



**Executive Board of the United Nations
Human Settlements Programme
First meeting (resumed)**
Nairobi, 19 and 20 November 2019
Item 4 of the provisional agenda*

**Approval of the annual work programme
of the United Nations Human Settlements
Programme and of the budget of the
United Nations Habitat and
Human Settlements Foundation for 2020**

United Nations Human Settlements Programme and United Nations Habitat and Human Settlements Foundation

Proposed work programme and budget for 2020

Report of the Advisory Committee on Administrative and Budgetary Questions

I. Introduction

1. The Advisory Committee on Administrative and Budgetary Questions has considered the report of the Executive Director on the proposed work programme of the United Nations Human Settlements Programme (UN-Habitat) and budget of the United Nations Habitat and Human Settlements Foundation for 2020 (HSP/EB.1/2/Rev.1). During its consideration of that report, the Advisory Committee met with representatives of UN-Habitat, who provided additional information and clarification, concluding with a written submission received on 4 October 2019.

2. The report of the Executive Director indicates that the proposed work programme and budget for 2020 are based on the 2020–2023 strategic plan, which articulates the mode of delivery of the New Urban Agenda, Sustainable Development Goal 11 and other relevant Goals. The vision of the strategic plan, which focuses directly on improving people’s lives, is “A better quality of life for all in an urbanizing world” (HSP/EB.1/2/Rev.1, paras. 18 and 19).

II. Proposed work programme for 2020

3. In December 2018, the General Assembly adopted resolution 73/239, by which it established a new governance structure for UN-Habitat, consisting of the universal United Nations Habitat Assembly of the United Nations Human Settlements Programme (UN-Habitat Assembly), a 36-member Executive Board and a Committee of Permanent Representatives. Subsequently, during the first session of the UN-Habitat Assembly, the 36 members of the Executive Board were elected and the rules of procedure of the Executive Board were endorsed. The report indicates that the functions of the Executive Board include the approval and oversight of the annual work programme and budget and of the resource mobilization strategy (HSP/EB.1/2/Rev.1, paras. 15 to 17).

* HSP/EB.1/1/Rev.1.

4. The strategic plan reflects a change from seven to the following four subprogrammes: (i) reduced spatial inequality and poverty in communities across the urban-rural continuum; (ii) enhanced shared prosperity of cities and regions; (iii) strengthened climate action and improved urban environment; and (iv) effective urban crisis prevention and response (HSP/EB.1/2/Rev.1, paras. 19 and 20). Upon enquiry, the Advisory Committee was informed that the change reflected the need to align the subprogrammes with General Assembly resolution 71/243 on the quadrennial comprehensive policy review of operational activities for development of the United Nations system, which in the Assembly called upon the entities of the United Nations development system, within their respective mandates, to mainstream the Sustainable Development Goals in their strategic planning documents. The Committee was further provided with information on the domains of change or goals, outcomes and social inclusion dimensions of the new strategic plan. **The Advisory Committee is of the view that such information on the new strategic plan should have been included in the report for the consideration of the Executive Board, and trusts that future reports of UN-Habitat will include detailed information on the goals and outcomes of the strategic plan 2020–2023.**

5. In respect of the development of indicators to assess the impact of the strategic plan, the Advisory Committee was informed that UN-Habitat was developing a comprehensive results framework to track the implementation of the strategic plan. **The Advisory Committee notes the importance of tracking the implementation of the strategic plan to ensure a focus on outcomes and impact, and looks forward to information in the next report on the progress made in implementing the new strategic plan.**

6. Paragraphs 40–42 of the report describe evaluations completed in 2018 and those planned for 2020. Upon enquiry, the Advisory Committee was informed that evaluations vary in duration depending on scope, resources and decision-making processes. The Committee was also informed that one evaluation, on UN-Habitat management and administration, had been proposed by the Joint Inspection Unit to begin in 2019 and end in 2020. Following a request by the management of UN-Habitat, the evaluation was rescheduled for 2020–2021 to allow for the assessment of the change processes initiated since the UN-Habitat reforms in 2018. **The Advisory Committee trusts that an update on the UN-Habitat management and administration evaluation will be provided to the Executive Board upon its completion.**

III. Proposed budget for 2020

7. The report indicates that the financial framework of UN-Habitat comprises three sources of funding: (i) United Nations regular budget allocations approved by the General Assembly; (ii) United Nations Habitat and Human Settlements Foundation contributions, comprising Foundation non-earmarked budget allocations approved by the Executive Board and Foundation earmarked budget allocations approved by the Executive Director; and (iii) technical cooperation contributions, from which budget allocations are approved by the Executive Director. The report also indicates that, for management purposes, the regular budget and the Foundation non-earmarked funds constitute the core budget of UN-Habitat, as these are approved by the General Assembly and the UN-Habitat Assembly (HSP/EB.1/2/Rev.1, paras. 45 and 46).

8. Overall resource requirements for UN-Habitat for 2020 are projected at \$251,602,300, representing an increase of \$252,800 (or 0.1 per cent) as compared with 2019. The overall budget comprises \$11,162,600 under the regular budget, \$18,927,400 under Foundation non-earmarked funding, \$63,473,700 under Foundation earmarked funding, \$147,397,400 under technical cooperation funding, and \$10,641,000 under programme support funding (HSP/EB.1/2/Rev.1, figure 2 and table 1.1). In addition, the Executive Director recommends the establishment of a general financial reserve of \$1,893,000, representing 10 per cent of the total proposed Foundation non-earmarked budget (HSP/EB.1/2/Rev.1, para. 63).

9. The Advisory Committee was provided, upon request, with table 1 below, which shows a breakdown by strategic priority for all sources of funding from 2016 to 2020:

Table 1

Breakdown of all sources of funding, by strategic priority

(Thousands of United States dollars)

<i>Strategic priority</i>	<i>2016 expenditure</i>	<i>2017 expenditure</i>	<i>2018 expenditure</i>	<i>2019 approved budget</i>	<i>Percentage change from 2019 to 2020</i>	<i>2020 proposed budget</i>
Programme of work	158 250.0	169 842.0	155 860.0	226 810.2	2.9	233 324.5
Polycymaking organs	13.1	14.7	9.2	566.2	97.3	1 116.9
Executive direction and management	29 284.0	27 038.2	28 025.8	14 709.2	(59.0)	6 032.2
Programme support	10 458.9	11 831.1	11 903.8	9 263.9	20.1	11 128.7
Total	198 006.0	208 726.0	195 798.0	251 349.5	0.1	251 602.3

10. The Advisory Committee notes that under programme of work, the amount of \$233,324,500 is proposed, representing an increase of 2.9 per cent as compared with the 2019 approved amount of \$226,810,200. The Committee also notes that under the overall budget, the proposed amount for programme support of \$11,128,700 represents an increase of 20.1 per cent as compared with the 2019 approved amount of \$9,263,900. **The Advisory Committee trusts that the Executive Director will provide further information on the proposed increases to the Executive Board.**

11. Table 1.2 of the report sets out the proposed 2020 budget by category of expenditure. Upon enquiry, the Advisory Committee was provided with a breakdown by category of expenditure for 2018 and 2019 as reflected in table 2 below. **The Advisory Committee recommends that UN-Habitat include such comparative information for prior years by category of expenditure and strategic priority in future reports, as well as explanations for the main variances.**

Table 2

Resource breakdown by category of expenditure from 2018–2020

(Thousands of United States dollars)

<i>Category of expenditure</i>	<i>2018 expenditure</i>	<i>2019 approved budget</i>	<i>Percentage change from 2019 to 2020</i>	<i>2020 proposed budget</i>
Posts	20 039.8	28 639.1	13.0	32 376.5
Other staff costs	60 569.1	80 035.1	(20.9)	63 338.0
Hospitality	6.0	7.6	1 318.4	107.8
Consultants	1 032.1	2 535.1	640.2	18 764.0
Travel of representatives	-	-	100.0	40.0
Travel of staff	11 930.0	15 834.5	(3.6)	15 272.0
Contractual services	16 954.3	24 455.5	(27.6)	17 717.9
General operating expenses	35 100.5	29 524.7	(5.0)	28 035.4
Supplies and materials	1 196.0	645.9	569.2	4 322.4
Furniture and equipment	2 354.2	3 740.6	67.0	6 246.8
Grants and contributions (out)	36 566.0	65 932.1	(0.8)	65 381.5
Total	185 748.0	251 350.2	0.1	251 602.3
Post	20 039.8	28 639.1	13.0	32 376.5
Non-post	165 708.2	222 711.1	(1.6)	219 225.8
Total	185 748.0	251 350.2	0.1	251 602.3

12. The Advisory Committee notes that figure 2 of the report indicates that the proposed amount of \$18.9 million from Foundation non-earmarked funds represents an increase of \$5.9 million as compared with 2019, although the accompanying graphic denotes a decrease. Upon enquiry, the Committee was informed that the amount represented an increase; therefore, the graphic is an error. The Committee also notes additional small errors and was informed, upon enquiry, of other errors in the data presented in the report, such as the inclusion of rows in table 2.1 and table 3.2 where no data exist. **The Advisory Committee trusts that more accurate information will be presented in future UN-Habitat reports.**

13. Upon enquiry, the Advisory Committee was informed that the emphasis in the report was placed on the Foundation non-earmarked funds, as that portion required the approval of the Executive Board, while the estimated level of other funding sources would only be noted by the Executive Board. The Committee was provided with table 3 below, which sets out a breakdown by strategic priority of the Foundation non-earmarked funds for the period 2018–2020.

Table 3**Breakdown of Foundation non-earmarked funds by strategic priority**

(Thousands of United States dollars)

<i>Strategic priority</i>	<i>2018 expenditure</i>	<i>2019 approved budget</i>	<i>Percentage change from 2019 to 2020</i>	<i>2020 proposed budget</i>
Programme of work	2 350.4	6 458.7	82	11 785.70
Policymaking organs	-	-	-	439.1
Executive direction and management	144.2	4 248.1	(33)	2 856.0
Programme support	2 024.4	2 323.5	66	3 846.6
Total	4 519.0	13 030.3	45.3	18 927.4

14. The Advisory Committee notes from the table above the proposed changes in allocations by strategic priority from 2019 to 2020, including increases under programme of work and programme support, as well as a new provision for policymaking organs. The Committee was informed, upon enquiry, that under policymaking organs, funding for the secretariat of the governing bodies, which had been previously provided under the regular budget, was proposed to be covered under Foundation non-earmarked funds.

15. The Advisory Committee's observations and recommendations on the proposed regular budget for 2020 for UN-Habitat are contained in its first report, in which the Committee recommended approval of the proposed amount of \$11,162,600 and total staffing of 73 posts for 2020 (A/74/7, sect.15).

A. Posts

16. Table 2.1 of the report indicates that proposed staffing for 2020 comprises 135 posts under Foundation non-earmarked funds, 73 posts under the regular budget and 47 posts under programme support, amounting to a total of 255 posts, as compared with 283 posts in 2019.

17. Under staffing, UN-Habitat estimates a total core post requirement of 316 posts, to be filled in a staggered manner over the four-year period of the 2020–2023 strategic plan, starting with 255 posts in 2020, an additional 48 posts in 2021, 12 more posts in 2022 and 1 additional post in 2023 (HSP/EB.1/2/Rev.1, para. 53 and table 1.5 B). Upon enquiry, the Advisory Committee was informed that the proposed posts would equip UN-Habitat with a more focused workforce of senior research experts, multidisciplinary advisers and urban thought leaders to operationalize the strategic plan, with a view to supporting Member States and development partners in the implementation, monitoring and review of the Sustainable Development Goals and the New Urban Agenda.

18. In respect of current staffing levels, upon enquiry, the Advisory Committee was informed that UN-Habitat currently had 130 approved posts under Foundation non-earmarked funds. Due to decreases in non-earmarked voluntary contributions, 60 posts had been frozen in 2017; subsequently, an additional 32 posts had been frozen due to austerity measures implemented as a result of the further decrease in voluntary contributions from Member States. **The Advisory Committee trusts that the Executive Director will provide detailed information to the Executive Board on the financial situation and status of recruitment at the time of its consideration of the present report.**

B. Non-post resources

19. The Advisory Committee notes from table 3 above that the amount proposed under consultants for 2020 is \$18,764,000, representing an increase of 640.2 per cent as compared with the amount of \$2,535,100 approved for 2019, while expenditure in 2018 amounted to \$1,032,100. Upon enquiry, the Committee was informed that the proposed resources would cover the services of academic thought leaders and specialists for short periods; the provision of cross-sectoral professional knowledge that would be costly to develop within UN-Habitat; and short-term coverage of the annual calendar of events. **Considering the significant increase proposed under consultants, the Advisory**

Committee is of the view that UN-Habitat should limit the overall level of consultants through the use of in-house capacity, while also exploring greater use of local consultants.

20. The report indicates that a programme support rate of 13 per cent will be charged in cost recovery, which is projected to receive \$1.3 million in 2020 based on programme support revenue projected at \$10.0 million (HSP/EB.1/2/Rev.1, para. 59). Upon enquiry, the Advisory Committee was informed that the programme support costs are intended to recover the incremental indirect costs associated with supporting earmarked activities, to ensure that the additional cost is not borne by funds intended for the regular programme of work. **The Advisory Committee considers that more information should be provided in future reports on the method used to determine programme support costs.**

IV. Other matters

21. The summary of the report states that the document was prepared in accordance with the support guide issued on 31 December 2019 by the Programme Planning and Budget Division of the Office of Programme Planning, Budget and Accounts of the Secretariat. Upon enquiry, the Advisory Committee was informed that the format of the document is similar to the format used for the proposed programme budget for 2020 due to guidance provided by the Controller's Office to use the same templates and narrative style for UN-Habitat's extrabudgetary submission. In its first report on the proposed programme budget for 2020 (A/74/7, chap. I, part A), the Advisory Committee makes comments and recommendations on budget, methodology, format and presentation, which also apply to the report of the Executive Director. **The Advisory Committee is also not convinced that UN-Habitat's extrabudgetary submission is improved by adopting the format of the proposed programme budget for 2020, and recommends that UN-Habitat revert to its previous format when it submits a proposed work programme and budget for 2021.**

22. The Advisory Committee further notes that the report does not include a draft decision on the proposed work programme and budget for 2020 for the consideration of the Executive Board, although the summary of the report indicates that the Executive Director recommends that the Executive Board approve the work programme and budget for 2020. Upon enquiry, the Committee was informed that UN-Habitat was following past practice, where draft decisions were not presented in the work programme and budget document. The Committee was further informed that draft resolutions will be prepared during the meetings of the Executive Board. The Committee notes that paragraph 63 of the report contains one recommendation by the Executive Director regarding the financial reserve. **In order to ensure transparency and clarity, the Advisory Committee recommends that UN-Habitat consider including decision points requiring the approval of the Executive Board.**

23. **With respect to the recommendations of the Board of Auditors and the Advisory Committee, the Committee recalls that it had repeatedly requested that future budget presentations of UN-Habitat include information on the implementation status of the recommendations of the Board of Auditors, as well as on the recommendations of other relevant bodies, including the Advisory Committee, as an annex (see HSP/GC/26/6/Add.1, para. 13; HSP/GC/24/5/Add.4, para. 13; and HSP/GC/23/5/Add.1, para. 10).** The Advisory Committee notes that the report of the Executive Director again does not provide that information. Upon enquiry, the Committee was informed that this was an omission and that such an annex would be included in all future budget documents, beginning with the proposed budget for 2021.

24. Regarding the status of implementation, the Advisory Committee was informed, upon enquiry, that five audit recommendations had been implemented, with 17 remaining. **The Advisory Committee emphasizes the importance of implementing the recommendations of the Board of Auditors in full and in a timely manner. The Committee trusts that the outstanding recommendations of the Board of Auditors will be implemented expeditiously.**