



**Executive Board of the United Nations
Human Settlements Programme
Second session of 2022**

Nairobi, 21–23 November 2022
Item 4 of the provisional agenda

**Financial, budgetary and administrative matters, including
the implementation of the resource mobilization strategy in
accordance with the strategic plan for the period 2020–2023
and action by the United Nations Human Settlements
Programme to address geographical and gender imbalances
in the composition of its staff**

Ongoing restructuring of the United Nations Human Settlements Programme

Report of the Executive Director

I. Introduction

1. In February 2018, the United Nations Human Settlements Programme (UN-Habitat) launched a reform process to transform the governance and strategic and substantive focus of the Programme, underpinned by the following four pillars: (a) a new governance architecture; (b) the development of a new strategic plan; (c) an internal change process; (d) organizational restructuring.
2. The first session of the United Nations Habitat Assembly of the United Nations Human Settlements Programme (UN-Habitat Assembly) was held in Nairobi from 27 to 31 May 2019. During that session, the UN-Habitat Assembly adopted a new strategic plan for the period 2020–2023.
3. In June 2021, at its first open-ended meeting for a high-level midterm review, the Committee of Permanent Representatives found the strategic plan to be relevant and robust.* The Executive Board, in paragraph 13 of its decision 2021/6, recommended that the United Nations Habitat Assembly at its second session of 2023 consider extending the current strategic plan for the period 2020–2023 until 2025 to cover the period 2020–2025 in order to align the planning cycle of UN-Habitat with the quadrennial comprehensive policy review of operational activities for development of the United Nations system.
4. In line with the report of the Secretary-General, “Our Common Agenda” (A/75/982), in January 2022 the Executive Director published her vision document, in which she highlighted the priorities for UN-Habitat, which are derived from the recommendations of the Committee of Permanent Representatives and include a particular focus on affordable housing, climate adaptation and localizing the Sustainable Development Goals.

* HSP/OECPR.2021/9.

5. In line with the request of the Executive Board in paragraph 9 of its decision 2022/2 and the discussions at the eleventh session of the World Urban Forum, the Executive Director is adopting a fourth focus area, on post-conflict and post-disaster urban regeneration. This new focus area is aligned with subprogramme 4 of the strategic plan.

6. UN-Habitat has had to adapt to a scarcity of resources in the implementation of the fourth pillar of reform, which is the organizational restructuring designed to maximize the fulfilment of its mandate to support Member States and partners to implement and monitor the 2030 Agenda for Sustainable Development and the New Urban Agenda at the local, subnational and national levels, to leave no one and no place behind.

7. Since February 2022, following an advisory from the Department of Management Strategy, Policy and Compliance, UN-Habitat has intensified the implementation of austerity measures to ensure that the Programme remains viable. The financial figures as at June 2022 show that the United Nations Habitat and Human Settlements Foundation currently projects positive net earnings, i.e., no deficit, for the first time in more than a decade. Depending on the cash position and the discretion to manage a reserve, a partial repayment of the loan from the programme support costs fund may be considered at the end of this year.

II. Organizational structure and staffing

8. At the time of reporting, UN-Habitat is maintaining its spending within the agreed envelopes of \$3 million in the Foundation fund and \$10 million in the programme support costs fund. This situation represents a turnaround, which is mainly due to intensified implementation of austerity measures, including 30 reassignments to date from posts funded by the Foundation and programme support cost funds to posts funded by the regular budget and projects. In addition, the hiring freeze on all Foundation and programme support cost posts remains in force until the end of 2022.

9. While the impact on normative functions is well-cushioned by soft-earmarked funds, including from Germany, Sweden, Switzerland and, as of August 2022, Czechia, the hiring freeze and dependence on earmarked funds have made delivering on the ground, particularly in least developed countries and low-middle-income countries, more challenging.

10. Full implementation of the new organizational structure involves the alignment of the Programme's presence at locations away from headquarters to ensure optimal deployment of an array of regional policy and operational assets to help countries to deliver on the 2030 Agenda. The secretariat is grateful for the continued support of Member States, particularly those supporting normative work, capacity-building and research on various aspects of its mandate in Bonn, Germany (Global Water Operators' Partnership Alliance), Hamburg, Germany (United Nations Innovation Technology Accelerator for Cities) and Barcelona, Spain (a resilience hub of the City Resilience Global Programme), and for the expression of interest by the Government of Spain to host the Local 2030 initiative in Bilbao. Such initiatives allow UN-Habitat to provide technical services and capacity-building programmes in places where its services are most needed.

11. A principal objective of the process is to identify means by which to optimize the support provided by UN-Habitat to Member States in mobilizing for a decade of action, including through enhanced financing and the strengthening of national implementation and the institutions necessary to achieve the objectives of the 2030 Agenda. Working with the resident coordinator system, UN-Habitat is working on a first generation of common country assessments with 19 countries identified from across the regions. Once again, limited resources mean that UN-Habitat is not able to address the needs of Member States more comprehensively.

12. While the ultimate goal of restructuring the regional architecture is to enable the organization to best leverage its assets and deliver on its integrated mandate as part of the One United Nations initiative, the Executive Director has had to adopt a pragmatic approach. She will build on the recommendations and priorities expressed by Member States at the high-level meeting to assess progress in the implementation of the New Urban Agenda, held in New York in April 2022.

13. The Executive Director wishes to bring to the attention of the Executive Board the following developments:

(a) The UN-Habitat field presence policy, adopted by the Executive Director in April 2021, provides guidance to the UN-Habitat Regional Programme Division as well as to all staff with regard to the standard operating procedures related to all UN-Habitat field presence, including project, country, subregional and regional offices. Guidelines for the sustainable operations of liaison offices, information bureaus as well as global programme offices provide additional guidance.

(b) The UN-Habitat policy for its presence in Europe, including Central Asia, was presented to the Executive Board in March 2021 and endorsed by the Executive Director. The policy provides guidance for the operations of the Brussels office, which is dedicated to UN-Habitat engagement with the European Union, its major donor; of the Geneva liaison office; and of the global programme offices in Barcelona, Spain, and Bonn, Germany. The policy also provides guidance for the UN-Habitat presence in Eastern Europe and Central Asia, including a possible subregional office serving these regions.

(c) The UN-Habitat policy for its presence in Latin America and the Caribbean was presented to the Executive Committee in May 2021 and endorsed by the Executive Director. The policy provides guidance for the Programme's presence in the region with a focus on Central America, the Caribbean and South America. As the region is mostly composed of middle-income countries, the policy calls for close cooperation with Member States to meet specific needs, including integrated planning to support climate adaptation and nature-based solutions; closer partnership with sister United Nations entities to bolster the Safer Cities programme; the provision of technical advice on the financing of sustainable infrastructure through the Cities Investment Facility; and the enhancement of basic urban services and the provision of adequate housing and reconstruction work (building back better) in lower-middle-income countries.

(d) UN-Habitat has completed its policy for its presence in the Arab States, which was endorsed by the Executive Director in October 2021. In line with the austerity measures introduced by the Executive Director in February 2022, the Regional Programme Division has adopted a new business model based on the idea that, as far as possible, all field presence should be self-financing. Other than the New York and Geneva liaison offices, as well as the role of the regional representative, it is expected that these offices will be funded by specific donors. The secretariat is grateful for the 25 years of support provided by the Government of Japan to the UN-Habitat regional office for Asia and the Pacific in Fukuoka. It is also grateful to the several Member States that have expressed interest in hosting United Nations offices at the subregional and regional levels.

(e) Where possible, the Executive Director has posted headquarter-based experts to the regional offices to provide support on a temporary basis, which will help the Programme to meet pressing needs on the ground. The use of digital technologies to provide virtual delivery of technical advice, although limited to places with good connectivity, is also a cost-effective alternative that the Programme will be exploring further.

(f) At the time of writing, UN-Habitat has four regional offices, four liaison or representation offices, two global programme offices, 15 country offices, one administrative office and over 100 project offices whose presence is facilitated by a sister United Nations entity.