



United Nations Human Settlements Programme

Summary of the fifty-fourth meeting of the Ad-hoc Working Group of the Executive Board on Programmatic, Budgetary, and Administrative Matters

Wednesday, 23 September 2024
14:30 hrs to 16:30 hrs East Africa Time
UNON Conference Room 4

Chair: H.E. Dr. Pedro Leon Cortes Ruiz, Permanent Representative of the Republic of Colombia to UN-Habitat

MEETING SUMMARY

Agenda item 1 - Adoption of the Agenda

1. The meeting of the Ad-Hoc Working Group of the Executive Board on Programmatic, Budgetary, and Administrative Matters of was called to order at 14:35 EAT. It adopted the provisional agenda for its fifty-fourth meeting without any change, as follows:
 - i. Adoption of the Agenda
 - ii. Update on Financial Status
 - iii. Discussions on the draft work Programme and Budget of the United Nations Human Settlements Foundation for 2025.
 - iv. Any Other Business.

Agenda Item 2 - Update on Financial Status

Agenda Item 3 - Discussions on the draft work Programme and Budget of the United Nations Human Settlements Foundation for 2025

2. The Chair noted that the discussions at the meeting would provide recommendations to the Executive Board for considerations at its upcoming session in December 2024 and further proposed that the working group hear presentations by the Secretariat on both agenda item 2 and 3 prior to opening the floor for questions, comments and recommendations by Member States.
3. The Secretariat updated the working group on the financial status and presented the draft Work Programme and Budget for 2025. The presentations made can be accessed [here](#).
4. Member States welcomed the clear presentations by the Secretariat and commended UN-Habitat for its continuous commitment to transparency and fiscal responsibility.
5. Several Member States underlined the importance of comprehensive information and presentations being provided beforehand. One Member State proposed that the Chair of the working group urge the Secretariat to share the relevant presentations in advance to enable sufficient time for Member States to reflect on the contents.



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6. Regarding the financial status, one Member State observed that the allotted amount in Section 15 was 11.9 million, fewer than the appropriation amount which was 13 million and inquired if this would impact the work of UN-Habitat.
7. One Member State recalled that during the second session of the United Nations Habitat Assembly (UN-Habitat Assembly), the Urban Action Funding Window was established. The Member States requested an update on the Urban Action Funding Window.
8. Another Member State welcomed the update by UN-Habitat that more than 70% of voluntary contributions were comprised either by non-earmarked contributions or were dedicated to technical cooperation which he felt was an important avenue for developing countries.
9. One Member State requested clarification on whether the 2024 repayment of 0.5 million U.S. dollars of the loan to the programme support cost fund was already scheduled or was an assumption.
10. Another Member State welcomed the update that more than 7% of voluntary contributions were from either foundations or from the private sector and requested more information on the trend of contributions by private sector, among others, in partnering with UN-Habitat.
11. One Member State noted the positive trend from 2022 which witnessed an upward momentum in revenue, coupled with strict expense controls, enabling the Organization to report its first surplus in funding in over a decade, and thus returning it to solvency.
12. Another Member State welcomed the positive developments in the financial health of the foundation non-earmarked fund and appreciated the prudent management of resources by the Organization.
13. One Member State pointed out that some of the financial figures presented look healthy but not necessarily stable.
14. Many Members underlined the importance of advocating for increased non-earmarked contributions from Member States because such contributions were vital for the implementation of the strategic plan.
15. One Member State noted with dissatisfaction the amount of pledges received thus far for the year 2024 despite enormous efforts by UN-Habitat to raise more sustainable funding in recent years and expressed the hope to hear about more pledges being made.
16. Another Member State inquired about UN-Habitat's action regarding Member States who have not been contributing for years.
17. Several Member States announced their submission for the 2024 contribution to UN-Habitat and asked for confirmation by the Secretariat.



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18. Regarding the draft work programme and budget for 2025, one Member State noted that the projected resource requirement for 2025 showed a slight decrease compared to 2024, and requested more information on the factors influencing the reduction and asked whether it could impact the delivery of key programme activities.
19. One Member State inquired whether another re-costing was anticipated by the end of the year, and whether the re-costing was a normal trend within the UN system.
20. One Member State sought to find out whether re-costing would impact the deliverables of different four sub-programmes for the budget year and sought clarification on when such assessment of the deliverables, on the ground, would be provided to enable Member States link it with the re-costing of the budget. Additionally, that Member State requested clarification on whether the non-post resources were a reference to the sub-programme activities, to the precise projects being implemented within the four sub-programmes, or to something else.
21. Taking into account the re-costing and revenue at present, several Member States expressed the view that that they were not in a position to agree on any sort of scalability.
22. Regarding the conditionality language in the draft decision as suggested in the presentation, one Member State stated that with the development of the strategic plan 2026-2029 and with the new leadership, it may not be considered prudent to have something conditional and would prefer to appropriately utilize budget towards realizing the Organization's current vision under its new leadership. One Member State also pointed out that the first package of the Scalability Model was not agnostic and that it may be prudent to maintain or await the priorities of the new leadership.
23. One Member State requested more information on the increase in staff salaries in Nairobi which resulted in the re-costing exercise, including the decision-making process by International Civil Service Commission (ICSC) and Local Salary Survey Committee (LSSC). The Member State further requested clarification on UN-Habitat's role in any LSSC meetings as well as any information on future LSSC meetings. One Member State requested a breakdown of the re-costing due to professional staff and those due to the general service staff.
24. Another Member State inquired about salary costs, and request for confirmation that staff salaries for professional-level positions and above were paid in U.S. dollars rather than Kenyan shillings.
25. One Member State referred to the list of Board of Auditor (BoA) recommendations, in which one from 2021 stated, "*...the Board further recommends that UN-Habitat prepare a report based on surveys and communications with previous present and potential core funds donors to identify the gap between donor expectations and current situations*", and requested an update on when the report would be delivered.
26. One Member State requested background information of the report of the Committee for Programme and Coordination (CPC), specifically paragraph 20 that stated "*The committee*



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recommended that the General Assembly encourage UN-Habitat to continue to make judicious use of resources”, and inquired how this would be interpreted by UN-Habitat.

27. Member States requested that an update on Sustainable Human Settlements Foundation be provided to the Executive Board at its next session in December 2024 as mandated in decision 2023/4 in which the Executive board decided “*to authorize the Executive Director to Enter into a contribution agreement with the Sustainable Human Settlements Foundation for an initial duration of 10 years, subject to an annual review by the Executive Board, and with the guidance of the Risk Oversight and Advisory Committee*”. In this regard, another Member State added that it did not see the need to invite an external party to conduct the review and would prefer the review done through the lenses of UN-Habitat in line with the mandate.
28. Member States also requested to receive the draft decisions to be considered by the ad hoc working as soon as possible to enable fruitful deliberations before the next session of Executive Board and avoid last minute discussions on the text.
29. The Secretariat thanked Member States for their comments and question, and provided the following clarifications and responses. The Secretariat:
 - Took note of the request for sharing presentations ahead of working group meetings and committed to look into possible changes in the working methods of the ad hoc working group in this regard. It being understood that those presentation could be amended when new information arose.
 - Explained that due to the liquidity crisis in the regular budget from assessed contributions, the allotment for UN-Habitat was cut by approximately 9% with respect to Section 15 on human settlements as compared to the appropriation and confirmed that internal spending controls were in place to comply with the allotment as a spending limit. The Secretariat further explained that the primary impact as of now was on the quadrennial report on the implementation of the New Urban Agenda, which was funded from non-post requirements in the regular budget from assessed contributions, and that due to the liquidity crisis, the report in 2026 may be shorter.
 - Clarified that the Urban Action Funding Window established in resolution 2/10 of the UN-Habitat Assembly was not included in the current budget proposal for 2025 as it had zero net assets at the moment.
 - Explained that the re-costing in UN-Habitat was done on an as-needed basis and once per year, as close as possible to the point of decision. Stated that the Secretariat would not expect further re-costing this year but should there be a need, a supplementary document would be submitted to the Executive Board which could result in a higher or lower re-costing. The Secretariat added that other United Nations organizations also have re-costing which depended on the budget practice and working method of each governing body.
 - Explained that decrease in the level of resources estimated for 2025 across all segments by 2% compared to 2024 was due to the volatility in the earmarked contributions and confirmed that detailed forecasting was done internally to project the spending by funding segments as accurately as possible based on all information available.



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- Explained that the loan from the programme support cost fund to the Foundation non-earmark fund was from one pocket to another pocket of UN-Habitat and further confirmed that there was expected to be a recommendation to make a third progress payment of a half million dollars by the end of this year.
- Noted that the private sector was an important contributor to UN-Habitat and would provide more information on the level and trend of private sector contributions.
- Confirmed that the present re-costing was entirely driven by the change in salaries in Nairobi and further confirmed that Professional level salaries were paid in U.S. dollars, while General Service and related category salaries were paid in local currency.
- Confirmed that UNON served as the secretariat of the LSSC and stated that the Secretariat would provide more information on the membership of the LSSC.
- Further confirmed that the majority of the re-costing was due to the post adjustment multiplier for Professional staff and secondarily due to the salaries of General Services staff and would provide more information on the detailed breakdown between Professional versus General Services staff.
- Confirmed that the BoA recommendation remained under implementation and would share more information in due course and further confirmed that the report of ACABQ would be a pre-session document to the Executive Board at its second session of 2024 to be held in December.
- Explained that it was rare for the CPC to make recommendations on resources, and that the draft report of the CPC was pending adoption by the General Assembly.
- Clarified that the Sustainable Human Settlements Foundation, which had been renamed to the Sustainable Cities and Communities Foundation, did not have any financial activities to be reported.
- Confirmed that draft decisions would be shared by 20 October 2024 with the first discussion by the ad hoc working group scheduled for 20 November 2024.

Agenda Item 4 – Any Other Business

30. No other business was raised by Member States.

The fifty-fourth meeting of the Ad-Hoc Working Group of the Executive Board on Programmatic, Budgetary, and Administrative Matters was adjourned at 16:22 hrs East African Time (EAT).