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Item 5 of the provisional agenda***

**Consideration and possible approval of the draft work
programme of UN-Habitat and the draft budget of the
United Nations Habitat and Human Settlements Foundation
for 2025**

Draft work programme of UN-Habitat and draft budget of the United Nations Habitat and Human Settlements Foundation for 2025**

Report of the Advisory Committee on Administrative and Budgetary Questions

I. Introduction

1. The Advisory Committee on Administrative and Budgetary Questions has considered the report of the Executive Director on the proposed draft work programme of the United Nations Human Settlements Programme and budget of the United Nations Habitat and Human Settlements Foundation for 2025 (HSP/EB.2024/INF/4). During its consideration of the report, the Advisory Committee met with representatives of United Nations Human Settlements Programme (UN-Habitat), who provided additional information and clarification, concluding with written submissions received on 26 September 2024.

2. The report indicates in paragraph 1 that the mandate of UN-Habitat derives from priorities established by General Assembly resolutions and decisions, including resolution 3327 (XXIX), by which the Assembly established UN-Habitat Foundation, and resolution 32/162, by which the Assembly established the United Nations Centre for Human Settlements (Habitat). The Assembly, through its resolution 56/206, transformed it to UN-Habitat, effective 1 January 2002 and by its resolution 73/239, established a new governance structure, consisting of the universal United Nations Habitat Assembly, the 36-member Executive Board and the Committee of Permanent Representatives. The United Nations Habitat Assembly has adopted resolutions providing further guidance on UN-Habitat's work in its 1st (May 2019) and 2nd session (June 2023).

II. Proposed work programme for 2025

3. The report of the Executive Director on the proposed work programme of UN-Habitat and budget of the United Nations Habitat and Human Settlements Foundation for 2025 indicates in

* HSP/EB.2024/14.

** The present document is being issued without formal editing.

paragraph 6 that in 2025, that UN-Habitat will prepare a transition of its flagship programmes, and that a new Strategic Plan 2026 - 2029 is being finalized, covering these areas: (a) Sustainable Development Goals (SDG) Cities, aimed at advancing the overall implementation of the Goals at the local level; (b) Resilient Settlements for the Urban Poor (RISE-UP), leveraging large-scale investment to build climate resilience; (c) Inclusive cities, enhancing the positive impacts of urban migration; (d) Inclusive, vibrant neighborhoods and communities, supporting urban regeneration of towns and cities; and (e) People-centered smart cities, supporting digital transformation for sustainable urbanization. The four subprogrammes of UN-Habitat have remained unchanged, as follows: (i) reduced spatial inequality and poverty in communities across the urban rural continuum, (ii) enhanced shared prosperity of cities and regions, (iii) strengthened climate action and improved urban environment, and (iv) effective urban crisis prevention and response. **The Advisory Committee recalls that it has provided its overall observations and recommendations in its related report (A/79/7 (Sect. 15), paras. IV.137 – IV.152). The Committee also notes that UN-Habitat is finalizing a new Strategic Plan 2026 - 2029 and looks forward to receiving information on the new Plan in the context of the next extrabudgetary and regular budget submissions**

III. Proposed post and non-post resource requirements for 2025

Financial overview

4. The financial framework of UN-Habitat comprises three sources of funding: (a) the United Nations regular budget allocations, which are approved by the General Assembly; (b) 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 (c) technical cooperation contributions, from which the budget allocations are also approved by the Executive Director (see HSP/EB/2024/INF/4, para. 84). Technical cooperation contributions are earmarked voluntary resources from Governments and other non-government donors for the implementation of specific technical country-level activities consistent with the mandate of UN-Habitat and its programme of work and strategic plan. Programme support revenue is earned from the implementation of the earmarked funds, which is a percentage of total expenditures on direct programme costs in line with the administrative instruction on programme support accounts. Also, for management purposes, the Foundation's non-earmarked account and the regular budget are considered the core resources of UN-Habitat. The report indicates furthermore that, in line with General Assembly resolution 75/233, all efforts have been made to consolidate projected core and non-core resources within an integrated budgetary framework based on the priorities of the strategic plan for the period 2020–2025 (ibid., paras. 85 – 88).

1. Scalable vs. non-scalable proposed resources for 2025

5. Annex III to the budget submission provides an optional budget proposal for 2025, in line with package one of the scalability model of the non-earmarked Foundation, as endorsed by the Executive Board in its decision 2023/4. The report also indicates that the optional proposal may be considered by the Executive Board with reference to the revenue and net assets of the non-earmarked Foundation in 2024. Upon enquiry, the Advisory Committee was informed that there are therefore two proposals, namely: (a) the proposed budget for the Foundation's non-earmarked in the main part of the document is a maintenance budget as compared to 2023, without changes to resource requirements (see below), and (b) an option for approval of an increased budget that includes the maintenance level plus package one of the scalability model, as presented in annex III of the budget submission. The Committee was also informed that the present structure of the budget document had been requested by the Executive Board which would at its next session in December 2024, consider the proposed budget, and decide whether to maintain the same budget as 2023, or whether to implement package one as a first iteration of the scalability model.

6. As indicated in the tables 1 and 2 below, the total resources for 2025 under the scalable budget proposal would amount to \$5,047,500, while the resources under the non-scalable budget proposal would amount to \$175,171,500 (see also para. 10 below).

Table 1
Scalable budget proposal
Resource breakdown by subcategory of expenditure and strategic area¹
(Thousands of United States dollars)

<i>Subcategory of expenditure</i>	<i>SP1</i>	<i>SP2</i>	<i>SP3</i>	<i>SP4</i>	<i>PMO</i>	<i>EDM</i>	<i>PGS</i>	<i>Total</i>
Post	1 001.1	888.3	573.4	457.0	–	1 032.4	39.8	3 992.0
Travel of staff	26.2	43.7	45.4	38.4	14.0	93.7	14.8	276.2
Contractual services	42.7	41.6	39.5	38.5	140.0	5.1	115.2	422.6
General operating expenses	42.7	33.8	18.5	9.0	3.0	48.3	113.6	268.9
Furniture and equipment	3.0	3.9	3.0	3.9	6.0	16.0	2.0	37.8
Grants and contributions	–	–	–	50.0	–	–	–	50.0
Total	1 115.7	1 011.3	679.8	696.8	163.0	1 195.5	285.4	5 047.5
Post	1 001.1	888.3	573.4	457.0	–	1 032.4	39.8	3 992.0
Non-post	114.6	123.0	106.4	139.8	163.0	163.1	245.6	1 055.5
Total	1 115.7	1 011.3	679.8	696.8	163.0	1 195.5	285.4	5 047.5

Source: HSP/EB.2024/INF/4, annex III, table 19a

Table 2
Non-scalable budget proposal¹
Resource breakdown for 2025 by subcategory of expenditure and strategic area
(Thousands of United States dollars)

<i>Subcategory of expenditure</i>	<i>SP1</i>	<i>SP2</i>	<i>SP3</i>	<i>SP4</i>	<i>PMO</i>	<i>EDM</i>	<i>PGS</i>	<i>Total</i>
Posts	4 123.8	3 628.5	3 006.8	2 641.3	632.4	3 204.1	4 103.9	21 340.8
Other staff costs	21 746.8	7 024.6	5 883.1	13 825.3	138.3	424.4	322.1	49 364.6
Hospitality	–	–	–	–	3.3	–	–	3.3
Experts	19.3	19.6	18.6	18.6	–	–	–	76.1
Consultants	85.5	83.7	69.8	69.3	–	30.7	–	339.0
Travel of representatives	3.6	3.6	2.2	2.2	–	–	–	11.6
Travel of staff	3 269.7	1 618.8	642.0	1 394.9	141.4	144.0	28.5	7 239.3
Contractual services	5 389.3	2 007.0	1 260.1	17 785.2	175.5	64.4	1 876.2	28 557.7
General operating expenses	2 376.2	1 952.9	1 664.6	4 947.3	105.9	153.8	322.2	11 522.9
Supplies and materials	104.1	35.5	36.7	1 775.0	0.3	5.3	0.6	1 9575.5
Furniture and equipment	435.0	370.1	241.4	2 503.3	10.2	35.5	15.1	3 610.6
Grants and contributions	18 114.7	4 245.3	11 443.1	17 066.8	30.8	219.9	27.5	51 148.1
Total	55 688.0	20 989.6	24 268.4	62 029.2	1 238.1	4 282.1	6 696.1	175 171.5

Source: HSP/EB.2024/INF/4, table 16

7. The Advisory Committee recalls its observations and recommendations regarding scalability in section IV of its previous report. Following the consideration of and decision on the scalability model by the Executive Board in December 2024, the Committee will provide further comments, as applicable, in the context of its reports on the extrabudgetary and the regular budget submissions of UN-Habitat for 2026. The Committee notes that the decision regarding the scalability model is within the purview of the UN-Habitat Executive Board.

2. Evolution of overall resources

8. Upon enquiry, the Advisory Committee was provided with table 3 below showing personnel and operational costs from 2016 to 2023.

¹ Abbreviations: SP, subprogramme; PMO, policymaking organs; EDM, executive direction and management; PGS, programme support

Table 3
Personnel and operational costs: evolution of resources
(Millions of United States dollars)

<i>Description</i>	<i>2016</i>	<i>2017</i>	<i>2018</i>	<i>2019</i>	<i>2020</i>	<i>2021</i>	<i>2022</i>	<i>2023</i>
Actual personnel costs	78.4	72.4	77.9	84.5	80.2	70.6	71.6	68.8
Actual operational costs*	74.7	84.2	82.8	77.4	73.7	97.4	102.6	102.6
Percentage	105.0	86.0	94.1	109.2	108.8	72.5	69.8	67.1

* *Operational costs are calculated as total annual costs less personnel costs.*

9. The Advisory Committee emphasizes the need to keep personnel and operational costs under constant review to minimize administrative overheads and maximize efficiency in programme delivery. The Committee trusts that updated versions of the table above, including a breakdown by funding sources, will be included in future budget submissions.

3. Resource plan for 2025

10. As indicated in table 4 below, the overall resource requirements for UN-Habitat are projected (rounded) at \$175.2 million, reflecting a decrease of 3.1 per cent over the 2024 revised estimates in the amount of \$181.0 million. The resource requirements for 2025 comprise: (a) \$163.0 million (93.0 per cent) for programme activities; (b) \$1.2 million (0.7 per cent) for policymaking organs; (c) \$4.3 million (2.4 per cent) for Executive direction and management; and (d) 6.7 million (3.8 per cent) for programme support activities. The resource requirements for 2025 are based on the 2023 real delivery levels. Detailed information, including on the various sources of funding, is provided in section I of the budget

Table 4
Resource breakdown by subcategory of expenditure
(Thousands of United States dollars)

<i>Subcategory of expenditure</i>	<i>Approved 2023</i>	<i>Actual 2023</i>	<i>Revised Estimates 2024</i>	<i>Change amount</i>	<i>Variance (percentage)</i>	<i>Estimates 2025</i>
Posts	21 048.1	16 477.7	21 495.7	(154.9)	(0.7)	21 340.8
Other staff costs	46 494.8	51 433.6	49 821.2	(456.6)	(0.9)	49 364.6
Hospitality	180.6	–	3.3	–	–	3.3
Experts	64.9	–	76.1	–	–	76.1
Consultants	352.0	496.6	339.0	–	–	339.0
Travel of representatives	5.1	–	11.6	–	–	11.6
Travel of staff	1 609.9	7 351.9	7 239.9	(0.6)	(0.0)	7 239.3
Contractual services	26 524.2	37 610.4	32 571.6	(4 013.9)	(12.3)	28 557.7
General operating expenses	13 576.1	6 180.1	12 047.9	(525.0)	(4.4)	11 522.9
Supplies and materials	1 166.5	2 343.4	2 159.3	(201.8)	(9.3)	1 957.5
Furniture and equipment	1 856.5	4 205.3	3 933.9	(323.3)	(8.2)	3 610.6
Improvement of premises	169.1	–	–	–	–	–
Grants and contributions	56 073.0	42 962.8	51 251.6	(103.5)	(0.2)	51 148.1
Other costs	(13 825.5)	–	–	–	–	–
Total	162 374.0	182 158.2	180 951.9	(5 624.7)	(3.1)	175 171.5

Source: HSP/EB.2024/INF/4, table 14

11. The Advisory Committee notes that the original estimates for 2023 and 2024 have not been included in table 14 of the budget submission (see table 3 above). In that connection, the Committee was informed, upon enquiry, that the original estimate under posts for 2023 was higher than the actual expenditure and that, conversely, under other staff costs, the original estimate was lower than the actual expenditure. Both amounts were considered to largely offset one another primarily as requirements pertaining to communications, information and communications technology, and finance had not been undertaken by staff financed under the posts budget line but by personnel financed under the other staff costs budget line, such as individual contractors and United Nations Volunteers. The Committee was also informed that under general operating expenses, as well as under grants and

contributions, the actual expenditure was lower than the original estimate as the latter was based on initial cash inflow projections. **The Advisory Committee trusts that justifications for underexpenditure and overexpenditure will be provided to the UN-Habitat Executive Board at the time of its consideration of the present report.**

12. The Advisory Committee reiterates its recommendation in paragraph 7 of its previous report that UN-Habitat include in future reports detailed information, by category of expenditure, on actual expenditure and level of contributions received for the prior and current periods as compared with the proposed budget, together with detailed explanations for variances. The Committee trusts that the relevant information will be provided in future reports.

13. Upon enquiry, the Advisory Committee was provided with information on the budget for executive direction and management and programme support by funding source during the last five years, showing a decrease by \$4.79 (42.5 per cent) from 11.27 million in 2020 to \$6.48 million in 2024, as indicated in table 5.

Table 5
Resources for executive direction and management, and programme support by funding source (2020 – 2024)

(Millions of United States dollars)

<i>Strategic area</i>	<i>Funding source</i>	2020	2021	2022	2023	2024
Executive direction and management	Foundation non-earmarked	2.86	2.77	3.17	1.00	1.20
	Regular budget	1.77	1.64	1.49	1.84	1.19
	Foundation earmarked	0.80	–	0.98	2.26	0.33
	Technical cooperation	–	–	–	0.04	0.29
	Programme support fund	0.71	0.75	1.39	1.70	0.56
	Total		3.28	5.16	7.03	6.84
Programme support	Foundation non-earmarked	3.85	2.17	2.40	0.23	0.27
	Regular budget	1.13	1.12	1.11	1.34	1.28
	Foundation earmarked	0.45	–	–	0.11	0.36
	Technical cooperation	–	–	–	0.02	–
	Programme support fund	5.84	4.15	5.65	3.85	4.57
	Total		11.27	7.44	9.16	5.55

14. Upon enquiry, the Advisory Committee was also provided with comparative information on actual and projected expenditures, and resources of the two funding sources. The Committee was informed that the actual expenditures in 2022 were significantly higher than the preceding and following years, largely due to the recovery of operations in connection with the COVID-19 pandemic. The Committee was informed that the actual expenditures in 2023 have therefore been considered the new post-COVID-19 baseline, and that the variance was lower in 2023 due to realistic budgeting practices established in consultation with the UN-Habitat Executive Board, as indicated in table 6.

Table 6
Comparative information on actual and projected expenditures, and resources of the two funding sources

(Millions of United States dollars)

<i>Funding source</i>		2020	2021	2022	2023	2024 revised estimates (as at 31 August 2024)	2025
Foundation earmarked	Budget	63.47	43.33	69.12	39.08	49.22	54.05
	Actuals	36.30	46.32	58.26	41.69	31.86*	n/a
Technical cooperation	Budget	147.40	152.57	149.85	96.71	104.74	94.25
	Actuals	91.74	105.98	129.12	103.89	83.49*	n/a

15. The Advisory Committee trusts that updated versions of tables 5 and 6 above, with detailed information covering the most recent four years and the current year will be included in future budget submissions.

4. Programme support costs

16. Regarding programme support costs, the Advisory Committee was informed that programme support costs cover indirect support costs, with a purpose to ensure that the additional cost to support activities financed with extrabudgetary contributions is not borne by assessed funds or other core resources that are central to the budget review and approval process. Further to that, the Committee has been informed that the framework for programme support costs is contained in the Secretary-General's bulletin ST/SGB/188 of 1 March 1982 on the establishment and management of trust funds, as well as the administrative instruction ST/AI/286 of 3 March 1982 on programme support accounts. The reimbursement for programme support costs in respect of all activities financed from trust funds calculated at the standard rate approved by the General Assembly. The methodology for the calculation of programme support costs is such that the standard approved rate is applied to the committed expenditures of the project, i.e., actual expenses plus commitments. The current standard rates of programme support costs originate from General Assembly resolution 35/217 of 17 December 1980, and were further elaborated by the Controller in her memo of 8 June 2012 on cost recovery: programme support costs, wherein the standard rates are 13 per cent on all voluntary contributions where the United Nations retains primary programmatic responsibility; 7 per cent on all voluntary contributions in support of inter-agency programmes and collaborations with other multilateral institutions; and 3 per cent on all voluntary contributions implemented entirely by other United Nations organizations, non-governmental organizations, or governments, so-called "pass-through arrangements". The Committee was also provided with the programme support costs evolution by funding source for the most recent ten years and the estimates for 2025, as well as the actual revenue, as indicated in table 7.

Table 7

Programme support costs: Ten-year evolution of actual expenditures by funding source, the revised estimates for 2024, estimates for 2025, and actual revenue

Millions of US dollars

<i>Funding source</i>	<i>2014 actuals</i>	<i>2015 actuals</i>	<i>2016 actuals</i>	<i>2017 actuals</i>	<i>2018 actuals</i>	<i>2019 actuals</i>	<i>2020 actuals</i>	<i>2021 actuals</i>	<i>2022 actuals</i>	<i>2023 actuals</i>	<i>2024 revised estimates</i>	<i>2025 estimates</i>
FNDN	8.13	11.65	8.85	9.18	4.52	5.52	6.40	3.18	1.66	3.03	3.97	4.69
REGB*	12.49	16.94	14.10	13.56	14.43	15.30	15.54	15.90	16.80	16.58	16.30	16.30
FNDE	45.13	45.50	56.07	47.61	42.46	39.02	36.30	46.32	58.26	41.69	49.22	54.05
TECH	126.61	93.46	110.02	128.09	121.88	115.26	91.74	105.98	129.11	103.89	104.74	94.28
PRGS	12.24	10.54	8.97	10.28	12.16	11.90	10.93	11.46	9.51	8.86	10.00	11.24
PSC revenue**	11.87	11.30	10.49	9.50	10.37	9.58	9.65	10.87	11.69	12.40	8.54	n/a

*REGB includes sections 15, 23 and 35.

**PSC revenue for 2024 is as of 31 August 2024.

Abbreviations: *FNDN*, *Foundation non-earmarked*; *REGB*, *Regular budget*; *FNDE*, *Foundation earmarked*; *TECH*, *Technical cooperation*; *PRGS*, *Programme support*; *PSC*, *Programme support cost*.

17. The Advisory Committee underscores the need for consistent application of the standard programme support cost rates within the framework of the relevant policies while maintaining close alignment with the actual expenditures to avoid accumulating surpluses. The Committee also recommends that updated versions of table 7 above be included in future budget submissions.

5. Regular budget resources

18. On an annual basis, the General Assembly approves the regular budget resources for UN-Habitat, which are appropriated under the following programme budget sections (see *ibid.*, para. 84):

(a) Section 15 (human settlements): direct allocations from assessed contributions to the United Nations Human Settlements Programme.

(b) Section 23 (regular programme of technical cooperation): indirect allocations, for sectoral advisory services in the field of human settlements and sustainable urban development.

(c) Section 35 (development account): for specified development projects administered through the Department of Economic and Social Affairs; and

(d) Section 2 (conference management): for UN-Habitat-mandated components of conferences and a small training fund for language courses at the United Nations Office in Nairobi.

19. The observations and recommendations of the Advisory Committee on the proposed programme budget for 2025 for UN-Habitat are contained in its report A/78/7 (Sect.15).

6. General financial reserve

20. As indicated in paragraph 95 of the budget proposal, pursuant to decision 2022/55 of the Executive Board, it is the policy of UN-Habitat to set the reserve for the foundation non-earmarked fund at a minimum level of \$3.0 million or 20.0 per cent of the approved budget of the following financial year, whichever is higher. As 20.0 per cent of the proposed budget of \$4.0 million (\$800,000) is lower than \$3.0 million, the reserves for 2025 will be \$3.0 million.

Staffing requirements

21. Upon enquiry, the Advisory Committee was provided with table 8 below, showing that a total of 1,472 staff and other personnel across all funding sources were employed at UN-Habitat, as of 31 August 2024.

Table 8
UN-Habitat staffing (all funding sources)

Category	REGB	FNDN	FNDE	TECH	PRGS	Other*	Total
Staff	72	11	109	64	58	–	314
Other personnel	15	3	219	817	16	88	1 158
Total	87	14	328	881	74	88	1 472

Abbreviations: FNDN, Foundation non-earmarked; REGB, Regular budget; FNDE, Foundation earmarked; TECH, Technical cooperation; PRGS, Programme support.

*Other, includes gratis personnel, e.g., interns, for which the funding source is not applicable.

Note: Where staff or personnel are funded by multiple funding sources, the distribution of funding is evenly split.

22. The Advisory Committee welcomes the comprehensive information contained in table 8 above and trusts that updated versions of the table will be included in future budget submissions.

23. As indicated in tables 16 and 17 of the budget submission, a total of 156 posts are proposed for 2025 comprising: (a) 82 posts under the regular budget, (b) 19 posts under the foundation non-earmarked funds, and (c) 56 posts under the programme support fund.

Table 9
Distribution of posts by source of funds

Source of funding	Professional category and above									General service			Grand total
	USG	ASG	D-2	D-1	P-5	P-4	P-3	P-2/1	Total	NPO	LL	OL	
Foundation non-earmarked	–	1	–	5	2	–	2	2	12	–	7	–	19
Regular budget	1	–	1	5	9	21	15	5	57	–	23	2	82
Programme support	–	–	–	–	7	13	5	2	27	2	27	–	56
2024 total	1	1	1	10	18	34	22	9	96	2	57	2	157
Changes: (decrease)/increase													
Foundation non-earmarked	–	–	–	–	–	–	–	–	–	–	–	–	–
Regular budget	–	–	–	–	–	–	–	–	–	–	–	–	–
Programme support	–	–	–	–	–	–	–	–	–	(1)	–	–	(1)
Net changes	–	–	–	–	–	–	–	–	–	(1)	–	–	(1)
Foundation non-earmarked	–	1	–	5	2	–	2	2	12	–	7	–	19
Regular budget	1	–	1	5	9	21	15	5	57	–	23	2	82
Programme support	–	–	–	–	7	13	5	2	27	1	27	–	55
2025 total	1	1	1	10	18	34	22	9	96	1	57	2	156

Abbreviations: USG, Under-Secretary-General; ASG, Assistant Secretary-General; D, Director; P, Professional; NPO, National Professional Officer; LL, Local level; OL, Other level

Source: HSP/EB.2024/INF/4, table 17

24. Upon enquiry, the Advisory Committee was provided with table 10 below showing the evolution of staff by funding source from 2019 to 2023.

Table 10

Staffing: Five-year evolution (2019 to 2023) by staff category and funding source

<i>Funding source</i>	<i>Staff category</i>	<i>2019</i>	<i>2020</i>	<i>2021</i>	<i>2022</i>	<i>2023</i>
Foundation non-earmarked	Professional and above	18	19	3	3	3
	General service and related	18	20	7	6	6
Regular budget	Professional and above	28	28	25	27	26
	General service and related	50	51	53	54	54
Foundation earmarked	Professional and above	44	45	48	56	44
	General service and related	47	42	57	55	65
Technical cooperation	Professional and above	19	22	26	20	26
	General service and related	31	34	35	32	36
Programme support	Professional and above	21	17	30	31	31
	General service and related	24	17	28	22	15
Total		300	295	312	306	306

25. The Advisory Committee trusts that an updated table 10 will be presented to the Executive Board at the time of its consideration of the present report. The Committee trusts that an updated table covering the most recent four years and the current year will be included in future budget submissions.

IV. Other matters

A. Implementation of the recommendations of the Advisory Committee and the Board of Auditors

26. Upon enquiry, the Advisory Committee was provided a list of all recommendations from the Committee contained in its two most recent reports on the extrabudgetary resources of UN-Habitat. The Committee was informed that UN-Habitat considers that all recommendations of the Committee have been implemented.

27. The Board of Auditors, in its financial report and audited financial statements for the year ended 31 December 2023 on the United Nations Human Settlements Programme (A/79/5/Add.9), the Board expressed the opinion that the statements present fairly, in all material respects, the financial position of UN-Habitat as at 31 December 2023 and its financial performance and cash flows for the year then ended in accordance with the International Public Sector Accounting Standards. The Board did not identify material deficiencies in the accounts and records that might affect the fair presentation of the financial statements of UN-Habitat. However, the Board noted scope for improvement in a number of areas, specifically with regard to financial management, budget management, strategy management, project management, implementing partner management and procurement management. The key findings of the Board are as follows: (a) unauthorized transfer and use of cash balances from earmarked voluntary contributions without donor's consent, accumulating \$40.5 million as of 31 December 2023; (b) inadequate allocations of evaluation budget affecting the implementation of evaluation; (c) deficiency in three-fold implementation framework of New Urban Agenda; (d) insufficient management and implementation led to inadequate performance of projects; (e) surpassing of the payment limits to the same account by splitting Community Agreement; (f) inadequate payment oversight in ten United Nations system agreements; and (g) unauthorized transfer and use of cash balances from earmarked voluntary contributions without donor's consent, accumulating \$40.5 million as of 31 December 2023. Upon enquiry, the Advisory Committee was provided with information on the implementation of the recommendations regarding the shortcomings identified by the Board. **The Advisory Committee emphasizes the importance of implementing the recommendations of the Board of Auditors in a timely manner. The Committee provides further comments thereon in its related report (A/79/513).**

B. Geographical representation and gender balance

28. Upon enquiry, the Advisory Committee was informed that UN-Habitat is undertaking efforts for a more effective recruitment process in terms of geographical representation and gender balance. **The Advisory Committee welcomes these efforts and recalls that in paragraphs IV.150 and IV.151 of its first report on the proposed programme budget for 2025, it noted the imbalance of geographical representation, as well as the unequal representation of women and men among UN-Habitat staff. The Committee also recalls that it highlighted the need to intensify efforts to achieve a more equitable geographical representation of Member States, as well as gender parity among UN-Habitat staff.**

V. Conclusion

29. Subject to its observations and recommendations, the Advisory Committee has no objections to the draft work programme of UN-Habitat and the draft budget of the United Nations Habitat and Human Settlements Foundation for 2025.
