



**UN HABITAT** Executive Board  
of the United Nations  
Human Settlements Programme

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**Executive Board of the United Nations**

**Human Settlements Programme**

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Item 5 of the provisional agenda\*

**Discussion and possible approval of the draft annual  
work programme of the United Nations Human Settlements  
programme and the draft budget of the United Nations  
Habitat and Human Settlements Foundation for 2021**

**United Nations Human Settlements Programme and Foundation  
Proposed work programme and budget for the year 2021**

**Report of the Advisory Committee on Administrative and  
Budgetary Questions**

**I. Introduction**

1. The Advisory Committee has considered an advance version of the report of the Executive Director on the proposed work programme and budget for the year 2021 of the United Nations Human Settlements Programme (UN-Habitat) and the Human Settlements Foundation (HSP/EB.2020/22). During its consideration of the report, the Committee received additional information and clarification from UN-Habitat, concluding with written responses dated 9 October 2020.

**II. Proposed work programme for 2021**

2. The Executive Director indicates that the UN-Habitat strategy for delivering the 2021 work programme is driven by its strategic plan for the period 2020–2023, which was approved by the UN-Habitat Assembly at its first session held in May 2019. The strategic plan sets out the UN-Habitat vision of “a better quality of life for all in an urbanizing world”. The four subprogrammes approved in the strategic plan include: (a) reduced spatial inequality and poverty in communities across the urban-rural continuum; (b) enhanced shared prosperity of cities and regions; (c) strengthened climate action and improved urban environment; and (d) effective urban crisis prevention and response (HSP/EB.2020/22, paras. 5-8).

3. The Advisory Committee recalls that UN-Habitat was developing a comprehensive results framework to track the implementation of the strategic plan. Upon enquiry, the Committee was informed that the integrated results

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\* HSP/EB.2020/19.

framework of the Strategic Plan 2020-2023 has been submitted to the UN-Habitat Executive Board for consideration at its session in October 2020 and that the roll-out of the framework depends upon the approval by the Board. Furthermore, the Committee was informed that results-based management and its tools, such the results-framework and performance measurement plan, provide the basis for Member States to monitor and evaluate the performance of UN-Habitat, as well as the basis for stronger communication, outreach and advocacy, and fundraising. **The Advisory Committee reiterates the importance of tracking the implementation of the strategic plan to ensure a focus on outcomes and impact, and looks forward to information on the progress to be made in implementing the strategic plan 2020-2023 in the next report of the Executive Director (see HSP/EB.1/2/Rev.1/Add.1, para. 5).**

### **III. Proposed budget for 2021**

4. The financial framework of UN-Habitat comprises three broad sources of funding: (a) United Nations regular budget appropriations (approved by the General Assembly); (b) non-earmarked and earmarked contributions to the United Nations Habitat and Human Settlements Foundation (the former approved by the Executive Board and the latter approved by the Executive Director); and (c) technical cooperation contributions (approved by the Executive Director). For management purposes, the United Nations regular budget appropriations and non-earmarked contributions to the United Nations Habitat and Human Settlements Foundation are UN-Habitat's "core resources" (HSP/EB.2020/22, paras. 26-29).

5. The Executive Director indicates that the consolidated work programme and budget for 2021 have been prepared following an analysis of the targeted income from the three sources of funding for the biennium based on the resources required to implement the proposed annual work programme *ibid.*, para. 31).

6. Programme support revenue derives from the implementation of the earmarked funds, which is a percentage of total direct programme costs in line with administrative instructions ST/AI/286 (*ibid.*, para. 30). The Advisory Committee was informed, upon enquiry, that UN-Habitat consistently and continuously evaluates the level and composition of resources required to effectively support the implementation of earmarked funded projects. UN-Habitat is putting in place new project formulation guidelines so that all normative work, operational activities, as well as programme support, is accurately costed and directly attributed in project budgets.

#### *Resource plan for 2021*

7. The overall resource requirements for UN-Habitat for 2021 are estimated at \$228,191,100, reflecting a decrease of \$24,756,800, or 9.8 per cent, compared with the approved budget of \$252,947,900 for 2020. Of the total, a provision of \$195.9 million (or 85.8 per cent) is reserved for programme activities, while an amount of \$22.5 million (or 9.9 per cent) is for core normative activities and support for policy making organs, executive direction and management, and an amount of \$9.8 million (or 4.3 per cent) is budgeted for programme support activities (*ibid.*, paras. 34 and 37). Projected funding of the budget for 2021 from the various sources of funding is discussed in paragraphs 40 to 46 of the report of the Executive Director.

8. Information on resource requirements by sources of funds, funding category, strategic area and priority, and category of expenditure is provided in tables 2 to 8 in the report of the Executive Director. Upon enquiry, the Advisory Committee was provided with information on the expenditure as at 30 September 2020, in addition to information contained in table 6 on 2019 expenditure, 2020 resources and 2021 proposal (see table below). **The Advisory Committee welcomes the inclusion of comparative information by category of expenditure and strategic priority per its recommendation in the report on the proposed programme work and budget for 2020 (HSP/EB.1/2/Rev.1/Add.1, para. 11).**

Table  
Resources by category of expenditure, 2019-2021

<i>Expenditure subcategory</i>	<i>Actual 2019</i>	<i>Expenditure 30 September 2020</i>	<i>Approved 2020</i>	<i>Change</i>	<i>Percentage change</i>	<i>Estimated 2021</i>
Posts	20 696.4	15,778.1	33 745.5	(7 950.4)	(23.6)	25 795.1
Other staff costs	64 124.6	44,282.0	63 344.0	3 366.3	5.3	66 710.3
Hospitality	81.8	30.8	108.0	(100.2)	(92.8)	7.8
Consultants	324.1	700.5	18 754.0	(18 240.5)	(97.3)	513.5
Travel of representatives	4.4	7.3	40.0	(40.0)	(100.0)	–
Travel of staff	3 437.5	1,539.6	15 257.3	(5 919.9)	(38.8)	9 337.4
Contractual services	15 734.2	9,599.1	17 709.9	6 338.4	35.8	24 048.3
General operating expenses	16 984.5	14,910.0	28 041.7	(13 057.4)	(46.6)	14 984.3
Supplies and materials	655.7	409.1	4 322.9	(716.2)	(16.6)	3 606.7
Furniture and equipment	1 883.6	1,177.6	6 243.1	(2 116.9)	(33.9)	4 126.2
Grants and contributions	48 430.7	22,756.2	65 381.5	13 680.0	20.9	79 061.5
<b>Total</b>	<b>172 357.5</b>	<b>111,177.1</b>	<b>252 947.9</b>	<b>(24 756.8)</b>	<b>(9.8)</b>	<b>228 191.1</b>

9. In view of the expected level of expenditure in 2021, a general financial reserve of \$2.0 million is recommended, which is equivalent to 20 per cent of the Foundation non-earmarked budget of \$10.0 million. It is indicated that the recommended amount is based on the historical timing of Foundation non-earmarked fund payments (ibid., para. 56).

### *Funding gaps*

10. The Executive Director reports that over a period of many years, contributions from Member States to the Foundation non-earmarked fund have fallen far short of the budget approved. For example, contributions amounted to \$22.7 million (32 per cent) against the approved budget of \$70.2 million for the biennium 2012–2013, and \$10.1 million (22 per cent) in 2014–2015 and \$5.0 million (11 per cent) in 2016–2017, respectively, against the approved budget of \$45.6 million for both periods. UN-Habitat received \$8.7 million in 2018–2019 (33.3 per cent) against the approved budget of \$26.0 million for the period. Furthermore, the Executive Board requested in June 2020 that the Executive Director prepare a 2021 work programme with a ceiling of \$10.0 million for Foundation non-earmarked funds (HSP/EB.2020/22, paras. 32 and 33). Upon enquiry, the Advisory Committee was informed that UN-Habitat has not been able to obtain funding of the annual approved programme of work under the Foundation non-earmarked contributions, resulting in a series of austerity measures being enacted by the Executive Director in recent years, including measure undertaken in 2020.

11. The Executive Director indicates that UN-Habitat will continue working with Member States to achieve more predictable multi-year funding for its normative work, by expanding its donor base and mobilizing support from new initiatives to be carried out to support the implementation of the New Urban Agenda and achievement of the Sustainable Development Goals. UN-Habitat will continue to work with Member States to expand the number of countries contributing to the core resources for its work programme (ibid., para. 38). **The Advisory Committee encourages UN-Habitat to further its efforts on resource mobilization and outreach activities with a view to increasing non-earmarked contributions to the Foundation.**

### *Regular budget resources*

12. With respect to the provisions from the regular budget of the United Nations for approval of the General Assembly, the Advisory Committee has recommended approval of the proposed resources of \$12.5 million for 2021, including 73 posts, under section 15, Human settlements. In addition, the Committee recalls that an amount of \$1,047,900 is proposed for 2021 for UN-Habitat under section 23, Regular programme of technical cooperation (see A/75/6 (sect.23), table 23.4). The proposed resources under sections 15 and 23 are subject to its recommendations contained in its first report on the proposed programme budget for 2021 (A/75/7, chap. I.D).

13. The report of the Executive Director indicates that UN-Habitat also receives regular budget allocations under the Development Account that are related to implementation of specified development projects (HSP/EB.2020/22, para. 27). The Advisory Committee recalls that UN-Habitat is one of the implementing entities for the projects proposed under section 35, Development Account and that the proposed provision for UN-Habitat amounts to \$1,077,000 for 2021, compared with \$550,000 for 2020. Following the approval by the General Assembly of the proposed programme budget, the list of projects would be finalized in response to the needs and demands of Member States (A/75/7, para. XIII.10 and table XIII.2).

### *Post requirements*

14. A total of 181 posts is proposed for 2021, comprising 73 posts from the regular budget, 58 posts from foundation non-earmarked contributions and 50 posts from programme support fund, compared with a total of 255 posts authorized for 2020 (HSP/EB.2020/22, para. 48 and table 11). Estimated distribution of the posts by funding source and strategic priority is contained in tables 11 and 12 in the report of the Executive Director.

15. The proposed 58 posts for 2021 under foundation non-earmarked fund represents a reduction of 77 posts, compared with 135 posts for 2020. The Advisory Committee recalls that it was informed during its consideration of the regular budget for 2021 that, owing to the ongoing financial constraints of the Foundation's unearmarked fund, 80 of the 135 positions authorized for 2020 remained frozen, in accordance with the decision made by the Executive Board in November 2019 (A/75/7, para. IV.87). The Committee was also informed, upon enquiry, that the proposal of 58 posts for 2021 would not require any reduction in the existing 44 staff funded by the UN-Habitat Foundation non-earmarked fund, but the reductions directly impact the normative work that UN-Habitat can deliver.

## **IV. Other matters**

### *Impact of the coronavirus disease pandemic*

16. Upon enquiry, the Advisory Committee was informed that, as an agency with a hybrid of normative and operational activities, UN-Habitat experience of working remotely during the COVID-19 pandemic has yielded mixed results. While the use of technology to meet remotely for day-to-day operations, expert group meetings and learning exchanges has become more effective or easier, its work relating to on-the-ground capacity development is not always effectively implemented remotely, in particular for those communities that are not well connected to the internet and who are at risk of being left behind. It is foreseen that there may be ongoing opportunities for continuing virtual meetings and flexible work arrangements where possible, but there will be continuing need for travel in order to meet in person with local and national governments and other partners. Concerning remote working of the United Nations staff members, the Committee was informed that there could be possible negative media attention because not all Member States, local government partners and donors view telecommuting as a responsible and effective way for UN-Habitat to operate, which could lead to apprehension among donors and decreased funding.

17. The Executive Director also indicates that responding to the guidance provided by the Executive Board on 29 June 2020, this programme plan reflects a pragmatic scaling down of the original ambitions of 2019, owing to the

coronavirus disease (COVID-19) pandemic and the subsequent economic impact (HSP/EB.2020/22, Foreword). **The Advisory Committee trusts that the next report of the Executive Director will provide an update on lessons learned and best practices from measures undertaken and progress made by UN-Habitat to respond to the challenges presented by the Covid-19 pandemic.**

### *Presentation*

18. The Advisory Committee notes that annexes III and IV to the report of the Executive Director presents information on the implementation of recommendations of the Board of Auditors, as well as those of the Committee contained in its report on the proposed work programme and budget for the year 2020 for UN-Habitat and Foundation. **The Advisory Committee welcomes the inclusion of the information in the report of the Executive Director, as it has repeatedly requested, and trusts that the related information will continue to be provided in future reports (see HSP/EB.1/2/Rev.1/Add.1, para. 23).**

19. The Executive Director recommends that the Executive Board approve the proposed work programme and budget for the year 2021 (HSP/EB.2020/22, summary). **The Advisory Committee welcomes the inclusion of a recommendation for action by the Executive Board in the report of the Executive Director in response to its related recommendation (see HSP/EB.1/2/Rev.1/Add.1, para. 22).**