

Summary of the twenty-fourth meeting of the ad-hoc working group on programmatic, budgetary, and administrative matters of the Executive Board

Friday, 11 March 2022 – 09:30 – 12:30 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 meeting of the ad hoc working group on programmatic, budgetary, and administrative matters of the Executive Board was called to order at 09:45 EAT. The working group adopted the provisional agenda for its twenty-fourth meeting without any change as follows:

1. Adoption of the provisional Agenda.
2. Discussions on the draft work programme and draft budget of UN-Habitat for the year 2023.
3. 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 2023.

2. Discussion on the draft work programme and draft budget of UN-Habitat for the year 2023.

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

- i. The Chair recalled that the Executive Board at its second session in 2021, in paragraph 11 of its Decision 2021/6 requested the ad hoc working group on programmatic, budgetary, and administrative matters (i) to discuss a draft work programme of UN-Habitat for 2023 for timely submission to the United Nations Controller and (ii) to discuss a draft budget for UN-Habitat for 2023, in line with the Executive Director's recommended budget of \$12 million for the United Nations Habitat and Human Settlements Foundation non-earmarked budget for 2023 and other extrabudgetary resources, for timely submission to the Advisory Committee on Administrative and Budgetary Questions (ACABQ).
- ii. The Chair recalled that on 9 December 2021, the Executive Director updated the Bureau that guidance from the United Nations Controller on the 2023 Regular budget would only be received in mid-February 2022. The Bureau at that meeting recommended that the Secretariat prepares in the interim for consideration of the Executive Board, a paper on the "UN-Habitat work programme priorities for 2023 in line with the Strategic Plan 2020-2023" as a fully translated pre-session background document in the six UN languages to be availed four weeks prior to the session. The Bureau further recommended as an exceptional measure taking into consideration the update from the Executive Director that this document be complemented by a full draft of the 2023 work programme and budget document, to be availed to Member States two weeks prior to the session as a pre-session document but in English only.
- iii. The Chair noted that since then, the Secretariat received new updates from the United Nations Secretary General, taking into account the conditions of the ACABQ and the fifth Committee of the General Assembly regarding a possible increase of the Regular budget allocation to UN-Habitat for the year 2023. She further updated that the Secretary General has agreed to prioritize UN-Habitat in the 2023 Regular budget of the United Nations with the proposal of additional posts.

- iv. The Chair recalled that the fifth Committee and the ACABQ noted that over a period of many years, non-earmarked contributions from Member States to the Foundation have fallen far short of the budget ceilings approved by the Executive Board. The total budget for the year 2020 amounted to \$18.9 million, of which a total of \$4.4 million was received. The approved level of budget for 2021 and 2022 amounted to \$10 million and \$12 million respectively, with \$3.3 million received in 2021 in voluntary contributions. Therefore, to consider a possible Regular budget increase for UN-Habitat for 2023, the Secretary General noted that the Executive Director should provide in the 2023 draft budget of UN-Habitat a projection of non-earmarked budget ceiling that represents a reflection of the real receipt of contributions.
- v. The Chair reiterated that the guidance received from Secretary General would obviously impact the tentative ceiling of the foundations non-earmarked budget for 2023, as initially recommended by the Board in its Decision 2021/6. As such, a budget of \$12 million gives the impression that UN-Habitat expects these funds and thus does not need further support. This is why the Secretariat proposed that the budget for the United Nations Habitat and Human Settlements Foundation to be funded from non-earmarked contribution for the year 2023 is \$3 million, as aligned with voluntary contributions received from Member States in recent years.

Under this item, the Executive Director highlighted the following:

- i. The Executive Director noted that by 2050, it is expected that 70% of the world's population will reside in cities. At the same time, cities are at the epicentre of environmental challenges, facing eroding seashores, increasing energy demands and the greatest impact from more frequent natural disasters. Amidst these challenges, UN-Habitat is well positioned to lead cities in their transformation to sustainable urbanization, with adequate housing and neighbourhoods, prudent planning and urban design, inclusive governance, and strengthened local fiscal capacity.
- ii. The Executive Director emphasized that to deliver on this meaningful mandate to Member States, and as an anchor entity for the Sustainable Development Goals, UN-Habitat requires predictable and sufficient resources. For example, in 2021, only 6% of UN-Habitat's \$200 million in revenue came from the Regular budget of the UN, with an additional \$3 million coming from non-earmarked Foundation, and the rest from earmarked contributions. Yet, much of the important work of UN-Habitat is normative, providing intergovernmental policy advice, analysis, reporting, technical assistance, and coordination which require significant input of the Regular budget.
- iii. The Executive Director indicated that to stabilise UN-Habitat's normative work and to lead the way in sustainable urbanisation, UN-Habitat must fortify its core funding, which is made up of the Regular budget allocations and foundation non-earmarked accounts. With respect to the foundation non-earmarked funding, the Executive Director noted 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 by Member States.
- iv. The Executive Director informed that she had a detailed conversation with the Office of the Secretary-General on the serious financial situation of the Organization to which the Secretary General agreed to prioritise UN-Habitat in the 2023 Regular budget of the United Nations with additional posts. However, the Secretary-General guided that in order to benefit from a possible Regular budget increase, UN-Habitat must provide in its 2023 draft budget a projection of the non-earmarked budget that is a reflection of the real receipt of contributions by Member States based at the 2021 level, with projections across all sources of revenue, including non-earmarked and earmarked in order to demonstrate what UN-Habitat has achieved in the last few years. The Executive Director indicated that in 2021, UN-Habitat received less than \$3 million, and since 2014, the Organization has not received substantially more than \$5 million.

- v. The Executive Director recalled with appreciation and gratitude the effort by Member States at the second session of the Executive Board for the year 2021 to reach the ceiling of \$12 million for the Foundation non-earmarked fund for 2023 and appealed to Member States to consider the \$3 million ceiling which would allow to have a meaningful discussion with the Secretary-General towards a favourable response for the ACABQ and the fifth Committee.

Following the above background information, the Secretariat provided a briefing on the draft work programme and draft budget of UN-Habitat for the year 2023.

The briefing by the Secretariat highlighted the following:

The full presentation can be accessed [here](#).

(a) Draft annual work programme 2023

- i. As a brief introduction, the Secretariat outlined a roadmap on the development of the draft work programme and draft budget for 2023 which can be accessed [here](#).
- ii. The Secretariat provided a brief overview of the global urban challenges that UN-Habitat addresses, as follows:
- a. Housing – the Secretariat recalled that there are more than 1.6 billion people living in inadequate housing and more than 1 billion live in slums and informal settlements.
 - b. Climate change – the Secretariat noted that cities are hot spots for environmental and energy challenges.
 - c. Crisis and conflict – the Secretariat recalled that the urban poor suffer worst consequences of disasters.
 - d. Urban inequality – the Secretariat noted that the COVID-19 pandemic has exacerbated systemic inequalities while regional and sociopolitical disparities continue to influence who benefits from urbanization.
- iii. The Secretariat further recalled four key elements which guided the orientations for the development of the draft work programme for 2023, namely:
- a. The Secretary-General's Quadrennial Report on the implementation of the New Urban Agenda (NUA), which illustrates the need to elevate the NUA and to position its transformative commitments and key drivers to enable countries to achieve the Sustainable Development Goals and other global Agendas.
 - b. The COVID-19 pandemic which exposed systemic inequalities and created new vulnerabilities. The pandemic also demonstrated (i) Member States' crucial role in providing public goods and services, (ii) the significance of local fiscal capacity; (iii) the importance of inclusive multi-level governance; and (iv) the importance of planning and urban design, adequate housing, and sustainable neighbourhoods.
 - c. The need for cities to provide opportunities to anchor pandemic recovery in social justice and climate action.
 - d. The need for UN-Habitat to have sufficient financial resources to adequately support Member States, and the need for UN-Habitat to prioritize its work.
- iv. The Secretariat further noted that the draft work programme and budget for 2023 continues to be driven by the Strategic Plan of UN-Habitat for the period 2020-2023. The Secretariat also recalled that the Executive Board, at its second session of the year 2021, recommended in paragraph 14 of its Decision 2021/6 that the UN-Habitat Assembly at its second session in June 2023 considers

approving the extension of the current strategic plan for the period 2020-2023 until 2025 to cover the period 2020-2025 in order to align the planning cycles of UN-Habitat with the Quadrennial Comprehensive Policy Review (QCPR). The Secretariat also outlined that mid-term review of the 2020-2023 Strategic Plan carried out by the high-level mid-term review of the Committee of Permanent Representatives in June 2021 revealed that the COVID-19 pandemic demonstrated the value of the current Strategic Plan which serves both as a framework for recovery and as a road map for achieving the Sustainable Development Goals (SDGs).

- v. The Secretariat outlined that UN-Habitat further identified key elements of its strategy for the year 2023 as follows:
- a. Recalibration of UN-Habitat's normative and operational activities in line with the proposed adjustments to the 2020-2023 Strategic Plan as set out in document [HSP/EB.2021/19](#);
 - b. Continued use of UN-Habitat's flagship programmes as vehicles to fast-track integration between the normative and operational work of UN-Habitat and scaling the impact of the Organization. The scaling of the Organization will depend on the mobilization of soft or hard earmarked resources and potential allocations from the third-party endowment, the Sustainable Human Settlements Foundation.
 - c. Strengthened capacity-building initiatives, digitalization of tools and virtual e-learning programmes in line with UN-Habitat's capacity-building strategy for the implementation of the Sustainable Development Goals and the New Urban Agenda, adopted by the Executive Board at its second session of the year 2020.
 - d. Recognition of UN-Habitat's catalytic role as a knowledge hub and partner convenor, and of the importance of multi-stakeholder engagement as the basis to achieve the SDGs as well as undertaking advocacy, communication, and outreach activities across the four subprogrammes and mobilize public and political support, making maximum use of advocacy and knowledge platforms.
 - e. Undertaking significant follow-up after key meetings, notably the high-level meeting of the General Assembly on the implementation of the New Urban Agenda to be held on 28 April 2022, the eleventh session of the World Urban Forum, and the 27th session of the Conference of the Parties (COP27) which will require significant efforts from the Organization in 2023.
 - f. Monitoring and reporting on global conditions and trends and provide evidence for policymaking, as UN-Habitat is the focal point for sustainable urbanization and human settlements. In this regard, the Global Urban Monitoring Framework will serve in the implementation of the SDGs cities' flagship programme to assist in the preparation of voluntary local reviews and realization of SDGs in cities.
 - g. Strengthening UN-Habitat's strategic partnerships with different entities of the UN-system, other international organizations, and actors such as the Organisation for Economic Co-operation and Development (OECD), the World Bank and regional development banks to leverage UN-Habitat's expertise and capacity.
- vi. The Secretariat indicated that the orientations for the development of the draft work programme for 2023 are based on the following assumptions:

- a. Adequate unearmarked extrabudgetary resources will be available to implement the work and produce the deliverables.
 - b. Member States will remain committed to the implementation of the New Urban Agenda and the 2030 Agenda for Sustainable Development.
 - c. Requests will be received from national and local governments for policy advice and technical assistance from UN-Habitat in the development and implementation of their urban policies, plans and strategies.
 - d. Urban indicators, data and information will be used to formulate policies, with adequate mechanisms available for impact monitoring and performance assessments.
 - e. Social, political and macroeconomic conditions will not prevent UN-Habitat and partners from implementing programmes and projects.
- vii. Furthermore, the Secretariat reiterated that the above-mentioned key elements and assumptions have been translated into adjusted strategies at the subprogramme level, as follows:
- a. Subprogramme 1: further increase the focus on access to adequate housing to overcome inequalities and facilitate social inclusion
 - b. Subprogramme 2: strengthen the focus on municipal finance and socio-economic recovery
 - c. Subprogramme 3: increase the synergies between programming focusing on climate change and urban environment
 - d. Subprogramme 4: focus on urban recovery as a key instrument for effective action in the humanitarian, development and peace and security nexus
- viii. The Secretariat indicated that the subprogrammes are highlighted by UN-Habitat's flagship programmes as vehicles to fast-track integration between the normative and operational work of UN-Habitat and scaling the impact of the Organization.
- ix. The Secretariat highlighted that for the year 2023, UN-Habitat's planned deliverables will support Member States' ongoing management of and recovery from the COVID-19 pandemic. Such planned deliverables and activities will include: (a) assisting Governments in supporting increased access to water and sanitation and adequate housing, (b) advocating for the prevention of evictions, (c) measuring and reducing spatial vulnerability, and (d) preparing urban planning strategies and local resilience programmes. The draft programme of work for 2023 will focus all efforts of the different subprogrammes and deploy advisory services, innovative solutions, and knowledge packages to support Member States towards sustainable socio-economic recovery, while also addressing climate change.
- x. Similarly, the Secretariat noted the need to (i) streamline social inclusion as a process and outcome to address cross cutting issues relating to older persons, children, people with disabilities, gender and youth; (ii) strengthen programmatic approach to leave no one behind by focusing on spatial dimension of exclusion and self-reinforcing mechanisms of marginalization, (iii) enhance resilience and urban safety to remain crosscutting in guiding frameworks, tools, standards, principles, capacity building and good practices on social inclusion issues and finally to (iv) support Global Network including the following: Global Land Tool Network, Global Water Operators' Partnerships Alliance, Resilient Cities Network, Global Network on Safer Cities, Global Network of Urban Planning and Design Labs and Global Network of Public Space.

(b) Draft Budget of the United Nations Habitat and Human Settlements Foundation for 2023

- xi. The presentation by the Secretariat on the draft budget of UN-Habitat for the year 2023 can be accessed [here](#). The Secretariat first provided an overview of the programme performance for the year 2021. The approved level of budget for 2021 for the Foundation non-earmarked amounted to \$10 million with \$3.0 million received in 2021 in voluntary contributions. The Secretariat further

noted that the level of the general financial reserve to ensure liquidity of the Foundation non-earmarked fund is in deficit. The Secretariat also noted that for the year 2021 the amount of the reserves of the Foundation earmarked budget and of the Technical Cooperation Fund is of \$4 million and \$11 million respectively. It was further clarified by the Secretariat that the reserves must remain in their respective funds and cannot be re-allocated.

- xii. The Secretariat recalled that it had developed a series of sub-packages scenarios for the Foundation non-earmarked budget of the work programme and budget of UN-Habitat for the year 2022. The sub-packages have been developed based on the Executive Director's prioritization of the programme of work. The Secretariat further updated that it is currently operating under sub-package A which implementation is constrained by the availability of cash. The Secretariat noted that in 2022, it operates based on the assumption that the core foundation expenditure will be of \$3 million and that the programme support expenditure will be of \$10 million. It is in this context that the Executive Director has collaborated with the Secretary General to prioritize UN-Habitat in the 2023 United Nations regular budget allocation
- xiii. The Secretariat emphasized that in light of the Organization's current financial situation, the Secretariat implemented strict austerity measures for the Foundation non-earmarked fund. These include the reassignment of staff to available regular budget posts or project posts, offering early retirement, freeze of the recruitment for 44 posts out of the 58 posts approved during the resumed first session of the Executive Board in November 2019, and internal controls on non-staff expenditures. Additionally, the Secretariat highlighted the impact of such austerity measures on the capacity of UN-Habitat to deliver its work as follows:
 - a. Limited monitoring and reporting abilities on the implementation of the 2020-2023 Strategic Plan, *i.e.*, partial roll-out of the results framework, reduced evaluation of progress, limited ability to produce annual reports and to implement trainings, evaluation, capacity-building and best practices.
 - b. Limited role of UN-Habitat as focal point on sustainable urbanization for the United Nations system-wide coordination - restricted ability to support common country analyses and cooperation framework engagement, fewer strategic partnerships.
 - c. Limited implementation of the resolutions adopted by the UN-Habitat Assembly at its first session in May 2019.
 - d. Limited normative work - decrease in policy support at the regional, national, and subnational levels, restricted production of flagship publications, including the World Cities Report.
 - e. Limited outreach – reduction of in-person consultations, of production and translation of reports, and limited update of UN-Habitat's website.
 - f. Limited administrative support - partial capacity in core functions of budget, finance, human resources, information and communications technology, oversight and audit response, internal controls, and programme administration and support.
- xiv. The Secretariat clarified that while the proposed budget for the United Nations Habitat and Human Settlements Foundation to be funded from non-earmarked contributions for the year 2023 is \$3.0 million based on the voluntary contributions of previous years, it does not preclude UN-Habitat from gaining a revenue for the non-earmarked fund which could be higher than \$ 3 million. The proposed budget is based on the projected availability of funds. The Secretariat indicated that the amount of regular budget allocations for 2023 is projected at \$14.1 million (before recosting), which represents an increase of about 6.3 per cent, mainly due to an adjustment of the non-recurrent budget for report for the homeless and a conversion of seven positions from the foundation. Support to policy making bodies accounts for \$0.8 million (5.5 per cent). Programme activities account for \$10.0 million (70.8 per cent), while \$1.4 million (10.2 per cent) is for programme support services and \$1.9 million (13.5 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 2023 are only indicative. Accordingly, any cost adjustments to this part of the resource plan will be affected at the United Nations Headquarters at the time of the adoption of the budget by the General Assembly.

- xv. The Secretariat concluded by noting that in recognition of the hard work and the efforts deployed by the Executive Board at its last session in November 2021 to come to the ceiling of \$12 million for the Foundation non-earmarked for 2023, it remained strongly to continue making progress in the support of core budget including the foundation non-earmarked account. The Secretariat also suggested that UN-Habitat presents an appeal for voluntary contributions.

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

- xvi. One Member State expressed its concerns regarding the current financial situation of UN-Habitat and its impact in the areas of monitoring, evaluation, and reporting. This Member State further encouraged UN-Habitat to find ways to circumvent this impact as monitoring, evaluation and reporting are vital requirements to attract funding from donors and mobilize resources.
- xvii. One Member State expressed its concerns regarding the austerity measures adopted by UN-Habitat for the Foundation non-earmarked fund and its impact on the 44 frozen posts. The Member State enquired whether the Organization had quantified the impact of the vacant and frozen positions on the overall delivery of UN-Habitat's mandate and further enquired what was UN-Habitat's strategy to reverse the austerity measures going forward.
- xviii. Another Member State noted the impact of the COVID-19 pandemic on Member States' voluntary contributions to the Organization and further acknowledged 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 by Member States. In that regard, the Member State requested the Secretariat to indicate the amount of the Regular budget that the Secretary-General will allocate to UN-Habitat.
- xix. One Member State supported the proposed flagship programmes for the year 2023, aimed at strengthening the normative and operational work of UN-Habitat. In addition, the Member State commended UN-Habitat on the rollout of its COVID-19 response plan and indicated it looked forward to the effective implementation of programmes particularly those targeting vulnerable communities as well as persons affected by the pandemic.
- xx. Several Member States sought further clarification on the roadmap of review and submission of the proposed 2023 draft work programme and draft budget at the UN HQ level. Member States reacted to the proposal from the Secretariat to present an appeal for voluntary contributions for the year 2023 in a distinct document which would not be the draft work programme and budget for the year 2023 and further requested what would be the implications the approved 2023 budget if the targeted expenditure is not reflected accurately in the draft work programme and budget for the year 2023.
- xxi. One Member State enquired whether the seven new additional posts which would benefit from the Regular budget increase would allow UN-Habitat to address the gaps caused by the current austerity measures or whether more support would be required in addition to these seven posts.
- xxii. One Member State noted with concern that the position of Deputy Executive Director of UN-Habitat remains vacant and enquired about the current recruitment process for the position. The Member State also enquired why the possible Regular budget increase would not include the Deputy Executive Director's post as well as other senior positions. It further requested how Member States could support funding for the 44 positions which are currently frozen. Several

Member States recalled 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 by member States. The budget was reduced to \$26.0 million in the 2018-2019 biennium. The total amount received was only \$10.1 million (22 per cent) in 2014–2015, and \$5.0 million in the 2016–2017 biennium (11 per cent). The actual receipts for non-earmarked contributions through the Foundation general purpose fund in 2018–2019 amounted to \$8.7 million (33.3 per cent). The total budget for the year 2020 amounted to \$18.9 million of which a total of \$4.4 million was received. The approved level of budget for 2021 and 2022 amounted to \$10 million and \$12 million respectively with \$3.0 million received in 2021 in voluntary contributions. Therefore, this Member State expressed concerns that the amount of regular budget allocations for 2023 is projected at \$14.1 million, which represents an increase of about 6.3 per cent and an increase of \$1.3 million only which is quite minimal compared to the needs of the Organization especially taking into consideration a ceiling of only \$3 million for the foundation non-earmarked. This Member State felt that the proposed budget for 2023 should be of a higher amount to encourage Member States to support the organization.

- xxiii. Some Member States suggested that the regular budget increase be of a higher amount and further encouraged UN-Habitat to seek alternative sources of funding. Some Member States also appealed all Member States to reach out to their Capitals and liaise with the Permanent Missions in New York to persuade the Secretary-General to allocate more regular budget to UN-Habitat.
- xxiv. One Member State requested the Secretariat to provide different scenarios and outcomes for the 2023 budget to give a total picture of the decision Member States would be taking. These scenarios should notably cover mechanisms and approaches in place to convince Member States to contribute to UN-Habitat.
- xxv. One Member State reiterated that for UN-Habitat to fulfil its mandate and implement its work, it is crucial that the draft budget for 2023 be aligned with the \$12 million Foundation non-earmarked ceiling as approved by the Executive Board in November 2021.
- xxvi. One Member State provided that the proposal by the Secretariat for a proposed budget for the United Nations Habitat and Human Settlements Foundation to be funded from non-earmarked contributions for the year 2023 of \$3.0 million requires in-depth discussion by Nairobi-based Member States. Nairobi-based Member States should then liaise their respective Permanent Missions in New York for recommendation.

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

- xxvii. The Secretariat emphasized that monitoring, evaluation, internal controls, and audit responses remain vital functions for the continuous implementation of UN-Habitat's work.
- xxviii. The Secretariat recalled that the austerity measures are implemented for the Foundation non - earmarked fund which covers mostly corporate functions within the Organization. These measures currently in place allow to stabilize the Organization for the year 2022. The earmarked funding has allowed the implementation of UN-Habitat's normative and operational work.
- xxix. The Secretariat recalled that the financial framework of UN-Habitat comprises three broad sources of funding namely (i) United Nations regular budget allocations, which are approved by the General Assembly (ii) United Nations Habitat and Human Settlements Foundation contributions, from which non-earmarked budget allocations are approved by the Executive Board, and earmarked budget allocations are approved by the Executive Director, and (iii) technical cooperation contributions, from which the budget allocations are also approved by the Executive Director. For management purposes, the Foundation non-earmarked account and the regular

budget are the “core resources” of UN-Habitat. The Secretariat further indicated that the Executive Board of UN-Habitat may consider how to better align its cycle of sessions with the cycle of preparation of the annual draft work programme and budget. The Secretariat noted that the 2023 draft work programme and budget has been submitted to UNHQ for proofreading and translation in preparation for oversight deliberations. The Office of the United Nations Controller is working with UN-Habitat to structure the 2023 draft work programme and budget document appropriately. The regular budget increase will be subject to the approval of the General Assembly at the United Nations Headquarters at the time of the adoption of the budget by the General Assembly.

- xxx. The Secretariat suggested to prepare a document providing a description of the review process of the annual draft work programme and budget. The Secretariat informed that the amount of regular budget allocations for 2023 is projected at \$14.1 million (before recosting), which represents an increase of about 6.3 per cent, mainly due to an adjustment of the non-recurrent budget for report for the homeless and a conversion of seven positions from the foundation. Support to policy making bodies accounts for \$0.8 million (5.5 per cent). Programme activities account for \$10.0 million (70.8 per cent), while \$1.4 million (10.2 per cent) is for programme support services and \$1.9 million (13.5 per cent) for executive direction and management.
- xxxi. The Secretariat emphasized that it had worked closely with the Office of the Secretary General since November of 2021 to look at how UN-Habitat could benefit from a consistent and sustainable funding in an effort to stabilize the Organization. The Secretariat also noted that the Fifth Committee has the authority to accept, revise or reject the proposal for the increase of the regular budget allocation for 2023. The Secretariat also noted that earmarked foundation contributions are voluntary contributions from Governments and other donors for the implementation of specific activities that are included in the programme of work. In the agreements for earmarked contributions, UN-Habitat negotiates for the overhead associated with that agreement that will support program staff in the implementation of the earmarked activity. In general, the standard figure for overhead cost is 13% of the earmarked contributions. However, this is negotiated and may decrease below that figure.
- xxxii. The Secretariat indicated it has distributed the post to be covered by the regular budget increase following the advice of the Office of the Secretary-General to strike a political compromise in the different post levels. The Secretariat informed that the initial proposal consisted of 9 new posts which would have included the position of the Deputy Executive Director and one P-5 level post, however, the Office of the Secretary General advised against it.
- xxxiii. The Secretariat further informed that a separate document appealing for non-earmarked contributions would allow UN-Habitat to unfreeze some of senior positions such as the position of the Deputy Executive Director. The Secretariat further clarified that such a separate document would have no impact on the proposed draft work programme and budget document for the year 2023 and any contributions would be affected to the Sustainable Human Settlements Foundation funds. Other UN entities such as the United Nation Office for Coordination of Humanitarian Affairs (OCHA) and the United Nations High Commissioner for Refugees (UNHCR) have also used this approach wherein the annual work programme and budget document reflects the Organization’s realistic expenditures based on the availability of funds and a separate document appeals for voluntary contributions. The Secretariat took the opportunity to update that the position of the Deputy Executive Director would not be covered by the regular budget increase. For now, the post will remain frozen and until funds for the foundation non-earmarked become available.

The ad hoc working group recommended as follows:

- a) Noting that there was no agreed conclusion on the draft work programme and budget for the year 2023, the ad hoc working group agreed to meet again on 17 March 2022 to further discuss the draft work document.
- b) The ad hoc working group further recommended that the Secretariat should submit the document to Conference Services immediately after the current meeting, with the understanding that the submitted version does not represent the conclusions of the discussions held by the ad hoc working group or any recommendations by the working group and that the bracketed text within this document signifies that there is no agreement on the bracketed words or paragraphs.
- c) Any further changes or recommendations subsequent to that meeting will be reflected in the report of the Chair of the ad hoc working group in the form of a Conference Room Paper to be availed to the Executive Board at its first session of 2022.

3. Any other matters

There were no other matters considered and the Chair adjourned the meeting at 12:45 East Africa Time.
