1. Adoption of the Agenda

The forty-second meeting of the ad hoc working group on programmatic, budgetary, and administrative matters of the Executive Board was called to order at 09:35hrs EAT. The working group adopted the provisional agenda for its meeting without any change as follows:

1. Adoption of the provisional Agenda.
2. Status of the draft work programme and draft budget for 2024.
4. Continuation of the discussions on the assessment of the Sustainable Human Settlements Foundation.
5. Consultations on the draft outcomes to be considered by the Executive Board at its 2023 third session.
6. Any other matters.

After the adoption of the agenda, the meeting considered Agenda item 2, namely status of the draft work programme and draft budget for 2024.

**Agenda item 2 - Status of the draft work programme and draft budget for 2024.**

Under this item, the Chair gave the following background:

1. The Chair noted that the purpose of meeting was to consider the areas of focus for the proposed work programme for the year 2024 and the Executive Director’s proposed budget for 2024 prior to the upcoming third session of the Executive Board for the year 2023 during which a decision on the work programme and budget for the year 2024 will be taken.

Following the above background information, the Secretariat provided a briefing on the status of the draft work programme and draft budget of UN-Habitat for the year 2024. The full presentation can be accessed [here](#).

The briefing by the Secretariat highlighted the following:

(a) **Draft annual work programme for 2024**

2. The draft work programme and budget for the year 2024 had undergone a series of steps with the latest being a review by the Committee of Programme Coordination (CPC). The engagement with CPC was fruitful with minor language changes to promote homogenous language across all United Nations (UN) Secretariat entities. It was stated that the next step would be the review of the draft programme and budget by the Advisory Committee on Administrative and Budgetary Questions (ACABQ) and the Fifth Committee.

3. The structure of the draft work programme included the key orientations, considerations, and assumptions based on external factors.
4. The strategy for the draft programme of work had transitioned from a focus on the mid-term review of the Strategic Plan and the COVID-19 recovery, to include acceleration of the Sustainable Development Goals (SDGs) as seen by the call of action of Member States emanating from the SDG Summit held in September 2023.

5. The draft programme of work would continue to be driven by the UN-Habitat Strategic Plan for the period 2020-2023, which was extended by the UN-Habitat Assembly at its second session held on 5 to 9 June 2023, to cover the period 2020-2025. In addition, UN-Habitat would continue to strengthen the transformative nature of its work and contribute to an enhanced role of local and regional governments in implementing global agreements.

6. The key elements of the implementation of its strategy for the year 2024 include focus on transformative change, urban planning solutions, strategic partnerships, political support, among others. These elements inform the adjusted strategies at the four subprogramme levels of the Strategic Plan. A detailed analysis of the draft work programme for the year 2024 as shared with the ad hoc working group on 6 February 2023 can be found here.

(b) Draft annual budget for 2024

7. In 2023, UN-Habitat had an opening balance of $4.9 million. In that balance, $3 million was moved to UN-Habitat’s reserve in accordance with paragraph 11 of decision 2022/5 of the Executive Board. Taking into consideration UN-Habitat’s projected opening level balance for 2024 as $1.5 million and a conservative indicative level of contributions as $3 million, it is estimated that UN-Habitats’ spending capacity for 2024 will be $4.5 million excluding the reserve. It is through this projection that the Executive Director proposed a draft budget of $4 million for the year 2024.

8. The 2024 proposed budget of $4 million will include a net increase of five additional posts which are: Deputy Executive Director (USG), Regional Representative for Latin America and the Caribbean (D1), Senior Legal Officer (P5), and the New Urban Agenda reporting team consisting of 1 P-3, 1 P-2, and 2 GS).

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

9. A Member State outlined their 2023 contribution of $700,000 to UN-Habitat’s core budget and a $50,000 contribution to UN-Habitat’s comprehensive work in promoting recovery programs for cities in Ukraine. The Member State noted that about 90% of the increase in the proposed core budget for 2024 would be used for the hiring of additional professional staff and inquired whether the average budget dedicated to those posts was consistent with the averages in Nairobi amongst the UN agencies.

10. A Member State expressed appreciation for the emphasis and references on the localization of the SDGs in the proposed draft work programme especially given the established mandate in this thematic area from the second session of the United Nations Habitat Assembly (UN-Habitat Assembly) and its acknowledgement as a high impact initiative during the 2023 SDG Summit. Considering the increased mandate provided to topics such as informal settlements and resilient cities after the Assembly. The Member State inquired whether the mandates of such topics were incorporated in the draft programme and if not, what actions could be taken to incorporate new mandates in the future.

11. A Member State referred to the proposed additional posts for the New Urban Agenda on monitoring and reporting and recognized the need for increased capacity. The member state also noted that the Executive Board requested the Executive Director to provide an analysis
during its third session in 2023 of the principal obstacles which will influence Member States on the decision of the proposed budget for 2024. As such, the Member State requested the Secretariat to provide potential scenarios for the additional posts based on what exists on the scalability model.

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

12. The Secretariat informed that that UN-Habitat was in the process of preparing a roadmap of the resolutions adopted by the Assembly which would highlight how they fit within the overall programme of the Organization and how such mandates will be carried forward. The secretariat also emphasized that some key topics such as slums and nature-based solutions were already aligned with the outcomes of the CPC discussions and embedded in the work programme.

13. The Secretariat indicated that the proposed draft budget of $4 million for 2024 encompasses four additional posts of the New Urban Agenda reporting team (P-3, P-2, 2 GS). The Secretariat noted that the scalability model is worth $8 million and that together, the two budgets made a total of $12 million mandated ceiling for UN-Habitat in 2024.

**Agenda item 3 - Status of UN-Habitat staffing including gender and geographical balance.**

The briefing by the Secretariat highlighted the following:

1. Gender parity and equitable geographical distribution remain a priority for UN-Habitat. The desirable range for gender parity across the UN system was between 47% and 53%, and in this regard UN-Habitat was overall balanced in its gender balance.

2. The gender division of professional staff (of 174 posts) at UN-Habitat consisted of females at 47% and males at 53%. However, the overall gender distribution of all staff at UN-Habitat reflected that females are represented at 52% and males are represented at 48%. Although there were opportunities to achieve greater gender parity in senior positions, UN-Habitat’s low turnover rate may lead to slow corrective measures.

3. The equitable geographical distribution for professional staff at UN-Habitat illustrated that the Western European and Others group was represented in the organisation at 45%, Asia-Pacific group at 22%, African group at 21% and Eastern European group and Latin American and the Caribbean group both at 6% respectively.

4. UN-Habitat has taken due consideration of under-represented Member States during hiring processes.

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

5. Several Member States welcomed the disaggregated data provided by the secretariat and acknowledged the efforts by UN-Habitat to promote gender parity and equitable geographical representation.

6. With regard to equitable geographical representation, a Member State inquired about the desirable level of representation needed to be achieved within each regional group and whether UN-Habitat would target specific regional groups which were currently under-represented in the new hirings. Similarly, Member States requested the secretariat to share a breakdown of representation at the different levels of staffing including region and gender.
7. A Member State enquired on the concrete actions taken by the secretariat to increase geographical representation and whether there were set time limits in the achievement of geographical balance.

8. A Member State expressed that it was necessary for Member States to provide the necessary tools to efficiently aid in the transformation towards equitable gender and geographical representation as this matter also corresponds with the organization’s budget and contributions.

9. A Member State noted with emphasis the need to recognize vulnerable communities such as the Small Island States towards the achievement of an equitable geographical representation.

10. One Member State sought clarification on the factors that contributed to the regional disparities in the geographical breakdown of staff members.

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

11. The Secretariat provided that article 101 of the United Nations Charter states that “the paramount consideration in the employment of the staff and in the determination of the conditions of service shall be the necessity of securing the highest standards of efficiency, competence, and integrity. Due regard shall be paid to the importance of recruiting the staff on as wide a geographical basis as possible.” Therefore, the Executive Director is required to balance several criterions such as wide geographical basis and securing the highest standards of efficiency and competence in any recruitment process.

12. The Secretariat indicated that apart from ensuring that recruitment requirements such as gender balance and geographical representation were streamlined, UN-Habitat also fostered the talent pipeline development despite the challenges it faces. That concrete action requires UN-Habitat to partner with Member States to achieve greater success.

13. UN-Habitat also participated in job fairs and targeted advertising to gain greater visibility and attract a wide range of applicants.

14. The secretariat welcomed recommendations from Member States on how best to improve and work together towards exploring other avenues for attracting a diverse workforce.

15. The Secretariat informed that the UN Secretary General did not impose time limits on achieving equitable geographical distribution due to the complexity of recruitment processes. However, the General Assembly was considering requesting the Secretary General to take special measures, but the decision was yet to be made.

Agenda item 4 - Continuation of the discussions on the assessment of the Sustainable Human Settlements Foundation.

Under this item, the Chair gave the following background:

1. The Chair recalled that a discussion of the Sustainable Human Settlements Foundation (SHSF) held on 27 September 2023 had requested the Secretariat to provide additional information to Member States on the Foundation. In this regard an additional background document was shared on 5 October 2023 which can be accessed here.

Following the above background information, the Secretariat provided further information and clarification on the SHSF.)
The briefing by the Secretariat highlighted the following:

2. The SHSF would be a not-for-profit foundation and for the charitable purpose and direct financial support to UN-Habitat. The SHSF would include a regulated fund in which donations would be pooled in an endowment that would be invested for the benefit of UN-Habitat to fulfil unfunded or underfunded mandates. External parties would invest in the SHSF, which in turn, would maintain its own investment portfolio. A portion of the investment proceeds would be contributed to UN-Habitat’s non-earmarked foundation.

3. A due diligence assessment of the SHSF had been undertaken and the outcome of which had been transmitted to the internal Risk Oversight and Advisory Committee of UN-Habitat which delivered a set of 12 recommendations to the Executive Director. Out of the 12 recommendations provided by that Committee, Member States had requested additional information on the following recommendations.
   
a. Recommendation A - the contribution agreement will have an initial duration of one year, subject to extension. Breach of the contribution agreement, including these provisions, is grounds for termination of the agreement.
   
b. Recommendation K - the contribution agreement is to include an indemnity clause.

4. In light of the above, additional critical factors of consideration prior to establishing an agreement with the SHSF would include the termination of authority, the nature and manner of termination, validity of agreement, periodic reviews, and the indemnity clause. The various options presented can be accessed here.

5. The purpose of the SHSF was re-emphasised as being to finance the under-funded and unfunded aspects of the strategic plan through sourcing adequate and predictable core resources. In that respect, a longer-term agreement would enable longer-term investments that could deliver higher returns and broaden the options for more impactful investments, including those that would be in line with the strategic plan and with the SDGs. Such long-term agreements would be supported by the International Finance Corporation (IFC), a member of the World Bank Group that offers investment, advisory, and asset-management services to encourage private sector development. Similar international organizations such as the Organization for Economic Cooperation and Development (OECD) and the International Monetary Fund (IMF) also share the same analysis of long-term agreements.

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

6. A Member State enquired on the duration between periodic reviews of the SHSF to be undertaken by the Secretariat as an internal mechanism. The Member State sought clarification on whether the Executive Board would still have the authority to make recommendations on the termination of agreement with the SHSF to the Executive Director.

7. A Member State encouraged the expedition of the decision regarding the SHSF at the third session of the Executive Board for the year 2023. The Member State also inquired whether the SHSF agreement would be considered by the organization’s legal services and if the agreement with the SHSF would remain consistent with prevailing practices within the UN system. The Member State further noted the need to adopt a model for termination authority that provided for reasonable powers to the Executive Director and the Executive Board and also sought clarification on which party would bear the cost implications of conduction periodic reviews.
8. A Member State sought clarification on whether the SHSF would have the authority to terminate the contract at its discretion and if so, how would a decision to terminate the agreement with the SHSF affect the funds invested for UN-Habitat.

9. A Member State noted with reservation the need for longer-term agreements. Alternatively, the Member State suggested an intermediary option of a six-year period that would align well with the end of the next Strategic Plan in 2029 and towards the end of the 2030 SDGs, stating that this would provide an opportunity for Member States to reevaluate the agreement as well as the future of the SDGs.

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

10. The Secretariat confirmed that the Executive Board would maintain its authority to request the Executive Director to terminate the agreement. However, the addition of language to that effect, would oblige the Executive Director to consult with the Executive Board prior to the termination of the agreement.

11. With regard to periodic reviews, the Secretariat informed that there was no set precedent established for internal mechanism. Each operational activity at UN-Habitat would have the right to determine its own periodic review based on the needs of the programmatic work or based on donor requirements. In addition, the financial implication of conduction periodic review would be on the Foundation and not UN-Habitat.

12. The Secretariat highlighted that there was no downside risk for UN-Habitat if the SHSF authority would wish to terminate the agreement. However, the SHSF does have the authority to terminate the agreement with a 30-day notice period subject to other conditions placed in the agreement.

Agenda item 5 - Consultations on the draft outcomes to be considered by the Executive Board at its 2023 third session.

1. Following a few general comments and discussions on the way forward, the ad-hoc working group agreed by consensus, to postpone the preliminary discussions on the draft outcomes to be considered by the Executive Board at its 2023 third session to a later date, with guidance from the Bureau.

Agenda item 6 - Any other matters

1. There were no other matters considered and the Chair adjourned the meeting at 12:15 East Africa Time.

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