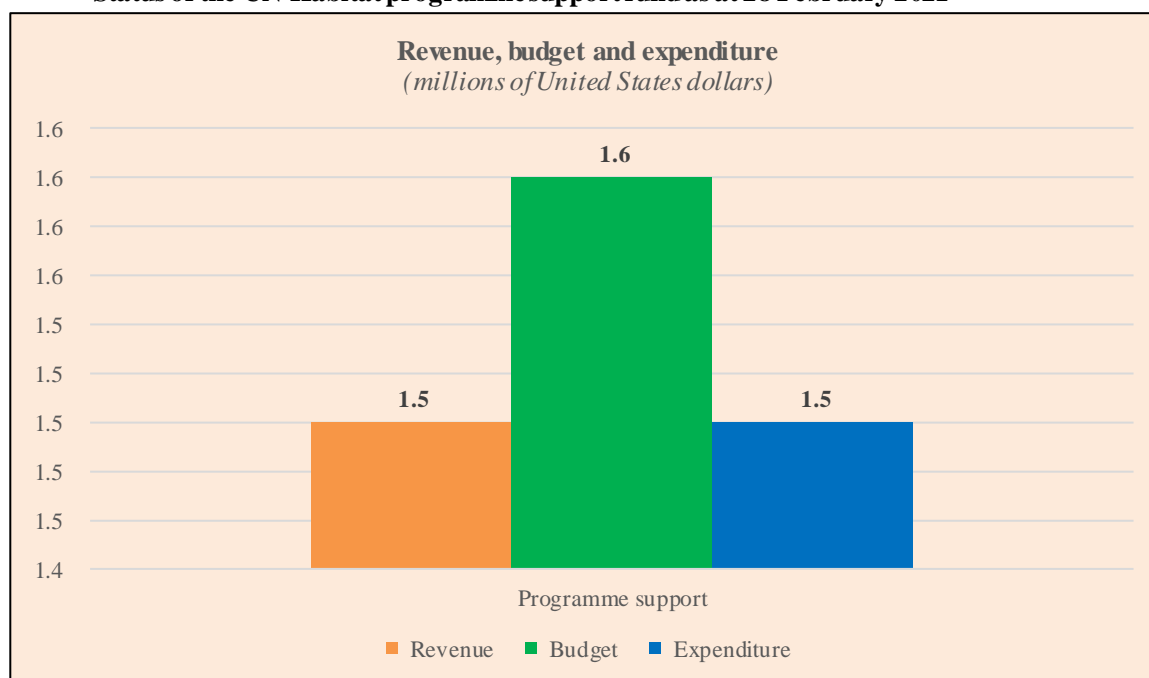
14. UN-Habitat is also allocated United Nations regular budget resources under section 23 (regional programme of technical cooperation) and section 35 (development account). The 2021 appropriations were \$1.0 million under section 23, of which \$125,800 was spent, and \$1.5 million under section 35, of which \$159,400 was spent.

## C. Programme support fund

15. The 2021 programme support budget approved by the Executive Director totalled \$9.8 million (proportion for the first two months is \$1.6 million). Total programme support revenue as at 28 February 2021 amounted to \$1.5 million. The total expenditure for the same period amounted to \$1.5 million, of which 68.5 per cent was used to fund posts. Figure 5 shows the status of the programme support fund as at 28 February 2021.

Figure 5

**Status of the UN-Habitat programme support fund as at 28 February 2021**



\* Revenue is stated net of adjustments.

16. 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 programme of work. Revenue, expenses and closing net assets for the programme support fund for the years 2012 through 2020 are shown in table 2.

Table 2  
Revenue, expenses and closing net assets for the programme support fund

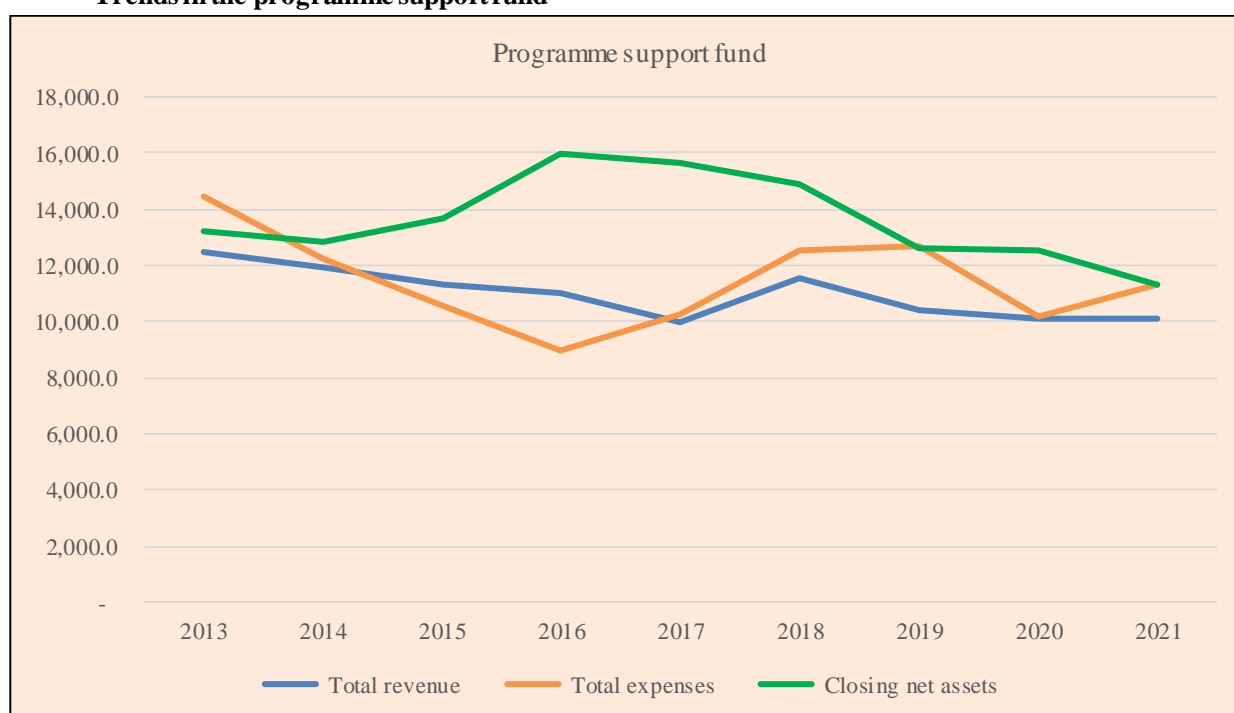
Description	2013	2014	2015	2016	2017	2018	2019	2020*	2021**
Total revenue	12,477.0	11,942.0	11,341.0	11,000.0	9,975.0	11,543.0	10,400.0	10,120.0	10,105.6
Total expenses	14,456.0	12,241.0	10,536.0	8,966.0	10,277.0	12,514.0	12,700.0	10,157.0	11,344.4
Closing net assets	13,220.0	12,843.0	13,648.0	15,981.0	15,679.0	14,887.0	12,587.0	12,550.0	11,311.2

\*Interim Statement

\*\* Projected

17. Figure 6 shows the programme support fund end balances by year. Total revenue for the interim reporting period in 2020 exceeded expenditures. The savings achieved were partially due to the suspension of staff travel and a freeze on the recruitment of programme management staff to fill vacant positions, as a result of the coronavirus disease (COVID-19) pandemic.

Figure 6  
Trends in the programme support fund<sup>a</sup>



<sup>a</sup> Value shown for closing net assets is before the loan to the Foundation non-earmarked fund.

18. As mentioned above, \$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

19. 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.

20. The approved 2021 budget for Foundation earmarked resources was \$43.3 million (proportion for two months, \$7.2 million). As at 28 February 2021, total revenue for Foundation earmarked was

\$5.8 million. This includes voluntary contributions of \$5.6 million from various donors, as listed in annex III to the present report. Total expenditure incurred over the 2-month period ended 28 February 2021 was \$4.4 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 \$105.4 million, including a reserve of \$4.0 million. The reported surplus is notional, as it results from the implementation of part of the resources carried over from 2020.

## **B. Technical cooperation fund**

21. 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.

22. The approved 2021 budget for technical cooperation was \$152.6 million (proportion for two months is \$25.4 million). As at 28 February 2021, total revenue before refunds to donors was \$5.6 million, mainly from voluntary contributions. Net revenue after refunds to donors amounted to \$4.2 million while expenditure was \$13.5 million. As reflected in annex I, the fund balance at the end of the reporting period amounted to \$248.4 million (gross project balances), including a reserve of \$11.4 million.

## **IV. Summary**

23. The total operational deficit for the reporting period of the Foundation non-earmarked fund is \$404,900, while the programme support account had an operational surplus of \$83,500 as at 28 February 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 and/or austerity measures successfully ensure a balance between the revenue and expenditure of the Foundation non-earmarked fund.

24. With regard to earmarked funds, the Foundation earmarked and technical cooperation funds posted a surplus of \$3.3 million and a deficit of \$9.3 million respectively, per International Public Sector Accounting Standards. Personnel costs funded by earmarked funds are reported in the "Other staff costs" category, in line with United Nations Secretariat reporting guidance. The reported surpluses and 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 the Foundation non-earmarked contributions is set out in annex II. Annex III sets out the status of earmarked contributions.

## Annex I

### Statement of financial performance for the period ended 28 February 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	1,871.7	-	-	-	-	1,871.7	125.8	159.4	-	285.2	2,156.9	-	2,156.9
R02. Voluntary contributions	-	70.0	3,527.1	4,467.3	-	8,064.4	-	-	-	-	8,064.4	-	8,064.4
R03. Other transfers and allocations	-	-	2,076.2	1,100.7	-	3,176.9	-	-	-	-	3,176.9	-	3,176.9
R04. Refunds to donors	-	-	(39.3)	(1,423.4)	-	(1,462.7)	-	-	-	-	(1,462.7)	-	(1,462.7)
R05. Programme support revenue	-	-	-	-	1,540.1	1,540.1	-	-	-	-	1,540.1	1,540.1	-
R06. Investment revenue	-	-	-	0.1	-	0.1	-	-	-	-	0.1	-	0.1
R07. Other revenue	-	0.3	201.8	45.8	-	247.9	-	-	-	-	247.9	-	247.9
<b>Total revenue</b>	<b>1,871.7</b>	<b>70.3</b>	<b>5,765.8</b>	<b>4,190.5</b>	<b>1,540.1</b>	<b>13,438.4</b>	<b>125.8</b>	<b>159.4</b>	<b>-</b>	<b>285.2</b>	<b>13,723.6</b>	<b>1,540.1</b>	<b>12,183.5</b>
E01. Post costs	1,815.6	422.2	-	-	1,028.2	3,266.0	-	-	-	-	3,266.0	-	3,266.0
E02. Other staff costs	16.7	45.1	2,519.9	2,172.8	344.1	5,098.6	121.3	-	-	121.3	5,219.9	-	5,219.9
E03. Hospitality	8.0	-	-	4.0	1.6	13.6	-	-	-	-	13.6	-	13.6
E04. Consultant and experts	-	-	-	-	35.9	35.9	-	58.1	-	58.1	94.0	-	94.0
E05. Travel of representatives	-	-	-	-	-	-	-	-	-	-	-	-	-
E06. Travel of staff	2.1	1.7	13.0	41.4	1.1	59.3	-	0.1	-	0.1	59.4	-	59.4
E07. Contractual services	6.7	0.5	844.9	2,516.4	1.6	3,370.1	4.5	63.8	-	68.3	3,438.4	-	3,438.4
E08. General operating expenses	2.3	0.5	50.4	1,689.5	8.7	1,751.4	-	24.5	-	24.5	1,775.9	-	1,775.9
E09. Supplies and materials	9.1	-	13.0	58.2	-	80.3	-	0.3	-	0.3	80.6	-	80.6
E10. Furniture and equipment	11.2	-	82.5	(79.7)	(7.2)	6.8	-	12.0	-	12.0	18.8	-	18.8
E11. Grants and contributions	-	-	904.4	7,084.6	-	7,989.0	-	0.6	-	0.6	7,989.6	1,540.1	6,449.5
E12. Other expenses	-	5.2	3.9	0.5	42.6	52.2	-	-	60.0	60.0	112.2	-	112.2
<b>Total expenditure</b>	<b>1,871.7</b>	<b>475.2</b>	<b>4,432.0</b>	<b>13,487.7</b>	<b>1,456.6</b>	<b>21,723.2</b>	<b>125.8</b>	<b>159.4</b>	<b>60.0</b>	<b>345.2</b>	<b>22,068.4</b>	<b>1,540.1</b>	<b>20,528.3</b>
<b>Surplus/(deficit)</b>	<b>-</b>	<b>(404.9)</b>	<b>1,333.8</b>	<b>(9,297.2)</b>	<b>83.5</b>	<b>(8,284.8)</b>	<b>-</b>	<b>-</b>	<b>(60.0)</b>	<b>(60.0)</b>	<b>(8,344.8)</b>	<b>-</b>	<b>(8,344.8)</b>
<b>Gross fund balances: 1 January 2020</b>	<b>-</b>	<b>(1,474)</b>	<b>104,033</b>	<b>257,721</b>	<b>12,685</b>	<b>372,965</b>	<b>-</b>	<b>-</b>	<b>(23,166)</b>	<b>(23,166)</b>	<b>349,799</b>	<b>-</b>	<b>349,799</b>

Category	Sources of funds/funding segments										Intersegment elimination	Grand total	
	REGB	FNDN	FNDE	TECH	PRGS	Subtotal	RPTC	DEVT	EOSB	Subtotal			Total
Gross fund balances: 28 February 2021	-	(1,879)	105,367	248,424	12,769	364,680	-	-	(23,226)	(23,226)	341,454	-	341,454
Statutory operating reserves	-	2,000	4,023	11,360	2,932	20,315	-	-	-	-	20,315	-	20,315
<b>Net fund balances: 28 February 2021</b>	<b>-</b>	<b>(3,879)</b>	<b>101,344</b>	<b>237,064</b>	<b>9,837</b>	<b>344,365</b>	<b>-</b>	<b>-</b>	<b>(23,226)</b>	<b>(23,226)</b>	<b>321,139</b>	<b>-</b>	<b>321,139</b>

*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 as at 31 December 2016 – 28 February 2021

(United States dollars)

No.	Contributor	31 Dec. 2016	31 Dec. 2017	31 Dec. 2018	31 Dec. 2019	31 Dec. 2020	28 Feb. 2021
1	Algeria	10,000	-	-	-	10,000	10,000
2	Argentina	10,000	-	-	-	-	-
3	Barbados	-	14,815	14,815	14,700	14,706	-
4	Botswana	-	-	50,000	20,000	20,000	-
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	-
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	Haiti	-	9,910	10,000	-	-	-
15	India	247,227	100,000	100,000	150,000	100,000	-
16	Iraq	-	-	-	50,000	-	-
17	Israel	10,000	10,000	-	3,800	-	-
18	Japan	-	117,136	-	34,950	31,455	-
19	Kenya	-	68,306	206,678	96,398	99,975	-
20	Kiribati	-	-	25,000	-	-	-
21	Korean Republic	-	-	-	-	84,365	-
22	Malawi	-	-	-	10,000	20,000	-
23	Mali	-	-	-	9,653	9,653	-
24	Malaysia	-	-	1,200,000	-	-	-
25	Myanmar	-	10,000	-	-	9,980	-
26	Namibia	-	150,000	-	-	-	-
27	Nigeria	-	25,000	25,000	25,000	-	-
28	Norway	598,982	593,014	632,631	2,356,129	2,180,130	-
29	Pakistan	6,000	-	6,000	6,000	5,941	-
30	Philippines	15,000	15,000	25,000	2,500	-	-
31	Republic of Korea	83,783	87,596	89,204	80,378	-	-
32	Rwanda	-	-	-	-	-	10,000
33	Senegal	-	-	-	9,988	44,868	-
34	Sierra Leone	-	10,000	-	-	-	-
35	Singapore	-	-	-	50,000	-	-
36	Slovakia	15,609	-	-	-	-	-
37	South Africa	-	283,560	150,000	160,000	150,000	-
38	South Sudan	-	-	-	40,000	-	-
39	Spain	-	-	-	977,000	-	-
40	Sri Lanka	25,000	25,000	25,000	23,000	25,000	-
41	United Republic of Tanzania	-	-	9,886	-	-	-
42	United States of America	766,838	692,000	672,974	650,000	545,000	-
43	Zambia	-	24,970	7,820	-	-	-
44	Zimbabwe	30,225	-	-	-	-	-
<b>Total</b>		<b>2,329,524</b>	<b>2,623,199</b>	<b>3,611,555</b>	<b>5,373,065</b>	<b>3,940,519</b>	<b>70,000</b>

## Annex III

### Earmarked voluntary contributions as at 28 February 2021

(thousands of United States dollars)

No.	Contributor	United Nations region	FNDE	TECH	Total
1	Algeria	Africa	-	-	-
2	Egypt	Africa	-	-	-
3	European Commission	Western Europe and Other	2,000.1	4,249.7	6,249.8
4	India	Asia and Pacific	-	43.9	43.9
5	Institute for Transportation and Development Policy	Global	281.4	-	281.4
6	Italy	Western Europe and Other	3.1	-	3.1
7	Korea East-West Power Co Ltd	Asia and Pacific	-	173.7	173.7
8	Rwanda	Africa	-	-	-
9	Sweden	Western Europe and Other	14.6	-	14.6
10	Switzerland	Western Europe and Other	1,112.4	-	1,112.4
11	The Adaptation Fund Board	Global	80.0	-	80.0
12	Tongji University	Asia and Pacific	50.0	-	50.0
13	UN Agencies (Includes One UN Fund)	Global	2,061.6	1,100.7	3,162.3
	<b>Total</b>		<b>5,603.2</b>	<b>5,568.0</b>	<b>11,171.2</b>

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