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**WORK PROGRAMME OF THE UNITED NATIONS CENTRE FOR HUMAN SETTLEMENTS  
(HABITAT) FOR THE BIENNIUM 2002-2003 AND BUDGET OF THE UNITED NATIONS  
HABITAT AND HUMAN SETTLEMENTS FOUNDATION FOR  
THE BIENNIUM 2002-2003**

**PROPOSED BUDGET OF THE UNITED NATIONS HABITAT AND HUMAN SETTLEMENTS  
FOUNDATION (UNHHSF) FOR THE BIENNIUM 2002-2003**

Report of the Executive Director

Summary

1. The document provides the proposed programme budget and support budget of the United Nations Habitat and Human Settlements Foundation (UNHHSF) for the biennium 2002–2003, in the context of the overall financial framework of the United Nations Centre for Human Settlements (Habitat). The budget is based on estimations of expected voluntary contributions to the general and special-purpose funds, as well as the level of expenditures required to supplement the United Nations regular budget and technical cooperation resources in order to implement the UNCHS (Habitat) work programme for the biennium and to provide required programme support.
2. The Executive Director recommends that the Commission on Human Settlements approve the programme budget and support budget of the United Nations Habitat and Human Settlements Foundation (UNHHSF) for the biennium 2002–2003, as proposed herein.

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\* HS/C/18/1.

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## I. OVERVIEW

A. Introduction and executive summary

1. The proposed budget uses the harmonized budget guidelines developed by several United Nations organizations, including the United Nations Development Programme (UNDP), the United Nations Population Fund (UNFPA), the United Nations Children's Fund (UNICEF) and the United Nations International Drug Control Programme (UNDCP), as recommended by the Advisory Committee on Administrative and Budgetary Questions (HS/C/17/9/Add.1). Drawing on synergies within the Nairobi headquarters, UNCHS (Habitat) has benefited from recent work by its sister organization the United Nations Environment Programme (UNEP).

2. Following the harmonized budget guidelines, the overall financial framework of UNCHS (Habitat) is set out in order to provide a coherent context within which the Commission on Human Settlements can decide on the proposed appropriation for 2002–2003 for the Centre's resources that are under its direct jurisdiction – the resources of the United Nations Habitat and Human Settlements Foundation (UNHHSF).

3. UNCHS (Habitat) has also drawn on the instructions from United Nations Headquarters for the preparation of the proposed programme budget for the biennium 2002–2003 for the regular budget, in order to reduce duplication of effort. It should be noted that the figures included in this document as proposals for the regular budget for 2002–2003 are preliminary and are given for general guidance only. Consultations are required with the Programme Planning and Budget Division at United Nations Headquarters, and these figures may change before submission by 30 November of the UNCHS (Habitat) detailed proposal for the regular budget. Later there may well be further changes prior to approval by the General Assembly.

4. The harmonized budget for UNCHS (Habitat) is presented in the context of the proposed medium-term plan for the period 2002–2005 (A/55/6), presently before the General Assembly. That draft plan has been used as the basis for the formulation of the draft work programme for 2002–2003 for UNCHS (Habitat) (see HS/C/18/8). This in turn has provided the programmatic basis for the proposed budget for 2002–2003.

5. The overall expenditure framework proposed to support the draft work programme for 2002–2003 can be summarized as follows:

Expenditure totals (millions of United States dollars)	Actual	Plan	Revised estimates	Estimates
	1998/99	2000/01	2000/01	2002/03
	\$M	\$M	\$M	\$M
Regular budget	13.9	14.7	14.7	16.2
Foundation	25.1	23.0	19.7	24.0
Technical cooperation	<u>115.3</u>	<u>66.7</u>	<u>177.8</u>	<u>87.6</u>
Totals	<u>154.3</u>	<u>104.4</u>	<u>212.2</u>	<u>127.8</u>

This information is provided in more detail in later sections and in tables 1 and 2.

6. In preparing estimates for 2002–2003, a 10 per cent increase in real terms in total regular budget funding for UNCHS (Habitat) has been assumed. This reflects the urgent need not only to increase the non-post costs of UNCHS (Habitat) to support the existing allocation of posts properly, but also to provide certain additional posts to support implementation of the draft work programme. Assumption of an increase of \$1.5 million before inflation is made in light of the requests of the General Assembly in its resolution 54/249 of 23 December 1999 (paragraphs 111 and 114), as follows:

"111. Requests the Secretary-General, in accordance with paragraph 229 of the Habitat Agenda and in consultation with the Commission on Human Settlements, to continue to ensure more effective functioning of the United Nations Centre for Human Settlements (Habitat) by, *inter alia*, providing sufficient human and financial resources within the regular budget of the United Nations;

114. Also requests the Secretary-General, to review the proposed provisions for this section with a view to ensuring a stable, predictable and viable source of funding in order to avoid heavy reliance upon extrabudgetary resources;"

7. In addition, an increase of 20 per cent in funding to the Foundation has been assumed. This reflects the expectation that Governments will wish to commit additional resources to build on the successful revitalization of UNCHS (Habitat) and on the development of a clear, focused and relevant strategic vision and work programme. In addition, the appointment of a permanent Executive Director for UNCHS (Habitat) for the first time in eight years and the added impetus for addressing human settlements issues that should follow the special session of the General Assembly to review and appraise implementation of the Habitat Agenda in 2001 are expected to provide a positive climate for resource mobilization.

8. In order to ensure that UNCHS (Habitat) is able to move forward as reflected in this budget proposal and related work programme, it is essential to satisfy the concerns of Member States with regard to financial management.

9. While considerable progress has been made in the current biennium in stabilizing the financial situation of UNCHS (Habitat) difficulties remain. These were described in February 2000 by the Office of Internal Oversight Services (A/54/764) and in the report of the Board of Auditors of June 2000 on the UNHHSF accounts for 1998–1999 (A/55/5/Add.8).

10. UNCHS (Habitat) gives priority to establishing sound financial and administrative management. The following budget proposals reflect the need to provide appropriate programme support.

11. While UNCHS (Habitat) has been criticized in the past, particularly in the areas of financial and administrative management, it should be recognized that it remains highly dependent on administrative services provided by the United Nations Office at Nairobi (UNON). There is an urgent need to put in place a more effective mechanism to ensure proper accountability of UNON to UNCHS (Habitat) for the cost and quality of the services provided.

## B. Overall financial framework for the United Nations Centre for Human Settlements (Habitat)

### 1. Introduction

12. Table 1 sets out in the harmonized format an overview of the resource plan for UNCHS (Habitat) for 2000–2001, together with the proposed resource plan for 2002–2003. Funding is received from the following three primary sources.

13. First, from the United Nations regular budget. In 2000–2001, the total regular budget appropriation approved by the General Assembly for UNCHS (Habitat) is \$14,688,100, of which \$13,757,400 is under section 13: Human settlements, and \$930,700 under section 21: Regular programme of technical cooperation for sectoral advisory services (A/54/250).

14. Second, from contributions to UNHHSF. Contributions are of two kinds: general purpose and special purpose. General purpose funds are mainly voluntary contributions from Governments to support general implementation of the UNCHS (Habitat) work programme. Special purpose funds are earmarked contributions from governments and other donors for implementation of specific activities consistent with UNCHS (Habitat) aims and policies. Included within special purpose funds is the special account for programme support costs, under which charges for support services for implementation of activities financed by special purpose funds are credited to a separate account for programme support costs. In 2000–2001, the total appropriation for UNHHSF is \$23,019,600, including \$8,349,600 for general purposes and \$14,670,000 for special purposes (A/54/8).

15. Third, from technical cooperation activities financed by funding agencies such as UNDP. The original resource plan for 2000–2001 projected expenditure of \$66,685,300. Included in this expenditure is \$6,685,300 for technical cooperation programme support costs. A special account is maintained for these support costs, and budget allotments are approved by the Executive Director based on income projections.

## 2. Update for 2000-2001

16. In general, the figures for 2000–2001 in the budget refer to the original appropriations for the biennium. This is to ensure consistency for reporting and comparison, and is in line with harmonized budget guidelines.

17. However, in order to provide an overview of the current situation and to calculate expected brought forward balances for the biennium 2002–2003, table 2 presents a revised resource plan for 2000–2001. The main changes between the original resource plan and the revised resource plan are as follows:

(a) Brought-forward balances (which include financial and operating reserves) are the actual closing balances reported in final accounts for 1998–1999;

(b) Predicted technical cooperation income has been increased from \$67,500,000 to \$178,600,000 (compared to actual income of \$116,800,000 in 1998–1999). This increase is mainly attributable to the UNCHS (Habitat) Settlement Rehabilitation Programme in Northern Iraq, financed under the Oil for Food agreement between the United Nations and the Government of Iraq. Although this was the largest programme of UNCHS (Habitat) in 1998–1999 (with a direct expenditure of \$67,800,000), the original resource plan for 2000–2001 excluded this programme because it would be inappropriate to assume its continuity into the current biennium;

(c) The revised projection for technical cooperation funding for 2000–2001 envisages direct expenditure for the Iraq project of \$120 million plus programme support costs of 3 per cent, and direct expenditure under other technical cooperation projects of \$50 million plus programme support costs of 10 per cent. This gives estimated direct project funding of \$170 million, plus programme support income of \$8.6 million, a total of \$178.6 million;

(d) Projected technical cooperation programme support and management and administration costs have been increased from \$6.7 to \$7.8 million (compared to \$6.4 million of actual expenditure in 1998–1999). This is a smaller increase against original budget than might be expected in light of the increases in expected project funding and project backstopping needs because:

(i) The budget for programme support costs (but not for programme funding) assumed continuation of the Iraq programme;

(ii) UNCHS (Habitat) is required to maintain an operating reserve of 20 per cent of estimated annual programme support income (ST/AI/286). In the context of projected average annual income of \$4.3 million, with possible increases, an operating reserve of \$900,000 is considered the required minimum;

(e) Projected programme expenditure against the UNHHSF special purpose funds has been reduced from \$13.1 million to \$9.8 million. In the original resource plan, programme expenditure of \$13.1 million was financed by direct programme funding of \$10 million (excluding programme support charges of \$1.3 million), plus \$3.1 million from brought-forward reserves. However, while income projections have not changed, none of the actual brought-forward reserves of \$2.7 million are currently available for programme expenditure. They relate to the special account for programme support costs. Hence, projected programme expenditure for 2000–2001 has been reduced to just below income from this biennium only;

(f) A prior-year adjustment of \$2.0 million is proposed to transfer accumulated surplus funds from the UNHHSF special account for programme support costs to restore the reserves and fund balance of UNHHSF following the write-off in 1998–1999 of the Habitat II debt.

### 3. Objectives and strategy for 2002–2003

#### (a) Objectives

18. In line with the two main goals of the Habitat Agenda, sustainable urban development and adequate shelter for all, and the medium-term plan for the period 2002–2005, the Human Settlements Programme will have three main objectives during the 2002–2003 biennium:

(a) To contribute to the improvement of shelter conditions of the world's urban and rural poor through the adoption and implementation of more appropriate and effective residential tenure, shelter development and upgrading policies;

(b) To contribute to the improvement of the sustainability of human settlements development through the adoption of inclusive, accessible, transparent, participatory and accountable governance;

(c) To enhance international cooperation in shelter and sustainable human settlements development.

#### (b) Strategy

19. The Human Settlements Programme will be implemented through two subprogrammes, corresponding to the two goals of the Habitat Agenda: subprogramme 1 – Adequate Shelter for All; and subprogramme 2 – Sustainable Urban Development. The global campaigns for security of tenure and urban governance, which are the programme's most important initiatives, will, as during the 2000–2001 biennium, constitute entry points and implementation frameworks for the activities of subprogrammes 1 and 2. The global campaigns will be used to raise awareness of policy issues, according to national and regional priorities, with policy support being provided by UNCHS (Habitat) directly or through other United Nations agencies and networks of global, regional and national partners. Both campaigns will apply three main strategies: normative debate, advocacy and capacity-building. Subprogramme 1, mainly through the Global Campaign for Security of Tenure, will continue to promote rights-based tenurial policies and shelter development in partnership with a number of United Nations agencies, including the Office of the High Commissioner for Human Rights (OHCHR). Subprogramme 2, through the Global Campaign for Urban Governance, will focus on promoting the strengthening of local authorities and decision-making systems.

20. The work of both subprogrammes is divided into three functional categories:

(a) Normative activities, focusing on global norms and policy reform, including legislative change (coordinated at the Nairobi headquarters by the Shelter and Urban Development branches, Global Division);

(b) Cross-cutting activities, focusing on analytical support, monitoring, assessment and gender-mainstreaming (implemented, at the Nairobi headquarters, by the Urban Secretariat);

(c) Regional and technical cooperation activities, focusing on region and country-specific support to the global campaigns, including slum upgrading, city development strategies and capacity-building in partnership with national governments (implemented by the Regional Offices, Regional and Technical Cooperation Division).

21. Subprogramme 1, Adequate Shelter for All, will focus on overall programme objective (1) above. For implementation purposes, this overall objective will be subdivided into the following seven specific objectives (or subobjectives), categorized into normative, cross-cutting and operational.

22. Normative (Leadership: Shelter Branch):

(a) To advocate the promotion of secure tenure and the importance of recognizing the urban poor as partners in tenure and shelter improvement at the global, regional, national and local levels;

(b) To assist in strengthening national capacities to review and amend national housing and land legislation, within a housing rights framework and providing for equal treatment of women;

(c) To promote improved access to basic services in both urban and rural settlements, such as water, sanitation and waste management, as well as improving urban transport and facilitating mobility;

(d) To promote improved access to finance and credit and to more appropriate forms of credit, especially for the urban poor.

23. Cross-cutting (Urban secretariat):

(a) To maintain an up-to-date understanding of global shelter conditions, trends and progress made in implementing the shelter dimension of the Habitat Agenda;

(b) To contribute to consistency and continuity on cross-cutting policy issues (including gender and capacity-building), norms and tools and information strategy.

24. Operational (Regional Offices):

(a) To develop people-centred slum-upgrading policies at the national and city levels through scaling-up of locally gained experience.

25. The subprogramme's work will be divided into three thematic clusters: land and tenure, housing policy and basic services and infrastructure.

26. Subprogramme 2, Sustainable Urban Development, will focus on overall programme objectives (2). It will also be subdivided into seven subobjectives or specific objectives falling into three functional categories.

27. Normative (Urban Development Branch):

(a) To advocate the norms of good urban governance among national governments and city authorities, civil society organizations and non-governmental organizations;

(b) To assist in strengthening the capacity of local authorities through promotion and support of decentralization policies, legislation and programmes, and improved municipal management and finance;

(c) To promote security within cities, through crime prevention strategies developed by city authorities and civil society organizations and through anti-disaster strategies;



(d) To promote good urban governance through improved environmental planning and management.

28. Cross-cutting (Urban secretariat):

(a) To maintain an up-to-date understanding of global urban conditions, trends and progress made in implementing the urban development dimension of the Habitat Agenda;

(b) To contribute to consistency and continuity on cross-cutting policy issues (including gender and capacity-building), norms and tools and information strategy.

29. Operational (Regional Offices):

(a) To support implementation of the norms of good urban governance, especially among local authorities.

30. The subprogramme's work will be organized into four thematic clusters: urban governance, urban economy and development, environment and disaster management.

(c) Revitalization

31. The UNCHS (Habitat) revitalization programme that commenced in late 1998 resulted in a new strategic vision for UNCHS (Habitat) endorsed by the Commission on Human Settlements at its seventeenth session in May 1999 (resolution 17/7 of 14 May 1999). It also resulted in a new organizational structure that was approved by the Secretary-General in December 1999 (ST/SGB/1999/22).

32. The new structure was designed, taking into consideration that as a small agency, UNCHS (Habitat) could not afford to duplicate cross-cutting programme services in each division in an organizational structure built around the two subprogrammes: adequate shelter for all and sustainable urban development. A unit (the Urban Secretariat) was, therefore, established to provide cross-cutting programme services for analytical support, public information and the overall monitoring of the implementation of the Habitat Agenda.

33. Another focus of the revitalization strategy has been to break down the division existing between operational and normative functions which was directly reflected in the organization. In particular, the global campaigns have made a significant contribution to progress in combining these two functions.

34. Revitalization and the refocusing of the UNCHS (Habitat) programme priorities have renewed interest by Governments in the work of the organization. Now that an Executive Director has been appointed the financial situation of the organization should improve.

35. While the revitalization process is expected to provide an opportunity to streamline operations and reduce overhead expenditure, this should be regarded as work in progress. As a result of the previous inclusion of programme support and management and administration staff under programme—or, in the 1998–1999 biennium under project posts (ACABQ report HS/C/16/12/Add.1)—progress in this area is not apparent from the overall review of posts and staff costs. In the meantime, the strengthening of the UNCHS (Habitat) financial and administrative management remains a priority.

#### 4. Summary of proposals for 2002-2003

36. In framing the UNCHS (Habitat's) budget proposals for 2002–2003, a positive view has been taken of the prospects for increased financial support from Governments, both through the regular budget and through UNHHSF. The harmonized budget format provides an opportunity for Member States to see the interlinkage between these two sources of core funding in supporting the (UNCHS) (Habitat) proposed work programme.

37. The budget proposals assume that the renewed support and confidence of Governments in the Centre's work programme (paragraphs 2 and 3 of General Assembly resolution 54/208 and paragraph 1 and 6 of Commission resolution 17/7) will be matched by meaningful increases in financial support. The proposals assume a 10 per cent increase (\$1.5 million) in the regular budget in real terms above the appropriation for 2000–2001 and a 20 per cent increase (\$1.6 million general purpose) in real terms for UNHHSF funding. The Centre considers that increases of this order are the minimum in order to:

(a) Give credibility to the successful implementation of the UNCHS (Habitat) work programme as a crucial input into the implementation of the Habitat Agenda;

(b) Strengthen United Nations programmes in Nairobi in a meaningful way, in pursuance of the commitment to develop the role of this location as the fourth United Nations headquarters; and

(c) Assist UNCHS (Habitat) to move away from over-reliance on earmarked funds for core posts and activities and financial gymnastics that have impeded its ability to plan effectively and to manage its financial resources transparently.

38. UNCHS (Habitat) proposes to allocate the additional funds referred to above as follows:

(a) Posts

39. The revitalization strategy for UNCHS (Habitat) identified the resource constraints in the Centre's three regional offices as a key weakness and recommended allocation of regular budget resources for this purpose. This was supported in general terms by the Office of the Internal Oversight Services in its report A/54/764. UNCHS (Habitat) is now seeking a new regular budget P-4 post for the regional office for Latin America and the Caribbean and another for the office for Asia and the Pacific. For the regional office for Africa and the Arab States, it is proposed to redeploy an existing post.

40. Revitalization also highlighted the critical role of women in human settlements development, and the strategic vision (HS/C/17/2/Add.2) recommended an explicit focus on the role of women in UNCHS (Habitat) policy work. Supported by special purpose funding, UNCHS (Habitat) established a gender unit in 1998 to assist in implementing this aspect of the strategic vision. But this funding is now ending and future prospects are uncertain. In any event, it is considered that this should be regarded as a core post of the Centre. It is, therefore, proposed that the P-4 post of head of the gender unit should be established as a post in the regular budget.

41. At the beginning of 2000, UNCHS (Habitat) completed its information and information technology strategy aimed at providing a clear framework for optimizing the Centre's use of modern technology and for supporting information management and dissemination. This focused not only on specific tools, on integration with United Nations standards such as the Integrated Management Information Systems (IMIS) and Lotus Notes and the use of the Web but also on the most effective organizational structure to support improved information management. The successful implementation of this medium-term strategy requires two new posts: one, a P-5 information coordinator to provide overall leadership, coordination and supervision in the area of information; the other, a P-4 editor. Far too often UNCHS (Habitat) produces written material with excellent technical content but with poor language and presentation—weaknesses that undermine confidence and interest in the work of the organization. In addition to these two posts, the Centre proposes to upgrade a general service post to a P-2 as an information technology focal point within UNCHS (Habitat).

42. The Centre also has certain critical gaps in its range of human settlements officer posts. In particular, there is a need for a P-4 post for a human settlements officer on security of tenure and land legislation issues. While the absence of such a post has long been a significant weakness in the Centre, this is particularly brought into focus by subprogramme 1 of the draft work programme for 2002–2003, particularly in light of objectives (a) and (b).

43. Another priority is to strengthen the Centre's capacity to promote security within cities through crime prevention strategies and sound urban governance. This area of UNCHS (Habitat's) work has been highly dependent on special purpose funding and yet should be seen as a core part of the work programme. A P-3 human settlements officer post is proposed to support this work.

44. UNCHS (Habitat) lacks staff resources for work on resource mobilization and coordination of relations with funding partners. This has been reflected not only in poor coordination in initiating and maintaining relations with such partners but also in insufficient progress reporting that has undermined confidence. Coupled with this, there is a requirement for a legal officer to provide general advice to the Centre on legal issues. It is proposed that these two roles of general legal officer and resource mobilization coordinator may be combined in one new P-5 post.

45. In addition to the direct cost of the above posts, it is essential that adequate budgetary provision is made for associated general service support staff, and other overhead costs.

46. Finally under posts, UNCHS (Habitat) proposes upgrading three regular budget P-4 posts to P-5. While the cost of this upgrade is small, the Centre is severely constrained by having only six regular budget P-5 posts. The lack of opportunity for promotion for staff carrying out P-5 functions has been one of the factors contributing to poor morale that has characterized UNCHS (Habitat) in the recent past and the disparities in staff recruitment under the 200 and 100 series rules as reported by the Office of Internal Oversight Services in their audit report (AA/1999/48/6). The proposed upgrades include the posts of the Chief of the Office of the Executive Director and the Coordinator of the Disaster Management Programme (already classified at the P-5 level, but not yet funded).

(b) Non-post costs

47. A number of changes to non-post costs are proposed the most significant of which are as follows.

48. Consultants and other staff costs: reductions in the budgets for these costs are proposed.

49. Travel: the Centre currently has an exceptionally low appropriation for travel in the regular budget. The regular budget section 13 appropriation for travel for 2000–2001 is \$192,300. This is for 42 Professional posts including the Executive Director and works out at \$4,578 per biennium for each Professional staff member. This contrasts with an average travel budget of approximately \$13,000 per biennium per Professional staff member throughout the United Nations in the original proposed budget for the biennium 2000-2001 (A/54/6/Rev.1).

50. Such a low budget for travel is damaging to UNCHS (Habitat) because:

(a) It increases the isolation of a programme headquartered in Nairobi, which benefits less from the through traffic of fellow professionals that characterizes New York, Geneva and Vienna;

(b) Travel from Nairobi is generally more expensive than travel from Europe, as a preliminary flight to Europe is required for most intercontinental travel from Kenya;

(c) It forces an unhealthy reliance on project funds for travel, undermining transparent management and the pursuit of clear strategic priorities.

51. Formalizing the role of the Committee of Permanent Representatives: As a follow-up to the Commission on Human Settlements resolution 17/5 of 14 May 1999 on the role of the Committee of Permanent Representatives, discussions are underway to clarify the financial implications of the formalization of the Committee of Permanent Representatives as a subsidiary body of the Commission on Human Settlements. Pending a decision on the status of the Committee of Permanent Representatives at the

eighteenth session of the Commission on Human Settlements, an additional cost of \$156,000 has been included under the section policy making organs. It should be noted that this amount is provisional and subject to further review. It is based on the estimated amount that would have to be paid to UNON for conference services related to the sessions of the Committee of Permanent Representatives and its two working groups.

52. Telephones and video-conferencing: The Centre's telephone and fax costs, excluding the regional offices and technical cooperation staff, presently amount to approximately \$25,000 per month - \$600,000 per biennium. These are now shared unevenly between UNHHSF and the regular budget, with the regular budget bearing only \$131,000 of the costs, but with approximately the same number of posts. It is proposed to correct this imbalance in the budget. While it is expected that telephone charges will be reduced for the next biennium, this is likely to be offset by increased use of video-conferencing.

53. Other non-post items: A number of other detailed changes are proposed that relate principally to UNHHSF. These are covered in chapter II of the present budget proposal.

(c) Conclusion

54. The cost of the proposed changes is approximately \$1.5 million for the biennium, before inflation, to the regular budget (table 5) and UNHHSF general purpose funds (table 4A). It is the clear view of the Executive Director that increases of this order are a critical part of giving UNCHS (Habitat) the basic tools and means it requires to perform its tasks, to meet the expectations of Member States expressed in the process leading up to the special session on the overall review of the Habitat Agenda and to complete its revitalization successfully.

## II. UNITED NATIONS HABITAT AND HUMAN SETTLEMENTS FOUNDATION

### Proposed budget for the United Nations Habitat and Human Settlements Foundation for the biennium 2002-2003

#### 1. General

55. In accordance with financial rule 303.1 of the United Nations Habitat and Human Settlements Foundation (UNHHSF), the Executive Director of UNCHS (Habitat) submits the present proposed budget of UNHHSF for 2002–2003, covering anticipated programme and support costs.

56. In accordance with rule 303.5, the proposed budget was submitted to the Advisory Committee on Administrative and Budgetary Questions (ACABQ) for study and comment. Both the proposed budget and the comments of ACABQ are submitted to the Commission on Human Settlements for its consideration and approval. (The comments of ACABQ may be found in its report contained in the annex to document HS/C/18/9/Add.1)

57. In preparing the budget proposals, the Centre has assumed a 20 per cent increase in earmarked and non-earmarked funding for the Foundation.

58. With regard to non-earmarked funding, the requirement is for \$9.6 million for the biennium; \$4.8 million per annum. Table 11 illustrates the pattern of general purpose contributions to the Centre during the 1990s – an average of \$3.7 million per annum. It also shows the significant impact of the five largest contributions in each year, averaging approximately 75 per cent of total income. This illustrates how dependent UNCHS (Habitat) is on fluctuations among a very small group of donors. In 2000, contributions received as of the end of September were \$2,383,000, including a "volume" increase of \$797,000 (of which \$790,000 was attributable to an increase from one country, making the first general purpose contribution of over \$1 million), and a currency loss of \$105,000.

59. The Executive Director is optimistic that the critical importance of the work programme for 2002–2003, and the strong support shown by Member States for the new strategic vision for UNCHS (Habitat), will result in a further increase in government contributions, coupled with a broadening of the donor base.

60. With regard to special purpose funding, the assumption is for \$6 million per annum. Table 11 illustrates the pattern of earmarked funding during the 1990s, and the very significant role played the Danish International Development Agency (DANIDA) until 1999 in funding programme activities. While \$6 million per annum will be a challenging target, the special account for programme costs (the Centre's support costs associated with earmarked projects) is closely monitored against income to ensure that costs are committed only on the basis of the most up to date income projections.

## 2. Update for the 2000–2001 biennium (as of end September 2000)

### (a) Reserves and fund balances

61. A review during 1999 was completed on the Centre's fund balances. Financial records were scant, and the analysis involved reviewing transactions back to the early 1990s.

62. Following this work, the financial statements of the Foundation for the biennium 1998–1999 were adjusted for prior years to include writing off the Habitat II debt (\$2.0 million), identification of a negative fund balance of \$1.1 million on the DANIDA-funded programme and establishment of a provision of \$700,000 for unrecoverable debts.

63. As a result, fund balances and reserves were significantly reduced below the original forecast for the start of the 2000–2001 biennium — from \$6.8 million to \$2.4 million (table 2).

### (b) Income

64. The UNHHSF income budget for the biennium 2000–2001 is \$20.2 million, being \$8 million from general purpose contributions, \$11.3 million (inclusive of 13 per cent programme support charges) from special purpose contributions and \$0.9 million for interest income.

65. The current projection for general purpose contributions for the first year of the biennium is \$3.8 million. As of the end of September 2000, contributions received totalled \$2.4 million, and pledges given but not yet received totalled \$200,000, leaving \$1.2 million to be committed in order to reach the projected figure of \$3.8 million. Four of the Centre's larger traditional donors have not yet contributed for the year 2000, although contributions are expected from each. Together, the actual contributions from these four donors totalled \$1.2 million in 1999. In addition, a number of other countries who traditionally make smaller, but important, financial contributions to the Centre have not yet confirmed their contributions for 2000. This is not unusual at this stage of the year, and a projection of \$3.8 million is, therefore, considered realistic.

66. Against this, forecast interest income is ahead of budget — \$650,000 is expected for the full year, against \$450,000 budgeted. This offsets the \$200,000 projected shortfall in government contributions. On this basis, it is considered that there is no need to adjust the general purpose income projections for the year 2000 and for the biennium.

67. With regard to special purpose contributions, UNCHS (Habitat) had received \$3.8 million in contributions as of the end of September 2000, with a further \$900,000 committed from two Governments for payment before the end of the year, giving a total of \$4.7 million. In the expectation that further contributions will be received during the final quarter of the year, it is considered unnecessary to revise the full year budget of \$5.65 million — and the budget for the biennium.

68. Projected programme support income based on signed projects as of the end of September 2000 is \$461,000. It is considered that \$600,000 is a reasonable, cautious projection for full year programme support income. Budget income for the biennium is \$1.3 million and it is not considered necessary to revise this figure at present.

(c) Expenditure – programme budget

69. The general purpose programme expenditure budget for the Foundation for 2000–2001 is \$6.0 million (table 4A). Current projections are in line with this budget. The programme budget includes \$1 million per annum for non-earmarked project and information activities. During 2000, these funds have been used, inter alia, to support the secure tenure and urban governance campaigns, the cities alliance partnership with the World Bank, information activities in Brazil, China and India, and production of the Global Report on Human Settlements.

70. The special purpose programme expenditure budget for 2000–2001 was \$13.1 million. However, as outlined above, this has been reduced to \$9.8 million following revisions to reserves brought forward (table 2). Expenditure to date is in line with this revised target for the biennium, including the activities of housing rehabilitation in Afghanistan, implementation of the Habitat Agenda in Africa, housing and property rights in Kosovo, management and mitigation of floods in South Asia, gender responsiveness and women's empowerment through policy advocacy on secure tenure and urban governance, land information system for local authorities and the sustainable cities programme.

71. Also in part funded out of special purpose contributions is the Centre's work in preparation for the special session to review the Habitat Agenda. In addition to regular budget funding, Governments have provided \$457,000 to support the preparatory process, principally for provisions of Junior Professional Officers to work with the Centre, and for the travel of participants from least developed countries and from women's groups to attend the preparatory meetings. The Centre estimates that a further \$1.6 million is required for the most successful implementation of the preparatory process leading up to the special session in June 2001, as well as for participation at the special session itself. While additional funds are being sought from donors, however, the Centre continues to scale preparations and commitments to the funds available.

(d) Expenditure – support budget

72. A change in the categorization of the support budget has been reflected in the 2002–2003 proposed budget. In accordance with the harmonized format, the support budget is divided in two parts: programme support and management and administration. Programme support refers to organizational units whose primary function is the development, formulation, delivery and evaluation of the organization's programme, whereas management and administration is defined as units whose primary function is the maintenance of the identity, direction and well-being of the organization.

73. The support budget for the biennium 2000–2001 is \$3.9 million, of which \$1.6 million is special purpose funds and \$2.3 million is general purpose funds.

74. The special purpose share of the support budget is financed out of the special account for programme support costs, details of which are shown in table 7. In the case of this account, support costs for the biennium are principally posts (\$1,137,300) and a fixed contribution to UNON (\$336,000). The current forecast for costs under this account in the year 2000 is approximately \$600,000 – some \$200,000 below the full annual budget. This reflects staff vacancies which are being maintained to hold costs within the income projections referred to above.

75. The general purpose share of the support budget is \$2.3 million, entirely for management and administration costs. In addition to financing five posts (two professional and three general service) and a payment to UNON, this budget covers general operating expenses budgeted at \$1.2 million for the biennium (primarily rent, communications, and equipment rental and maintenance). Projected expenditure for the current year is approximately \$100,000 below budget.

### 3. Proposed programme budget for 2002–2003

76. The proposed programme budget for 2002–2003 provides for expenditure of \$19.4 million as detailed in table 4.

77. Of this sum, a total \$12 million is for direct programme expenditure out of special purpose funds, as compared with \$13.1 million budgeted for the current biennium. The remaining \$7.4 million of programme expenditure is under general purpose funds, and is mainly attributable to posts (\$4.2 million) and to non-earmarked projects (\$2.6 million). The budget for posts includes a volume increase of \$414,700, related to proposed changes in the staffing table.

78. The proposed programme staffing table consists of 13 professional posts and 18 general service posts. A distribution of the posts is provided in table 10.

79. Three factors have contributed to the proposed changes in the staffing table of UNHHSF. First, it has been adjusted to accommodate the requirements of the new organizational structure of UNCHS (Habitat), which was approved in December 1999. Second, the distribution of staff members in the programme support and management and administration functions has been rationalized in accordance with the accepted definitions under the harmonized budget. Third, four new professional posts are proposed for inclusion in the staffing table for the 2002–2003 biennium — three under the programme budget and one under the support budget.

80. The three professional posts proposed for addition under the programme budget are two human settlements officers, one for safer cities (P3) and one for security of tenure and land legislation (P4), together with a print and web editor (P4), as outlined in chapter I, section 4 (a) above. At the same time, one D-1 post (Director Programme Support Division) and a P-4 post (downgraded to P3) have been moved from programme to programme support.

81. The other main proposed increase in the programme budget is \$600,000 for non-earmarked project expenditures, taking the total of this budget line to \$2.6 million. The increase in funding is higher than the general increase of 20 per cent, supporting the Centre's commitment to maximize resources for programme and project activities. As in the past, these project activities are approved by the Executive Director on a case-by-case basis and are targeted to those areas of the approved work programme where the Centre has to respond to requests, organize identification missions and prepare project documents for fund-raising. These activities follow the programme priorities of the Centre, particularly those associated with the two global campaigns.

82. Given the limited resources of UNHHSF, the project activities financed by this budget line are normally restricted to preparatory assistance, activities with a demonstrated multiplier effect and those that are likely to have a significant impact on the overall development of human settlements. Resources from this budget line will also be provided for information activities, documentation and awareness raising.

83. The other two increases in the programme budget for the UNHHSF are \$43,700 for other staff costs (to provide cover for maternity leave and periods of peak workload) and \$45,400 for renewal of computers for programme staff in line with United Nations policy of renewal every three years.

4. Proposed support budget for 2002-2003

84. Table 4 details the proposed UNHHSF budget for 2002–2003, showing the two components of the support budget: programme support and management and administration.

(a) Programme support

85. The proposed programme support budget for 2002–2003 is \$1,964,300, including a volume increase of \$644,900 compared to the present biennium. This increase principally relates to the redefinition of posts as programme support by applying the harmonized budget guidelines and the definitions set out in annex I.

86. The proposed programme support staffing table consists of four professional posts and 17 General Service posts. Out of these, two Professional posts and one General Service post are funded by the general purpose funds (table 10). The two remaining Professional posts and 16 General Service posts are covered by the special account for programme support costs (table 7).

87. The proposed budget includes \$1,355,500 for the special account for programme support costs (table 7), which shows a small volume increase of \$24,400. This is due to slight fluctuations under a number of objects of expenditure, including the introduction of a budget provision for routine renewal of computers (\$26,400), some travel (\$15,300) and general temporary assistance (\$20,000). These increases are offset by a net volume reduction of \$47,300 in the provision for posts. While a P-4 post previously recorded under programme costs has been added to this budget, this is more than offset by the transfer of a P-3 post to programme and the cancellation of two General Service posts.

88. The remaining \$608,800 of the proposed programme support budget relates to general purpose funds (table 4A). This includes \$534,100 for staff costs: a D-1, a P-3 and a local-level staff as set out in table 9. In the 2000-2001 budget, programme support costs for UNHHSF were identified exclusively with the special account for programme support costs. The reallocation of these posts (previously shown under programme) to programme support follows the guidelines for harmonized budgets.

(b) Management and administration

89. The proposed budget for management and administration costs is \$2,625,600 compared to \$2,674,500 for 2000–2001 (table 4). This has three main components.

(i) Posts

90. The provision of \$639,200 for posts covers two Professional staff (P-5 legal/resource mobilization officer and P-4 press and media officer) and two General Service staff. As detailed in chapter I, section 4 (a) above, the legal and resource mobilization officer is a proposed new post to address a critical weakness in the current management and administration of the organization.

(ii) General operating expenses

91. The proposed budget of \$1,106,200 for general operating expenses covers rent for the offices in Nairobi and Geneva (\$465,000), communications costs including phones, faxes and video conferencing (\$360,000) and equipment rental and maintenance (\$160,000). The rent figure above includes \$400,000 for the offices at Gigiri, Nairobi, where the Centre is currently occupying 5,265 square metres. This is currently charged at \$90 per square metre per annum. The rental charges are distributed on the basis of proportions of space occupied by staff funded by regular budget, UNHHSF and technical cooperation. For the 2002–2003 biennium, total cost is estimated at \$1,000,000. After deduction of the regular budget share (40 per cent), an amount of \$600,000 has to be divided between UNHHSF and the technical cooperation.



92. Based on the proposed distribution of staff in Nairobi, the rental charges will be apportioned: UNHHSF (67 staff members in Nairobi) \$400,000 and technical cooperation (32 staff members in Nairobi) \$200,000.

93. It should be noted that, in line with the practice in the 2000–2001 budget and in order to simplify budgetary management, UNHHSF general operating costs for rent, communications and equipment rental and maintenance are all centralized under management and administration costs, instead of being prorated to the relevant programme costs. This has the effect of artificially inflating management and administration costs.

(iii) United Nations Office at Nairobi

94. For budget purposes it has been assumed that the Foundation will make the same payment of \$736,000 to UNON as for the present biennium. This sum, plus a contribution of \$1,114,000 from the technical cooperation special account for programme support costs, gives a total for UNON of \$1,850,000.

95. This figure was finalized for 2000–2001 following an initiative from the Director-General of UNON to ensure an agreed basis for determining respective shares to be contributed by users of UNON services and facilities. It was calculated by applying the UNCHS (Habitat) percentage share (19.5 per cent) of the total extra-budgetary staff of UNCHS and UNEP to the total estimated extrabudgetary costs of UNON services in the current biennium (excluding services provided exclusively to UNEP and after deduction of income from other agencies for UNON services). The indicative budget for UNON for 2000–2001 as provided to UNCHS (Habitat) in February 2000 is attached as table 12 and shows extrabudgetary costs of each service in the UNON Division of Administrative Services.

96. UNON is presently collecting information on workload indicators, which may serve as a basis for decision-making on any changes for the system of reimbursements from UNEP and UNCHS (Habitat). Pending the outcome of that study and subsequent discussions, UNCHS (Habitat) has left the share of the total subvention between UNHHSF and technical cooperation at the same level as in 2000–2001

Annex I

TERMINOLOGY

(Terms are similar to those included in the harmonized budget models of UNEP, UNDP, UNFPA and UNICEF).

Allotment

A financial authorization issued by or on behalf of the executive head of the organization to an official or a unit to incur obligations for specific purposes and within specified limits during a definite period.

Appropriation

Amount approved by the relevant authority for specified purposes for a financial period, against which obligations may be incurred for those purposes up to the approved amounts.

Cost increase or decrease

Any increase or decrease in the cost of a resource input in a budget period compared with that in a previous budget period, arising from changes in costs, prices or exchange rate.

Expected accomplishment

A desired outcome involving benefits to end-users, expressed as a quantitative or qualitative standard, value or rate. Accomplishments are the direct consequence of the generation of outputs and lead to the fulfilment of a certain objective.

Financial reserve

A reserve, established at a level determined by the Commission on Human Settlements, to ensure the financial liquidity and integrity of UNHHSF to compensate for uneven cash flows and to meet such other similar requirements as may be decided upon from time to time by the Commission on Human Settlements.

UNHHSF general purpose resources

Resources of UNHHSF that are co-mingled and untied. These include voluntary contributions pledged or paid by Governments or intergovernmental organizations, donations from non-governmental sources and related interest earnings and miscellaneous income.

UNHHSF special purpose resources

Resources of UNHHSF that are provided under specific terms of reference or under specific agreements with donors for the purpose of financing wholly or in part the cost of activities consistent with the organization's aims and policies. Also includes the special account for programme support costs.

Management and administration

Organizational units whose primary function is the maintenance of the identity, direction and well-being of an organization. This will typically include units that carry out the functions of executive direction, organizational policy and evaluation, external relations and administration.

Objective

An objective in programme budgeting refers to an overall desired achievement involving a process of change and aimed at meeting certain needs of identified end-users within a given period.

Operating reserve

As required by administrative instruction ST/AI/286, an operating reserve of 20 per cent of the estimated annual programme support income is required to protect against unforeseen shortfalls in delivery, inflation and currency adjustments or to liquidate legal obligations in case of abrupt terminations of activities financed from extrabudgetary resources.

Output

Final products or services delivered by a programme or subprogramme to end-users, such as reports, publications, training, servicing of meetings, which an activity is expected to produce in order to achieve its objectives.

Performance indicators

Performance indicators are used to measure the extent to which the objectives and/or expected accomplishments have been achieved.

Programme support

Organizational units whose primary functions are the development, formulation and evaluation of an organization's programmes. This will typically include units that provide backstopping of programmes whether on a technical, thematic, logistical or administrative basis.

Subprogrammes

A set of activities directed towards the attainment of one or more defined objectives or expected accomplishments.

Support budget

The budget of an organization covering programme support and management and administration of the organization.

Technical cooperation activities

Activities which provide economic and social development assistance to developing countries, and countries in transition.

United Nations regular budget

The funds provided by the United Nations from its assessed budget to finance the secretariat referred to in General Assembly resolution 32/162, section III, paragraph 1.

Volume increase or decrease

Any increase or decrease in resource requirements attributable to changes in the level or nature of activities carried out by an organization during the current budget period and those proposed for the forthcoming budget period. Volume is expressed using the same cost factors applicable for the approved appropriations to permit direct comparison of these changes relative to the level of activities approved for the current budget period.

Annex II

ASSUMPTIONS AND METHODOLOGY

A. Assumptions for 2002-2003

1. Vacancy rates

1. In line with regular budget guidelines, vacancy rates of 6.5 per cent for Professional staff and 2.5 per cent for General Service staff are assumed in costing posts for 2002–2003.

2. Inflation

2. Inflation factors have not been applied to direct programme activities, nor to regular budget costs – as this latter will be done by United Nations Headquarters at the time of the adoption of the United Nations regular budget by the General Assembly in 2001.

3. The following inflation rates are assumed:

Professional posts – 3 per cent per annum  
General Service posts – 3 per cent per annum  
Non-staff – 5 per cent per annum

4. These rates are the same as for UNEP, except that a 3 per cent rate is assumed by UNCHS (Habitat) for General Service posts whereas UNEP assumed 5 per cent. Under half of the UNEP General Service posts are in Nairobi, whereas over 90 per cent of the UNCHS (Habitat) ones are located in Nairobi. It is thought unlikely that inflation for General Service staff in Nairobi will exceed that for Professional staff if a constant exchange rate is assumed.

5. The above inflation rates for posts have been applied to the United Nation's regular budget standard salary costs, version 7 (as used in the 2000–2001 initial appropriation), after adjusting for the above vacancy rates. Note that this gives a slightly higher cost increase for UNHHSF posts than for regular budget posts as UNHHSF posts, for 2000–2001 were originally budgeted using slightly lower standard cost rates.

3. Exchange rate

6. An exchange rate of 75 Kenya Shillings to US\$ 1 is assumed; the same as for the current biennium.

4. IMIS

7. It is assumed that implementation of IMIS (release 3) in Nairobi in 2001 will not lead to any shift of administrative functions from UNON to UNCHS (Habitat). Any such shift will need to be compensated by a reduction in payments by UNCHS (Habitat) for administrative services.

5. Payments to United Nations Office in Nairobi

8. In agreement with UNON, the budget assumes a payment for administrative services to extra-budgetary activities of \$1.85 million for 2002–2003 – the same as in 2000–2001 (i.e. a decline in real terms). No detailed proposal has yet been received from UNON, and the above figure is subject to review.

## 6. Income assumptions

9. Ten per cent in growth in real terms in regular budget funding, and 20 per cent growth in real terms in Foundation general purpose and special purpose contributions. Technical cooperation funding at \$80 million for the biennium, including a carry-over of \$20 million of existing commitments under the Iraq programme.

### B. Methodology – biennial support budget <sup>1/</sup>

10. The methodology involves several sequential steps in calculating estimates. These calculations are effected separately for each year of a biennium. Essentially, the methodology is to take the approved appropriations for first year of the current biennium and add the volume and cost adjustments, which results in the estimates required for the first year of the proposed biennium. Similarly, the approved appropriations for the second year of the current biennium are updated to result in the estimates required for the second year of the proposed biennium. It should be borne in mind that, normally, the time during which estimates are prepared for the proposed biennial support budget is the third quarter of the first year of the current biennium. A description of each sequential step follows.

#### 1. Volume adjustments

11. First, using the approved appropriations as a base, real increases or decreases in requirements are calculated and designated as volume changes. Volume changes represent the controllable elements in the estimates, subject to the executive director's assessment of what the organization requires to perform the task with which it is entrusted. Volume changes are calculated at the same price levels as the approved appropriations in order to facilitate comparison with the currently approved base.

#### 2. Various cost adjustments

12. To the approved appropriations and volume changes are added cost increases or decreases attributable to changes in rates or conditions not tied to currency or annual inflation adjustments. They reflect only known changes that have occurred in the two years since the preparation of the last biennial support budget. Such cost factors include, for example, decisions of the International Civil Service Commission on a variety of staff entitlements (e.g., dependency allowance, education grant). For staff cost adjustments, the standard salary cost formulated by United Nations Headquarters is used.

#### 3. Currency adjustments

13. Currency adjustments are then calculated by year on the total of approved appropriations, volume and various cost adjustments. These currency adjustments would normally be the difference between the United Nations operational rate of exchange in effect on, for example, 1 September of the year preceding the current biennium and for example, on 1 September of the first year of the current biennium (i.e. the time of preparation of the proposed biennial support budget).

#### 4. Inflation adjustment

14. Finally, to complete the picture and to develop the final estimate of requirements for the next biennium, the organization must adjust or estimate, as appropriate, inflation over a four-year period. These adjustments are calculated by year on the total of approved appropriations, volume and various cost adjustments, as adjusted for currency; as follows:

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<sup>1/</sup> With respect to the biennial programme budget, the same methodology on cost adjustments will be followed.

(a) For the first year of the current biennium to the first year of the proposed biennium

The existing estimates already embody earlier estimates of inflation. The inflation adjustment for this transition, therefore, includes:

- (i) The difference between the application of earlier estimates and the actual inflation for the first six months of the first year of the current biennium;
- (ii) The difference between the application of earlier estimates and the revised inflation projection for the last 18 months of the current biennium; and
- (iii) The inflation projection for the first year of the proposed biennium.

(b) For the second year of the current biennium to the second year of the proposed biennium

- (i)-(iii) as in (a) above; and
- (iv) The inflation projection for the second year of the proposed biennium.

15. In order to arrive at these estimates of inflation, four inflation factors are used for each year:

- (a) The first inflation factor is the estimated movement of post adjustment for international Professional staff;
- (b) The second inflation factor pertains to international travel and common staff costs for international Professional staff;
- (c) The third factor encompasses salaries and common staff costs for local staff, i.e. General Service and other categories, which may vary significantly from location to location; and
- (d) The fourth factor relates to all other costs, such as operating expenses.

Annex III

## RECOMMENDATIONS AND FOLLOW-UP ACTION

Office	Source	Recommendations	Action taken to implement the recommendation
ACABQ Recommendations			
UNCHS	A/54/7, chap II	In order to move to full compliance with the harmonized model, the Advisory Committee <u>recommends</u> that UNCHS (Habitat) consult reports of UNDP, UNFPA, UNICEF and UNDCP, together with the related reports of the Advisory Committee, before preparation of the next budget document.	The documents referred to by ACABQ were consulted, together with the most recent reports of the organizations mentioned. In addition, UNCHS (Habitat) reviewed the budget mock-up prepared by UNEP and the recommendations of the Advisory Committee on that mock-up. UNCHS (Habitat) has attempted to follow the harmonized model, with some of the adaptations used by UNEP e.g. integrating programme and support activities into one biennial budget.
UNCHS	A/54/7, chap II	The Advisory Committee <u>recommends</u> further improvement in the present budget document. The executive summary should be more concise. To avoid excessive narratives, repetitions and potential confusion, information that is obvious from tables and that can be read and understood from these tables should not be reproduced in the narratives. The purpose and heading of each table in the budget document should be clearly stated in the tables. The percentages of total resources should be replaced with the percentage of change shown between initial or revised amounts and proposed amounts, for both income and expenditure. Part one on financial overview should be simplified by using the relevant table to explain income and financial trends and developments, resource mobilization, etc. Care should be made to distinguish between estimates of income and actual income that has been contributed for the financial period in question when dealing with revised and proposed budgets. (paragraph 3)	The present document attempts to address all of these issues.
UNCHS	A/54/7, chap II	The Advisory Committee <u>recommends</u> that in future, the reasons for any increase or decrease of expenditure should be clearly stated in the budget document. (paragraph 10)	As above
UNCHS	A/54/7, chap II	The Advisory Committee <u>recommends</u> a careful monitoring of administrative and management costs to ensure that more resources contributed to the Foundation are available for projects. (paragraph 13)	See paragraphs 31-35

## Annex III continued....

UNCHS	A/54/7, chap II	The Advisory Committee <u>expresses its concern</u> at the apparent lack of an agreed basis and procedure for determining the respective shares to be contributed by users of UNON services and facilities. The Advisory Committee notes that paragraph 85 of the budget document states that "administrative services provided by UNON are mainly in the areas of accounting, staff administration, information technology and contracts and procurement services." It is not clear to the Advisory Committee how the cost of these services has been translated into the amounts budgeted for reimbursement. There is need for a comprehensive assessment of the total cost of UNON services and the respective workload related to user services. (paragraph 14)	See paragraphs 94-96 and table 12
CHS	A/54/7, chap II	The Advisory Committee <u>recommends</u> that in the next budget UNHHSF information be provided on how implementation of the revitalization programme has affected the efficiency, productivity and financial situation of UNHHSF (paragraph 16)	See paragraphs 31-35



## Annex III continued ...

Office	Source	Recommendations	Action taken to implement the recommendation
Board of auditors recommendations			
UNCHS	A/55/5/Add.8	The Board recommends that the administration:	
		(a) Disclose accounts receivable and accounts payable in gross terms rather than in net terms in accordance with the United Nations System Accounting Standard (paragraph 14)	UNON, which is preparing the financial statements has fully accepted this recommendation and will ensure that all future accounts receivable and accounts payable will be reported in gross terms.
		(b) Apply strict expenditure control over each trust fund and project to ensure that expenditures do not exceed the authorized limits of allotment in accordance with existing rules (paragraph 22)	UNCHS (Habitat), in close collaboration with UNON, is improving its project monitoring system, which will provide programme managers and the Programme Support Division with up-to-date information on income, budgets and expenditures for each trust fund and project. At the same time, new procedures within UNCHS (Habitat) have been set in place to ensure a strict control over authorization of expenditures
		(c) Comply fully with the comprehensive guidelines for the use of consultants, as accepted by the General Assembly (paragraph 29)	UNCHS (Habitat) continues to be committed to ensure that selection of consultants are selected competitively and in accordance with established United Nations guidelines. At the initiative of UNON Human resources management service, all programme managers have been provided with ST/AI/1999/7 on the use of consultants and individual contractors and have been reminded that these instructions should be strictly enforced.
		(d) Update the roster of consultants and provide it to UNON to facilitate the development of a computerized central roster of consultants (paragraph 31)	UNCHS (Habitat) is currently in the process of updating its roster of consultants in order to make it more usable and comprehensive. Discussions are underway with UNON to make the UNCHS (Habitat) roster compatible with the roster used by UNON. Financial and staffing constraints, both in UNON and in UNCHS (Habitat), will make it difficult to implement immediately the second part of the recommendation, particularly with regard to maintenance of the roster, but every effort is being made to implement this recommendation as soon as the required additional resources have been identified.

Table 1. The Resource Plan – Approved 2000–2001 and proposed 2002–2003  
(in thousands of US\$)

	1998/1999	Resource Plan 2000/2001						Resource Plan 2002/2003					
	Total Actual Resources/ Expenditures	Regular Budget	Technical Cooperation	UNHHSF			Total Resources	Regular Budget	Technical Cooperation	UNHHSF			Total Resources
				General Purpose	Special Purpose	Total				General Purpose	Special Purpose	Total	
<b>Resources available</b>													
<b>Opening balance</b>	6,043.5	0.0	827.0	3,135.4	3,687.7	6,823.1	7,650.1	0.0	4,203.3	2,229.5	618.5	2,848.0	7,051.3
<b>Income</b>													
Contributions	156,061.4	14,688.1	67,512.3	8,000.0	11,300.0	19,300.0	101,500.4	16,156.9	86,600.0	9,600.0	13,560.0	23,160.0	125,916.9
Other	2,182.2			900.0		900.0	900.0			600.0		600.0	600.0
<b>Total</b>	<b>164,287.1</b>	<b>14,688.1</b>	<b>68,339.3</b>	<b>12,035.4</b>	<b>14,987.7</b>	<b>26,123.1</b>	<b>110,050.5</b>	<b>16,156.9</b>	<b>90,803.3</b>	<b>12,429.5</b>	<b>14,178.5</b>	<b>26,608.0</b>	<b>133,568.2</b>
<b>Use of resources</b>													
<b>Policy making organs</b>	<b>1,072.6</b>	<b>1,002.5</b>					<b>1,002.5</b>	<b>1,158.5</b>					<b>1,158.5</b>
<b>Programme resources</b>													
Adequate Shelter for All		5,514.7	30,000.0	2,756.0	6,000.0	8,756.0	44,270.7	6,020.0	30,000.0	3,845.0	5,500.0	9,345.0	45,365.0
Sustainable Urban Development		5,357.4	30,000.0	3,255.1	7,100.0	10,355.1	45,712.5	5,627.3	50,000.0	3,564.0	6,500.0	10,064.0	65,691.3
<b>Total programme resources</b>	<b>140,073.4</b>	<b>10,872.1</b>	<b>60,000.0</b>	<b>6,011.1</b>	<b>13,100.0</b>	<b>19,111.1</b>	<b>89,983.2</b>	<b>11,647.3</b>	<b>80,000.0</b>	<b>7,409.0</b>	<b>12,000.0</b>	<b>19,409.0</b>	<b>111,056.3</b>
<b>Support budget</b>													
Programme support	6,822.6		5,571.3		1,234.0	1,234.0	6,805.3	905.5	6,332.3	608.8	1,355.5	1,964.3	9,202.1
- Headquarters			3,210.3		1,234.0	1,234.0	4,444.3	905.5	808.6	608.8	1,355.5	1,964.3	3,698.4
- Regional offices			2,361.0				2,361.0		5,523.7				5,523.7
Management and administration	6,332.2	2,813.5	1,114.0	2,338.5	336.0	2,674.5	6,602.0	2,445.6	1,114.0	2,289.6	336.0	2,625.6	6,185.2
<b>Total support budget</b>	<b>13,154.8</b>	<b>2,813.5</b>	<b>6,685.3</b>	<b>2,338.5</b>	<b>1,570.0</b>	<b>3,908.5</b>	<b>13,407.3</b>	<b>3,351.1</b>	<b>7,446.3</b>	<b>2,898.4</b>	<b>1,691.5</b>	<b>4,589.9</b>	<b>15,387.3</b>
<b>Total</b>	<b>154,300.8</b>	<b>14,688.1</b>	<b>66,685.3</b>	<b>8,349.6</b>	<b>14,670.0</b>	<b>23,019.6</b>	<b>104,393.0</b>	<b>16,156.9</b>	<b>87,446.3</b>	<b>10,307.4</b>	<b>13,691.5</b>	<b>23,998.9</b>	<b>127,602.1</b>
Prior period adjustments	(4,252.9)												
<b>Closing balance</b>	<b>5,733.4</b>	<b>0.0</b>	<b>1,654.0</b>	<b>3,685.8</b>	<b>317.7</b>	<b>3,103.5</b>	<b>4,757.5</b>	<b>0.0</b>	<b>3,357.0</b>	<b>2,122.1</b>	<b>487.0</b>	<b>2,609.1</b>	<b>5,966.1</b>

**Analysis of closing balances:**

Statutory reserve	-	-	1,002.7	-	1,002.7	1,002.7
Operating Reserve – Programme Support Costs	-	900.0	-	257.9	257.9	1,157.9
Other fund balances	-	49.9	1,119.4	192.1	1,311.5	1,361.4
Project balances	-	2,407.1	-	37.0	37.0	2,444.1
	-	3,357.0	2,122.1	487.0	2,609.1	5,966.1

Note 1. The Foundation special account for programme support is included above under "UNHHSF Special Purpose".

The Technical co-operation special account for programme support is included under technical co-operation.

Note 2. Opening balances for 2002-2003 are taken from the revised resource plan for 2000-2001 set out in Table II.

Note 3. No cost adjustments have been applied to the Regular Budget part of the resource plan. Information on cost adjustment assumptions is in Annex II.

Note 4. In the 2000-2001 Resource Plan the fund balance and operating reserve for the Foundation special account for programme support was included under general purpose but income and expenditure under special purpose. In 2002-2003 all are included under special purpose.

Table 2. The Resource Plan – Approved and revised 2000-2001

	1998/1999 Total Actual Resources/ Expenditures	Resource Plan 2000/2001						Revised Resource Plan 2000/2001					
		Regular Budget	Technical Cooperation	UNHHSE			Total Resources	Regular Budget	Technical Cooperation	UNHHSE			Total Resources
				General Purpose	Special Purpose	Total				General Purpose	Special Purpose	Total	
<b>Resources available</b>													
<b>Opening balance</b>	<b>6,043.5</b>	0.0	827.0	3,135.4	3,687.7	6,823.1	7,650.1	0.0	3,365.8	(361.9)	2,729.5	2,367.6	5,733.4
<b>Income</b>													
Contributions	156,061.4	14,688.1	67,512.3	8,000.0	11,300.0	19,300.0	101,500.4	14,688.1	178,600.0	8,000.0	11,300.0	19,300.0	212,588.1
Other	2,182.2			900.0		900.0	900.0			900.0		900.0	900.0
<b>Total</b>	<b>164,287.1</b>	<b>14,688.1</b>	<b>68,339.3</b>	<b>12,035.4</b>	<b>14,987.7</b>	<b>26,123.1</b>	<b>110,050.5</b>	<b>14,688.1</b>	<b>181,965.8</b>	<b>8,538.1</b>	<b>14,029.5</b>	<b>22,567.6</b>	<b>219,221.5</b>
<b>Use of resources</b>													
<b>Policy making organs</b>	<b>1,072.6</b>	<b>1,002.5</b>					<b>1,002.5</b>	<b>1,002.5</b>					<b>1,002.5</b>
<b>Programme resources</b>													
Adequate Shelter for All		5,514.7	30,000.0	2,756.0	6,000.0	8,756.0	44,270.7	5,514.7	25,000.0	2,756.0	4,350.0	7,106.0	37,620.7
Sustainable Urban Development		5,357.4	30,000.0	3,255.1	7,100.0	10,355.1	45,712.5	5,357.4	145,000.0	3,255.1	5,450.0	8,705.1	159,062.5
<b>Total programme resources</b>	<b>140,073.4</b>	<b>10,872.1</b>	<b>60,000.0</b>	<b>6,011.1</b>	<b>13,100.0</b>	<b>19,111.1</b>	<b>89,983.2</b>	<b>10,872.1</b>	<b>170,000.0</b>	<b>6,011.1</b>	<b>9,800.0</b>	<b>15,811.1</b>	<b>196,683.2</b>
<b>Support budget</b>													
Programme support	6,822.6		5,571.3		1,234.0	1,234.0	6,805.3		6,648.5		1,234.0	1,234.0	7,882.5
- Headquarters			3,210.3		1,234.0	1,234.0	4,444.3		1,662.1		1,234.0	1,234.0	2,896.1
- Regional Offices			2,361.0				2,361.0		4,986.4				4,986.4
Management and Administration	6,332.2	2,813.5	1,114.0	2,338.5	336.0	2,674.5	6,602.0	2,813.5	1,114.0	2,338.5	336.0	2,674.5	6,602.0
<b>Total Support Budget</b>	<b>13,154.8</b>	<b>2,813.5</b>	<b>6,685.3</b>	<b>2,338.5</b>	<b>1,570.0</b>	<b>3,908.5</b>	<b>13,407.3</b>	<b>2,813.5</b>	<b>7,762.5</b>	<b>2,338.5</b>	<b>1,570.0</b>	<b>3,908.5</b>	<b>14,484.5</b>
<b>Total</b>	<b>154,300.8</b>	<b>14,688.1</b>	<b>66,685.3</b>	<b>8,349.6</b>	<b>14,670.0</b>	<b>23,019.6</b>	<b>104,393.0</b>	<b>14,688.1</b>	<b>177,762.5</b>	<b>8,349.6</b>	<b>11,370.0</b>	<b>19,719.6</b>	<b>212,170.2</b>
Prior Period Adjustments	(4,252.9)									2,041.0	(2,041.0)		
<b>Closing balance</b>	<b>5,733.4</b>	<b>0.0</b>	<b>1,654.0</b>	<b>3,685.8</b>	<b>317.7</b>	<b>3,103.5</b>	<b>4,757.5</b>	<b>0.0</b>	<b>4,203.3</b>	<b>2,229.5</b>	<b>618.5</b>	<b>2,848.0</b>	<b>7,051.3</b>

## Analysis of closing balances:

Statutory Reserve	-	-	1,002.7	-	1,002.7	1,002.7
Operating Reserve - Programme Support Costs	900.0	-	257.9	257.9	1,157.9	
Other fund balances	-	896.2	1,226.8	323.6	1,550.4	2,446.6
Project balances	-	2,407.1	-	37.0	37.0	2,444.1
	-	4,203.3	2,229.5	618.5	2,848.0	7,051.3

Table 3. United Nations Centre for Human Settlements (UNCHS) (Habitat)  
Budget estimates by expenditure category and source of fund  
Budget for the biennium 2002-2003  
(in thousands of US dollars)

	1998 - 1999 Actuals	2000-2001 appropriations	Increase/(Decrease)		2002-2003 estimates
			Amount	%	
<b>Regular budget</b>					
Posts	10,734.5	11,091.6	1,248.4	11.3%	12,340.0
Other staff costs	2,077.5	2,028.7	11.1	0.5%	2,039.8
Consultants	417.2	839.6	(271.8)	(32.4%)	567.8
Travel	156.6	290.3	316.0	108.9%	606.3
Contractual services	85.9	69.9	-	-	69.9
General operating expenses	162.3	155.1	150.7	97.2%	305.8
Supplies and materials	81.9	77.3	7.2	9.3%	84.5
Furniture and equipment	222.7	135.6	7.2	5.3%	142.8
Support to UNON	-	-	-	-	-
Project expenditure	-	-	-	-	-
<b>Total Regular Budget</b>	<b>13,938.6</b>	<b>14,688.1</b>	<b>1,468.8</b>	<b>10.0%</b>	<b>16,156.9</b>
<b>Foundation</b>					
Posts	3,259.5	5,259.8	1,300.9	24.7%	6,560.7
Other staff costs	90.0	-	71.1	100.0%	71.1
Consultants	44.9	157.5	7.9	5.0%	165.4
Travel	211.9	157.6	34.4	21.9%	192.0
Contractual services	310.2	327.7	40.4	12.3%	368.1
General operating expenses	1,292.0	1,228.5	(122.3)	(10.0%)	1,106.2
Supplies and materials	105.8	52.5	23.6	45.0%	76.1
Furniture and equipment	92.0	-	123.3	100.0%	123.3
Support to UNON	550.0	736.0	-	-	736.0
Project expenditures (non-earmarked)	463.6	2,000.0	600.0	30.0%	2,600.0
Project expenditures (earmarked)	18,624.0	13,100.0	(1,100.0)	(8.4%)	12,000.0
<b>Total Foundation</b>	<b>25,043.9</b>	<b>23,019.6</b>	<b>979.3</b>	<b>4.3%</b>	<b>23,998.9</b>
<b>Technical Cooperation</b>					
Posts	5,138.1	5,017.3	441.0	0.1	5,458.3
Other staff costs	73.1	-	-	-	-
Consultants	-	-	-	-	-
Travel	1.0	20.0	255.0	1275.0%	275.0
Contractual services	1.1	-	-	-	-
General operating expenses	135.0	390.0	120.0	30.8%	510.0
Supplies and materials	9.1	144.0	(90.0)	(62.5%)	54.0
Furniture and equipment	4.6	-	35.0	100.0%	35.0
Support to UNON	996.8	1,114.0	-	-	1,114.0
Project expenditures	108,959.5	60,000.0	20,000.0	0.3	80,000.0
<b>Total Technical Cooperation</b>	<b>115,318.3</b>	<b>66,685.3</b>	<b>20,761.0</b>	<b>31.1%</b>	<b>87,446.3</b>
<b>Grand total</b>	<b>154,300.8</b>	<b>104,393.0</b>	<b>23,209.1</b>	<b>22.2%</b>	<b>127,602.1</b>

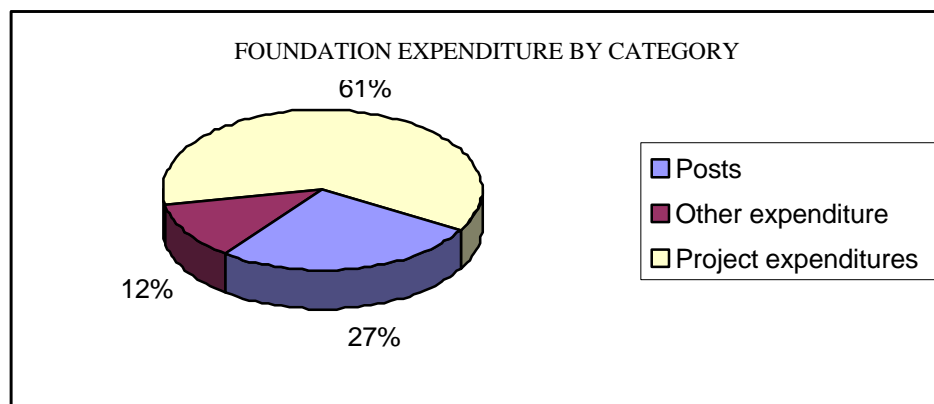


Table 4. United Nations Habitat and Human Settlements Foundation (UNHHSF)  
Budget for the biennium 2002-2003  
(in thousands of US dollars)

	1998-1999 Actuals	2000-2001 Appropriations	Changes		2002-2003 Estimates	
			Volume Amount	%		
<b>Programme</b>						
Posts	1,764.0	3,517.5	414.7	11.8%	276.5	4,208.7
Other staff costs	-	-	43.7	n/a	2.2	45.9
Consultants	44.9	157.5	-	-	7.9	165.4
Travel	91.7	105.1	-	-	5.3	110.4
Contractual services	218.2	231.0	-	-	-	231.0
General operating expenses	-	-	-	-	-	-
Supplies and materials	-	-	-	-	-	-
Furniture and equipment	-	-	45.4	n/a	2.3	47.7
Project expenditures (non-earmarked)	463.6	2,000.0	600.0	30.0%	-	2,600.0
Project expenditures (earmarked)	18,624.0	13,100.0	(1,100.0)	(8.4%)	-	12,000.0
<b>Total Programme</b>	<b>21,206.4</b>	<b>19,111.1</b>	<b>3.8</b>	<b>0.0%</b>	<b>294.1</b>	<b>19,409.0</b>
<b>Programme Support</b>						
Posts	698.7	1,137.3	502.1	44.1%	73.4	1,712.8
Other staff costs	105.0	-	20.0	n/a	1.0	21.0
Consultants	-	-	-	-	-	-
Travel	61.7	-	25.3	n/a	1.3	26.6
Contractual Services	92.0	96.7	33.9	35.1%	6.5	137.1
General operating expenses	354.5	-	-	-	-	-
Supplies and materials	56.7	-	-	-	-	-
Furniture and equipment	92.0	-	63.6	n/a	3.2	66.8
<b>Total Programme Support</b>	<b>1,460.6</b>	<b>1,234.0</b>	<b>644.9</b>	<b>52.3%</b>	<b>85.4</b>	<b>1,964.3</b>
<b>Management and Administration</b>						
Posts	796.8	605.0	(6.1)	(1.0%)	40.3	639.2
Other staff costs	(15.0)	-	4.0	n/a	0.2	4.2
Consultants	-	-	-	-	-	-
Travel	58.5	52.5	-	-	2.6	55.1
Contractual services	-	-	-	-	-	-
General operating expenses	937.5	1,228.5	(175.0)	(14.2%)	52.7	1,106.2
Supplies and Materials	49.1	52.5	20.0	38.1%	3.6	76.1
Furniture and Equipment	-	-	8.4	n/a	0.4	8.8
Support to UNON	550.0	736.0	(35.1)	(4.8%)	35.1	736.0
<b>Total Management and Administration</b>	<b>2,376.9</b>	<b>2,674.5</b>	<b>(183.8)</b>	<b>(6.9%)</b>	<b>134.9</b>	<b>2,625.6</b>
<b>Total Support Budget</b>	<b>3,837.5</b>	<b>3,908.5</b>	<b>461.1</b>	<b>11.8%</b>	<b>220.3</b>	<b>4,589.9</b>
<b>Grand Total</b>	<b>25,043.9</b>	<b>23,019.6</b>	<b>464.9</b>	<b>2.0%</b>	<b>514.4</b>	<b>23,998.9</b>

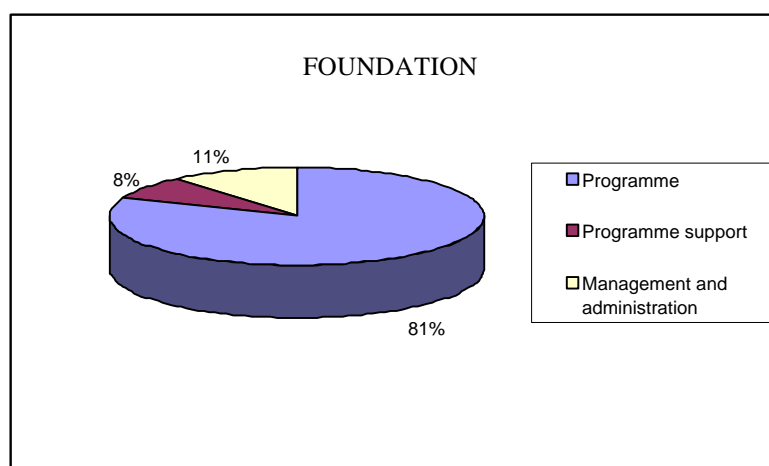


Table 4A. United Nations Habitat and Human Settlements Foundation – General Purpose Funds Only  
Budget for the biennium 2002-2003  
(in thousands of US dollars)

	1998-1999 Actuals	2000-2001 appropriations	Changes			2002-2003 estimates
			Volume Amount	%	Cost Amount	
<b>Programme</b>						
Posts	1,764.0	3,517.5	414.7	11.8%	276.5	4,208.7
Other staff costs	-	-	43.7	n/a	2.2	45.9
Consultants	44.9	157.5	-	-	7.9	165.4
Travel	91.5	105.1	-	-	5.3	110.4
Contractual services	218.4	231.0	-	-	-	231.0
General operating expenses	-	-	-	-	-	-
Supplies and materials	-	-	-	-	-	-
Furniture and equipment	-	-	45.4	n/a	2.3	47.7
Project expenditures (non-earmarked)	463.6	2,000.0	600.0	30.0%	-	2,600.0
<b>Total Programme</b>	<b>2,582.4</b>	<b>6,011.1</b>	<b>1,103.8</b>	<b>18.4%</b>	<b>294.1</b>	<b>7,409.0</b>
<b>Programme Support</b>						
Posts	-	-	549.4	n/a	(15.3)	534.1
Other staff costs	-	-	-	-	-	-
Consultants	-	-	-	-	-	-
Travel	-	-	10.0	n/a	0.5	10.5
Contractual services	-	-	23.9	n/a	1.2	25.1
General operating expenses	-	-	-	-	-	-
Supplies and materials	-	-	-	-	-	-
Furniture and equipment	-	-	37.2	n/a	1.9	39.1
<b>Total Programme Support</b>	<b>-</b>	<b>-</b>	<b>620.5</b>	<b>n/a</b>	<b>(11.7)</b>	<b>608.8</b>
<b>Management and Administration</b>						
Posts	796.8	605.0	(6.1)	(1.0%)	40.3	639.2
Other staff costs	(15.0)	-	4.0	n/a	0.2	4.2
Consultants	-	-	-	-	-	-
Travel	58.5	52.5	-	-	2.6	55.1
Contractual services	-	-	-	-	-	-
General operating expenses	937.5	1,228.5	(175.0)	(14.2%)	52.7	1,106.2
Supplies and materials	49.1	52.5	20.0	38.1%	3.6	76.1
Furniture and equipment	-	-	8.4	n/a	0.4	8.8
Support to UNON	300.0	400.0	(19.1)	(4.8%)	19.1	400.0
<b>Total Management and Administration</b>	<b>2,126.9</b>	<b>2,338.5</b>	<b>(167.8)</b>	<b>(7.2%)</b>	<b>118.9</b>	<b>2,289.6</b>
<b>Total Support Budget</b>	<b>2,126.9</b>	<b>2,338.5</b>	<b>452.7</b>	<b>19.4%</b>	<b>107.3</b>	<b>2,898.5</b>
<b>Grand Total</b>	<b>4,709.3</b>	<b>8,349.6</b>	<b>1,556.5</b>	<b>18.6%</b>	<b>401.4</b>	<b>10,307.4</b>

Table 5. Regular Budget: Human Settlements  
 Budget estimates by expenditure category  
 Budget for the biennium 2002-2003  
 (in thousands of US dollars)

	1998-1999 actuals	2000-2001 appropriations	Increase/ (Decrease)	2002-2003 estimates
<b>Policy Making Organs</b>	1,072.6	1,002.5	156.0	1,158.5
Total Policy Making Organs	<b>1,072.6</b>	<b>1,002.5</b>	<b>156.0</b>	<b>1,158.5</b>
<b>Programme</b>				
Posts	8,284.8	8,628.7	911.9	9,540.6
Other staff costs	1,016.5	852.1	(164.9)	687.2
Consultants	327.0	839.6	(271.8)	567.8
Travel	102.2	260.0	180.0	440.0
Contractual services	85.9	69.9	-	69.9
General operating expenses	91.1	73.4	120.0	193.4
Supplies and materials	-	51.4	-	51.4
Furniture and equipment	-	97.0	-	97.0
Support to UNON	-	-	-	-
<b>Total Programme</b>	<b>9,907.5</b>	<b>10,872.1</b>	<b>775.2</b>	<b>11,647.3</b>
<b>Programme Support</b>				
Posts	-	-	841.9	841.9
Other staff costs	-	-	-	-
Consultants	-	-	-	-
Travel	-	-	36.0	36.0
Contractual services	-	-	-	-
General operating expenses	-	-	13.2	13.2
Supplies and materials	-	-	7.2	7.2
Furniture and equipment	-	-	7.2	7.2
Support to UNON	-	-	-	-
<b>Total Programme Support</b>	<b>-</b>	<b>-</b>	<b>905.5</b>	<b>905.5</b>
<b>Management and Administration</b>				
Posts	2,449.7	2,462.9	(495.5)	1,967.4
Other staff costs	12.9	194.9	-	194.9
Consultants	90.2	-	-	-
Travel	54.4	30.3	100.0	130.3
Contractual services	-	-	-	-
General operating expenses	46.7	60.9	17.5	78.4
Supplies and materials	81.9	25.9	-	25.9
Furniture and equipment	222.7	38.6	10.1	48.7
Support to UNON	-	-	-	-
<b>Total Management and Administration</b>	<b>2,958.5</b>	<b>2,813.5</b>	<b>(367.9)</b>	<b>2,445.6</b>
<b>Total Support Budget</b>	<b>2,958.5</b>	<b>2,813.5</b>	<b>537.6</b>	<b>3,351.1</b>
<b>Grand Total</b>	<b>13,938.6</b>	<b>14,688.1</b>	<b>1,468.8</b>	<b>16,156.9</b>

Table 6. Technical Cooperation Activities  
 Budget estimates by expenditure category  
 Budget for the biennium 2002-2003  
 (in thousands of US dollars)

	1998-1999 actuals	2000-2001 appropriations	Increase/ (Decrease)	2002-2003 estimates
<b>Programme</b>				
Posts	-	-	-	-
Other staff costs	-	-	-	-
Consultants	-	-	-	-
Travel	-	-	-	-
Contractual services	-	-	-	-
General operating expenses	-	-	-	-
Supplies and materials	-	-	-	-
Furniture and equipment	-	-	-	-
Support to UNON	-	-	-	-
Project expenditures	108,959.5	60,000.0	20,000.0	80,000.0
<b>Total Programme</b>	<b>108,959.5</b>	<b>60,000.0</b>	<b>20,000.0</b>	<b>80,000.0</b>
<b>Programme Support</b>				
Posts	5,138.1	5,017.3	441.0	5,458.3
Other staff costs	73.1	-	-	-
Consultants	-	-	-	-
Travel	1.0	20.0	255.0	275.0
Contractual services	1.1	-	-	-
General operating expenses	135.0	390.0	120.0	510.0
Supplies and materials	9.1	144.0	(90.0)	54.0
Furniture and equipment	4.6	-	35.0	35.0
Support to UNON	-	-	-	-
<b>Total Programme Support</b>	<b>5,362.0</b>	<b>5,571.3</b>	<b>761.0</b>	<b>6,332.3</b>
<b>Management and Administration</b>				
Posts	-	-	-	-
Other staff costs	-	-	-	-
Consultants	-	-	-	-
Travel	-	-	-	-
Contractual services	-	-	-	-
General operating expenses	-	-	-	-
Supplies and materials	-	-	-	-
Furniture and equipment	-	-	-	-
Support to UNON	996.8	1,114.0	-	1,114.0
<b>Total Management and Administration</b>	<b>996.8</b>	<b>1,114.0</b>	<b>-</b>	<b>1,114.0</b>
<b>Total Support Costs</b>	<b>6,358.8</b>	<b>6,685.3</b>	<b>761.0</b>	<b>7,446.3</b>
<b>Grand Total</b>	<b>115,318.3</b>	<b>66,685.3</b>	<b>20,761.0</b>	<b>87,446.3</b>



Table 7. United Nations Habitat and Human Settlements Foundation  
Special Account for Programme Support  
Budget for the biennium 2002-2003  
(in thousands of US dollars)

	1998-1999 Actual	2000-2001 Appropriations	Changes			2002-2003 Estimates
			Volume Amount	%	Cost Amount	
<b>Resources Available</b>						
Contributions	2,280.7	1,300.0	-	-	-	1,560.0
Other income	328.1	-	-	-	-	-
<b>Total Income</b>	<b>2,608.8</b>	<b>1,300.0</b>	-	-	-	<b>1,560.0</b>
<b>Use of Resources</b>						
<b>Programme Support</b>						
Posts	698.7	1,137.3	(47.3)	(4.2%)	88.7	1,178.6
Other staff costs	105.0	-	20.0	n/a	1.0	21.0
Travel	61.7	-	15.3	n/a	0.8	16.1
Contractual services	92.0	96.7	10.0	10.3%	5.3	112.0
General operating expenses	354.5	-	-	-	-	-
Supplies and materials	56.7	-	-	-	-	-
Furniture and equipment	92.0	-	26.4	n/a	1.3	27.7
<b>Total Programme Support</b>	<b>1,460.6</b>	<b>1,234.0</b>	<b>24.4</b>	<b>2.0%</b>	<b>97.1</b>	<b>1,355.5</b>
<b>Management and Administration</b>						
Support to UNON	250.0	336.0	(16.0)	(4.8%)	16.0	336.0
<b>Total Management and Administration</b>	<b>250.0</b>	<b>336.0</b>	<b>(16.0)</b>	<b>(4.8%)</b>	<b>16.0</b>	<b>336.0</b>
<b>Total Expenditures</b>	<b>1,710.6</b>	<b>1,570.0</b>	<b>8.4</b>	<b>0.5%</b>	<b>113.1</b>	<b>1,691.5</b>
Surplus/(Deficit)	898.2	(270.0)				(131.5)
Prior Period Adjustments	(100.4)	(2,041.0)				
<b>Opening Balance</b>	<b>2,094.7</b>	<b>2,892.5</b>				<b>581.5</b>
<b>Balance at End of Period</b>	<b>2,892.5</b>	<b>581.5</b>				<b>450.0</b>

Analysis of balance at end of period

Operating reserve	257.9	257.9	257.9
Fund balances	<u>2,634.6</u>	<u>323.6</u>	<u>192.1</u>
	<u>2,892.5</u>	<u>581.5</u>	<u>450.0</u>

Staffing Table Foundation Programme Support for the biennia 2000-2001 and 2002-2003

Category	2000-2001	Change	2002-2003
	<b>Professional Staff</b>		
D2			
D1			
P5			
P4		1	1
P3	1	(1)	
P2/1	1	-	1
<b>Sub Total</b>	<b>2</b>	<b>-</b>	<b>2</b>
<b>General Service Staff</b>			
Local level	18	(2)	16
<b>Sub Total</b>	<b>18</b>	<b>(2)</b>	<b>16</b>
<b>Total</b>	<b>20</b>	<b>(2)</b>	<b>18</b>

Table 8. Estimated distribution of posts by source of funds

Subprogramme	Professional category and above										Grand Total
	USG ASG	D-2	D-1	P-5	P-4	P-3	P-2/-1	Total	L-L	Other	
<b>Grand total of posts by source of funds</b>											
<b>2000-2001</b>											
United Nations regular budget	1	1	3	6	14	12	5	42	22	2	66
Foundation general purpose	-	1	2	2	6	2	-	13	19	-	32
Foundation special purpose	-	-	-	3	2	6	4	15	18	-	33
Technical cooperation	-	-	4	10	3	2	8	27	10	-	37
<b>Total 2000-2001</b>	<b>1</b>	<b>2</b>	<b>9</b>	<b>21</b>	<b>25</b>	<b>22</b>	<b>17</b>	<b>97</b>	<b>69</b>	<b>2</b>	<b>168</b>
<b>Changes</b>											
United Nations regular budget	-	-	-	4	-	-	1	5	1	-	6
Foundation general purpose	-	-	-	1	-	3	-	4	2	-	6
Foundation special purpose	-	-	-	-	1	(1)	-	-	(2)	-	(2)
Technical co-operation	-	-	-	-	-	1	1	2	1	-	3
<b>Net changes</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5</b>	<b>1</b>	<b>3</b>	<b>2</b>	<b>11</b>	<b>2</b>	<b>-</b>	<b>13</b>
<b>2002-2003</b>											
United Nations regular budget	1	1	3	10	14	12	6	47	23	2	72
Foundation general purpose	-	1	2	3	6	5	-	17	21	-	38
Foundation special purpose	-	-	-	3	3	5	4	15	16	-	31
Technical cooperation	-	-	4	10	3	2	9	28	11	-	39
<b>Total 2002-2003</b>	<b>1</b>	<b>2</b>	<b>9</b>	<b>26</b>	<b>26</b>	<b>24</b>	<b>19</b>	<b>107</b>	<b>71</b>	<b>2</b>	<b>180</b>

**Distribution of professional staff posts by source of funds  
2002-2003**

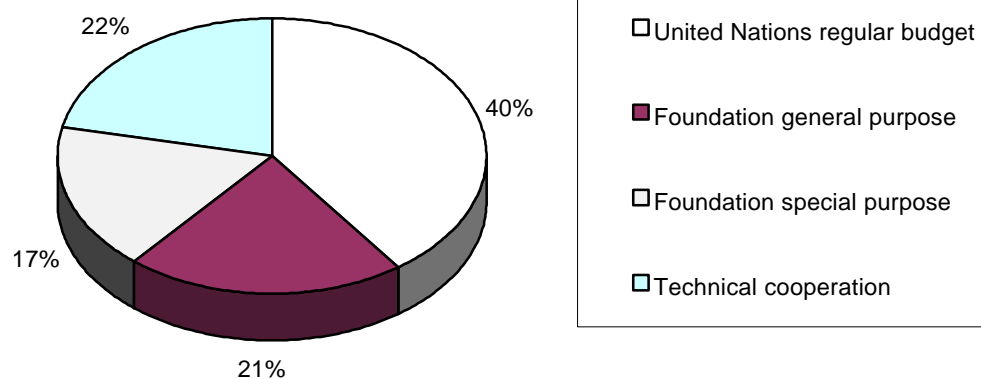


Table 9. Estimated distribution of posts by source of funds

Sub-programme	Professional category and above										Grand total
	USG										
	ASG	D-2	D-1	P-5	P-4	P-3	P-2/1	Total	I-L	Other	
<b>Subprogramme 1: Adequate shelter for all</b>											
<b>2000-2001</b>											
UN regular		1	2	2	6	5	3	19	8		27
Foundation general				1	3	1		5	8		13
Foundation special						4		4			4
Technical							5	5			5
<b>2000-2001 Sub-total</b>	-	1	2	3	9	10	8	33	16	-	49
<b>2002-2003</b>											
UN regular		1	2	2	7	5	3	20	9		29
Foundation general			1	1	3	2		7	9		16
Foundation special						4		4			4
Technical							5	5			5
<b>2002-2003 Sub-total</b>	-	1	3	3	10	11	8	36	18	-	54
<b>Subprogramme 2: Sustainable Urban Development</b>											
<b>2000-2001</b>											
United Nations regular			1	2	6	5	1	15	9		24
Foundation general		1	2	1	1	1		6	8		14
Foundation special				3	2	1	3	9			9
Technicalcooperatio			1			1	2	4			4
<b>2000-2001 Sub-total</b>	-	1	4	6	9	8	6	34	17	-	51
<b>2002-2003</b>											
United Nations regular			1	4	5	6	2	18	9		27
Foundation general		1		1	2	2		6	9		15
Foundation special				3	2	1	3	9			9
Technical			1			1	2	4			4
<b>2002-2003 Sub-total</b>	-	1	2	8	9	10	7	37	18	-	55
<b>Programme support budget</b>											
<b>2000-2001</b>											
United Nations regular								-			-
Foundation general								-			-
Foundation special						1	1	2	18		20
Technical			3	10	3	1	1	18	10		28
<b>Sub-total 2000-2001</b>	-	-	3	10	3	2	2	20	28	-	48
<b>2002-2003</b>											
United Nations regular				1	2			3	1		4
Foundation general			1			1		2	1		3
Foundation special					1		1	2	16		18
Technical			3	10	3	1	2	19	11		30
<b>Sub-total 2002-2003</b>	-	-	4	11	6	2	3	26	29	-	55
<b>Management and administration</b>											
<b>2000-2001</b>											
United Nations regular	1			2	2	2	1	8	5	2	15
Foundation general					2			2	3		5
Foundation special								-			-
Technical								-			-
<b>Sub-total 2000-2001</b>	1	-	-	2	4	2	1	10	8	2	20
<b>2002-2003</b>											
United Nations regular	1			3		1	1	6	4	2	12
Foundation general				1	1			2	2		4
Foundation special								-			-
Technical								-			-
<b>Sub-total 2002-2003</b>	1	-	-	4	1	1	1	8	6	2	16
<b>2000-2001 Total posts</b>	1	2	9	21	25	22	17	97	69	2	168
<b>2002-2003 Total posts</b>	1	2	9	26	26	24	19	107	71	2	180

Table 10. Overall staffing table foundation general purpose funds for the biennia 2000-2001 and 2002-2003

Category	2000-2001				Change				2002-2003			
	Programme	Prog. Support	Mgmt & Admin	Total	Programme	Prog. Support	Mgmt & Admin	Total	Programme	Prog. Support	Mgmt & Admin	Total
<b>Professional staff</b>												
D2	1			1	-	-	-	-	1			1
D1	2			2	(1)	1	-	-	1	1		2
P5	2			2	-	-	1	1	2		1	3
P4	4		2	6	1	-	(1)	-	5		1	6
P3	2			2	2	1	-	3	4	1		5
P2/1				0	-	-	-	-				0
<b>Sub Total</b>	<b>11</b>	<b>0</b>	<b>2</b>	<b>13</b>	<b>2</b>	<b>2</b>	<b>-</b>	<b>4</b>	<b>13</b>	<b>2</b>	<b>2</b>	<b>17</b>
<b>General Service staff</b>												
Local Level	16		3	19	2	1	(1)	2	18	1	2	21
<b>Sub Total</b>	<b>16</b>	<b>0</b>	<b>3</b>	<b>19</b>	<b>2</b>	<b>1</b>	<b>(1)</b>	<b>2</b>	<b>18</b>	<b>1</b>	<b>2</b>	<b>21</b>
<b>Total</b>	<b>27</b>	<b>0</b>	<b>5</b>	<b>32</b>	<b>4</b>	<b>3</b>	<b>(1)</b>	<b>6</b>	<b>31</b>	<b>3</b>	<b>4</b>	<b>38</b>

Table 11. United Nations Habitat And Human Settlements Foundation  
 Summary Of General Purpose Contributions And Earmarked Contributions  
 1990-1999

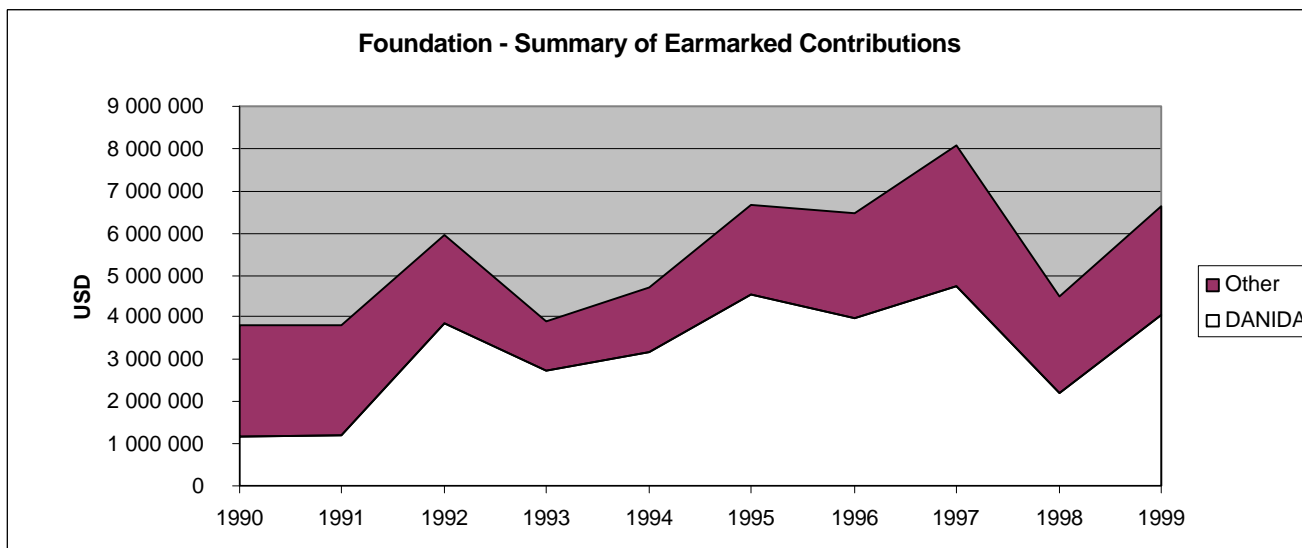
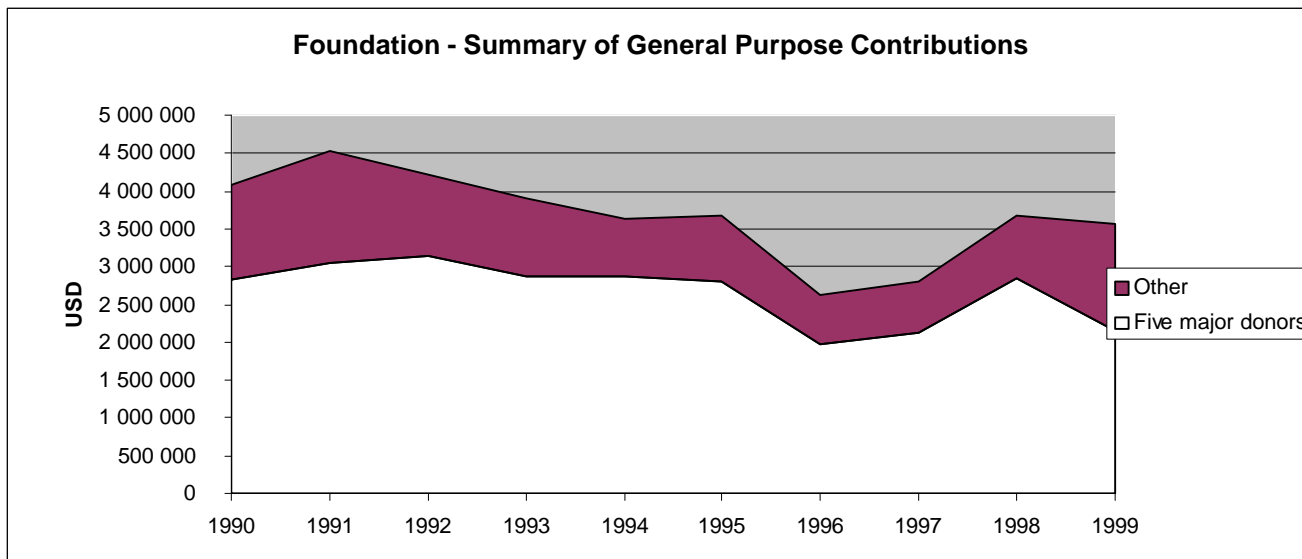


Table 12. UNON Division of Administrative Services indicative budget for 2000-2001  
(as at February 2000)  
(in thousands of US dollars)

Service	Posts			Budget 2000-2001 \$'000	Regular Budget share \$'000	Extra Budgetary Share \$'000	Notes
	General Service staff	Professional staff	Total				
DAS (Office of the chief)	3	3	6	1,306.0	795.3	510.7	Exclusive to UNEP & UNON
HRMS (Human Resources Management)	35	11	46	3,907.6	1,226.3	2,681.3	
FRMS (Financial Resources Management)	44	7	51	3,495.1	1,357.0	2,138.1	
SSS (Support Services)	76	7	83	9,417.3	6,434.7	2,982.6	
SSU (Security and Safety)	69	2	71	3,090.4	3,090.4	-	
ITS (Information Technology)	21	9	30	3,040.3	933.1	2,107.2	
BFMS (Budget and Funds Management)	25	14	39	4,703.8	245.9	4,457.9	
<b>Total</b>	<b>273</b>	<b>53</b>	<b>326</b>	<b>28,960.5</b>	<b>14,082.7</b>	<b>14,877.8</b>	

Projected Sources of funding for XB share:

UNEP	12,196.9
UNCHS	1,850.0 *
Other	<u>880.0</u>
<b>Total projected XB income</b>	<b><u>14,926.9</u></b>

\* The UNCHS subvention is funded by \$736,000 from the Foundation and \$1,114,000 from the special account for Technical Co-operation Programme Support Cost.

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