



The sixty-eighth meeting of the ad hoc working group on programmatic, budgetary and administrative matters of the Executive Board

Wednesday, 1 October 2025, from 9.00 to 12.00 and 13.00 to 16.00 East Africa Time

Draft work programme of the United Nations Human Settlements Programme and draft budget of the United Nations Habitat and Human Settlements Foundation for 2026

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 2026 (HSP/EB.2025/21¹). During its consideration of the report, the Advisory Committee met with representatives of the United Nations Human Settlements Programme (UN-Habitat), who provided additional information and clarification, concluding with written submissions received on 13 August 2025.

2. The report of the Executive Director indicates that reference is made to part A of the proposed programme budget for 2026, which incorporates the prior inputs from the Executive Board, and which was reviewed by the Committee for Programme and Coordination of the Economic and Social Council (see E/AC.51/2024/L.4/Add.12).

3. The mandate of UN-Habitat derives from the priorities established in relevant General Assembly resolutions and decisions, including resolution 3327 (XXIX), by which the Assembly established the United Nations Habitat and Human Settlements 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 the Centre into the United Nations Human Settlements Programme (UN-Habitat), effective 1 January 2002. The Assembly, through its resolution 73/239, established a new governance structure for the Programme, consisting of the universal UN-Habitat Assembly, the 36-member Executive Board and the Committee of Permanent Representatives. The UN-Habitat Assembly adopted resolutions providing further guidance on the work of UN-Habitat at its first and second sessions, held in May 2019 and June 2023, respectively. The Programme's support is aimed at developing the capacity at all levels of government and other key stakeholders to formulate and implement policies, plans and concrete activities for sustainable urban development. Such support is also provided through the implementation of projects under the Regular Programme of Technical Cooperation and the United Nations Development Account (A/80/6/(sect.15), paras 15.1 – 15.2).

II. Proposed work programme for 2026

4. The proposed programme budget for 2026 provides information on the strategy and external factors for 2026 in paragraphs 15.3 to 15.16 (A/80/6/(sect.15)) and indicates that growing inequalities, housing challenges,

¹ Document HSP/EB.2025/21 was considered by the Advisory Committee on Administrative and Budgetary Questions as document HSP/EB.2025/INF/6/Rev.1 following the inclusion the budget component to document HSP/EB.2025/INF/6 which was considered by the Executive Board of UN-Habitat at its first session of 2025. The symbol was updated to HSP/EB.2025/21 for consideration and possible approval of the Executive Board at its third session as a document for decision by the Board.



climate change and biodiversity loss, conflicts and other natural and human-made disasters often converge in cities, with the urban poor suffering the worst consequences. Being prepared for and overcoming these challenges is critical for a better urban future. The UN-Habitat strategy for 2026 will be guided by the UN-Habitat strategic plan for 2026–2029 with a greater focus on access to adequate housing, land and basic services, with a view to strengthening its impact (see A/80/6/ (sect.15), para 15.4). **The Advisory Committee provides observations and recommendations in its report on the United Nations proposed programme budget for 2026 (A/80/7 (Sect. 15)).**

III. Proposed post and non-post resource requirements for 2026

Financial overview

5. The financial framework of UN-Habitat comprises three broad 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 (HSP/EB.2025/21, para. 2).

6. 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. 4-7). **The Advisory Committee emphasizes once more the need to keep personnel and operational costs under constant review to minimize administrative overheads and maximize efficiency in programme delivery; and trusts that such information, including a breakdown by funding sources, will be included in future budget submissions (see AC 2303, para 9).**

Scalability model

7. As regards the proposal of the fully costed scalability model for which information was included in recent reports (HSP/EB.2023/11/Add.1 and HSP/EB.2024/INF/4), the Committee was informed that the threshold for Package I of the Scalability Model was achieved in 2024, enabling its phased activation as outlined in Annex III of the 2025 Work Programme and Budget (HSP/EB.2024/INF/4). As a result, Package I is not separately featured in the current report given that 2026 will function as a transitional year between the conclusion of the Strategic Plan 2020–2025 and the approval and implementation of the new Strategic Plan 2026–2029. The Committee was informed that, in preparation for the launch of the new Strategic Plan, UN-Habitat's Executive Director is spearheading a restructuring process that fully integrates the objectives of the scalability model, ensuring alignment with its principles and enabling a cohesive organizational transformation in preparation for 2026 and beyond. **The Committee trusts that regular updates of the restructuring process will be provided to the UN-Habitat Executive Board and in subsequent reports (see also para 26 below).**

Resource plan for 2026

8. As indicated in table 12 of the budget submission and below, the overall resource requirements for UN-Habitat are projected (rounded) at \$190.3 million, reflecting an increase of 6.1 per cent over the \$179.3 million approved in 2025. The resource requirements for 2026 comprise: (a) \$172.2 million (90.5 per cent) for programme activities; (b) \$1.2 million (0.7 per cent) for policymaking organs; (c) \$5.0 million (2.6 per cent) for executive direction and management; and (d) 11.9 million (6.2 per cent) for programme support activities (HSP/EB.2025/INF.6/Rev.1, para 8). The resource requirements for 2026 are based on the 2024 real delivery levels. Information, including on the various sources of funding, is provided in section III of the budget.

Table 1
Resource breakdown by subcategory of expenditure
(Thousands of United States dollars)

<i>Subcategory of expenditure</i>	<i>Approved 2024</i>	<i>Actual 2024</i>	<i>Approved 2025</i>	<i>Change amount</i>	<i>% change</i>	<i>Estimates 2026</i>
Posts	21,495.7	19,806.4	25,402.1	(800.1)	(3.1)	24,602.0
Other staff costs	55,410.0	61,368.9	49,376.2	11,634.7	23.6	61,010.9
Hospitality	3.3	–	3.4	0.3	8.8	3.7
Experts	73.7	–	101.8	(23.5)	(23.1)	78.3
Consultants	341.4	124.1	384.2	(16.2)	(4.2)	368.0
Travel of representatives	11.6	–	12.0	-	-	12.0
Travel of staff	3,098.9	9,528.4	7,242.8	(2,107.4)	(29.1)	5,135.4
Contractual services	25,782.0	30,304.6	28,548.4	(101.2)	(0.4)	28,447.2
General operating expenses	14,707.4	17,666.9	11,529.9	6,667.2	57.8	18,197.1
Supplies and materials	837.7	1,424.4	1,958.0	(1,290.3)	(65.9)	667.7
Furniture and equipment	2,310.9	2,518.8	3,604.5	(1,142.5)	(31.7)	2,462.0
Grants and contributions	51,021.8	46,872.2	51,148.1	(2,757.1)	(5.4)	48,391.0
Improvement of premises	604.8	5.7	-	900.6	-	900.6
Other costs	0.3	20.5	-	20.8	-	20.8
Total	175,699.5	189,599.9	179,311.4	10,985.3	6.1	190,296.7

Source: HSP/EB.2025/INF.6/Rev.1, table 12

9. The Advisory Committee recalls that it noted in its previous report that original estimates (for 2023 and 2024) were not included in the related table of the budget submission (see AC 2303 para 11). The Committee reiterates once more its recommendation 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, as well as detailed explanations for variances, including variances under programme support costs and in staffing levels (see AC 2303 para 12, AC2277, para 7, and para 23 below). The Committee trusts that justifications for variances in expenditure patterns will be provided to the UN-Habitat Executive Board at the time of its consideration of the present report.

Resource projections and mobilization

10. UN-Habitat's extrabudgetary funding comprises two components:
(a) Earmarked project funding: approximately \$185 million in project funding is anticipated to be realized across 2025 and 2026. This level is consistent with the organization's recent annual project acquisition range of \$170 to 180 million. The launch of the new Strategic Plan 2026–2029, which places a stronger emphasis on adequate housing and informal settlements, is expected to further align project priorities within the Organization and ensure that budgets are aligned accordingly. Consequently, UN-Habitat does not anticipate a significant decline in funding for these categories in the near future. Nonetheless, given increasing constraints in the global development funding landscape, the projections beyond 2026 remain conservative; and, (b) Foundation non-earmarked funding underpins the Organization's ability to deliver its core mandate. A moderate decline in funding is anticipated reflecting the broader decline in Official Development Assistance (ODA) globally.

11. The Committee was informed of the steps to maximize resource mobilization including: strengthening the value proposition of UN-Habitat by articulating clear linkages between donor priorities and strategic commitments; enhancing coordination and coherence in fundraising across global, regional, and country levels to ensure relevance,



quality, and impact of programming; broadening the donor base for foundation non-earmarked funding by engaging both traditional and emerging donor countries, such as middle-income countries, and widen the support from developing countries; leveraging South-South and North-South cooperation through co-financing arrangements and triangular partnerships; exploring innovative financing mechanisms; and, strengthening joint programming with UN system partners. **The Advisory Committee notes the planned resource mobilization efforts by UN-Habitat and trusts that further efforts will be made to expand funding options and the level of unearmarked core funds.**

Regular budget resources

12. 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 HSP/EB.2025/ INF.6/Rev.1, para.3):
- (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.

General financial reserve

13. As indicated in paragraph 14 of the budget proposal, pursuant to decision 2022/57 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 per cent of the approved budget of the following financial year, whichever is higher. As 20 per cent of the proposed budget of \$5.0 million (\$1.0 million) is lower than \$3.0 million, the reserves for 2026 will be \$3.0 million.

14. Upon enquiry, the Advisory Committee was informed that UN-Habitat has a separate reserve to cover end-of-service liabilities which is presented as a separate segment in its annual IPSAS financial statements. As at 31 December 2024, UN-Habitat had total assets amounting to \$23.8 million against total liabilities of \$36.3 million, with \$12.5 million remaining unfunded. The Committee was informed that the policy on reserves under the foundation non-earmarked fund has not changed as approved by the Executive Board; UN-Habitat reserves are capped at the higher than \$3.0 million or 20 per cent of the revenue received in the year; and that as of 31 December 2024, the reserves stood at \$3.0 million.

Non-earmarked foundation funds

15. Table 9 of the budget proposal indicates resource requirements by source of funds, including the non-earmarked foundation under core funds. Upon enquiry, the Advisory Committee was informed that in line with the IPSAS policy of the United Nations, surpluses of revenue over expenditures default to the fund balances out of which a reserve is also set aside; surpluses in the voluntary contributions in the non-earmarked foundation are therefore reflected in the fund balances brought forward from previous years. The estimates for non-earmarked foundation funds are above the 2025 and 2024 actual levels mainly due to the correct attribution of non-post costs which increased from \$1.0 million in 2025 to \$1.5 million in 2026. The Committee was informed that following a review of cost drivers, it was considered that the foundation non-earmarked fund needed an allocation of its share of non-post costs which were previously covered by the programme support costs, including approximately \$0.6 million of UNON core services costs.

16. The Committee was furthermore informed that the proposed budget for the foundation non-earmarked fund increased from \$0.3 million to \$1.1 million, as indicated in table 32 of the budget proposal, mainly under non-posts costs in the amount of \$0.9 million due to the correct attribution of costs to the foundation non-earmarked fund as indicated in the paragraph above. Regarding the increase of \$3.8 million under programme support also indicated in table 32, the Committee was informed that the increase of about \$2 million under post costs is a result of the 9 additional programme support positions proposed and the effect of cost increases for international staff (post adjustment) and local staff (salary increases) which took place in 2024 but had not been factored into the

2025 estimates. Further, the increase of \$1.8 million under non-post costs reflects the actual costs paid with respect to project support activities under various service level agreements with service providers, including for common services at the United Nations Office at Nairobi (UNON) and with the United Nations Office of Information and Communications Technology; the announced UNON rental increase from 2025 and associated non-post costs for the 9 positions had also been factored into the 2026 budget.

17. **The Advisory Committee notes the decision to increase non-post costs attributed to foundation non-earmarked and trusts that further clarification will be provided to the UN-Habitat Executive Board at the time of its consideration of the present report. The Committee considers that, in a scenario of increased constraints on mobilization of non-earmarked resources, all efforts should be made to carefully apportion costs between programme support costs and non-earmarked resources with a view to maximizing availability of core resources to programmes.**

Staffing requirements

18. As indicated in tables 15 and 16 of the budget submission and in table 2 below, a total of 148 posts are proposed comprising: (a) 82 posts under the regular budget, (b) 19 posts under the foundation non-earmarked funds, and (c) 47 posts under the programme support fund.

Table 2
Distribution of posts by source of funds

Source of funding	Professional category and above								Total	General service			Grand total
	USG	ASG	D-2	D-1	P-5	P-4	P-3	P-2/1		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	1	27	-	55
2024 total	1	1	1	10	18	34	22	9	96	1	57	2	156
Changes: (decrease)/increase													
Foundation non-earmarked	-	-	-	-	-	-	1	(1)	-	-	-	-	-
Regular budget	-	-	-	-	-	-	-	-	-	-	-	-	-
Programme support	-	-	-	-	-	(4)	5	-	1	1	(10)	-	(8)
Net changes	-	-	-	-	-	(4)	6	(1)	1	1	(10)	-	(8)
Foundation non-earmarked		1		5	2		3	1	12		7		19
Regular budget	1		1	5	9	21	15	5	57		23	2	82
Programme support					7	9	10	2	28	2	17		47
2025 total	1	1	1	10	18	30	28	8	97	2	47	2	148

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.2025/21, table 15

19. Upon enquiry, the Advisory Committee was informed that the proportion of senior and high-level posts comprise 31 posts out of the 148 posts (21 per cent), of which 18 posts in the programme of work, 8 posts in executive direction and management including the Executive Director and the Deputy Executive Director, 4 posts in programme support and 1 post in policymaking organs. The Committee was informed that the posts are 50 per cent regular budget funded and 50 per cent extrabudgetary funded under each grouping apart from the position under policymaking organs which is funded from the regular budget. Furthermore, the extrabudgetary funding model supports the need for specialized senior-level positions that enable the organization to adapt to evolving operational demands, ensuring effective coordination, resource mobilization, and execution of complex projects.

20. The Committee was also provided with the table below, showing that a total of 1,429 staff and other personnel across all funding sources were employed at UN-Habitat, as of 31 July 2025.

Table 3
UN-Habitat staffing (all funding sources)

Category	REGB	FNDN	FNDE	TECH	PRGS	Other	Total
Staff*	62	16	-	185	65	8	336
Other personnel	-	-	-	1,089	4	-	1,093
Total	62	16	-	1,274	69	8	1,429

Note:

1. REGB, regular budget; FNDN, foundation non-earmarked; FNDE, foundation earmarked; TECH, technical cooperation; PRGS, programme support.

2. * "Staff" comprises: i). 143 core posts, ii). 185 staff personnel on project positions that are not established posts and iii). 8 junior professional officer positions.

21. The Advisory Committee notes the information provided and trusts that updated versions of table 3 will be included in future budget submissions (see AC 2303, para 21).

22. As regards the net reduction of 8 posts as indicated in table 2 above, the Committee was informed that in line with guidelines on the management of revenue earned under programme support, UN-Habitat reviewed all the posts funded from programme support and regularized staffing by making staffing changes under each of the four subprogrammes as indicated in table 4 below. The Committee notes an increase of 10 posts under programme support in addition to the 3 new posts under executive direction and management.

Table 4
2025 Post changes

Year	Thematic components						Total
	SP1	SP2	SP3	SP4	EDM	PGS	
2025 posts	11	5	5	7	6	21	55
Changes	(10)	(4)	(3)	(4)	3	10	(8)
2026 posts	1	1	2	3	9	31	47

23. The Advisory Committee notes the need for changes in staffing to be clearly presented with details including the level, function, organizational placement and incumbency status of posts, so as to enhance transparency in human resources management and enable a more meaningful analysis. The Committee trusts that additional information as to the changes in staffing will be provided to the Executive Board at the time of its consideration of the present report.

IV. Other matters

Structural Review and the UN80 Initiative

24. Upon enquiry, the Advisory Committee was informed that considering the ongoing global challenges affecting the United Nations, and aligned with the Secretary-General's UN80 initiative, UN-Habitat has taken deliberate steps to improve efficiency, reduce costs, and ensure alignment of its operations with strategic priorities while optimizing the use of human and financial resources across all funding segments.

25. The Committee was informed that the Executive Director is leading a comprehensive review of the organization's structure in alignment with the 2026–2029 Strategic Plan including downgrading, abolishing, and

consolidating posts, as well as pooling certain administrative support functions. The aim is to rationalize staffing and better align resources with programmatic priorities and a future matching of posts, functions. Further efficiencies are being pursued through close collaboration with UNON, including the planned integration of certain administrative capacities into a Common Administrative Platform (CAP). The approach aims to reduce duplication, centralize transactional functions, and promote cost-effective service delivery in support of mandate implementation. Other measures include those related to human resource management in terms of voluntary agreed separation and hiring of affiliate personnel; travel guidance on limiting travel to essential activities; and office space consolidation at the Nairobi headquarters with the reduction of the physical footprint from eight floors to six and a flexible workplace strategy. The Committee was informed of the digital transformation strategy and notes that UN-Habitat recently partnered with the United Nations International Computing Centre to implement a new digital platform, yielding savings of approximately \$200,000 and significantly reducing UN-Habitat's ICT operating costs.

26. The Committee was informed of UN-Habitat's regional presence and liaisons offices and that UN-Habitat establishes offices based on programmatic need and full alignment with the United Nations reform efforts and in accordance with General Assembly Resolution 72/279. In recent years, UN-Habitat has taken proactive steps to strengthen its presence in the Global South, including the reorganization of its regional operations in Africa through the creation of sub-regional hubs in West Africa (Dakar) and in Southern Africa (Botswana). In light of current financial constraints, UN-Habitat is continuously assessing opportunities to streamline offices where feasible. **The Advisory Committee notes the structural review currently taking place, including the implications for staffing and administrative support functions, and trusts that the implications of the UN80 Initiative with respect to any changes to the budget estimates and to UN-Habitat operations as a whole will be further highlighted to the Executive Board at the time of its consideration of the present report. The Committee also trusts that, in the context of the UN80 Initiative, UN-Habitat will propose measures to further enhance cooperation and avoid duplication.**

System-wide collaboration

27. Upon enquiry, the Advisory Committee was informed of UN-Habitat collaboration with other entities, namely strategic partnerships through context-specific, actionable Memoranda of Understanding; consultation with Resident Coordinators' offices; enhancing collaborative programming of the World Urban Forum; expanding the Local2030 Coalition. UN-Habitat is the permanent co-chair of the Coalition, comprising 14 UN entities. Membership could be expanded and regional hubs strengthened to further SDG localization and UN-wide coordination, leading to stronger local and regional government engagement in Common Country Analysis and the United Nations Sustainable Development Cooperation Framework through the Resident Coordinator system; strengthening the Environment Management Group for better coordination and coherence in urban environment matters; and its role in transitioning from humanitarian responses to long-term development. **The Advisory Committee notes the information provided on system-wide collaboration and trusts that inter-agency cooperation and coordination will be further leveraged for efficiencies, synergies and avoiding duplication of efforts.**

Oversight and accountability

28. Annex I of the report of the Executive Director provides a summary of follow-up action taken to implement relevant recommendations of advisory and oversight bodies. The table indicates that a number of recommendations are either under implementation or in progress regarding the financial report and audited financial statements by the Board of Auditors on the UN-Habitat for the years 2018 through to 2023. **The Advisory Committee emphasizes once more the importance of implementing the recommendations of the Board of Auditors in a timely manner.**

29. Upon enquiry, the Advisory Committee was informed that, with regard to the recommendations contained in the report of the Joint Inspection Unit on the review of budgeting in organizations of the UN system (JIU/REP/2024/3), of the four main recommendations, one was considered to be not applicable to UN-Habitat. **The Advisory Committee trusts that the recommendations of the Joint Inspection Unit will be implemented in a timely manner.**

Equitable geographical representation and gender balance



30. The report does not include information on the geographical representation and gender balance of UN-Habitat staff. The Advisory Committee notes from information it received in the context of the United Nations proposed programme budget for 2026 that 190 staff encumbering Professional and above posts and positions across all funding sources as at 30 June 2025 were nationals of 56 Member States. 50 were nationals of 17 States of the African Group, 33 of 11 States of the Asia-Pacific Group, 5 of 3 States of the Eastern European Group, 19 were of 9 States of the Latin American and Caribbean Group, 81 of 14 States of the Western European and other States Group, 1 national of the United States of America and 1 national from 1 state not affiliated with the above regional groups.

31. The Advisory Committee was also informed that as at 13 August 2025, of the 336 staff encumbering all posts and positions in UN-Habitat from all sources of funding, 179 were women and 157 were men. Of the 191 staff encumbering posts and positions in the Professional and higher categories from all sources of funding, as at the same date, 96 were women and 95 were men.

32. **The Advisory Committee was informed that UN-Habitat is undertaking efforts to better address geographical representation and gender balance in its recruitment process (see AC2303, para 27). The Advisory Committee reiterates that UN-Habitat should intensify its efforts to achieve a more equitable geographical representation of Member States among its staff. The Committee makes further observations and recommendations in its forthcoming related report on the United Nations proposed programme budget for 2026 (A/80/7 (Sect. 15)).**