



UN HABITAT Executive Board
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Programme

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**Executive Board of the United Nations
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**Financial, budgetary and administrative matters
including the implementation of the resource
mobilization strategy in accordance with the
strategic plan**

**Structural solution to deal with the decrease in non-earmarked
funding, ensuring that all sources of funding contribute fully to
the implementation of the strategic plan and the work
programme of UN-Habitat****

Note by the secretariat

1. The Executive Board requested, in paragraph 1 of its Decision 2021/2 adopted at its first session for the year 2021 the Secretariat to implement measures to deal with the structural challenge of funding the implementation of the Strategic Plan 2020-2023. The main challenge has been to raise adequate voluntary core contributions from Member States to match the amounts required as approved by the Executive Board at the end of each year.
2. Annual budgets are approved by the Executive Board based upon the draft work programme and draft budget that have been discussed by the ad hoc working group on programmatic, budgetary and administrative matters. To date, the 2020 budget approval was at USD 18.9 million but the amount contributed by Member States was USD 5.4 million. Similarly, the 2021 budget was approved at USD 10 million and to date contributions amount to USD 2 million (as of 31 August 2021).
3. A one-time donation by a Member State is expected to help alleviate the financial challenges inherited by the present Executive Director. This donation will be channelled to repay an internal loan of USD 3 million to the Programme Support Cost Trust Fund. This will help the Programme meet the required reserve level according to UN Secretariat best practice.
4. Apart from a rigorous austerity plan aimed at reducing costs, the Executive Director has implemented an action plan to address this structural challenge:
 - (a) An appeal to the Secretary-General to prioritize UN-Habitat and help the Programme secure additional regular budget resources in 2023. UN-Habitat has not had any major Regular Budget infusion in the last two decades and upon the advice of the UN Controller, the Executive Director is reviewing priority areas of the mandate after the recommendations of the Committee of Permanent Representatives in their mid-term review of the Strategic Plan. This prioritization process will help identify key gaps of an expanded mandate.

* HSP/EB.2021/12.

** The present document is being issued without formal editing.

(b) Strategic alignment of the Strategic Plan sub-programmes with the objectives of Member States through regional group meetings, bilateral engagements and focused field operations. As of 31 August 2021, the Executive Director has held 27 dialogue sessions with Member States.

(c) Diversifying the donor base by establishing a donor focal point system and ensuring more focused engagement with donor states. In 2019, UN-Habitat had 5 new donors (Iraq, Malawi, Senegal, Singapore & South Sudan) and in 2020, UN-Habitat had four (Dominican Republic, Mexico, Mali and Nigeria). Up to 31 July 2021, seven (7) Member States have returned to UN-Habitat including Algeria, Burkina Faso, France, Germany, Israel, Italy, Myanmar and Spain.

(d) Member States have expressed an interest in providing soft-earmarked contributions to support specific mandated activities. In 2020, UN-Habitat signed a four multi-year agreement with Swedish International Development Agency (SIDA) USD 20.8 million that support normative activities related to the Strategic Plan. In 2021, SIDA provided an additional Euro 800,000 to support Sub-Programme 3. Negotiations are on-going to secure similar soft-earmarked funding from Switzerland in support of UN-Habitat in Latin America & the Caribbean.

(e) Member States have also provided generous support to help meet the resource gap through the provision of two positions on the Regular Budget and also junior professional officers (JPOs). Between 2020 and 2021, UN-Habitat onboarded five (5) JPOs to support both programmatic and management areas of the mandate.

(f) To ensure better communications with Member States and donors, UN-Habitat has published the quarterly Urban Impact Newsletter to showcase success stories from different focus areas of collaboration and partnership.

(g) In 2020, phase 3 of the Donor Information System (DIS) was established. DIS provides a database of income contributions from donors, provides statistics of project implementation, report on overdue contributions from donors and also act as repository for individual donor intelligence, important donor documents including development strategies and recent outcomes from bilateral meetings with donors. As of 31 2021, all divisions and regional offices have been trained to use the DIS system. In December 2020, the donor reporting rate stood at 44% and by 31 July 2021, the rate of donor reporting improved to 73%.

(h) The Executive Director is also exploring securing resources on a consistently basis by engaging with the private sector to support the Programme directly. One declared action by private sector supporters at the tenth session of World Urban Forum (WUF10) was to explore the setting up of a third-party endowment with UN-Habitat as the sole recipient. Blenheim Capital Plc set up the Sustainable Human Settlements Foundation, a charitable organization registered in Jersey and meets with the financial regulatory framework of the United Kingdom. The Sterling Hall School Foundation (SHSF) is also seeking charity status in the United States and is also being reviewed by the Internal Revenue Service. In July 2021, to ensure UN-Habitat is able to receive donations from SHSF, the proposal was presented to the Office of Legal Advisor (OLA) and the UN Financial Controller. It is now being evaluated officially by both OLA and the Controller's office. All funds received from this endowment will be allocated according to the work programme and budget proposed by the Executive Director with oversight from the Executive Board and the UN's oversight bodies. The Management expects an infusion of USD 5 million for 2021 and USD 10 million in 2022, which would be received at the end of each fiscal year. This will help meet the gap in resources required to implement the Strategic Plan, which will help stabilize the Foundation non-earmarked Trust Fund.