TOPICS

1. Our financial situation: focused on stability
2. Update on the financial reserve
3. Proposed supplementary budget for 2023
4. Draft budget for 2024
5. Scalability model: principles and priorities

Ad hoc working group
on programmatic, budgetary
and administrative matters

Stephen Slawsky
Director, Management Advisory and Compliance Service
March 2023
Our financial situation: Focused on stability

Ad hoc working group on programmatic, budgetary and administrative matters

Stephen Slawsky
Director, Management Advisory and Compliance Service
March 2023
2022 expense mix*

- Technical cooperation: 58.2%
- Foundation earmarked: 27.0%
- Foundation non-earmarked: 0.9%
- Programme support costs: 5.1%
- Regular budget: 8.7%

Additional categories:
- RB Human settlements: 7.6%
- RB Technical cooperation: 0.6%
- RB Development account: 0.5%

* estimated
2022 position across all funding segments*

<table>
<thead>
<tr>
<th>Segment</th>
<th>Revenue</th>
<th>Budget</th>
<th>Expenses</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regular budget (Human settlements)</td>
<td>$14.7</td>
<td>$13.3</td>
<td>$1.1</td>
<td>$14.7</td>
</tr>
<tr>
<td>Regular budget (Technical cooperation)</td>
<td>$1.1</td>
<td>$1.0</td>
<td>$1.2</td>
<td>$2.3</td>
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<tr>
<td>Regular budget (Development account)</td>
<td>$1.0</td>
<td>$1.0</td>
<td>$1.0</td>
<td>$2.0</td>
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<tr>
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<td>$11.2</td>
<td>$9.9</td>
<td>$33.9</td>
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<tr>
<td>Foundation earmarked (global / thematic)</td>
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<td>$51.8</td>
<td>$44.3</td>
<td>$140.4</td>
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<tr>
<td>Technical cooperation (regional / country)</td>
<td>$105.2</td>
<td>$112.0</td>
<td>$91.1</td>
<td>$218.3</td>
</tr>
</tbody>
</table>

* estimated

Total:
- Revenue = $186.7M
- Budget = $257.8M
- Expenses = $192.3M
Foundation non-earmarked: 2022 was historically important

Revenue includes $3M loan

Surplus = $5.9M (revenue > expense) first surplus in 12 years

Insolvency (negative net assets)
An initial instalment of $500K was paid against the loan of $3M.

From the surplus, the financial reserve is fully funded at the mandated level of $3M.

Surplus = $5.9M (revenue > expense) first surplus in 12 years

2022*  
* estimated
HSP/EB.2022/22: Decisions adopted by the Executive Board at its second session of 2022
Decision 2022/5

11. **Also recalls** the provisions of decision 2020/4 relating to the level of the financial reserve in the non-earmarked Foundation budget and decides to set the minimum level of the reserve at $3 million or 20 per cent of the approved budget for the following financial period, whichever is higher;

12. **Decides** that the Executive Director is authorized to enter into planned commitments from the available balance of the financial reserve to compensate for short-term requirements and liquidity due to uneven cash flows in accordance with the approved work programme and budget and requests that such commitments be reported to the Executive Board;

The mandated purpose of the reserve of the **non-earmarked Foundation** is in line with the mandate of the Foundation to augment the regular budget for normative and core operations.

**Short or medium-term unforeseen (surge) requirements** would normally be covered by the adequate reserves in technical cooperation and the earmarked Foundation.

**Long-term requirements** would normally be covered in the budget process.
Financial milestones

- Realistic budgets
- Controlled spending within agreed envelopes
- Maintained all personnel
- Stabilised core finances

- First additional regular budget approval in 20 years
- First surplus in 12 years
- First fully funded financial reserve
- First instalment to repay the loan
- First programme budget implication and endorsed by ACABQ
Draft supplementary budget for 2023

Stephen Slawsky
Director, Management Advisory and Compliance Service
March 2023

Ad hoc working group on programmatic, budgetary and administrative matters
HSP/EB.2022/22: Decisions adopted by the Executive Board at its second session of 2022
Decision 2022/6

16. *Welcomes* the update by the Executive Director on the high-level meeting of the General Assembly to assess progress in the implementation of the New Urban Agenda, held on 28 April 2022, and takes note of the summary by the President of the General Assembly of that high-level meeting, including the annex of declared actions and commitments on housing, climate action, localization of the Sustainable Development Goals, and urban crisis recovery to accelerate the implementation of the New Urban Agenda;

17. *Requests* the Executive Director to provide an update on programmes and initiatives on the implementation of the New Urban Agenda, including with regard to the submission of national reports, at each session of the Executive Board;
Rule 12.5 of the Rules of Procedure of the Executive Board (HSP/HA.1/HLS.3): 

Before the Executive Board approves any proposal involving expenditure in excess of the approved budget, the Board secretariat shall provide the Board with a written estimate of the cost of implementing the proposal.


The Executive Director is responsible for preparing and presenting to the Governing Council [now United Nations Habitat Assembly, as delegated to the Executive Board] a statement of Foundation programme budget implications ... with the comments of the Advisory Committee on Administrative and Budgetary Questions.
### Draft supplementary budget level for 2023

#### Additional resource requirements

(United States dollars)

<table>
<thead>
<tr>
<th>Primary Sub-programme (SP)</th>
<th>Budget Category</th>
<th>Grade/Description</th>
<th>Count</th>
<th>Location</th>
<th>Effective duration (years)</th>
<th>Financial requirements *</th>
<th>Total Resources</th>
<th>Existing Resources</th>
<th>Net total</th>
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</thead>
<tbody>
<tr>
<td>SP1, SP2, SP3 and SP4 (25 per cent to each subprogramme)</td>
<td>Staff costs</td>
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<td>1</td>
<td>Nairobi</td>
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<td></td>
<td></td>
<td>P-2</td>
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<td>1</td>
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<td></td>
<td></td>
<td>G-6</td>
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<td>39,800</td>
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<tr>
<td></td>
<td>Sub-total</td>
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<td>419,800</td>
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<td></td>
<td>Non-staff costs</td>
<td>Report translation costs</td>
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<td>Other operating costs</td>
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<td>Grand Total</td>
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<td></td>
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</table>

* Based on standard post costs as at 22 January 2023

In 2023, this annualized amount, recommended by the ACABQ, is to be prorated at 50%, for a draft supplementary budget level of $303,600. Added to the approved budget level of $3,001,000, the new budget level would be $3,304,600.
Draft budget level for 2024: balancing confidence with caution

Overview of resource requirements by source of funds
(Thousands of United States dollars)

<table>
<thead>
<tr>
<th>Source of funds</th>
<th>Actual 2022</th>
<th>Approved 2023</th>
<th>Change amount</th>
<th>% change</th>
<th>Estimates 2024</th>
<th>Posts 2023</th>
<th>Changes</th>
<th>2024</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foundation non-earmarked</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Post</td>
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Proposed post changes for 2024

United Nations Habitat and Human Settlements Foundation summary of post changes

<table>
<thead>
<tr>
<th>Professional category and above</th>
<th>General service</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>Local level</td>
</tr>
<tr>
<td>ASG</td>
<td>2023</td>
</tr>
<tr>
<td>D-2</td>
<td>-</td>
</tr>
<tr>
<td>D-1</td>
<td>-</td>
</tr>
<tr>
<td>P-5</td>
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<td>P-3</td>
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<td>P-2/1</td>
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<tr>
<td>Total</td>
<td>5</td>
</tr>
<tr>
<td>Grand total</td>
<td>14</td>
</tr>
</tbody>
</table>

Abbreviations: USG, Under-Secretary-General; ASG, Assistant Secretary-General; D, Director; P, Professional

Proposed moderate scaling up with the integration of the following posts:

• Deputy Executive Director (ASG)
  *This post has no other viable option for funding*

• Regional Representative for Latin America and the Caribbean (D-1)
  *All other Regional Representatives are already budgeted in 2023*

• Senior Legal Officer (P-5)
  *Upgrading the existing P-4 post*

• New Urban Agenda reporting team (P-3, P-2, 2 GS)
  *Mainstreaming the proposed supplementary budget for 2023*
Scalability model: Principles and priorities

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Stephen Slawsky
Director, Management Advisory and Compliance Service
March 2023
Scalability principles: how to carefully manage growth

- Prioritize based on **strategic objectives**, both functional and expansive

- Manage through the **budget process**, in which positions are established, converted, reclassified, reorganized, upgraded, downgraded or abolished

- Continuously review other UN organizations as **benchmarks**

- Continue the **rationalization analysis** of all positions across all sources of funding to ensure proper use of each source of funding with respect to the functions of each position
Scalability priorities

★ Develop programmes, including flagships: design, coordination, and reporting

★ Support Member States in the adoption of urban data systems, including SDG indicators

★ Stabilize the regional architecture, including cooperation with the Resident Coordinator system

★ Foster knowledge management and sharing

★ Support global operations with oversight, internal controls, audit response and enterprise risk management

★ Expand normative outcomes by monitoring and supporting the adoption of norms by Member States, including adequate housing, climate solutions, localization of SDGs, and urban crisis response

★ Strengthen normative impact through communication, advocacy, outreach and partnerships
Proposed outcomes

1. Take note of financial situation and milestones
2. Recommend to the Executive Board any change in the purpose of the financial reserve
3. Recommend to the Executive Board a decision on the proposed supplementary budget for 2023
4. Discuss the proposed budget for 2024, as well as the outlook and priorities for scalability