

Proposal of format, scope and contents of UN-Habitat Financial Plan

Background

1. The UN-Habitat Executive Board requests the UN-Habitat Executive Director to submit a Financial Plan to support the implementation of UN-Habitat strategic plan for the period 2020-2023.¹
2. The Executive Board did not define the composition of the Financial Plan and requested verbally that UN-Habitat Secretariat propose the design of the Financial Plan.

Proposal

3. UN-Habitat Secretariat hereby proposes that the UN-Habitat Financial will be a **forecast** of Revenues and Expenditures to **achieve** the **outcomes** and **deliverables** noted in the UN-Habitat Strategic Plan.
4. It is proposed that the forecast of Revenues will be prepared showing the following scenarios:
 - a. Full projected revenue realization and associated expenditures costs required to produce the deliverables required to achieve the outcomes indicated in the Strategic Plan.
 - b. Incremental Revenue Forecasts based on achieving revenue realization at 60%, 80%, 120% of the full projected revenue realization. Corresponding forecast of deliverables and expenditure revenues would be presented based on the level revenue realization.

Historical revenue forecasts based on the last three fiscal years would be used to forecast the deliverables and associated expenditures.

5. The timeframe proposed to be covered by the UN-Habitat Financial Plan:
 - a. The forecast would be initially for the four-years of the Strategic Plan
 - b. The forecast during the implementation of the Strategic Plan would be for the remaining years of the Strategic Plan.
6. The proposed scope of the Financial Plan is to include all UN-Habitat Funds in the following groups:
 - a. Foundation unearmarked
 - b. Regular Budget
 - c. Foundation earmarked
 - d. Technical Cooperation Funds
 - e. Programme Support Costs
 - f. End-of-Service-Benefits
7. The proposed frequency at which the UN-Habitat Financial Plan will be presented:
 - a. The four-year forecast would be presented in conjunction with the Strategic Plan every four years to the UN-Habitat Assembly.
 - b. The updates to the forecasts would be presented annually to the Executive Board in conjunction with the submission of the annual Work Programme and Budget.
8. It is proposed the Financial Plan will include:
 - a. A preamble on the political, economic, and environmental conditions that could have a major impact on the forecast of Revenues and Expenditures

¹ Resolution 1/1 adopted by the UN-Habitat Assembly on 31 May 2019 (HSP/HA.1/Res.1) and Decision 2019/1 adopted by the Executive Board during its first resumed meeting on 19-20 November 2019 (HSP/EB.1/11)

- b. An assessment of UN-Habitat’s financial sustainability – which is proposed to be based on 30 June month-end providing the net income of the six fund categories, and ratios of liquidity and solvency for each of the fund categories
- c. An assessment of UN-Habitat’s organizational sustainability – which is proposed to demonstrate predictable, stable, and sustainable contributions to UN-Habitat
- d. A forecast of Revenues and Expenditure scenarios that will be presented at 60%, 80%, 100%, and 120% of estimated overall cost of the Strategic Plan.

9. It is proposed that content of the Financial Plan will be calculated using the following methodology:

- a. Forecast of Revenues and Expenditures will utilize the World Bank’s world inflation rate² from the last full year to project the future years of the UN-Habitat Financial Plan.
- b. Forecast of Revenues and Expenditure for the future years will utilize the United Nations Operational Rates of Exchange applicable in the month proceeding the submission of Financial Plan to Conference Services for translation.

Benefits and Challenges

10. Please take note of the benefits and challenges of a Financial Plan for your discussions:

Benefits	Challenges
Links the Strategic Plan with a financial forecast of Revenues and Expenditures required to implement the Strategic Plan.	The level of risk and uncertainty in forecasting of future political, economic, and environmental factors in the medium-term.
The Financial Plan can stimulate discussion and provides an indicative medium range financial perspective among UN-Habitat stakeholders.	The ability to ascertain donor priorities over the medium term.
It is a tool to identify potential financial challenges.	

Next Steps

- 11. The UN-Habitat Secretariat would like to seek the feedback of the Ad-Hoc Working Group on Programmatic, Budgetary and Administrative matters on the draft proposal.
- 12. The UN-Habitat Secretariat will be consulting with the United Nations Controller, Mr. Chandramouli Ramanathan, on the draft format, to ensure alignment with United Nations financial reporting and the reforms on Programmatic and Budgetary matters initiated by the Secretary-General.

² <https://data.worldbank.org/indicator/FP.CPI.TOTL.ZG>

Proposed format of the Financial Plan to be presented with the Strategic Plan 2023 – 2027

Calendar Years 2023 - 2027					
FINANCIAL PLAN OF PROJECTED REVENUES AND EXPENDITURES					
<i>(thousands of United States dollars)</i>					
<i>Funding sources</i>	<i>Approved</i>	<i>Projected</i>	<i>Projected</i>	<i>Projected</i>	<i>Projected</i>
	<i>Budget 2023</i>	<i>Budget 2024</i>	<i>Budget 2025</i>	<i>Budget 2026</i>	<i>Budget 2027</i>
REVENUES					
Foundation non-earmarked					
Regular Budget					
Foundation earmarked					
Foundation Technical Cooperation					
End-of-Service-Benefits					
Programme Support Costs					
Total					
Revenues					
EXPENDITURES					
Foundation non-earmarked					
Regular Budget					
Foundation earmarked					
Foundation Technical Cooperation					
End-of-Service-Benefits					
Programme Support Costs					
Total					
Expenditures					
Net Revenues					
Contingencies and Operating Reserves					
<i>Excess / (Shortfall) of Revenues</i>					
<i>over Expenditures and</i>					
<i>Operating Reserves</i>					

UN-Habitat					
Calendar Years 2023 - 2027					
Projected Financial resources requirements by category of expenditure					
<i>(thousands of United States dollars)</i>					
<i>Component</i>	<i>Approved</i>	<i>Projected</i>	<i>Projected</i>	<i>Projected</i>	<i>Projected</i>
	<i>Budget</i>	<i>Budget</i>	<i>Budget</i>	<i>Budget</i>	<i>Budget</i>
	<i>2023</i>	<i>2024</i>	<i>2025</i>	<i>2026</i>	<i>2027</i>
Subcategory of expenditure					
Posts and other Staff costs					
Non-post					
Total					
Post					
Non-post					
Total					

Proposed format of the Financial Plan to be presented annually during the implementation of the UN-Habitat Strategic Plan

UN-Habitat					
Calendar Years 2023 - 2027					
FINANCIAL PLAN OF PROJECTED REVENUES AND EXPENDITURES					
<i>(thousands of United States dollars)</i>					
<i>Funding sources</i>	<i>Actuals 2023</i>	<i>Approved Budget 2024</i>	<i>Projected Budget 2025</i>	<i>Projected Budget 2026</i>	<i>Projected Budget 2027</i>
REVENUES					
Foundation non-earmarked					
Regular Budget					
Foundation earmarked					
Foundation Technical Cooperation					
End-of-Service-Benefits					
Programme Support Costs					
Total Revenues					
EXPENDITURES					
Foundation non-earmarked					
Regular Budget					
Foundation earmarked					
Foundation Technical Cooperation					
End-of-Service-Benefits					
Programme Support Costs					
Total Expenditures					
Net Revenues					
Contingencies and Operating Reserves					
<i>Excess / (Shortfall) of Revenues over Expenditures and Operating Reserves</i>					

UN-Habitat					
Calendar Years 2023 - 2027					
Projected Financial resources requirements by category of expenditure					
<i>(thousands of United States dollars)</i>					
<i>Component</i>	<i>Actuals 2023</i>	<i>Approved Budget 2024</i>	<i>Projected Budget 2025</i>	<i>Projected Budget 2026</i>	<i>Projected Budget 2027</i>
Subcategory of expenditure					
Posts and other Staff costs					
Non-post					
Total					
Post					
Non-post					
Total					