

Summary of the seventeenth meeting of the Ad-Hoc working group on programmatic, budgetary and Administrative matters of the Executive Board

Wednesday 15 September 2021 – 10:00 – 12:00 East Africa Time

Chair: H.E. Ms. Saqlain Syedah
Permanent Representative of the Islamic Republic of Pakistan to UN-Habitat

1. Adoption of the Agenda

The Ad-Hoc working group on programmatic, budgetary and administrative matters of the Executive Board adopted the provisional agenda for its seventeenth meeting as follows:

1. Adoption of the provisional Agenda.
2. Discussions on the draft work programme and draft budget of UN-Habitat for the year 2022.
3. Alignment of planning cycles of UN-Habitat with the QCPR
4. Any other matters.

After the adoption of the Agenda, the meeting considered Agenda item 2, namely discussions on the draft work programme and draft budget of UN-Habitat for the year 2022.

2. Discussions on the draft Work Programme and draft budget of UN-Habitat for the year 2022

Under this item, the Chair first gave the following background:

- i. The Chair recalled that the Executive Board at its second session in 2020, through its Decision 2020/6, recommended that the Ad-Hoc working group on programmatic, budgetary and administrative matters, discuss a draft work programme and draft budget of UN-Habitat for the year 2022.
- ii. The Ad-Hoc working group, at its meetings held on 18 January 2021 and 11 February 2021, gave its preliminary support for the proposed budget for the year 2022 with a cap on USD 10 Million for the United Nations Habitat and Human Settlements Foundation non-earmarked budget of UN-Habitat, taking into consideration the ongoing financial situation of the Organization, and supported the proposed work programme for 2022, which aligns with the 2020- 2023 Strategic Plan and its continued focus on the normative work.
- iii. At its 2021 first session, the Executive Board was briefed on the work of the ad-hoc working group and the Board further requested in paragraph 3 of its decision 2021/1 that the ad hoc working group should continue its discussions on the United Nations Habitat and Human Settlements Foundation non-earmarked budget of the United Nations Human Settlements Programme for 2022 to be within the range of \$10 million to \$12 million. In that decision, the Board also requested the Executive Director to finalize a draft annual work programme and budget for 2022 based on feedback from the Committee for Programme and Coordination and the Advisory Committee on Administrative and Budgetary Questions, utilizing all projected sources for funding of the overall budget of the UN-Habitat, and to present it for further consideration by the Executive Board at its second session of 2021.
- iv. The Board also took note of and accepted in principle the preliminary estimates of \$11.2 million for programme support, \$69.1 million for Foundation earmarked, and \$149.8 million for technical cooperation budgets and requested the secretariat to provide final estimates for further consideration and possible approval by the Executive Board at its second session of 2021.

Following the above background, the Secretariat provided a briefing on the draft work programme and draft budget of UN-Habitat for the year 2022. The Secretariat referred Member States to the draft work programme and budget of UN-Habitat for the year 2022 as set out in [document HSP/EB.2021/4](#) and to the presentation by the Secretariat under item 6 of the provisional Agenda for the first session of the Executive Board for the year 2021, namely status of and discussion on the UN-Habitat draft annual work programme and budget for 2022, which can be accessed on the following [link](#).

The briefing by the Secretariat highlighted the following:

- i. UN-Habitat recalled that the draft work programme and budget of UN-Habitat for the year 2022 was presented for discussion at the first session of the Executive Board for the year 2021, with the recommended budget range for the United Nations Habitat and Human Settlements Foundation non-earmarked budget for 2022 of between \$10 million and \$12 million and other extrabudgetary resources. The Secretariat indicated that subsequently the draft work programme of UN-Habitat for the year 2022 was presented to the Committee for Programme and Coordination (CPC) and the draft budget of UN-Habitat was presented to the Advisory Committee on Administrative and Budgetary Questions (ACABQ). UN-Habitat stated that the proposed draft budget for the year 2022 is based on the needs of the Programme to build back better after the Covid-19 crisis and to address the shortfalls in some key components of the budget based on the 2020-2023 Strategic Plan.
- ii. The Secretariat recalled that at its resumed first session held in November 2019, the Executive Board approved the restructuring of UN-Habitat which included a total of 135 posts within the United Nations Habitat and Human Settlements Foundation. At its second session for the year 2020, the Executive Board approved the draft work programme and budget of UN-Habitat for the year 2021, which included 58 posts within the United Nations Habitat and Human Settlements Foundation and a \$10 million non-earmarked budget. The draft work programme and draft budget of UN-Habitat for the year 2022 includes 69 posts for the United Nations Habitat and Human Settlements Foundation, which comprises 11 key posts that were initially approved by the Executive Board in November 2019.
- iii. The Secretariat reiterated that the draft United Nations Habitat and Human Settlements Foundation non-earmarked budget for 2022 is of an amount of \$ 11.9 million as indicated in the draft work programme and budget or 2022 ([document HSP/EB.2021/4](#)). This budget level will entail an ambitious and focused approach to resource mobilization aimed at increasing non-earmarked contributions while maintaining a conservative approach to what might be possible to mobilize. The programme of work mandated activities would then be implemented based funds that are available. Posts will also be utilized according to the availability of funds.
- iv. The Secretariat recalled that the financial framework of UN-Habitat comprises three broad sources of funding namely (i) the United Nations regular budget allocations, which are approved by the General Assembly; (ii) United Nations Habitat and Human Settlements Foundation contributions (iii) technical cooperation contributions. Regular budget appropriations are approved by the General Assembly and fall into two main categories: Section 15 (human settlements) and Section 23 (regular programme of technical cooperation).
- v. The amount of regular budget allocations for 2022 is projected at \$13.3 million, which represents a growth of about 6.3 per cent over the stated final regular budget to cover the 2022 Quadrennial report and the cost of two additional positions. Support to policy making bodies accounts for \$0.6 million (4.0 per cent). Programme activities account for \$10.1 million (76.0 per cent), while \$1.1 million (8.0 per cent) is for programme support services and \$1.5 million (11.0 per cent) for executive direction and management. Since the United Nations regular budget is subject to the approval of the General Assembly, the amounts quoted for 2022 are only indicative. Accordingly, any cost adjustments to this part of the resource plan will be effected at the United Nations Headquarters at the time of the adoption of the budget by the General Assembly. The regular budget allocation in the draft budget of UN-Habitat for the year 2022 encompasses 75 posts.

- vi. The Secretariat indicated that the Foundation earmarked estimated budget for the year 2022 is \$69.1 million, most of which is for programme activities. This represents a projected increase of 59.5% per cent over the \$43.3 million estimated for the year 2021.
- vii. The proposed budget for technical cooperation activities is projected at \$149.8 million for the year 2022, representing a decrease of \$2.7 million on the estimated budget for the year 2022.
- viii. UN-Habitat projects that a total of \$11.2 million will be expended to support the 2022 programme using programme support revenue earned from the earmarked resources. Estimated revenue to be earned from earmarked projects in 2022 amounts to \$15.3 million of which \$10.1 million is expected from technical cooperation and \$5.2 million is expected from foundation earmarked funds.
- ix. The annual work programme provides for 2022 a total of 205 posts comprising 75 posts from regular budget, 69 posts from foundation unearmarked and 61 posts from programme support fund.
- x. The Secretariat further presented how the draft budget for 2022 is divided across the four subprograms of the programme of work for the year 2022, which are based on the four domains of change of the 2020-2023 Strategic Plan :
 - a. 25 positions under **Sub programme 1**
 - b. 29 positions under **Sub programme 2**
 - c. 33 positions proposed under **Sub programme 3**
 - d. 33 positions proposed under **Sub programme 4**
- xi. The Secretariat presented the organizational structure and post distribution for the year 2022 which can be accessed in Annex 3 of document HSP/EB.2021/4 [here](#).
- xii. The Secretariat concluded that the overall resource requirements for UN-Habitat for the year 2022 are projected at \$255.5 million, reflecting an increase of 12.0 per cent over the \$228.2 million estimated for the year 2021. This projection represents continued demand for normative activities and other activities within the technical cooperation budget, in the areas of UN-Habitat advisory services, and support for capacity-building and operational activities at the local, subnational and national levels.

Following the presentation by the Secretariat, the discussions highlighted the following:

- i. One Member State indicated it would have welcomed a presentation and a summary by the Secretariat of the conclusions of the ACABQ report on the draft work programme and draft budget of UN-Habitat for the year 2022, which can be accessed [here](#) and which emphasizes on the need for UN-Habitat to engage in more fundraising activities. That Member State also recalled paragraph 4 of Decision 2021/1 adopted by the Executive Board at its 2021 first session which requested the secretariat to provide notional budget allocations for 2022 at the second session of 2021 of the Executive Board, on the basis for the projected revenue levels for 2021 for the Foundation non-earmarked budget. Noting that the United Nations Habitat and Human Settlements Foundation has only received \$1.2 million non-earmarked budget in 2021, which is only 10% of the approved non-earmarked budget for the year 2021, that Member state further requested the secretariat to prepare and present a revised draft work programme and draft budget for the year 2022 which would be based on the actual revenue levels of the United Nations Habitat and Human Settlements Foundation for 2021.
- ii. Member States reiterated the importance of providing adequate resources to UN-Habitat to deliver efficiently the four sub-programs of the programme of work for the year 2022, which are all based on the four domains of change of the Strategic Plan for the period 2020-2023. As the four sub-programs are all inter-connected, there should be no adjustment to their delivery and each sub-program should be supported by an appropriate budget allocation and adequate number of posts for UN-Habitat to deliver its mandate.

- iii. One Member State recalled the importance of UN-Habitat within the UN family, notably for its normative mandate stating that no other UN programme could possibly fulfill the mandate that UN-Habitat has. The delegation expressed their concern that the impact that any future further drawdowns on the budget of the organization could cause long term damages to UN-Habitat for the fulfillment of its normative mandate. The delegation also emphasized that such a drawdown could have consequences in terms of core competencies and human resources for UN-Habitat.

In light of the views expressed by Member States, the Secretariat responded as follows:

- i. The ACABQ commended UN-Habitat for its presentation of the draft work programme and budget for the year 2022 and requested UN-Habitat to continue to strengthen its resource mobilization efforts and outreach activities, with a view to increasing non earmarked contributions.
- ii. The Executive Director, the Deputy Executive Director and the senior management of UN-Habitat are in constant contact with Member States and also with other parties to look at ways to fund the Programme moving forward.
- iii. UN-Habitat works closely with the Executive Office of the Secretary General and the UN Controller to position UN Habitat as a priority program for 2023, with a view to ensure that UN-Habitat maintains progress in delivering SDG 11 and implementing the New Urban Agenda.
- iv. With respect to the request from one Member State for a revised draft budget for the year 2022, the Secretariat emphasized that based on the projections, UN-Habitat will provide an update on its financial situation as at 31 October 2021 to the Executive Board at its second session for the year 2021. Based on that update, it is expected that the Executive Board would consider the new revenue levels and recommends how UN-Habitat could prioritize the revenue. The Secretariat emphasized it stands ready to provide further details regarding possible areas of prioritization based on continued funding projections to the ad hoc working group on programmatic, budgetary and administrative matters. The Secretariat also noted that the draft work programme and budget of UN-Habitat for the year 2022 having been presented to the Executive Board at its first session for the year 2021, was forwarded to the ACABQ based on the guidance received from the Executive Board at that session, with the recommended budget range for the United Nations Habitat and Human Settlements Foundation non-earmarked budget for 2022 of between \$10 million and \$12 million. The Secretariat stated that due to time constraints on the schedule of the ACABQ, it would not be possible for UN-Habitat to present a different budget back to the ACABQ for consideration.
- v. UN-Habitat stated that it was waiting for confirmation from one Member State for a one-time core contribution of \$5 million. This contribution will be used towards (i) loan repayment of the UN-Habitat Human Settlements Foundation Fund, for an amount of \$ 3 million and (ii) support to the UN-Habitat Human Settlements Foundation, for an amount of \$2 million.
- vi. UN-Habitat also briefed on the actions it is taking to seek alternate sources of funding, particularly from the private sector. In particular, at the tenth session of the World Urban Forum, several private sector partners made a pledge to assist UN-Habitat to fulfill its mandate, recommending that such funds be received through a third-party endowment, based on the model that was introduced by American philanthropist Mr. Ted Turner. The United Nations Controller, as well as by the Office of Legal Affairs at the Headquarters in New York which are reviewing if UN-Habitat can be a recipient of funds from such third-party

endowment set up by private sector partners. In particular, UN-Habitat, in consultation of the United Nations office of Legal Affairs and the Controller, is liaising with the Sustainable Human Settlements Foundation, which is registered in the United Kingdom on the establishment of an endowment for expected contributions of \$ 5 million before the end of the year 2021 and of \$10 million in 2022.

Following the responses provided by the Secretariat, further discussions highlighted the following :

- i. The ad-hoc working group requested the Secretariat to circulate the background documents related to the establishment of a third-party endowment. The background document as availed by the Secretariat on 27 September 2021 can be accessed [here](#).
- ii. One Member State reiterated that the draft work programme and budget for the year 2022 should still be revised to reflect the revenue levels of the United Nations Habitat and Human Settlements Foundation for 2021 and be presented in advance of the second session of the Executive Board for the year 2021.

The Secretariat further briefed Member States on the financial status of UN-Habitat as at 31 July 2021. The full presentation can be accessed [here](#). The briefing highlighted the following:

- i. The Secretariat provided an overview of the financial position of UN-Habitat as at 31 July 2021 and described 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, during the year ended 31 July 2021.

- ii. Performance of the Foundation non-earmarked fund

The approved budget for the year is \$10.0 million (translating to \$5.8 million for the seven months ended 31 July 2021). Total revenue for the period amounted to \$829,200 including voluntary contributions of \$822,300. Expenditures for the period totalled \$1,955,900. Expenditures included \$1,555,300 in personnel costs and \$400,600 in operating expenditures, resulting in a net operational deficit of \$1,126,700. The statutory operational reserve of \$2,000,000, 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 projected liquidity requirements, which was not funded at 2020 year-end.

- iii. Performance of the regular budget fund

- **Section 15:** 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 (\$7.3 million is proportion for the seven months), in the form of an authorization to expend against specific items within a set budgetary allocation. Post costs accounted for 97.1 per cent of the \$6.2 million expenditure recorded by 31 July 2021.

- **Sections 23 and 35:** 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 annually under section 23, for which expenditures totalled \$432,400, and \$1.5 annually million under section 35, for which expenditures totalled \$333,000.

- iv. Performance of the Programme support fund

The 2021 programme support budget approved by the Executive Director totalled \$9.8 million (Proportion for the seven months is \$5.7 million). Total programme support

revenue as at 31 July 2021 amounted to \$6.1 million. The total expenditure for the same period amounted to \$7.3 million, of which 50.6 per cent was used to fund posts.

- v. Performance of the Foundation earmarked fund
 - 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.
 - The approved 2021 budget for Foundation earmarked resources was \$43.3 million (proportionally for seven months, \$25.3 million). As at 31 July 2021, total revenue for Foundation earmarked before refunds to donors was \$17.1 million. This includes voluntary contributions of \$16.7 million from various donors. Net revenue after refunds to donors amounted to \$14.5 million. Total expenditure incurred over the seven-month period ended 31 July 2021 was \$28.8 million. The fund balance (gross project balances) at the end of the reporting period amounted to \$96.6 million, including a reserve of \$4.0 million. The reported deficit is notional, as it results from the implementation of part of the resources carried over from 2020.
- vi. Performance of the Technical cooperation fund
 - 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.
 - The approved 2021 budget for technical cooperation was \$152.6 million (proportionally for seven months is \$89.0 million), As at 31 July 2021, total revenue before refunds to donors was \$65.5 million, mainly from voluntary contributions. Net revenue after refunds to donors amounted to \$53.5 million while expenditure was \$58.8 million. The fund balance at the end of the reporting period amounted to \$254.8 million (gross project balances).

Following the presentation by the Secretariat, the discussions highlighted the following:

One Member State requested the Secretariat if the presentation on the financial status of UN-Habitat for the year 2021 includes the one-time contribution of \$ 5 million as earlier referred by the Secretariat to be used towards the loan repayment of the UN-Habitat Human Settlements Foundation Fund and the support to the UN-Habitat Human Settlements Foundation , for an amount of \$2 million.

In light of the views expressed by one Member State, the Secretariat responded as follows:

The financial status as at 31 July 2021 does not include the expected contribution of \$ 5 million because the contribution was yet to be officially effected.

Noting that the ad hoc working group finished its consideration of Agenda item 2 earlier than initially planned, and the Chair upon suggestion of the Secretariat moved to the consideration of Agenda item 3 , namely the Alignment of planning cycles of UN-Habitat with the Quadrennial Comprehensive Policy Review which was originally scheduled in the afternoon with the understanding that any recommendation from Member States under this item will be incorporated into the next presentation on the matter.

3. Alignment of planning cycles of UN-Habitat with the Quadrennial Comprehensive Policy Review

Under this item, the Chair first gave the following background:

The Chair introduced agenda item recalling that the Executive Director presented to the Executive Board during its second session for 2020 three scenarios for aligning the UN- Habitat strategic planning cycles with the QCPR instrument as reflected in document [HSP/EB.2020/16/Add.1](#) which the Secretariat had recirculated for reference on 8 September 2021. The Chair made the following specific highlights :

- i. In its Decision 2020/3, the Board took note of the update and the report of the Executive Director and prioritized scenarios 2 and 3 as follows:
 - o Scenario Two: Retain the current Strategic Plan 2020-2023 for the full term, develop an Interim two-year Strategic plan for the period 2024-2025, and develop a Strategic Plan for the period 2026-2029.
 - In this scenario, the UN-Habitat Assembly would retain the UN-Habitat Strategic Plan
 - 2020-2023, as is, adopt an interim two-year UN-Habitat Strategic Plan for the period 2024-2025, and then adopt a full, four-year UN-Habitat Strategic Plan 2026-2029. This would enable UN-Habitat to align with the QCPR mechanism but not until the QCPR 2025-2028.
 - o Scenario Three: Extend the current Strategic Plan 2020-2023 by another two years to the period 2020-2025 and develop a Strategic Plan for the period 2026-2029.
 - In this scenario, the UN-Habitat Assembly would extend the UN-Habitat Strategic Plan
 - 2020-2023, to a period of six years, 2020-2025. For this to take effect, the UN-Habitat Assembly may meet as scheduled in 2023 and effect the extension. The Assembly would meet in 2025 for a third session to adopt the next four-year UN-Habitat Strategic Plan 2026-2029. This would enable UN-Habitat to align with the QCPR mechanism but not until the QCPR 2025-2028.
- ii. In addition, under Paragraph 15 of Decision 2020/3, the Executive Board also recommended that its Ad-Hoc working group on programmatic, budgetary and administrative matters considers and discusses the prioritization of the scenarios 2 and 3.
- iii. At the twelfth and fourteenth meetings held on 3 March and 24 March 2021, the ad-hoc working group considered and discussed the prioritization of scenarios 2 and 3 with regard to the alignment of the Quadrennial Comprehensive Policy Review (QCPR) process with the planning cycles of UN-Habitat.
- iv. At its first session for the year 2021, the Executive Board agreed that “there was a need to continue consultations on the various options for the alignment of the quadrennial comprehensive policy review process with the UN-Habitat planning cycles” and recommended that “the ad hoc working group on programmatic, budgetary and administrative matters of the Executive Board continue its discussions and report thereon to the Executive Board at its second session of 2021”.

The Chair recalled that it is expected that at the second session of the Executive Board for the year 2021, her report as Chair of this ad hoc working group to the Executive Board will include an update on the proposals of this working groups on the alignment of the planning cycles of UN-Habitat with the QCPR.

Following the recap by the Chair, the discussions highlighted the following:

- i. Member States recalled that the ad hoc working group had a number of discussions about the alignment of UN-Habitat planning cycles with the QCPR. From these discussions, it is clear that there is a consensus on the need to align the strategic plan of UN-Habitat with the QCPR but there is no consensus on the means to do so.
- ii. Some Member States emphasized that a final decision on the alignment should be made by the UN-Habitat Assembly, as its second session scheduled for 2023.
- iii. One Member State suggested that the ad hoc working group should make a recommendation to the Executive Board at its second session for the year 2021 to recommend the four options for alignment to the UN-Habitat Assembly with the view that the UN-Habitat Assembly takes a final decision. The four options mentioned by the delegation were as follows:
 1. Consideration for an interim Strategic plan.
 2. A virtual UN-Habitat Assembly in 2025.
 3. Empowering the Executive Board to approve the strategic plan on exceptional basis.
 4. Changing the Rules of procedure to allow the Executive Board to permanently approve the strategic plan.
- iv. Some Member States stated their preference for Scenario 2. In this regard it was stated that an interim Strategic Plan would be better fit for purpose to reflect the current needs and realities on the ground, specifically under the Covid-19 circumstances.
- v. One Member State expressed its preference for Scenario 3, noting that the high-level midterm review of the Committee of Permanent Representatives (CPR) to UN-Habitat held in June 2021 did not call for a change of the 2020-2023 Strategic Plan and as such that strategic plan remains relevant. The delegation stated that the focus should rather be on the annual work programme of UN-Habitat. The delegation further suggested that in June 2023, only the second session of the UN-Habitat Assembly should be held and not the CPR meeting scheduled to prepare for that session.
- vi. One Member State called for a consensus on one scenario and while noting the concern by some Member States on having two sessions of the UN-Habitat Assembly in 2023 and in 2025 in terms of costs implications, emphasized that it is the UN-Habitat Assembly that should take a decision on the matter. The delegation further emphasized that any recommendation of the Executive Board on the alignment of planning cycles of UN-Habitat with the QCPR is to be considered by the UN-Habitat Assembly and stated the CPR should take up the discussions on the two scenarios. Recalling the delicate discussions to create the new governance structure of UN-Habitat, the delegation cautioned on the need to respect the new governance structure with its three bodies with distinct functions, these are the Executive Board, the CPR and the UN-Habitat Assembly. The delegation suggested that a decision language could be worked on for the Executive Board to consider at its second session for the year 2021.
- vii. One Member State requested that more insights need to be exchanged with regard to the alignment and recommended continued discussions to understand pros and cons of the different options, emphasizing on the need to avoid as much as possible disruption to the governance processes and activities of UN-Habitat.

In light of the views expressed by Member States, the Chair summarized the next steps as follows:

- i. The Summary of the discussions of on this item will be presented at the next session of the Ad hoc working group with possibility for the Bureau to make a recommendation for further consideration by the Executive Board.

4. Any other matters

The Ad-Hoc working group recommended that its next meeting should be held on 13 October 2021 and the Chair adjourned the meeting at 11:25 East Africa Time.
