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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 FOR THE BIENNIUM 2002-2003

Report of the Executive Director

Addendum

SUGGESTED ADJUSTMENTS TO THE PROPOSED BUDGET

Summary

1. In the progress report to the Bureau of the Commission of the seventeenth session (HS/C/18/2/Add.4, annex II), the Executive Director makes a number of proposals to strengthen the capacities of the Centre, including its human resources, in order to ensure that UNCHS (Habitat) can play its expected role as focal point for the implementation of the Habitat Agenda and as a centre of excellence on human settlements issues. The corresponding adjustments to the work programme of UNCHS (Habitat) for the biennium 2002-2003 are detailed in an addendum to the work programme (HS/C/18/8/Add.1). The present report sets out the implications of the proposals and the work programme amendments. It proposes budgetary adjustments developed from an analysis of the needs and required outputs of the Centre, rather than from a historical base, to provide a flexible framework for enhancing the Centre's capacity in terms of both human and financial resources. Specific recommendations are also made for action by the Commission concerning approval of the budget of the Habitat and Human Settlements Foundation for the biennium 2002-2003, and the adjustments proposed in the present report.

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\* HS/C/18/1.

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PROPOSED ADJUSTMENTS TO THE BUDGET OF THE UNITED NATIONS HABITAT  
AND HUMAN SETTLEMENTS FOUNDATION FOR 2002-2003

1. Following her appointment in September 2000, the new Executive Director of UNCHS (Habitat) initiated a consultation process and review of the effectiveness of the organization and the adequacy of its resources. This review was carried out in the context of Commission resolution 17/7, calling on Governments to ensure sufficient financial support to the Centre, to assist in the full implementation of the revitalization process.
2. The need for such a review was also identified by the Office of Internal Oversight Services in its report entitled "Review of organizational and staffing issues at Habitat" (AA1999/48/6). It recommended that, following the changes initiated by the revitalization of the Centre, there was a need to reappraise all posts to establish the level and type of staff members required. This was deferred pending the appointment of a permanent Executive Director.
3. The review now conducted has identified a number of areas that need to be strengthened in order to further enhance the revitalization process initiated in late 1998 and to implement the Centre's mandate and work programme more effectively. The most important are: (a) enhanced capacity in monitoring the implementation of the Habitat Agenda and human settlements conditions in general; (b) improved capacity in coordination of knowledge-building and research; (c) greater cohesion, focus and momentum in the area of training and capacity-building; (d) enhanced capacity in the area of urban economic analysis and policy-making, as well as in the rural dimension of human settlements; and (e) more effective and better-coordinated administration, especially in financial management, internal oversight, internal monitoring and evaluation and information management.
4. In order to address these needs, a number of amendments to the proposed work programme of UNCHS (Habitat) for the biennium 2002-2003 have been put forward (HS/C/18/8/Add.1). These include the reformulation of one objective of subprogramme 2, so as to reflect training and capacity-building activities, and the addition of related outputs; the addition of two subprogramme objectives to subprogramme 2, the first on urban economy and rural-urban linkages and the second on municipal finance; and the addition of the Global Report on Human Settlements to the list of biennial outputs so as to improve the delivery of monitoring and knowledge-building results, in accordance with General Assembly resolution 55/194.
5. In addition, a number of organizational adjustments have been proposed. These are designed to enable the Centre to implement the work programme more effectively, including the additional work indicated above. The main organizational adjustments include: (a) elevation of the Urban Secretariat to a "Research, Monitoring and Coordination Division" and its subdivision into three branches, dealing with monitoring systems, policy analysis, synthesis and dialogue, and urban economy and finance; (b) the consolidation of previously diffused training activities through the creation of a Training and Capacity-building Branch within the existing Global Division; (c) the reorganization of executive direction and programme support functions through the establishment of a strengthened Office of the Deputy Executive Director (separate from the office of the Director of the Global Division) for the coordination of administration; and (d) the establishment of a Regional Office for Eastern Europe and Transition Countries in order to coordinate all of the Centre's increasingly significant operational work in that region.
6. Following the United Nations Conference on Human Settlements (Habitat II) in 1996, the Centre found itself taking on additional responsibilities arising out of the Habitat Agenda without a corresponding increase in human and financial resources. The deficiencies identified above are, to an extent, a result of this. It is therefore important for the Centre not only to address these deficiencies, but also to anticipate additional responsibilities likely to arise from the Habitat Agenda review and appraisal process through a flexible medium-term budget framework.
7. The attached tables 1 and 2 identify the financial and human resource implications for the Foundation of putting into effect the changes summarized above and detailed in HS/C/18/2/Add.4 and HS/C/18/8/Add.1.

The total impact in financial terms is to increase the budget for the biennium from \$23,998,900 to a revised total of \$31,693,900, of which \$18,002,500 would be required from Foundation general-purpose funds. This level of budgeted expenditure would necessitate annual general-purpose contributions totalling at least \$9 million.

8. It is recommended that the Commission should consider taking the following actions:

(a) To approve the proposed budget of the Foundation of \$23,998,900 for 2002-2003, as set out in HS/C/18/9;

(b) To endorse the proposals outlined above and in HS/C/18/2/Add.4 and in HS/C/18/8/Add.1 and, subject to the availability of funds, to authorize the Executive Director to commit additional funds up to a maximum of \$31,693,900 for the biennium;

(c) In furtherance of Commission resolution 17/7, paragraph 6, to support the establishment of a target of \$10 million per annum for general-purpose contributions to the Foundation in order to assist in the full implementation of the revitalization process.

Table 1

Proposed revision to the budget of the United Nations Habitat and Human  
Settlements Foundation for the biennium 2002-2003

	<b>Initial proposal (HS/18/9)</b>	<b>Proposed Increase</b>	<b>Revised proposal</b>	<b>Of which, general- purpose</b>
<u>Programme</u>				
Posts	4 208.7	2 632.0	6 840.7	6 840.7
Other staff costs	45.9	16.9	62.8	62.8
Consultants	165.4	63.0	228.4	228.4
Travel	110.4	111.2	221.6	221.6
Contractual services	231.0	132.3	363.3	363.3
General operating expenses	-			
Supplies and materials	-			
Furniture and equipment	47.7	50.1	97.8	97.8
Project expenditures (non-earmarked)	2 600.0	2 000.0	4 600.0	4 600.0
Project expenditures (earmarked)	12 000.0	-	12 000.0	
<b>Total programme</b>	<b>19 409.0</b>	<b>5 005.6</b>	<b>24 414.6</b>	<b>12 414.6</b>
<u>Programme support</u>				
Posts	1 712.8	690.0	2 402.8	1 224.1
Other staff costs	21.0	17.1	38.1	17.1
Consultants	-			
Travel	26.6	49.3	75.9	59.9
Contractual services	137.1		137.1	25.1
General operating expenses	-			
Supplies and materials	-			
Furniture and equipment	66.8	(13.4)	53.4	25.7
<b>Total programme support</b>	<b>1 964.3</b>	<b>743.1</b>	<b>2 707.3</b>	<b>1 351.9</b>
<u>Management and administration</u>				
Posts	639.2	904.9	1 544.1	1 544.1
Other staff costs	4.2	14.3	18.5	18.5
Consultants	-			
Travel	55.1	47.8	102.9	102.9
Contractual services	-			
General operating expenses	1 106.2	504.0	1 610.2	1 610.2
Supplies and materials	76.1	21.0	97.1	97.1
Furniture and equipment	8.8	14.4	23.2	23.2
Support to United Nations Office at Nairobi	736.0	440.0	1 176.0	840.0
<b>Total management and administration</b>	<b>2 625.6</b>	<b>1 946.4</b>	<b>4 572.0</b>	<b>4 236.0</b>
<b>Total support budget</b>	<b>4 589.9</b>	<b>2 689.4</b>	<b>7 279.3</b>	<b>5 587.9</b>
<b>Grand total</b>	<b>23 998.9</b>	<b>7 695.0</b>	<b>31 693.9</b>	<b>18 002.5</b>

Note: It is assumed that the total level of earmarked funding will remain unchanged from HS/C/18/9.

Table 2

Proposed revision to the United Nations Habitat and Human Settlements Foundation  
staffing table for the biennium 2002-2003 (General-purpose funds)

	Initial proposal (HS/C/18/9)			
	Programme	Programme Support	Management and administration	Total
<b>Professional staff</b>				
ASG				
D-2	1			1
D-1	1	1		2
P-5	2		1	3
P-4	5		1	6
P-3	4	1		5
P-2/1				
<b>Subtotal</b>	<b>13</b>	<b>2</b>	<b>2</b>	<b>17</b>
<b>General Service staff</b>				
Local-level	18	1	2	21
<b>Subtotal</b>	<b>18</b>	<b>1</b>	<b>2</b>	<b>21</b>
<b>Total</b>	<b>31</b>	<b>3</b>	<b>4</b>	<b>38</b>
	Proposed increase			
	Programme	Programme Support	Management and Administration	Total
<b>Professional staff</b>				
ASG			1	1
D-2	1			1
D-1	2		2	4
P-5	3	1	(1)	3
P-4	1	1		2
P-3	3			3
P-2/1				
<b>Subtotal</b>	<b>10</b>	<b>2</b>	<b>2</b>	<b>14</b>
<b>General Service staff</b>				
Local-level	4	3	5	12
<b>Subtotal</b>	<b>4</b>	<b>3</b>	<b>5</b>	<b>12</b>
<b>Total</b>	<b>14</b>	<b>5</b>	<b>7</b>	<b>26</b>
	Revised proposal			
	Programme	Programme Support	Management and administration	Total
<b>Professional staff</b>				
ASG			1	1
D-2	2			2
D-1	3	1	2	6
P-5	5	1		6
P-4	6	1	1	8
P-3	7	1		8
P-2/1				
<b>Subtotal</b>	<b>23</b>	<b>4</b>	<b>4</b>	<b>31</b>
<b>General Service staff</b>				
Local-level	22	4	7	33
<b>Subtotal</b>	<b>22</b>	<b>4</b>	<b>7</b>	<b>33</b>
<b>Total</b>	<b>45</b>	<b>8</b>	<b>11</b>	<b>64</b>