

**Executive Board Working Group
on
Programmatic, Budgetary and
Administrative Matters**

17 June 2020

**Concept Note
UN-Habitat Financial Plan**

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Agenda for presentation of the proposed UN-Habitat Financial Plan

1. Mandate for developing a UN-Habitat Financial Plan
2. Benefits and Challenges for the UN-Habitat Financial Plan
3. Proposed elements of the UN-Habitat Financial Plan
4. Proposed calculation methodology for the Revenue and Expenditure forecasts
5. Frequency of issuing and updating the Financial Plan

UN-Habitat Assembly Request

Mandate for developing a Financial Plan

The UN-Habitat Secretariat based the proposed design of the Financial Plan on the mandate given by UN-Habitat Assembly and a key notation in the UN-Habitat Strategic Plan 2020 - 2023

Requests the Executive Director to submit for approval by the Executive Board at its first session of 2020

- (a) an accountability framework, along with monitoring and evaluation mechanisms for assessing the implementation of the framework,
- (b) a resource mobilization strategy, and
- (c) a financial plan, all of which are needed to support the implementation of the strategic plan for the period 2020–2023, in accordance with operative paragraph 3 (a) of resolution 1/1 of 31 May 2019 of the UN-Habitat Assembly; HSP/HA.1/Res.1.

The Strategic Plan will require organizational change and a new model for financial sustainability to ensure the resources at the disposal of UN-Habitat are commensurate with its mandates and role.^{/2}

^{/1} HSP/HA.1Res.1 Para 3a

^{/2} UN-Habitat Strategic Plan 2020 – 2023 Para 14

UN-Habitat Assembly Request

Benefits and Challenges of a Financial Plan

Benefits:

- Links the Strategic Plan with a financial forecast of Revenues and Expenditures required to implement the Strategic Plan.
- The Financial Plan can stimulate discussion and provides an indicative medium range financial perspective among UN-Habitat stakeholders.
- It is a tool to identify potential financial challenges.

Challenges:

- The level of risk and uncertainty in forecasting of future political, economic, and environmental factors in the medium-term.
- The ability to ascertain donor priorities over the medium term.

UN-Habitat Financial Plan Proposed Elements

- ❑ Time period to be covered by the Financial Plan – It proposed that:
 - The forecast would be initially for the four-years of the Strategic Plan
 - The forecast during the implementation of the Strategic Plan would be for the remaining years.

- ❑ Scope of Funds to be covered - It is proposed that the UN-Habitat Financial Plan will cover all UN-Habitat Funds in the following groups:
 - Foundation unearmarked
 - Regular Budget
 - Foundation earmarked
 - Technical Cooperation Funds
 - Programme Support Costs
 - End-of-Service-Benefits

UN-Habitat Financial Plan Proposed Elements

- ❑ Frequency at which the Financial Plan will be presented to the UN-Habitat Assembly and Executive Board. It proposed that:
 - The four-year forecast would be presented in conjunction with the Strategic Plan every four years to the UN-Habitat Assembly
 - 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

UN-Habitat Financial Plan

Proposed Elements

- ❑ It is proposed that content of the Financial Plan will include:
 - Preamble on the political, economic, and environmental conditions that could have a major impact on the forecast of Revenues and Expenditures
 - Assessment of 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
 - Assessment of Organizational sustainability – Which is proposed to demonstrate predictable, stable, and sustainable contributions to UN-Habitat
 - Forecast of Revenues and Expenditure scenarios presented at 60%, 80%, 100%, and 120% of estimated overall cost of the Strategic Plan

UN-Habitat Financial Plan

Proposed Calculation Methodology

- ❑ It is proposed that content of the Financial Plan will be calculated using the following methodology:
 - Forecast of Revenues and Expenditures will utilize the World Bank's world inflation rate ^{/2} from the last full year to project the future years of the UN-Habitat Financial Plan
 - 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

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

Proposed UN-Habitat Financial Plan Table 1

Proposed to be presented with the Strategic Plan to the UN-Habitat Assembly

Calendar Years 2023 - 2027 FINANCIAL PLAN OF PROJECTED REVENUES AND EXPENDITURES

(thousands of United States dollars)

| <i>Funding sources</i> | <i>Approved Budget 2023</i> | <i>Projected 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> | | | | | |

Proposed UN-Habitat Financial Plan Table 2

Proposed to be presented with the Strategic Plan to the UN-Habitat Assembly

UN-Habitat
Calendar Years 2023 - 2027

Projected Financial resources requirements by category of expenditure

(thousands of United States dollars)

| <i>Component</i> | <i>Approved Budget 2023</i> | <i>Projected 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 | | | | | |

Proposed UN-Habitat Financial Plan Table 3

Proposed to be presented annually to the Executive Board with the Work Programme and Annual Budget Proposal

UN-Habitat Calendar Years 2023 - 2027 FINANCIAL PLAN OF PROJECTED REVENUES AND EXPENDITURES

(thousands of United States dollars)

| <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> | | | | | |

Proposed UN-Habitat Financial Plan Table 4

Proposed to be presented annually to the Executive Board with the Work Programme and Annual Budget Proposal

UN-Habitat
Calendar Years 2023 - 2027

Projected Financial resources requirements by category of expenditure

(thousands of United States dollars)

| <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 | | | | | |

UN-Habitat Executive Board Working Group Programmatic, Budgetary, and Administrative Matters

The UN-Habitat Secretariat would like to seek the feedback of the Working Group on the draft proposal.

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

Thank you

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