

# **UNITED NATIONS HUMAN SETTLEMENTS PROGRAMME**

## **PROPOSED WORK PROGRAMME AND BUDGET OF THE UNITED NATIONS HABITAT AND HUMAN SETTLEMENTS FOUNDATION FOR THE BIENNIUM 2006-2007**

### **Report of the Advisory Committee on Administrative and Budgetary Questions**

1. The Advisory Committee on Administrative and Budgetary Questions has considered the proposed budget of the United Nations Habitat and Human Settlements Foundation for the biennium 2006-2007 (HSP/GC/20/9). During its consideration of the matter in December 2004, the Advisory Committee met with the Executive Director and other representatives of the United Nations Human Settlements Programme (UN-Habitat), who provided additional information and clarification.
2. The Committee welcomes the improved presentation, which, inter-alia, combines the work programme and budget submission for the biennium 2006-2007 in a results based budget format, as recommended by the Advisory Committee (HSP/GC/19/9/Add.1) and endorsed by the nineteenth session of the Governing Council of UN-Habitat in May 2003. The Committee also commends the results based budget presentation which provides a large number of quantifiable data, thus allowing to better evaluate results achieved.

3. The Committee notes that revised estimates are provided for the current biennium (2004-2005), on the basis of prior year's trends, an analysis of income received during the first ten months of 2004 and a review of anticipated commitments for the remainder of the biennium. As shown in tables 1 and 2, the revised projected income for 2004-2005 is estimated at \$152.1 million, compared to the initial estimates of \$225.5 million. Overall expenditure is projected at \$152.5 million, compared to the initially estimated amount of \$225.9 million. This is mostly due to the fact that the revised expenditure for the technical cooperation account has decreased from \$160.6 million to \$69.0 million, as a result of the closure of the Oil for Food Programme.

4. The breakdown of the use of the resources is shown in table 3. The Committee notes that the revised resource plan for the Foundation shows an increase from \$50.5 million to \$67.0 million, mostly resulting from an increase in special purpose contributions from \$26.3 million to \$42.8 million. The level of general purpose contributions remains at the level of \$24.2 million.

5. The Committee was informed that the Strategic Framework for 2006-2007, as contained in A/59/6, Programme 12, Human Settlements, and endorsed by the Committee for Programme and Coordination at its 44<sup>th</sup> session (June 2004), forms the basis for the proposed work programme and budget for 2006-2007. Account is also taken of the relevant mandates of the General Assembly and the Governing Council, as well as the Millennium Development goals, particularly that of reducing by half the proportion of

people living without access to safe drinking water and that of achieving a significant improvement in the lives of at least 100 million slum dwellers by the year 2020. In order to achieve its objectives, the work programme will continue to be organized around the four subprogrammes indicated in paragraph 6 of the report. Although there is little change in the programmatic and resource requirements, the Committee notes that more emphasis is placed on mainstreaming youth in UN-Habitat programmes, highlighting the role of women in the efforts to improve shelter conditions and urban governance and on activities in the area of disaster preparedness and management and post-crisis reconstruction (see para. 67, HSP/GC/20/9).

6. The Advisory Committee was informed that the draft work programme and budget document had been submitted in November to the Committee of Permanent Representatives but it had not been reviewed in detail at the time of the submission to the Advisory Committee, as a result of timetable constraints and late distribution of the document. The Committee recommends that efforts be made to avoid recurrence of this problem in the context of future submissions.

7. As indicated in table 3, total resources for the biennium 2006-2007 are estimated at \$197.7 million, of which \$31.3 million is the projected opening balance at 1 January 2006. The Committee notes that the estimated income includes an amount of \$16.5 million from the regular budget –at the same level approved for the biennium 2004-2005. However, the Committee points out that the inclusion of this amount is indicative only, since its approval is contingent upon the Secretary-General's submission of the proposed

programme budget for the biennium 2004-2005 to be considered by the Advisory Committee and the General Assembly in 2005.

8. The proposed total budget for 2006-2007 of \$166.3 million reflects a decrease of 26 per cent compared to the approved 2004-2005 budget of \$225.9 million. The decrease is mostly due to the 58 per cent decline, against the 2004-2005 estimates, in expenditures projected for technical cooperation activities resulting from the closure of the Oil for Food Programme.

9. The proposed budget for the Foundation amounts to \$82.7 million, consisting of \$73.1 million for programme resources, \$5.9 million for programme support, and \$3.6 million for management and administration. The 64 per cent increase, against the 2004-2005 estimates, reflects the expected trend of increasing earmarked contributions to continue for 2006-2007, due to the “expected rising number of partnerships and the expansion of existing trust funds like the Water and Sanitation Trust Fund, the Palestinian Trust Fund, and the Slum Upgrading Facility” (para. 19, HSP/GC/20/9). In this connection, the Committee notes that available resources for the Foundation for 2006-2007 are estimated at \$104.0 million, including fund balances of \$21.0 million. Of the total projected resources of \$104.0 million, general purpose funds account for \$27.6 million, and special purpose funds for \$55.1 million.

10. The proposed level of general purpose funds, which support the implementation of the approved UN-HABITAT work programme, reflect a 13 per cent increase

compared to the current biennium, and according to what is indicated in figure 4 and paragraph 32, reflect the increase over the past decade from an average of \$3 million per annum to an estimated \$11 million in 2004. The level of special purpose funds, those earmarked donations for the implementation of specific activities, reflect the increase from an average of \$8 million per annum in the mid-nineties to an estimated \$18 million in 2004. The projected level of resources for 2006-2007 is therefore considered in line with the requirements for the higher level scenario approved for 2004-2005, which estimated general purpose contributions at \$11 million per annum and special purpose contributions at \$13.5 per annum (see paras.30-36).

11. However, the Committee notes from paragraph 37 of the report that, although commendable progress has been achieved in the resource mobilization efforts, the challenge remains to overcome an over-all structural financial weakness evidenced by general purpose contributions remaining at a relatively modest level compared to the special purpose contributions, and the continued dependence on a relatively small group of key donors.

12. Staffing for the Foundation for the biennium 2006-2007 is proposed to remain at the same level as for 2004-2005 (60 Professionals and 18 General Service posts, of which 88 are funded from General Purpose and 29 from Special Purpose funds) (see table 6). The only changes proposed include the upgrade of the post for the Press and Media Coordinator from P-4 to P-5 level and the re-location of one General Service post from programme resources in Nairobi to strengthen the UN-Habitat New York Office (see

paragraphs 22 and 48 of the report). The Advisory Committee does not, as a rule, object to proposed reclassifications up to the P-5 level; the Committee is not convinced of the need to relocate the General Service post to the New York office in view of its previous position on liaison offices (see para. 106, A/58/7).

13. The staffing table for technical cooperation activities also remains at the same level as for the current biennium. Of the 60 approved Professional posts funded by the Foundation, 15 posts or 26 per cent remained frozen as at 31 August 2004, in line with the cautious approach recommended by the Advisory Committee and the Governing Council with regard to the filling of established posts only once sufficient income is assured.

14. The Committee recalls that, in its report HSP/GC/19/9/Add.1, it had referred to the apparent top heaviness of the staffing of UN-HABITAT. The Committee notes, that subsequent to its report, supplementary information was provided to the Governing Council on this and a number of other issues raised by the Committee (see HSP/GC/19/9/Add.2). The Committee, upon enquiry, was provided with an organigram of the structure and post distribution of UN-HABITAT for 2006-2007, including the Professional General Service posts, which is attached as an annex to the report. Future submissions should include such an organigram, including professional and general Service posts in order to provide a better and more complete picture of the staffing resources proposed.

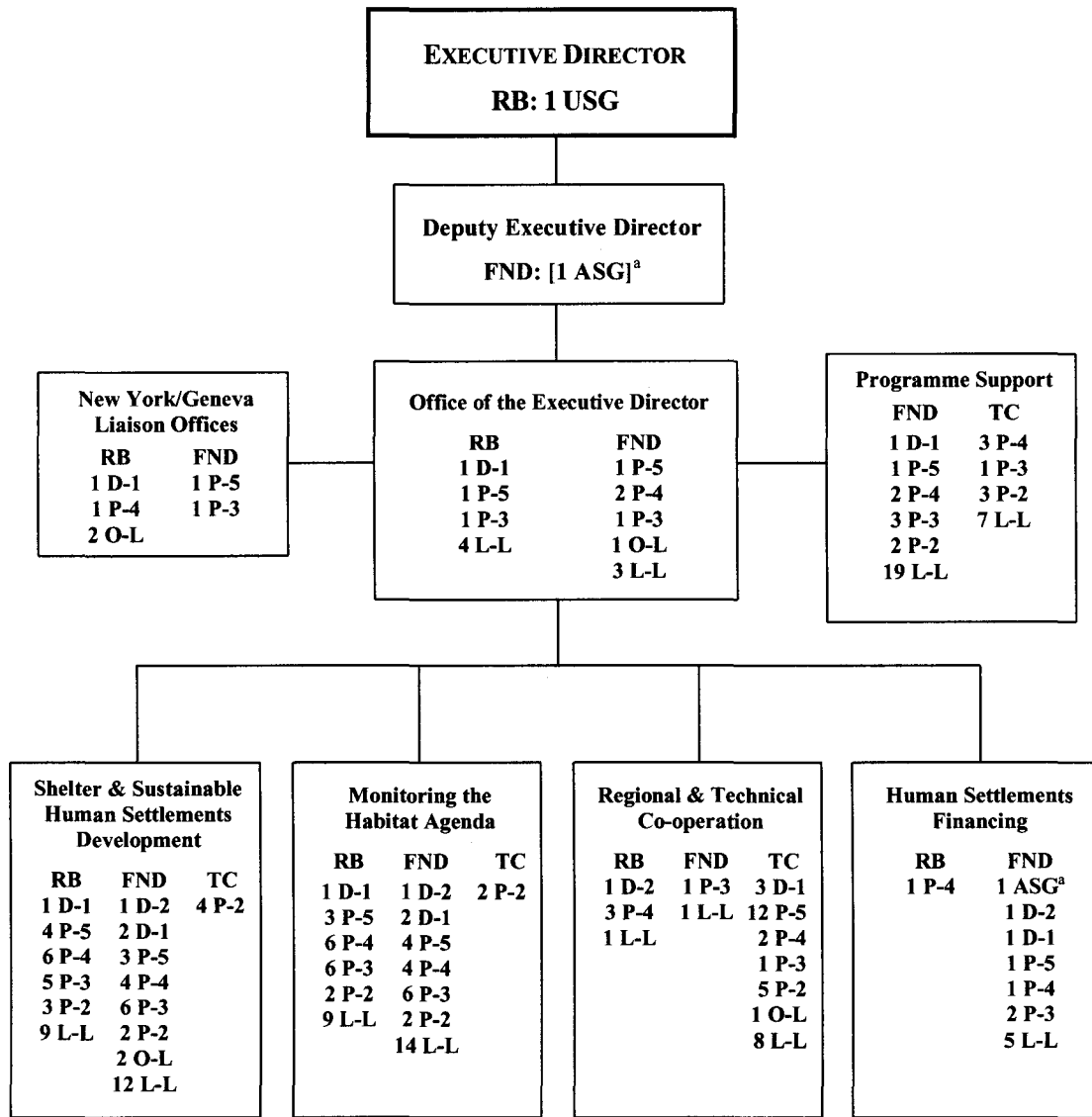
15. The Committee notes that the United Nations proposed programme budget for 2006-2007 may contain a proposal for additional posts and/or upgrades. The Advisory Committee will consider any such proposal when it takes up the United Nations proposed programme budget for the United Nations for the biennium 2006-2007.

16. It should also be noted that UN-HABITAT will continue to expand its presence at the country level through the deployment of Habitat Programme Managers (HPMs) at the UNDP country offices. In this connection, the Committee notes that the number in place is to increase from 17 in August 2004 to 45 by the end of 2007, with 20 funded from core Foundation resources and the rest funded from global programmes and other special purpose contributions (paragraphs 24-25).

17. The Committee recalls that in paragraph 9 of its report HSP/GC/19/9/Add.1 it requested that information be included regarding the basis and adequacy of rates used for support income from technical cooperation, general purpose funds and trust fund activities. In this connection, the Committee notes that rates of up to 10 per cent are charged for programme support on actual expenditures of country specific technical cooperation activities (para. 41), and that programme support fees of up to 13 per cent are charged on actual expenditures of activities funded by special purpose contributions. Furthermore, UN-HABITAT participates in the UN inter-agency working group established to review the measurement, adequacy and recovery of programme support costs, following the recommendations made by the Joint Inspection Unit on the programme support costs (see JIU/REP/2002/3). The Committee believes that this

should lead UN-HABITAT to harmonize, whenever possible, with other United Nations funds and programmes and invites UN-HABITAT to look into recent revisions proposed by UNFPA and UNDP of their cost recovery policies, as part of the simplification and harmonization initiatives.





<b>Total number of posts</b>	<b>= 242</b>
Regular Budget (RB)	= 73
Foundation (FND)	= 117
Technical cooperation (TC)	= 52

<sup>a</sup> ASG is Deputy Executive Director and manager of the Foundation

Note: Excludes five (5) new posts and one (1) upgrade being requested under the Regular Budget