



**Executive Board of the United Nations
Human Settlements Programme
First session of 2023**
Nairobi, 28 and 29 March 2023
Item 4 of the provisional agenda*

**Financial status of UN-Habitat, including an update on
the financial reserve and the updated scalability model
for the non-earmarked budget of the Habitat and
Human Settlements Foundation**

Interim financial status of the United Nations Human Settlements Programme as at 31 December 2022

Report of the Executive Director

I. Introduction

1. The present report provides an overview of the interim financial position of the United Nations Human Settlements Programme (UN-Habitat) as at 31 December 2022 and describes the performance of the main funding segments of UN-Habitat, namely the United Nations regular budget appropriations provided to UN-Habitat and the Foundation non-earmarked, programme support, Foundation earmarked and technical cooperation funds, for the year ended 31 December 2022.

2. Table 1 provides an overview of funding for 2022, showing revenue and expenses for all the major UN-Habitat funding segments alongside the budgets from the approved work programme for 2022. More detailed information is set out in the annexes to the present report.

Table 1
**Status of the revenue, budget and expenses of the UN-Habitat main funds as at
31 December 2022^a**

(Thousands of United States dollars)

<i>Component</i>	<i>Regular budget (section 15)</i>	<i>Foundation non-earmarked</i>	<i>Foundation earmarked</i>	<i>Technical cooperation</i>	<i>Total</i>
Revenue	12 343.6	7 526.0	34 591.8	116 241.3	170 702.7
Budget	13 275.7	11 978.6	69 122.0	149 845.5	244 221.8
Expenses	12 343.6	1 971.4	44 593.4	118 133.5	177 041.9

^a Revenue includes contributions and other sources of revenue and is stated net of adjustments.

3. Total revenue for the Foundation non-earmarked fund in the reporting period, including voluntary contributions, amounted to \$7.5 million, more than the total expenses of \$2.0 million, resulting in a surplus of \$5.5 million.

* HSP/EB.2023/1.

4. Table 2 shows the composition of all voluntary contributions received during the year by contributor type, while table 3 shows voluntary contributions received by region.

Table 2

Voluntary contributions by contributor type

(Thousands of United States dollars)

<i>Component</i>	<i>Civil society</i>	<i>Foundation</i>	<i>Government</i>	<i>Inter-governmental</i>	<i>Local authority</i>	<i>Private sector</i>	<i>United Nations entities</i>	<i>Total</i>
Foundation non-earmarked	–	–	7 504.9	–	–	–	–	7 504.9
Foundation earmarked	1 091.1	4 324.3	18 880.2	7 270.9	–	167.1	4 912.5	36 646.1
Technical cooperation	2 901.3	867.3	38 340.8	52 062.1	4 800.3	–	30 880.8	129 852.6
Total	3 992.4	5 191.6	64 725.9	59 333.0	4 800.3	167.1	35 793.3	174 003.6

Table 3

Voluntary contributions by region

(Thousands of United States dollars)

<i>Component</i>	<i>African States</i>	<i>Asia-Pacific States</i>	<i>Eastern European States</i>	<i>Latin American and Caribbean States</i>	<i>Western European and other States</i>	<i>Global</i>	<i>Total</i>
Foundation non-earmarked	680.0	1 546.9	3,006.0	14.8	2 257.2	–	7 504.9
Foundation earmarked	1 188.0	5 734.0	346.0	30.0	24 286.0	5 062.0	36 646.1
Technical cooperation	4 802.0	27 639.0	–	8 607.0	45 174.0	43 631.0	129 852.6
Total	6 670.1	34 920.0	3 352.1	8 652.0	71 716.6	48 692.8	174 003.6

II. Performance of core funds

5. Foundation non-earmarked contributions and United Nations regular budget appropriations are the core resources of UN-Habitat.

A. Foundation non-earmarked fund

6. The resources of the Foundation non-earmarked fund, otherwise known as the Foundation general purpose fund, are allocated against budget priorities approved by the Executive Board of UN-Habitat.

7. Traditionally, the main source of Foundation non-earmarked fund revenue has been non-earmarked contributions from Member States. The Foundation non-earmarked fund constitutes the main source of funding for the implementation of the UN-Habitat strategic plan for mandated normative work, required executive direction and management, and a baseline level of programme support.

8. The approved budget for 2022 was \$12.0 million. As is indicated in annex I, total revenue for the year amounted to \$7.5 million. Expenses for the year totalled \$2.0 million, consisting of \$1.5 million in post costs and \$0.5 million in operating expenses, resulting in a net operational surplus of \$5.5 million. A statutory operational reserve of \$3.0 million is provided for, in line with paragraph 11 of decision 2022/5 of the Executive Board. Revenue, expenses and closing net assets for the Foundation non-earmarked fund for the years 2014–2022 are shown in table 4 and figure 1.

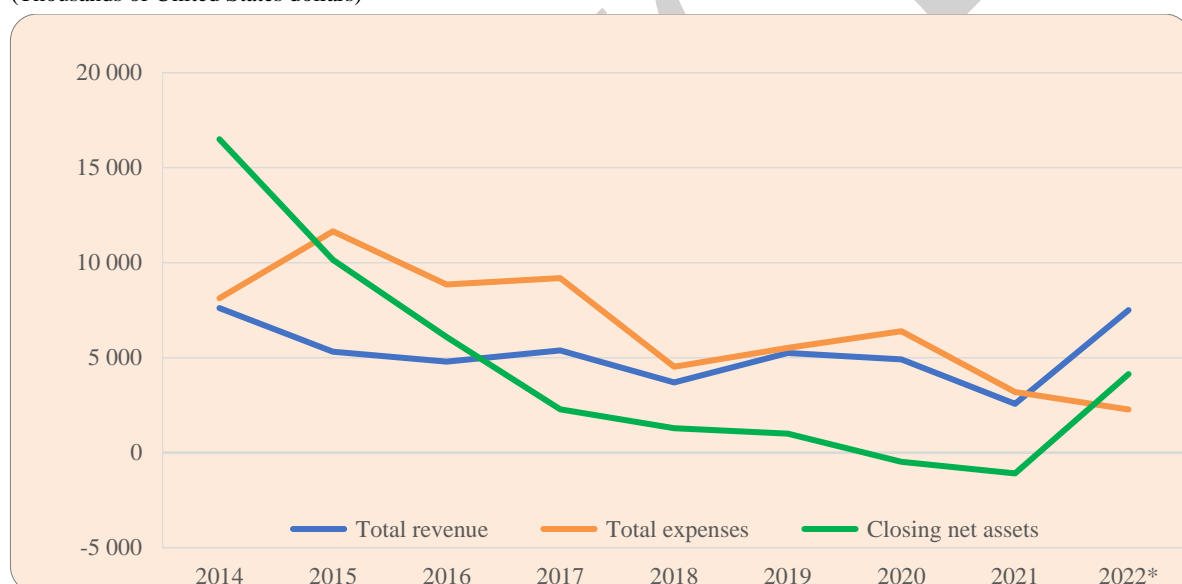
Table 4
Revenue, expenses and closing net assets for the Foundation non-earmarked fund
 (Thousands of United States dollars)

Description	2014	2015	2016	2017	2018	2019	2020	2021	2022 ^a
Total revenue	7 610.0	5 307.0	4 785.0	5 373.0	3 699.0	5 239.0	4 916.0	2 570.0	7 504.9
Total expenses	8 134.0	11 651.0	8 851.0	9 182.0	4 519.0	5 518.0	6 396.0	3 185.0	2 271.4
Closing net assets	16 498.0	10 154.0	6 088.0	2 279.0	1 280.0	1 001.0	(479.0)	(1 094.0)	4 139.5

^a Projected data.

9. Figure 1 shows the gradual decline, on average, in revenue in the years prior to 2022, alongside an average decline in expenses. Despite the implementation of the financial austerity plans, expenses exceeded revenue in the years prior to 2022, which resulted in unsustainable deficit spending and an ensuing steady decline in net assets. In 2022, contributions reached their highest level since 2014 and, in conjunction with reinvigorated controls on expenses, UN-Habitat reported its first surplus in more than a decade. In addition, the Foundation non-earmarked fund returned to solvency.

Figure 1
Trends in the Foundation non-earmarked fund
 (Thousands of United States dollars)



* Projected data.

10. In 2017, the Secretariat approved a loan of \$3.0 million from the programme support account to the Foundation non-earmarked fund. In 2022, an initial repayment of \$0.5 million was made.

B. Regular budget fund

1. Section 15

11. An appropriation approved by the General Assembly is provided to UN-Habitat under section 15 (Human settlements) of the United Nations regular budget. In 2022, the appropriation amounted to \$13.3 million, in the form of an authorization to expend against specific items within a set budgetary allocation. Post costs accounted for 89.1 per cent of the \$12.3 million expenses recorded by 31 December 2022.

2. Sections 23 and 35

12. UN-Habitat is also allocated resources under section 23 (Regular programme of technical cooperation) and section 35 (Development account) of the United Nations regular budget. The 2022 appropriations were \$1.2 million under section 23, of which \$1.1 million had been spent by the end of the year, and \$2.5 million under section 35, of which \$0.9 million had been spent by the end of the year.

C. Programme support fund

13. The 2022 programme support budget approved by the Executive Director totalled \$11.2 million. Total programme support revenue for the year amounted to \$11.7 million. Total expenses for the same period amounted to \$8.6 million. Post costs represented 46.7 per cent of total expenses.

14. Programme support resources are generated through the charge levied as a percentage of direct earmarked expenses, in accordance with administrative instruction ST/AI/286. The charge is intended to recover the incremental indirect costs associated with supporting earmarked activities and thus to ensure that the additional cost of supporting activities financed by earmarked contributions is not paid from the core funds intended for the implementation of the approved work programme. Revenue, expenses and closing net assets for the programme support fund for the years 2014–2022 are shown in table 5.

Table 5

Revenue, expenses and closing net assets for the programme support fund

(Thousands of United States dollars)

Description	2014	2015	2016	2017	2018	2019	2020	2021	2022
Total revenue	11 942.0	11 341.0	11 000.0	9 975.0	11 543.0	10 400.0	12 709.0	12 189.0	11 682.6
Total expenses	12 241.0	10 536.0	8 966.0	10 277.0	12 514.0	12 700.0	13 304.0	12 270.0	8 870.5
Closing net assets	12 921.0	13 726.0	15 760.0	15 458.0	14 487.0	12 187.0	11 992.0	11 911.0	14 723.1

15. As is mentioned above, \$3.0 million was loaned to the Foundation non-earmarked fund from the programme support account in 2017. An initial repayment of \$0.5 million was made in 2022.

III. Performance of earmarked funds

A. Foundation earmarked fund

16. 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 and work programme of UN-Habitat. Such activities generally comprise global, thematic and multi-country projects.

17. The approved 2022 budget for Foundation earmarked resources was \$69.1 million. Total revenue from Foundation earmarked contributions before refunds to donors was \$37.0 million, which includes voluntary contributions of \$36.6 million from various donors, as listed in annex III to the present report. Net revenue after refunds to donors amounted to \$34.6 million. Total expenses incurred during the year were \$44.6 million. As is indicated in annex I to the present report, the gross fund balance (gross project balances) at the end of the reporting period amounted to \$93.5 million, including a reserve of \$4.0 million. The reported deficit is notional, as it results from the use of part of the project resources carried over from 2021.

B. Technical cooperation fund

18. 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 mandate and work programme of UN-Habitat.

19. The approved 2022 budget for technical cooperation was \$149.8 million. As at 31 December 2022, total revenue before refunds to donors was \$131.1 million, mainly from voluntary contributions amounting to \$129.9 million. Net revenue after refunds to donors amounted to \$116.2 million, while expenses was \$118.1 million. As is indicated in annex I to the present report, the gross fund balance (gross project balances) at the end of the year amounted to \$294.2 million, including a reserve of \$11.4 million.

IV. Summary

20. Regular budget allocations from assessed contributions remain the main source of core funding for the implementation of the annual work programme. During the reporting period, 65.6 per cent of core revenue came from the regular budget, while 34.4 per cent of core revenue came

from Foundation non-earmarked funds. The Foundation non-earmarked fund's revenue of \$7.5 million represents 62.5 per cent of the \$12.0 million budget approved by the Executive Board.

21. As at 31 December 2022, the programme support account had an operational surplus of \$3.1 million. The prevailing administrative instructions are for programme support resources to be used to finance the indirect support provided to the activities of programme support, programme development and project management.

22. With regard to earmarked funds, the Foundation earmarked fund posted a deficit of \$10.0 million as at 31 December 2022 and the technical cooperation fund posted a deficit of \$1.9 million. Those deficits arose from timing differences on multi-year projects.

23. A statement of financial performance showing the revenue, expenses, fund balances and reserves for each funding segment is set out in annex I to the present report. The status of Foundation non-earmarked contributions for the years 2016 to 2022 is set out in annex II, while annex III shows the status of earmarked voluntary contributions as at 31 December 2022.

ADVANCE

Annex I

Statement of financial performance for the period ended 31 December 2022 (by segment)

(Thousands of United States dollars)

Category	Sources of funds/funding segments										Inter segment elimination	Grand total	
	REGB	FNDN	FNDE	TECH	PRGS	Subtotal	RPTC	DEVT	EOSB	Subtotal			Total
R01. Assessed contributions	12 343.6	–	–	–	–	12 343.6	1 118.7	893.9	–	2 012.6	14 356.2	–	14 356.2
R02. Voluntary contributions	–	10 504.9	31 733.6	99 207.0	–	141 445.5	–	–	–	–	141 445.5	–	141 445.5
R03. Other transfers and allocations	–	–	4 912.5	30 645.6	–	35 558.1	–	–	–	–	35 558.1	–	35 558.1
R04. Refunds to donors	–	(3 000.0)	(2 375.6)	(14 843.1)	–	(20 218.7)	–	–	–	–	(20 218.7)	–	(20 218.7)
R05. Programme support revenue	–	–	–	–	11 682.6	11 682.6	–	–	–	–	11 682.6	11 682.6	–
R06. Investment revenue	–	7.4	280.2	630.6	42.9	961.1	–	–	55.9	55.9	1 017.0	–	1 017.0
R07. Other revenue	–	13.7	41.1	601.2	0.8	656.8	–	–	–	–	656.8	–	656.8
Total revenue	12 343.6	7 526.0	34 591.8	116 241.3	11 726.3	182 429.0	1 118.7	893.9	55.9	2 068.5	184 497.5	11 682.6	172 814.9
E01. Post costs	10 984.6	1 546.6	–	–	4 013.9	16 545.1	–	–	–	–	16 545.1	–	16 545.1
E02. Other staff costs	232.2	–	22 097.8	28 408.4	916.6	51 655.0	870.7	(10.8)	–	859.9	52 514.9	–	52 514.9
E03. Hospitality	–	–	–	–	–	–	–	–	–	–	–	–	–
E04. Consultants and experts	212.3	–	–	–	272.5	484.8	111.8	593.6	–	705.4	1 190.2	–	1 190.2
E05. Travel of representatives	47.4	–	–	–	–	47.4	–	–	–	–	47.4	–	47.4
E06. Travel of staff	324.3	31.3	3 866.6	2 931.9	77.5	7 231.6	64.5	47.3	–	111.8	7 343.4	–	7 343.4
E07. Contractual services	220.6	30.3	2 139.7	23 014.7	1 790.4	27 195.7	26.5	122.7	–	149.2	27 344.9	–	27 344.9
E08. General operating expenses	272.7	347.7	3 426.6	17 394.1	1 363.7	22 804.8	30.4	70.3	3.5	104.2	22 909.0	–	22 909.0
E09. Supplies and materials	2.9	–	69.1	442.0	5.2	519.2	0.2	–	–	0.2	519.4	–	519.4
E10. Furniture and equipment	27.8	2.7	432.5	2 938.1	20.8	3 421.9	10.1	3.0	–	13.1	3 435.0	–	3 435.0
E11. Grants and contributions	18.8	–	11 428.1	41 210.9	14.8	52 672.6	4.5	67.8	–	72.3	52 744.9	11 682.6	41 062.3
E12. Other expenses	–	12.8	1 133.0	1 793.4	95.1	3 034.3	–	–	142.9	142.9	3 177.2	–	3 177.2
Total expenses	12 343.6	1 971.4	44 593.4	118 133.5	8 570.5	185 612.4	1 118.7	893.9	146.4	2 159.0	187 771.4	11 682.6	176 088.8
Surplus/(deficit)	–	5 554.6	(10 001.6)	(1 892.2)	3 155.8	(3 183.4)	–	–	(90.5)	(90.5)	(3 273.9)	–	(3 273.9)
Gross fund balances: 1 January 2022	–	(1 094.0)	103 456.0	296 062.0	11 681.1	410 105.1	–	–	(30 613.0)	(30 613.0)	379 492.1	–	379 492.1

Category	Sources of funds/funding segments										Inter segment elimination	Grand total	
	REGB	FNDN	FNDE	TECH	PRGS	Subtotal	RPTC	DEVT	EOSB	Subtotal			Total
Gross fund balances: 31 December 2022	–	4 460.6	93 454.4	294 169.8	14 836.8	406 921.6	–	–	(30 703.5)	(30 703.5)	376 218.1	–	376 218.1
Statutory operating reserves	–	3 000.0	4 023.0	11 360.0	2 932.0	21 315.0	–	–	–	–	21 315.0	–	21 315.0
Net fund balances: 31 December 2022	–	1 460.6	89 431.4	282 809.8	11 904.8	385 606.6	–	–	(30 703.5)	(30 703.5)	354 903.1	–	354 903.1

Abbreviations: DEVT – development account (S.35); EOSB – end of service and employment benefits; FNDE – Foundation earmarked; FNDN – Foundation non-earmarked; PRGS – programme support; REGB – regular budget; RPTC – regular programme of technical cooperation (S.23); TECH – technical cooperation.

Note: “R02. Voluntary contributions” and “R03. Other transfers and allocations” are both voluntary contributions.

ADVANCED

Annex II**Status of voluntary contributions to the Foundation non-earmarked fund for the years 2016 to 2022 as at 31 December 2022**

(United States dollars)

<i>No.</i>	<i>Contributor</i>	<i>2016</i>	<i>2017</i>	<i>2018</i>	<i>2019</i>	<i>2020</i>	<i>2021</i>	<i>2022</i>
1.	Algeria	10 000	–	–	–	10 000	10 000	–
2.	Angola	–	–	–	–	–	–	400 000
3.	Argentina	10 000	–	–	–	–	–	–
4.	Azerbaijan	–	–	–	–	–	–	3 000 000
5.	Barbados	–	14 815	14 815	14 700	14 706	15 000	14 814
6.	Botswana	–	–	50 000	20 000	40 000	20 000	20 000
7.	Burkina Faso	–	–	–	16 886	–	17 590	–
8.	Chile	5 000	5 000	5 000	5 000	–	–	–
9.	China	350 000	350 000	350 000	350 000	350 000	350 000	350 000
10.	Côte d'Ivoire	–	25 000	–	–	–	–	–
11.	Czechia	–	6 892	6 547	6 463	6 731	6 820	6 022
12.	Dominican Republic	–	–	–	–	4 975	–	–
13.	Egypt	–	–	–	–	–	50 000	–
14.	Eritrea	50 000	–	–	–	–	–	–
15.	France	105 860	–	–	225 220	227 740	–	528 346
16.	Germany	–	–	–	–	184 049	174 419	1 028 807
17.	Haiti	–	9 910	10 000	–	–	–	–
18.	India	247 227	100 000	100 000	150 000	145 455	100 000	–
19.	Iraq	–	–	–	50 000	–	–	–
20.	Israel	10 000	10 000	–	3 800	–	–	–
21.	Italy	–	–	–	–	–	118 906	–
22.	Japan	–	117 136	–	34 950	31 455	31 458	–
23.	Kenya	–	68 306	206 678	96 398	99 975	100 000	100 000
24.	Kiribati	–	–	25 000	–	–	50 000	–
25.	Malawi	–	–	–	10 000	20 000	10 000	–
26.	Malaysia	–	–	1 200 000	–	–	–	1 000 000
27.	Mali	–	–	–	9 653	–	10 012	–
28.	Mauritius	–	–	–	–	–	25 000	–
29.	Mexico	–	–	–	–	500 000	500 000	–
30.	Myanmar	–	10 000	–	–	9 980	–	–
31.	Namibia	–	150 000	–	–	–	–	–
32.	Nigeria	–	–	–	–	75 000	–	–
33.	Norway	598 982	593 014	632 631	2 356 129	2 180 130	–	–
34.	Pakistan	6 000	–	6 000	6 000	5 941	5 992	5 843
35.	Philippines	15 000	15 000	25 000	2 500	50 000	50 000	50 000
36.	Republic of Korea	83 783	87 596	89 204	80 378	84 365	84 066	70 033
37.	Rwanda	–	–	–	–	–	10 000	–
38.	Senegal	–	–	–	9 988	44 868	–	–
39.	Sierra Leone	–	10 000	–	–	–	–	–
40.	Singapore	–	–	–	50 000	–	–	71 030
41.	Slovakia	15 609	–	–	–	–	–	–

<i>No.</i>	<i>Contributor</i>	<i>2016</i>	<i>2017</i>	<i>2018</i>	<i>2019</i>	<i>2020</i>	<i>2021</i>	<i>2022</i>
42.	South Africa	–	283 560	150 000	160 000	150 000	160 000	160 000
43.	South Sudan	–	–	–	40 000	–	–	–
44.	Spain	–	–	–	977 000	–	–	–
45.	Sri Lanka	25 000	25 000	25 000	23 000	25 000	25 000	–
46.	Türkiye	–	–	–	–	–	200 000	–
47.	United Republic of Tanzania	–	–	9 886	–	–	–	–
48.	United States of America	766 838	692 000	672 974	650 000	650 000	812 997	700 000
49.	Zambia	–	24 970	7 820	–	–	–	–
50.	Zimbabwe	30 225	–	–	–	–	–	–
	Total	2 329 524	2 598 199	3 586 555	5 348 065	4 910 370	2 937 260	7 504 895

ADVANCE

Annex III

Status of earmarked voluntary contributions as at 31 December 2022
(Thousands of United States dollars)

<i>Contributor</i>	<i>United Nations region</i>	<i>Foundation earmarked</i>	<i>Technical cooperation</i>	<i>Total</i>
Adaptation Fund Board	Western European and other States	–	10 082.9	10 082.9
Aga Khan Agency for Habitat	African States	365.9	–	365.9
Association of Southeast Asian Nations	Asia-Pacific States	–	47.6	47.6
Brazil	Latin American and Caribbean States	–	1 356.1	1 356.1
C40 Cities Climate Leadership Group Inc.	Global	149.5	–	149.5
Cameroon	African States	47.3	2 483.7	2 531.0
Canada	Western European and other States	–	1 574.8	1 574.8
China	Asia-Pacific States	1 144.8	–	1 144.8
Coca-Cola Foundation	Western European and other States	–	772.3	772.3
Colombia	Latin American and Caribbean States	–	627.4	627.4
Comoros	African States	–	374.2	374.2
Doppelmayr Cable Car GmbH	Western European and other States	67.1	–	67.1
Egypt	African States	500.0	–	500.0
El Salvador	Latin American and Caribbean States	30.0	–	30.0
European Commission	Western European and other States	7 270.9	29 058.7	36 329.6
Finland	Western European and other States	29.2	–	29.2
Fondation Botnar	Western European and other States	3 950.9	–	3 950.9
Fukuoka International Exchange Foundation	Asia-Pacific States	–	2 300.0	2 300.0
Germany	Western European and other States	6 551.4	135.0	6 686.4
Here be Dragons Investment Group	Western European and other States	–	301.3	301.3
Instituto Pereira Passos Prefeitura da Cidade do Rio de Janeiro	Latin American and Caribbean States	–	3 660.3	3 660.3
International Development Association (World Bank)	Global	–	12 750.0	12 750.0
International Islamic Charitable Organization	Asia-Pacific States	575.2	–	575.2
International Organization for Migration	Global	–	170.0	170.0
Israel	Western European and other States	42.6	–	42.6
Italy	Western European and other States	–	2 342.8	2 342.8
Japan	Asia-Pacific States	360.0	12 589.0	12 949.0
Jordan	Asia-Pacific States	320.6	–	320.6
KfW Bankengruppe	Western European and other States	–	9.0	9.0
Korean Committee for UN-Habitat	Asia-Pacific States	99.0	–	99.0
Kuwait Fund for Arab Economic Development	Asia-Pacific States	–	113.9	113.9
Lao People's Democratic Republic	Asia-Pacific States	–	223.8	223.8
Mauritania	African States	–	70.0	70.0
Mexico	Latin American and Caribbean States	–	1 823.4	1 823.4
Microsoft Corporation	Western European and other States	100.0	–	100.0
Mozambique	African States	–	1 179.1	1 179.1
Municipio de Juarez	Latin American and Caribbean States	–	720.0	720.0

<i>Contributor</i>	<i>United Nations region</i>	<i>Foundation earmarked</i>	<i>Technical cooperation</i>	<i>Total</i>
Municipio de San Nicolas de los Garza, Nuevo Leon	Latin American and Caribbean States	–	420.0	420.0
Nigeria	African States	–	600.0	600.0
Norway	Western European and other States	4 976.4	–	4 976.4
Oman	Asia-Pacific States	279.3	–	279.3
Open Society Foundation	African States	124.9	–	124.9
Republic of Korea	Asia-Pacific States	2 955.1	12 064.8	15 019.9
Russian Federation	Eastern European States	346.1	–	346.1
Spain	Western European and other States	483.4	211.1	694.5
Sweden	Western European and other States	6.4	162.3	168.7
Switzerland	Western European and other States	507.6	523.3	1 030.9
TradeMark East Africa	African States	–	95.0	95.0
Türkiye	Western European and other States	300.0	–	300.0
United Nations entities (includes the One United Nations fund)	Global	4 912.5	30 710.8	35 623.3
Western Indian Ocean Marine Science Association	African States	150.0	–	150.0
Wuhan Land Use and Spatial Planning Research Centre	Asia-Pacific States	–	300.0	300.0
Total		36 646.1	129 852.6	166 498.7