



UN-HABITAT

Agenda item 4

Financial status of UN-Habitat, including an update on the financial reserve and the updated scalability model for the non-earmarked budget of the Habitat and Human Settlements Foundation

Executive Board of UN-Habitat: First session of year 2023
28-29 March 2023

Financial status as of 31 December 2022

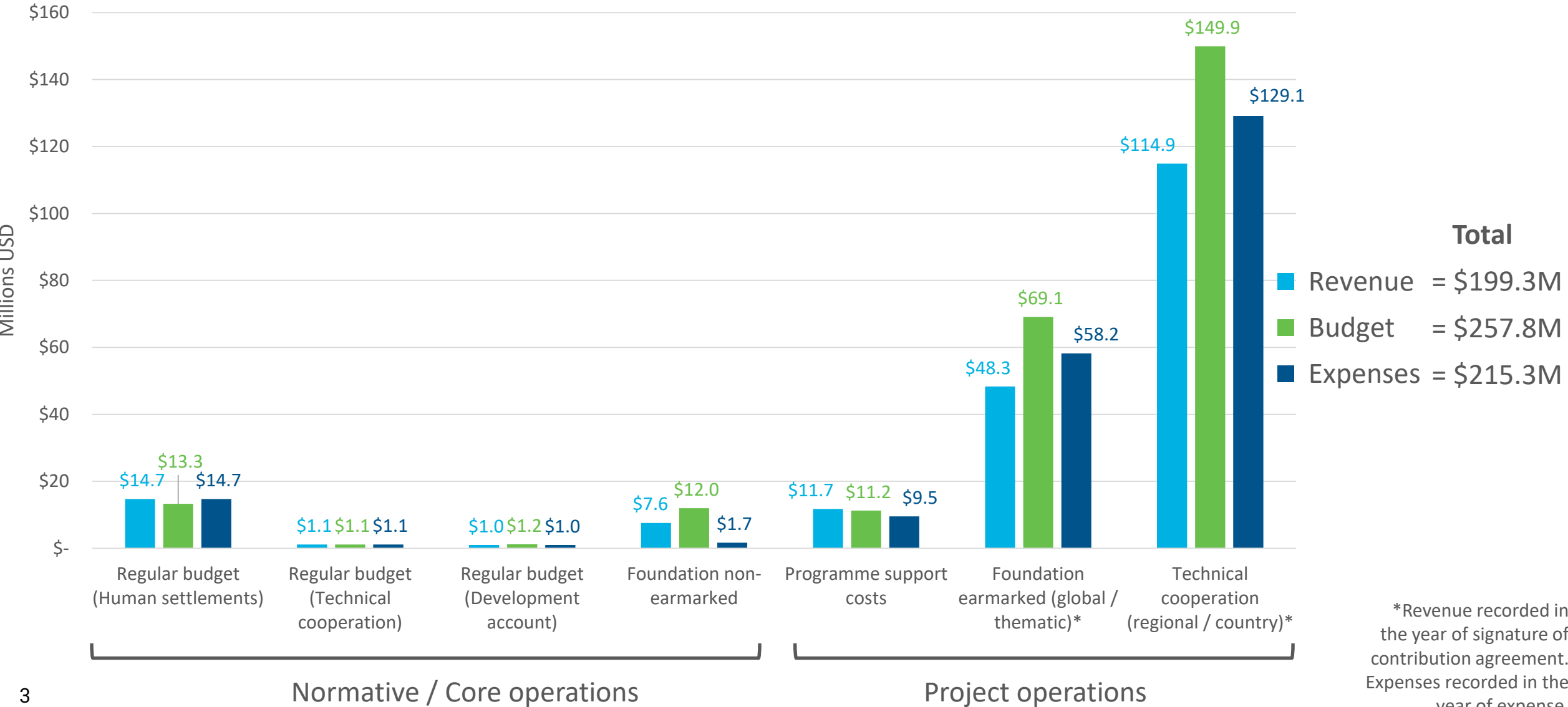


Focused on stability

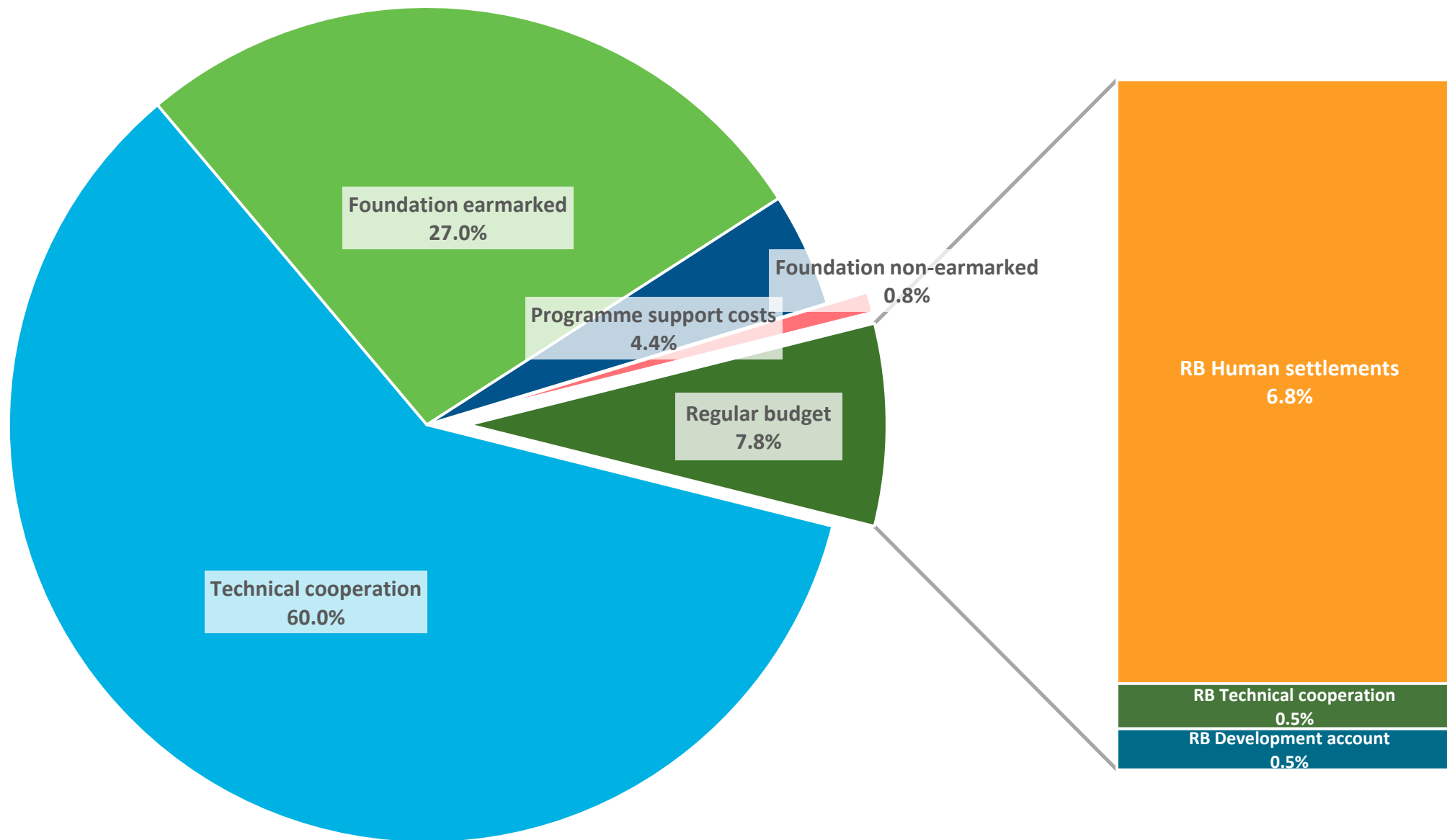


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2022 across all funding segments



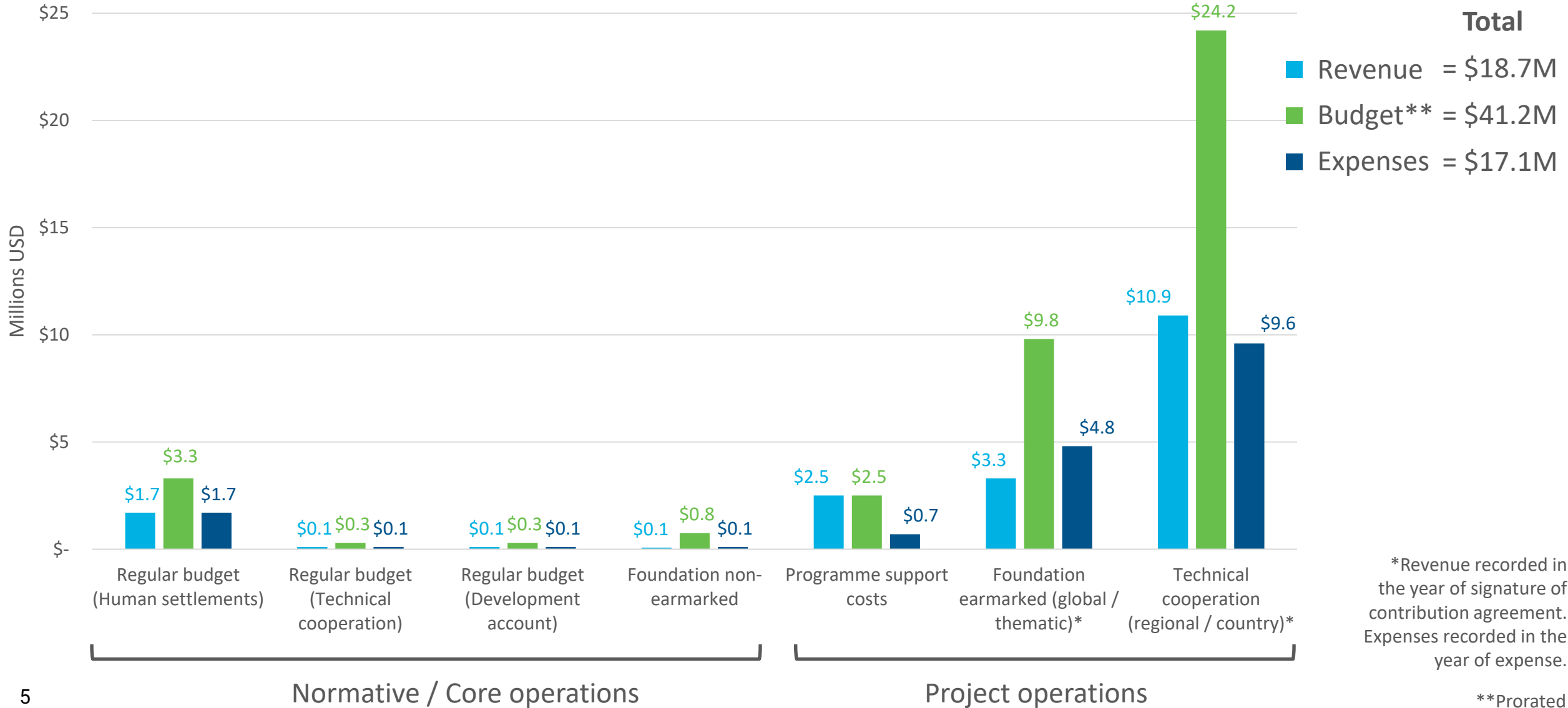
2022 expense mix





2023 to date across all funding segments

as of 25 March 2023

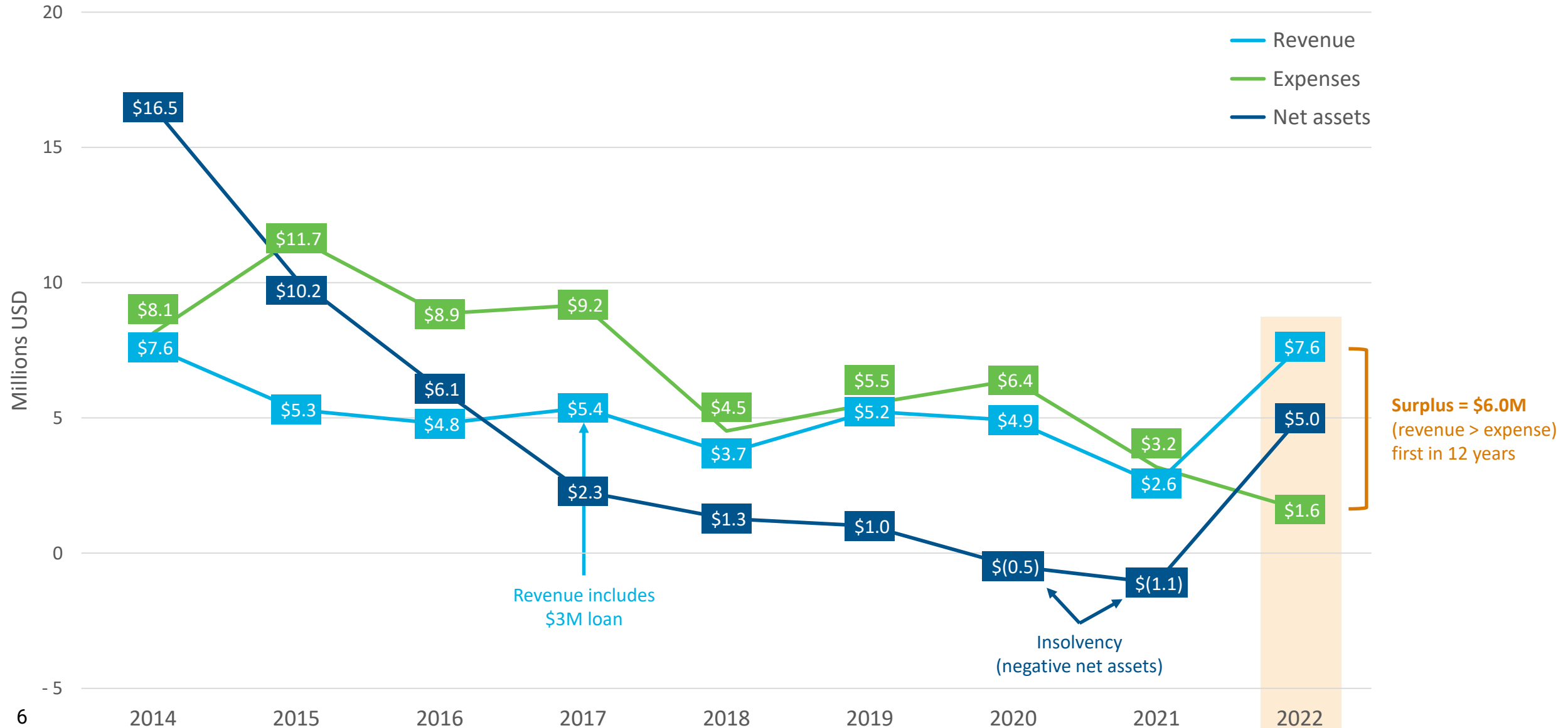


*Revenue recorded in the year of signature of contribution agreement. Expenses recorded in the year of expense.

**Prorated



Foundation non-earmarked: 2022 was historically important





Financial reserve and partial loan repayment

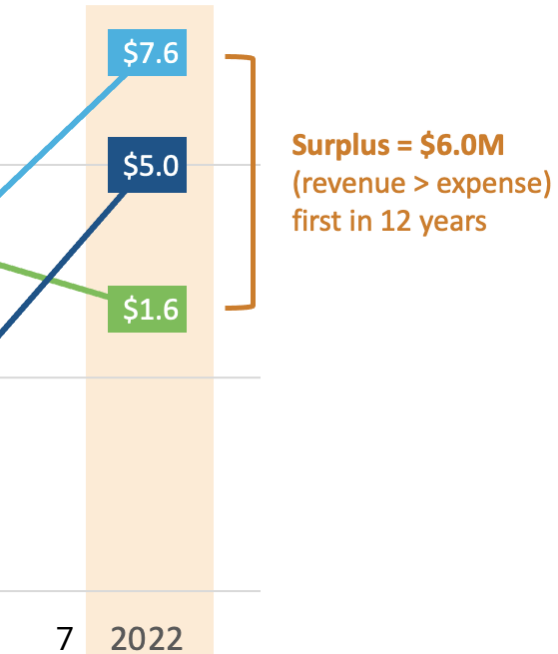
- Revenue
- Expenses
- Net assets



From the surplus, the financial reserve is fully funded at the mandated level of \$3M



An initial instalment of \$500K was paid against the loan of \$3M



Financial reserve: level and purpose

[HSP/EB.2022/22](#): Decisions adopted by the Executive Board at its second session of 2022
Decision 2022/5

LEVEL

11. *Also recalls* the provisions of decision 2020/4 relating to the level of the financial reserve in the non-earmarked Foundation budget and decides to set the minimum level of the reserve at **\$3 million** or 20 per cent of the approved budget for the following financial period, whichever is higher;

PURPOSE

12. *Decides* that the Executive Director is authorized to enter into planned commitments from the available balance of the financial reserve **to compensate for short-term requirements and liquidity due to uneven cash flows in accordance with the approved work programme and budget** and requests that such commitments be reported to the Executive Board;



The **mandated purpose of the reserve** of the non-earmarked Foundation is in line with the **mandate of the Foundation** to augment the regular budget for normative and core operations.



Short or medium-term unforeseen (surge) requirements would normally be covered by the reserves in technical cooperation and the earmarked Foundation, in line with the mandates of those funds.



Long-term requirements would normally be covered in the budget process.

Financial milestones



Realistic budgets, treated as spending plans

Controlled spending within agreed envelopes

Maintained all personnel

Stabilised core finances



First additional regular budget proposed and approved in 20 years

First surplus in 12 years

First fully funded financial reserve

First instalment to repay the loan

First programme budget implication process via ACABQ

Draft supplementary budget for 2023

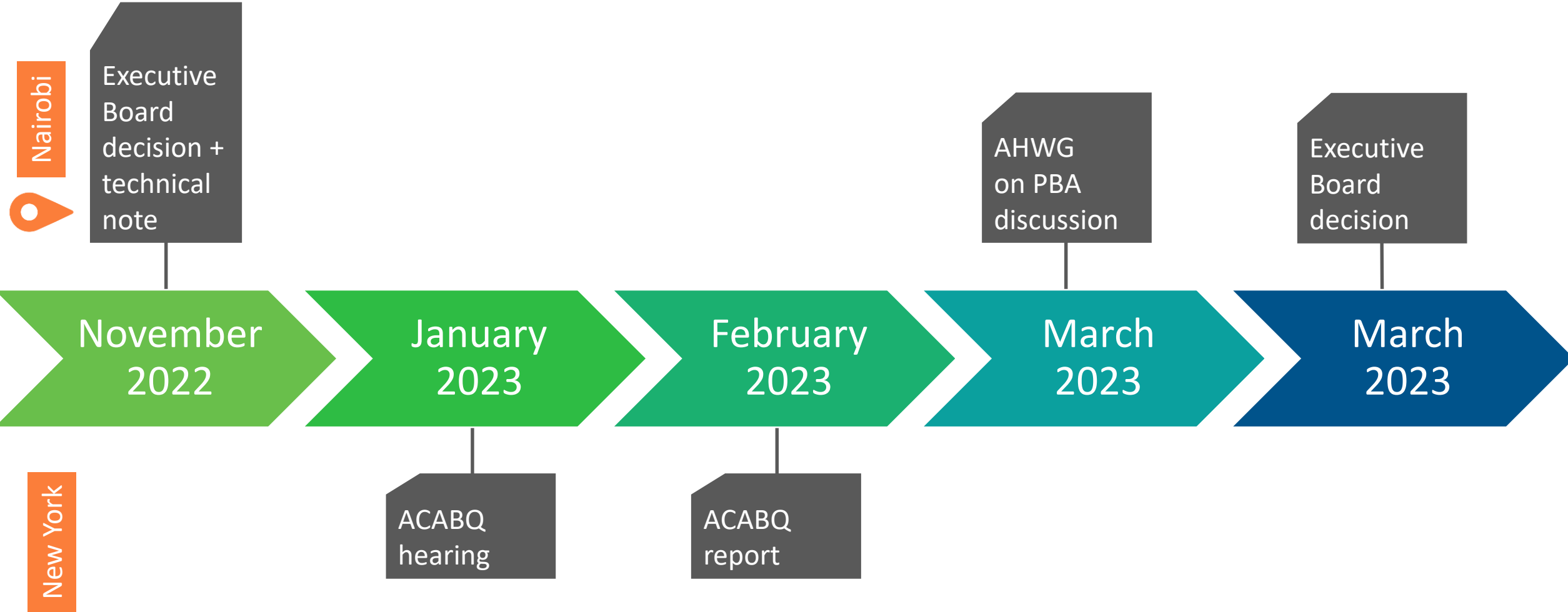
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For consideration



Supplementary budget process



[HSP/EB.2022/22](#): Decisions adopted by the Executive Board at its second session of 2022

Decision 2022/6

16. *Welcomes* the update by the Executive Director on the high-level meeting of the General Assembly to assess progress in the implementation of the New Urban Agenda, held on 28 April 2022, and *takes note* of the summary by the President of the General Assembly of that high-level meeting, including the annex of declared actions and commitments on housing, climate action, localization of the Sustainable Development Goals, and urban crisis recovery to accelerate the implementation of the New Urban Agenda;

17. *Requests* the Executive Director **to provide an update** on programmes and initiatives on the implementation of the New Urban Agenda, including with regard to the submission of national reports, **at each session of the Executive Board;**

TRIGGER
OF PBI

Rule 12.5 of the [Rules of Procedure of the Executive Board](#) (HSP/HA.1/HLS.3):

TECHNICAL NOTE

Before the Executive Board approves any proposal involving expenditure in excess of the approved budget, the Board secretariat shall provide the Board with **a written estimate** of the cost of implementing the proposal.

Rule 302.6 of the [Supplement to the Financial Regulations and Rules of the United Nations](#) (ST/SGB/2015/4):

TECHNICAL NOTE

The Executive Director is responsible for preparing and presenting to the Governing Council [now United Nations Habitat Assembly, as delegated to the Executive Board] **a statement of Foundation programme budget implications ... with the comments of the Advisory Committee on Administrative and Budgetary Questions.**

ACABQ REPORT

Four staff, two substantial reports per year, national reporting helpdesk

2 x 5,000 words

Subprogramme	Budget category	Grade/Desc.	Count	Location	Duration (years)	Total annual resources	Existing resources	Net annual total	Prorated for 2023	
SP1, SP2, SP3 and SP4 (25% to each subprogramme)	Staff costs	P-3	1	Nairobi	1	185,300	-	185,300	92,650	
		P-2	1	Nairobi	1	154,900	-	154,900	77,450	
		G-7	1	Nairobi	1	39,800	-	39,800	19,900	
		G-6	1	Nairobi	1	39,800	-	39,800	19,900	
	Sub-total						419,800	-	419,800	209,900
	Non-staff costs	Document production					150,000	-	150,000	75,000
		Other operating costs					37,400	-	37,400	18,700
	Sub-total						187,400	-	187,400	93,700
	Grand Total						607,200	-	607,200	303,600

Three staff, one shorter report per year, national reporting helpdesk

2,500 words

Subprogramme	Budget category	Grade/Desc.	Count	Location	Duration (years)	Total annual resources	Existing resources	Net annual total	Prorated for 2023	
SP1, SP2, SP3 and SP4 (25% to each subprogramme)	Staff costs	P-3	1	Nairobi	1	185,300	-	185,300	92,650	
		P-2	1	Nairobi	1	154,900	-	154,900	77,450	
		G-7	1	Nairobi	1	39,800	-	39,800	19,900	
	Sub-total						340,200	-	340,200	190,000
	Non-staff costs	Document production					37,500	-	37,500	37,500
		Other operating costs					28,300	-	28,300	14,150
	Sub-total						65,800	-	65,800	51,650
	Grand Total						406,000	-	406,000	241,650

Two staff, one summary report per year

1,500 words

Subprogramme	Budget category	Grade/Desc.	Count	Location	Duration (years)	Total annual resources	Existing resources	Net annual total	Prorated for 2023
SP1, SP2, SP3 and SP4 (25% to each subprogramme)	Staff costs	P-3	1	Nairobi	1	185,300	-	185,300	92,650
		G-7	1	Nairobi	1	39,800	-	39,800	19,900
	Sub-total					225,100	-	225,100	112,550
	Non-staff costs	Document production				22,500	-	22,500	22,500
		Other operating costs				18,700	-	18,700	9,350
	Sub-total					41,200	-	41,200	31,850
	Grand Total					266,300	-	266,300	144,400

Scalability model: principles and priorities



Qualitative

Scalability principles: how to carefully manage growth

- ★ Prioritize based on **strategic objectives**, both functional and expansive
- ★ Manage through the **budget process**, in which positions are established, converted, reclassified, reorganized, upgraded, downgraded or abolished
 - ★ Continuously review other UN organizations as **benchmarks**.
 - ★ Continue the **rationalization analysis** of all positions across all sources of funding to ensure proper use of each source of funding with respect to the functions of each position





Scalability priorities

- ★ **Develop programmes,** including flagships: design, coordination, and reporting
- ★ Support Member States in the **adoption of urban data systems,** including SDG indicators
- ★ Stabilize the **regional architecture,** including cooperation with the Resident Coordinator system
- ★ Foster **knowledge management** and sharing
- ★ Support global operations with **oversight,** internal controls, audit response and enterprise risk management
- ★ Expand normative outcomes by monitoring and supporting the **adoption of norms** by Member States, including adequate housing, climate solutions, localization of SDGs, and urban crisis response
- ★ Strengthen normative impact through **communication,** advocacy, outreach and partnerships

Thank you!

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