



Executive Board of the United Nations
Human Settlements Programme
First session of 2020

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Item 5 (c) (ii) of the provisional agenda*

Reports on the implementation of UN-Habitat strategic
plans: implementation of the strategic plan for the period
2020–2023: financial plan

Progress in the implementation of the strategic plan for the period 2020–2023: draft financial plan

Report of the Executive Director

I. Introduction

1. The Executive Board of UN-Habitat at its resumed first meeting, in part (b) of its decision 2019/1, requested the Executive Director of UN-Habitat, among other things, to submit, for approval by the Executive Board at its first session of 2020, a financial plan to support the implementation of the strategic plan for the period 2020–2023.
2. Accordingly, the secretariat is presenting the following proposal for a concept note on the proposed format, scope and content of the financial plan.

II. Proposal for a concept note

3. The secretariat proposes that the UN-Habitat financial plan comprise a forecast of revenue and expenditure required to achieve the outcomes and deliverables described in the successive strategic plans of UN-Habitat.
4. It is proposed that the forecast of revenue describe the following scenarios:
 - (a) Full projected revenue realization and associated expenditure costs that are needed to produce the deliverables required to achieve the outcomes set out in the strategic plan;
 - (b) Incremental revenue forecasts based on achieving revenue realization at 60 per cent, 80 per cent and 120 per cent of the full projected revenue realization. A corresponding forecast of deliverables and expenditure revenue would be presented based on the level of revenue realization.
5. Historical revenue forecasts based on the previous three fiscal years would be used to forecast the deliverables and associated expenditure.
6. The proposed time frame of the financial plan would be as follows:
 - (a) The forecast would initially cover the full four years of the strategic plan in force at the time;
 - (b) The forecast during the implementation of each successive strategic plan would be for the remaining years of that strategic plan.

* HSP/EB.2020/1.

7. The proposed scope of the financial plan would include all UN-Habitat funds in the following six fund categories:
- (a) United Nations Habitat and Human Settlements Foundation non-earmarked;
 - (b) Regular budget allocation;
 - (c) Foundation earmarked;
 - (d) Technical cooperation;
 - (e) Programme support costs;
 - (f) End-of-service benefits.
8. The proposed frequency of the financial plan would be as follows:
- (a) Every four years, the draft forecast for the following four-year period would be presented in conjunction with the draft strategic plan for the same period to the UN-Habitat Assembly for its consideration and adoption;
 - (b) Updates to the forecast would be presented annually to the Executive Board in conjunction with the submission of the annual work programme and budget.
9. The proposed components of the financial plan would include:
- (a) A preamble on the political, economic and environmental conditions that could have a major impact on the forecast of revenue and expenditure;
 - (b) An assessment of the financial sustainability of UN-Habitat, which, it is proposed, would be based on the end of June net income of the six fund categories, and the liquidity and solvency ratios for each of those categories;
 - (c) An assessment of the organizational sustainability of UN-Habitat, which, it is proposed, would show predictable, stable and sustainable contributions to UN-Habitat;
 - (d) A forecast of revenue and expenditure scenarios based on achieving 60 per cent, 80 per cent, 100 per cent and 120 per cent of the estimated overall cost of the strategic plan.
10. It is proposed that the figures in the financial plan will be calculated as follows:
- (a) Forecast of revenue and expenditure will be based on the World Bank's world inflation rate¹ from the previous full year to project the future years of the financial plan;
 - (b) Forecast of revenue and expenditure for future years will be based on the United Nations operational rates of exchange applicable in the month preceding the submission of the financial plan to the Division of Conference Services for translation into the six official languages of the United Nations.

III. Benefits and challenges

11. The following are some of the benefits and challenges of a financial plan:

<i>Benefits</i>	<i>Challenges</i>
Links the strategic plan with a financial forecast of revenue and expenditure required to implement the plan.	The level of risk and uncertainty in forecasting of future political, economic and environmental factors in the medium term.
Can stimulate discussion and provide an indicative medium-range financial perspective for UN-Habitat stakeholders.	The ability to ascertain donor priorities in the medium term.
Constitutes a tool to identify potential financial challenges.	

¹ <https://data.worldbank.org/indicator/FP.CPI.TOTL.ZG>.

IV. Next steps

12. The secretariat would like to seek the feedback of the ad hoc working group on programmatic, budgetary and administrative matters on the draft proposal for a financial plan.
13. The secretariat will consult the United Nations Controller on the draft format of the proposal to ensure alignment with United Nations financial reporting and the reforms on programmatic and budgetary matters initiated by the Secretary-General.
14. The proposed formats for the financial plan are set out in the annex to the present report, without formal editing.

Proposed format of the financial plan to be presented annually during the implementation of the strategic plan

UN-Habitat					
Calendar Years 2023 - 2027					
FINANCIAL PLAN OF PROJECTED REVENUES AND EXPENDITURES					
<i>(thousands of United States dollars)</i>					
<i>Funding sources</i>	<i>Actuals 2023</i>	<i>Approved Budget 2024</i>	<i>Projected Budget 2025</i>	<i>Projected Budget 2026</i>	<i>Projected Budget 2027</i>
REVENUES					
Foundation non-earmarked					
Regular Budget					
Foundation earmarked					
Foundation Technical Cooperation					
End-of-Service-Benefits					
Programme Support Costs					
Total Revenues					
EXPENDITURES					
Foundation non-earmarked					
Regular Budget					
Foundation earmarked					
Foundation Technical Cooperation					
End-of-Service-Benefits					
Programme Support Costs					
Total Expenditures					
Net Revenues					
Contingencies and Operating Reserves					
<i>Excess / (Shortfall) of Revenues over Expenditures and Operating Reserves</i>					

UN-Habitat					
Calendar Years 2023 - 2027					
Projected Financial resources requirements by category of expenditure					
<i>(thousands of United States dollars)</i>					
<i>Component</i>	<i>Actuals 2023</i>	<i>Approved Budget 2024</i>	<i>Projected Budget 2025</i>	<i>Projected Budget 2026</i>	<i>Projected Budget 2027</i>
Subcategory of expenditure					
Posts and other Staff costs					
Non-post					
Total					
Post					
Non-post					
Total					