



**Executive Board of the United Nations
Human Settlements Programme
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Item 10 of the provisional agenda***

**Update on the implementation of the United Nations
development system reform in UN-Habitat**

Implementation of the United Nations development system reform in the United Nations Human Settlements Programme

Note by the secretariat

I. Introduction

1. At its third session of 2023, held in Nairobi from 28 to 30 November, the Executive Board of the United Nations Human Settlements Programme (UN-Habitat) took note of the update by the Executive Director on the implementation by UN-Habitat of the reform of the United Nations development system (HSP/EB.2023/19) and the checklist on the implementation of the reform by UN-Habitat (HSP/EB.2023/INF/8).
2. The update presented highlights of UN-Habitat activities to implement General Assembly resolution 72/279, tabled in response to General Assembly resolution 76/4, in which the Chair of the United Nations Sustainable Development Group was requested to provide adequate information and tools to the governing bodies of the United Nations development system entities to facilitate their oversight role, including monitoring alignment and adherence by entities to the dual reporting model.
3. The present note is issued pursuant to the above-mentioned reporting duties, as resolution 76/4 establishes that United Nations entities should provide regular updates in order to effectively support their governing bodies in their oversight role with regard to the United Nations development system reform.
4. The present note also draws the attention of the Executive Board, in section VI, to the ongoing critical consultations and discussions at the highest levels among Member States and United Nations Sustainable Development Group entities on the urgent need to revive the United Nations funding compact so that it can play an instrumental role in ensuring the success of the reform of the United Nations development system as mandated by resolution 76/4.

II. Background

5. At its third session of 2023, the Executive Board noted the secretariat's contribution to the consolidation of the six interlinked pillars of the reform of the United Nations development system, namely: new generation of United Nations country teams; reinvigoration of the resident coordinator system; revamping of the regional approach; strategic direction, oversight and accountability for

* HSP/EB.2024/1.

system-wide results; funding of the United Nations development system; and following up on the repositioning efforts of the United Nations development system at the global, regional and country levels.

6. A positive trend in the 2023 updates was the synergetic impact of the organization's continued interaction with other players, mainly at the regional and country levels, whereby it repositioned itself as the United Nations focal point in the urban sector, gradually expanding its networks to increase its influence in urban discourse and practices to better serve Member States.

III. Consolidating the management accountability framework

7. The contribution of UN-Habitat to the management accountability framework in countries where it is present facilitates its quick integration into the United Nations country teams. Resident coordinators also play a critical role, as the highest-ranking representatives of the United Nations development system at the country level, entrusted with enhanced authority to ensure alignment of agency programmes and inter-agency pooled funding for sustainable development in consultation with beneficiary Member States.

8. The interaction of UN-Habitat with regional coordinators and other members of the United Nations country teams within the management accountability framework takes place at the senior managerial level: the regional representatives of UN-Habitat and heads of the country programmes lead its institutional position and carry out joint activities, as required, in line with the dual reporting model of the management accountability framework. The institutionalization of the regional representation of UN-Habitat as part of a new regional architecture was also a response to the needs of the United Nations development system reform, which requires entities to have a stronger presence at the appropriate levels to create synergy for joint delivery.

IV. Joint planning tools and issue-based coalitions

9. Since 2020, the number of countries in which UN-Habitat has collaborated in common country analyses and the development of the United Nations Sustainable Development Collaboration Framework has surpassed 90. In the spirit of the United Nations development system reform, the United Nations Sustainable Development Collaboration Framework is the only source of country planning documents for United Nations entities, including UN-Habitat country programme documents. The template used by UN-Habitat for the country programme documents has been gradually aligned with United Nations Sustainable Development Group guidance,¹ with the United Nations Sustainable Development Collaboration Framework viewed as a common denominator for programming that is tailored to national needs and priorities. More than 10 UN-Habitat country programme documents have since been completed, in association with resident coordinators and other members of United Nations country teams.

10. In all major regions, and now also in Eastern Europe and Central Asia, UN-Habitat teams have been actively engaged in leading discussions within the regional collaborative platforms, peer support groups and issue-based coalitions.

11. In Africa, various activities took place in 2023, including progress review workshops on Sustainable Development Goal 11, and UN-Habitat co-convened the issue-based coalition on digital development and supported a number of countries on smart cities. In the Arab States, efforts included the integration of urban data into the "Manara" regional data platform, developed by the Economic and Social Commission for Western Asia, and participation in several regional issue-based coalitions, on climate, food security and the environment; gender, justice and equality; and migration. In the Asia-Pacific region, UN-Habitat co-chaired the regional collaborative platform on human mobility and urbanization together with the International Organization for Migration (IOM), and it supported key regional issue-based coalitions on, for example, housing, the localization of the Sustainable Development Goals, climate adaptation, waste management and urban mobility, and collected inputs for the latest Sustainable Development Goal 11 synthesis report. In Latin America and the Caribbean, UN-Habitat co-chaired the regional collaborative platform on partnerships and communications with the United Nations Development Programme and advocated for the consideration of urban territorial dimensions. In 10 cities in selected countries, UN-Habitat took part in the issue-based coalition on human mobility, migration and the integration of migrants in cities, alongside IOM and the Office of the United Nations High Commissioner for Refugees. Finally, in Eastern Europe and Central Asia,

¹ United Nations Sustainable Development Group, "Guidance Note on a New Generation of Joint Programmes", Oct. 2022.

support was provided to a range of issue-based coalitions, including on data and statistics, gender equality, youth, social protection, displacement, resilience, environment and climate change, and sustainable food systems.

12. Despite its full reliance on unpredictable earmarked resources in the field, UN-Habitat also ensures engagement in common back offices and contributes to business operation strategies and mutual recognition, as well as common premises modalities, as the reform of the United Nations development system requires. In a notable case in the Arab States, UN-Habitat participated in regional operations management and contributed to the business operations strategy and common premises in several countries. In Latin America and the Caribbean, UN-Habitat is engaged with common back offices in several countries. However, full compliance with the reform depends on the financial resources available for spending in the above sectors.

V. Challenges of a project-driven UN-Habitat

13. At its third session of 2023, the Executive Board was briefed on the main challenges impeding progress and slowing further engagement and full compliance of UN-Habitat with all the requirements of the United Nations development system reform, particularly those related to the project-funded management structure of UN-Habitat and practices that limit flexibility. As a project-funded organization with more than 70 per cent of its resources mobilized for projects and field operations, the lack of capacity of UN-Habitat to ensure a minimal presence in key United Nations sub-regional hubs and countries risks fundamentally altering its current participation in the implementation of the United Nations development system reform.

14. The reform has called for a stronger regional and country-based approach to achieve swift results and long-lasting impact in line with the 2030 Agenda for Sustainable Development. The recent evolution of UN-Habitat towards increased reliance on earmarked funding restricts its capacity to prioritize its engagement with the United Nations development system reform, including support to least developed countries, landlocked developing countries and small island developing States.

VI. New commitments to the funding compact for United Nations development system activities

15. The scarcity of funding for operations impacts the capacity of United Nations entities, such as UN-Habitat, and of the process of the United Nations development system reform itself – and specifically the funding compact – to achieve results effectively and promptly while attending to increasing demands for services from Member States. The Executive Board has been encouraged to take appropriate measures to lessen the pressure on the income of UN-Habitat by appealing to Member States to increase non-earmarked resources in order to strengthen the ability of UN-Habitat to continue its contribution to the United Nations development system reform and deliver on its mandate.

16. In the same vein, Member States were called on to renew their commitments to the funding compact, a key pillar of the reform. In recent months, the Chair of the United Nations Sustainable Development Group, at the request of the Secretary-General, initiated a series of briefings and consultations with Member States on the alarming status of the funding compact, which remains critically underfunded and is failing to deliver results, despite the promises made.

17. The funding compact, a component of the reform adopted by the General Assembly in resolution 72/279, aims to mobilize the financial support needed for the United Nations development system to deliver on the 2030 Agenda for Sustainable Development. Through increased core funding, the compact invited development partners to dedicate resources to country priorities, focus on results, involve multi-stakeholder partners in decision-making, and build on existing mechanisms for mutual accountability and transparency. The compact has a multiplier effect on the implementation of the Sustainable Development Goals, and the main rationale behind it was to enable optimization of funding for development at the country level, as earmarked funding alone does not respond to country priorities and needs in an integrated and efficient way.

18. In the ongoing dialogues with Member States conducted by the Chair of the United Nations Sustainable Development Group in New York, forward-looking proposals have been made, including holding national consultations on the funding compact to raise awareness of this key development tool and to make a case for its revival through renewed commitments by Member States. The Executive Board, in the exercise of its oversight role, may wish to consider the above points and issue a recommendation for follow-up by the secretariat on its own funding challenges, and how they limit its engagement with the United Nations development system reform, as well as follow-up by Member

States on improving their contributions to the funding compact of the United Nations development system, which they approved.

ADVANCE