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UN-Habitat

**Governing Council
of the United Nations Human
Settlements Programme**

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**Work programme of UN-Habitat for the 2008–2009 biennium and
budget of the United Nations Habitat and Human Settlements
Foundation for the 2008–2009 biennium**

Proposed work programme and budget for 2008–2009

Report of the Executive Director

Addendum

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

Note by the secretariat

The report of the Advisory Committee on Administrative and Budgetary Questions on its review of the proposed budget of the United Nations Habitat and Human Settlements Foundation for the biennium 2008–2009 is contained in the annex to the present note. The report has been reproduced as received and has not been formally edited by the Secretariat.

* HSP/GC/21/1.

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Annex

Report of the Advisory Committee on Administrative and Budgetary Questions

1. The Advisory Committee on Administrative and Budgetary Questions has considered the proposed budget of the United Nations Habitat and Human Settlements Foundation for the biennium 2008-2009 (HSP/GC/21/4). The Committee also had before it the related report of the Board of Auditors¹. During its consideration of this report, the Advisory Committee met with the Deputy Executive Director and other representatives of the United Nations Human Settlements Programme (UN-Habitat), who provided additional information and clarifications.

2. The Committee notes that the proposed programme budget has been aligned to the proposed strategic framework for the 2008-2009 biennium as contained in document A/61/6, Programme 12, Human Settlements and endorsed by the Committee on Programme Coordination (CPC) at its 46th session of June 2006. The main mandate of UN-Habitat derives from the United Nations Conference on Human Settlements (Habitat II) and its twin goals of adequate shelter for all and sustainable development in an urbanizing world, as well as the mandates derived from the Declaration on Cities and other Human Settlements in the New Millennium. Account is also taken of the relevant mandates of the General Assembly and the Governing Council, as well as the Millennium Development Goals, particularly that of achieving a significant improvement in the lives of at least 100 million slum dwellers by the year 2020 and Target 10 on water and sanitation of the Johannesburg Plan of Implementation. In order to achieve these objectives, the work programme will continue to be organized around the following four subprogrammes: subprogramme 1, Shelter and sustainable human settlements development; subprogramme 2, Monitoring the Habitat Agenda; Subprogramme 3, Regional and technical cooperation; Subprogramme 4, Human settlements financing.

3. As recommended by the Advisory Committee (HSP/GC/20/9/Add.1 para. 6), the proposed programme budget has been reviewed by the Committee of Permanent Representatives (CPR) of the Governing Council of UN-Habitat and incorporates its views. In this connection, the Advisory Committee received a letter from the Chair of the CPR on the close collaboration between UN-Habitat Secretariat and the CPR during the budget formulation process.

4. As indicated in paragraph 8 of the budget document, the UN-Habitat is in the process of developing a six-year medium-term strategic and institutional plan (MTSIP) for the 2008-2013 period, as a follow-up to the in-depth programmatic evaluation carried out by the Office of Internal Oversight Services (OIOS) in 2004 (see also para. 27 below). The MTSIP will be submitted to the Governing Council in April 2007. If necessary, the logical framework and proposed programme plan and budget may be amended in order to be aligned to the MTSIP to be adopted by the Governing Council; in such an eventuality, the logical framework and programme plan would be reviewed again in 2007 by the Committee on Programme and Coordination, in accordance with General Assembly Resolution 58/269. Furthermore, the Regular Budget allocations to UN-Habitat will be included in the Secretary-General's submission of the proposed programme budget of the United Nations for the biennium 2008-2009 and will be reviewed by the Advisory Committee in that context.

5. The Advisory Committee welcomes the continued efforts to improve the presentation and clarity of the budget document. It notes that the results-based budget framework continues to provide a large number of quantifiable data, allowing a better evaluation of the results achieved. Furthermore, since a number of the baselines for performance targets were set for the 2004-2005 biennium, with the accumulation of measures for the indicators of achievement, the logical framework is becoming more operational, making it easier to track progress made towards the overall direction of activities as well as to set more meaningful targets for the coming biennium. The Committee also notes the attention that has been given to its comments and recommendations in its previous report of 24 March 2005 (HSP/GC/20/9/Add.1). Such information should continue to be provided in future budget submissions (see also para. 25 below). That being said, the Committee is of the view that the format of the budget document could be further streamlined to make it more concise and it encourages UN-Habitat to pursue its efforts in this regard.

¹ Financial report and audited financial statements of the United Nations Human Settlements Programme (A/61/5/Add.8).

6. The budget of the UN-Habitat rests on three main sources of funding, namely, regular budget allocations, voluntary contributions to the United Nations Habitat and Human Settlements Foundation and to technical cooperation activities. As indicated in Table 2(a) of the proposed budget, the total budget for the for 2008-2009 biennium is estimated at some \$246 million and includes a provision of \$18.9 million for regular budget allocations, expected contributions of \$105.7 million for the UN-Habitat Foundation and \$121.4 million for technical cooperation activities. Of the total amount of \$246 million of the proposed budget, it is expected that some \$218.4 million or 89 per cent will be utilized for programme activities and the remaining \$27.6 million for programme support and policy making organs (see Table 3 of the budget document).

7. The above proposal for the 2008-2009 budget reflects a net increase of 46 per cent as compared to the approved budgetary estimates for the 2006-2007 period of \$168.7 million. From Table 2(b) of the budget document, the Committee notes however, that the revised estimates for the current biennium have increased to \$256.4 million, owing largely to higher contributions for technical cooperation activities of \$138.3 million compared to the \$67.1 million initially budgeted. Upon enquiry, the Committee was informed that this increased funding was related to events such as the Tsunami and the Pakistan earthquake and well as contributions from Governments and United Nations agencies such as UNDP and UNHCR for county-level activities in, *inter alia*, Iraq, Afghanistan, Somalia and Sudan. The Committee notes that UN-Habitat expects continued donor support and collaboration with other United Nations agencies for country level activities, disaster mitigation and post-conflict reconstruction during the coming biennium.

8. From the data provided in Table 1 of the budget document, the Committee observes a certain budgeting pattern, with initial estimates being generally lower than the revised and realized budgets. This practice is consistent with a prudent budgeting approach, in view of the nature of the activities and the funding of UN-Habitat primarily through voluntary contributions. The Committee notes that the revised budgets are determined on the basis of the prior year's trends, an analysis of the actual income received during the first half of 2006 and a review of anticipated commitments for the remainder of the biennium (see para. 19 of the budget document). The Committee is of the view that a fuller explanation of these factors in the budget document and the reasoning underlying the revised funding levels could facilitate the comprehension and analysis of the budget proposals and provide a clearer justification for the sharp growth envisaged for the 2008-2009 biennium.

9. As indicated in paragraph 4 above, proposals for the regular budget allocations will be presented in the context of the United Nations proposed programme budget for 2008-2009 under the sections on Human Settlements and the Regular Programme of Technical Cooperation. Pending approval of these proposals by the General Assembly, a provisional regular budget allocation of \$18.9 million, at the same level as the current budget for the 2006-2007 biennium has been included in the proposed budget for 2008-2009, and is therefore indicative only.

10. With respect to the United Nations Habitat and Human Settlements Foundation, which consists of voluntary contributions, available resources are projected at \$124,492,300, including fund balances of \$27,592,300 (see Table 3 of the budget document). The budget proposals of the Foundation amount to \$105,728,600, including \$32,795,100 from the general purpose, non-earmarked fund and \$72,933,500 from the special purpose, earmarked fund, reflecting an overall increase of some \$23 million, or 28 per cent over the approved budgetary estimates for the current biennium. The Committee notes that the revised estimates for the current biennium amount to \$99.2 million. It is proposed to utilize \$85.7 million of the total amount of \$105.7 million for the 2008-2009 period or 89 per cent for programme activities. The remaining \$20 million, or 11 per cent, funded from the general purpose contributions (\$9.1 million) and the overhead earned from the special purpose contributions (\$10.1 million), is intended to cover programme support activities, including financial, administrative and management support, as well as the overall monitoring, evaluation and information support for the activities undertaken in the subprogrammes. The Advisory Committee commends efforts made to utilize resources for programmatic activities.

11. It is projected that technical cooperation activities will amount to \$121.4 million during the 2008-2009 biennium, an increase of \$54.3 million, or 81 per cent as compared to the initial estimate of \$67.1 million for the 2006-2007 period. The Committee notes that the revised estimate for the current biennium is \$138.3 million (see para 5 above). The support cost estimate is \$4.2 million, including \$2.9 million for programme support and \$1.4 million for administrative support. Available resources under Technical Cooperation, including fund balances of \$21,044,100 amount to \$137,699,100 and that a 10 per cent programme support fee is charged on income received for country-specific technical cooperation activities. However, a lower rate is charged when United Nations system-wide agreements

have been reached, as for example with the European Commission, the United Nations Development Group Trust Fund for Iraq and the World Bank (see para 37 of the budget document).

12. The Committee notes that the total support budget, including programme support as well as management and administration amounts to \$27,568.500 (see Table 3 of the budget document). With respect to support costs, the Committee had requested that information regarding the basis and adequacy of rates used for support income from technical cooperation, general purpose and special purpose funds and trust fund activities be provided (HSP/GC/19/9/Add.1, para. 9). In this connection, the Committee notes that UN-Habitat participates in a United Nations inter-agency working group established by High-Level Committee on Management (HLCM) of the Chief Executives Board (CEB) for reviewing the measures and adequacy of programme support cost and recovery policies, in response to the recommendations of the Joint Inspection Unit in its report JIU/REP/2002/3. The Committee requests that UN-Habitat report on progress made in this regard in the next budget submission.

13. The Committee was informed that progress had been made with respect to the strengthening of the United Nations Habitat and Human Settlements Foundation, to enable it to play an effective role in resource mobilization, as requested by the General Assembly in its resolution 56/206 of 26 February 2002. The financial regulations and rules for the Foundation of the UN-Habitat were promulgated by the Secretary-General, effective 1 August 2006 and issued as a special annex to the financial regulations and rules of the United Nations (ST/SGB/2006/8), in replacement of ST/SGB/UNHHSF/Financial Rules/3 (1978). Furthermore, operational guidelines for the strengthening of the Foundation, based on a policy framework to be presented to the Governing Council at its 21st session in April 2007 are under preparation.

14. As indicated in paragraph 29 of the budget document, total contributions to the Foundation have been increasing over the years and efforts have been made to broaden the donor base, obtain multi-year funding agreements and increase the level of general-purpose contributions in order to improve funding predictability and the financial stability of the Organisation. Upon request, the Committee was provided additional information on the top ten donors and the status of contributions, which is attached in Annexes 1 and 2 of the present report. In this connection, the Committee was informed that a comprehensive resource mobilization strategy would be included in the medium-term strategic and institutional plan that is to be presented to the Governing Council at 21st session (see para. 4 above) for which additional resources would be requested (see para. 18 below). The Committee encourages UN-Habitat to pursue its efforts to broaden its donor base.

15. The Committee notes that UN-Habitat intends to create a World Urban Forum Unit within the Governing Council secretariat, as requested by the Governing Council in its resolution 20/10, which called upon the Executive Director of UN-Habitat to provide adequate organizational and substantive support and to mobilize adequate resources for the preparation and conduct of future sessions of the Forum. The Committee was informed that the objectives of the Unit would be to enhance the coordination of substantive inputs from the subprogrammes and other partners, to develop outreach strategies for promoting the World Urban Forum and for publishing and effectively disseminating the outcomes of the Forum. It was expected that in addition to the activities related to organization and support for the World Urban Forum, the Unit would also provide additional support to the work of the Governing bodies and other major global and regional conferences.

16. The Committee recalls that in its previous report (HSP/GC/20/9/Add.1, para. 13) it had pointed to the need to adopt a cautious approach with regard to the filling of established posts, once sufficient income was assured. It notes that staffing levels for the 2006-2007 biennium remain at the same level as for the 2004-2005 period. The Committee was informed that emerging requirements had been addressed through internal redeployments and that care had been taken ensure that resources received in the context of emergency situations, such as the Tsunami and the Pakistan earthquake were not used to establish permanent posts.

17. With respect to the proposed staffing structure of the Foundation, the Committee requested additional information on the high ratio of General Service staff (62) to Professional staff (67). It was informed that this was primarily due to the fact that substantive administrative functions were carried out by competent General Service staff, mainly under programme support and executive direction and management; this arrangement allowed UN-habitat to maintain relatively low staff costs and to provide General Service staff opportunities for carrying out more challenging and enriching functions. The Advisory welcomes the information provided and trusts that UN-Habitat will continue to accomplish its tasks with relatively low administrative costs.

18. The current and proposed staffing levels are presented in Table 5 of the budget document. The number of posts funded by the regular budget (74) and technical cooperation contributions (52) would remain unchanged. In light of the additional activities described above, it is proposed to establish 12 new posts under the budget of the Foundation, including 7 professional and 5 General Service posts. The total staffing level would increase from a total of 117 staff members (60 Professional and 57 General Service) to 129 (67 Professional and 62 General Service). Of this total, 98 posts would be funded from the general purpose resources and 31 from special purpose resources. The following posts are requested:

Programme activities budget

- a. *One Human Settlements Officer (P-3)*: This position is requested to strengthen the Global Urban Observatory Unit, responsible for establishing urban observatories to collate and analyse data necessary for monitoring the implementation of the UN-Habitat Agenda, in particular the Millennium Development Goals related to slums, safe drinking water and sanitation.
- b. *One Human Settlements Officer (P-3)*: This position is requested for the Regional Office for Africa and Arab states, to assist in the formulation and implementation of urban and housing strategies, developing related capacity and supporting operational activities in Arab States.
- c. *One Programme Management Assistant*: This position is requested to assist the Urban Environment Unit in coordinating the activities on Sustainable Urbanisation, carried out in conjunction with the United Nations Environment Programme (UNEP).

Programme support budget

- d. *One Chief, Programme Management Officer (P-5)*: This position is requested to strengthen programme support in light of the increasing operational activities of the Organization.
- e. *One Legal Assistant (General Service), One Programme Management Assistant (General Service)*: These positions are requested to assist in the administration of the programme and project activities undertaken by the organization.

Management and Administration budget

- f. *One Chief, Office of the Executive Director (D-1)*: This position is requested to strengthen the overall capacity of the office to direct and coordinate the implementation of the organisation's work programme, and to oversee the Monitoring and Evaluation Unit and the Information Services Section.
- g. *One resource mobilization officer (P-4)*: This position is requested to enhance and coordinate fund-raising activities of the organization, in response to the in-depth evaluation of the Office of Internal Oversight Services (OIOS) and the subsequent Governing Council resolution 20/10, which requested the Executive Director to propose a comprehensive resource mobilization strategy at its 21st session.
- h. *One Coordinator (P-5), one Human Settlements Officer (P-3), One Logistics Assistant (General Service) and one Administrative Assistant (General Service)*: These positions are requested for the World Urban Forum Unit (see para. 15 above), to be constituted within the Governing Council Secretariat, to facilitate the organization of the World Urban Forum as well as to provide additional support to the work of the Governing bodies and other major global and regional conferences.

19. The Advisory Committee recommends approval of these positions, subject to the availability of funds from donors.

20. The Committee notes from paragraph 40 of the budget document that UN-Habitat will continue to increase its presence at the country level with the assistance of governments through Habitat Programme Managers (HPM) who are co-located in UNDP country offices. Priority will be given to least developed countries and post-conflict societies. An additional allocation of \$600,000 is proposed, bringing the total allocation for HPMS to \$3 million for the 2008-2009 biennium. In this connection the Committee was informed that an evaluation of the performance and impact of HPMS had endorsed their role (see also paras.26-27 below). The HPMS will remain actively involved in supporting the

operational activities of UN-Habitat at national levels as well as in promoting the integration of sustainable urbanization and other campaigns of UN-Habitat. Furthermore, the Committee was informed that UN-Habitat will continue to cooperate with a variety of partners, both within the United Nations System (UNDP, UNEP, DESA) as well as outside of the system, such as, for example, development banks. UN-Habitat is also a member of the United Nations Development Group (UNDG), the Executive Commission on Humanitarian Affairs (ECHA) and the Executive Committee on Economic and Social Affairs (EC-ESA). During its discussions with the representatives of UN-HABITAT, the Committee was informed that UN-Habitat had cooperated with DPA and DPKO in a number of peacekeeping and special political missions with respect to shelter and basic infrastructure, water and sanitation projects, including Burundi, Côte d'Ivoire and Haiti.

21. The Advisory Committee requested additional information on UN-Habitat's regional and representative offices. It was informed that the liaison offices in New York, Geneva and Brussels had a substantive role in coordinating activities of UN-Habitat with United Nations organizations and other entities such as the European Commission. Regional offices in Nairobi, Fukuoka and Rio de Janeiro coordinated technical cooperation activities in countries. The staffing levels of these offices is provided in Annex 3 of the present report. The Committee trusts that efforts are made to ensure that such resources are used as cost-effectively as possible.

22. The Committee was informed that the Governing Council had requested the Executive Director of UN-Habitat, in consultation with the Secretary-General, to request OIOS to carry out a review of the administrative arrangements at UN-Habitat, including its relationship with the United Nations Office at Nairobi (UNON), which provides common administrative services to United Nations entities located in Nairobi; the OIOS report on this review will be issued in January 2007 (see paras. 26-27 below).

23. The Committee requested additional information on the proposed increase of the Financial /statutory reserve indicated in paragraph 81 of the budget document. It was informed that the proposed increase to \$3,279,500 is in accordance with rule 304.3.2 (b) of the Financial Regulations and Rules of the United Nations Human Settlements Foundation as it represents 10 percent of the proposed general purpose budget, which amounted to \$32,795,000.

24. The Committee notes the number of publications produced by UN-Habitat, as indicated in the results based framework. During its discussions with the Deputy Executive Director of UH-Habitat, the Committee was informed that an evaluation of the real value, usefulness and effective use of the various publications issued was on-going. Furthermore, UN-Habitat also participated in the comprehensive review of publications initiated by the Executive Committee on Economic and Social with a view to avoiding duplications, reducing the number of publications produced, distinguishing between recurrent and non-recurrent publications and focussing more attention on flagship publications. The Committee encourages UN-Habitat to pursue its efforts in this regard.

25. The Committee notes that UN-Habitat has accepted all the recommendations made by the Board of Auditors in the Financial Report and Audited Financial Statements of the United Nations Human Settlements Programme (A/61/5/Add.8). It requests that any follow-up actions undertaken in connection with the implementation of the recommendations of the Board of Auditors and the Office of Internal Oversight Services be included in future budget submissions (see para. 5 above).

26. The Committee notes that a number of reviews have been carried out or are on-going: the in-depth programmatic evaluation of UN-Habitat carried out by OIOS in 2004 (see para. 4 above); the independent evaluation of the performance and impact of Habitat Programme Managers (see para. 20 above) and the OIOS review of the administrative arrangements on UN-Habitat and its relationship with UNON (see para. 22 above).

27. The Committee was informed that, as a follow-up to the in-depth programmatic evaluation of UN-Habitat carried out by OIOS in 2004, a comprehensive strategic planning exercise has been undertaken (see para 4 above), aimed at enhancing the cohesion between the different activities of UN-Habitat, broadening the programme's funding base, focusing the programmes activities and contributing towards system-wide coherence. The Committee encourages UH-Habitat to pursue its efforts to develop a meaningful strategic plan. It emphasizes that commitment of the senior managers and involvement of staff at all levels is required to avert the risk of such a plan becoming merely a theoretical exercise. The Committee trusts that similar efforts will be made to ensure that the outcomes of the other reviews and evaluations are translated into improved working procedures, effectiveness and efficiencies.

Annex 1

Top Ten Donors of UN-HABITAT 2001-2005

Total Contributions as at 31 December 2005

2001 US \$ 19,743,154		2002 US \$ 36,058,073		2003 US\$ 40,713,704		2004 US \$ 85,182,205		2005 US\$ 111,441,219	
Country	%	Country	%	Country	%	Country	%	Country	%
1 United Kingdom	15	1 European Commission	18	1 Netherlands	20	1 Japan	11	1 Italy	17
2 USA	8	2 Netherlands	14	2 Japan	9	2 Netherlands	9	2 Netherlands	12
3 Netherlands	8	3 Sweden	8	3 Norway	8	3 Sweden	5	3 Norway	8
4 Sweden	7	4 Japan	8	4 Sweden	6	4 Norway	5	4 Japan	5
5 Finland	7	5 United Kingdom	6	5 Canada	6	5 European Commission	4	5 Sweden	4
6 Switzerland	6	6 Belgium	5	6 United Kingdom	4	6 Canada	4	6 European Commission	3
7 Belgium	4	7 Norway	3	7 Italy	4	7 United Kingdom	3	7 United Kingdom	3
8 Italy	4	8 Italy	2	8 USA	3	8 USA	2	8 Germany	1
9 European Commission	4	9 Switzerland	1	9 European Commission	2	9 Italy	2	9 Libyan Arab Jamahiriya	1
10 Norway	3	10 Germany	1	10 Finland	2	10 Belgium	2	10 Belgium	1

* Figures updated on an annual basis (at the end of the year) to reflect a more realistic comparison.

Annex 2

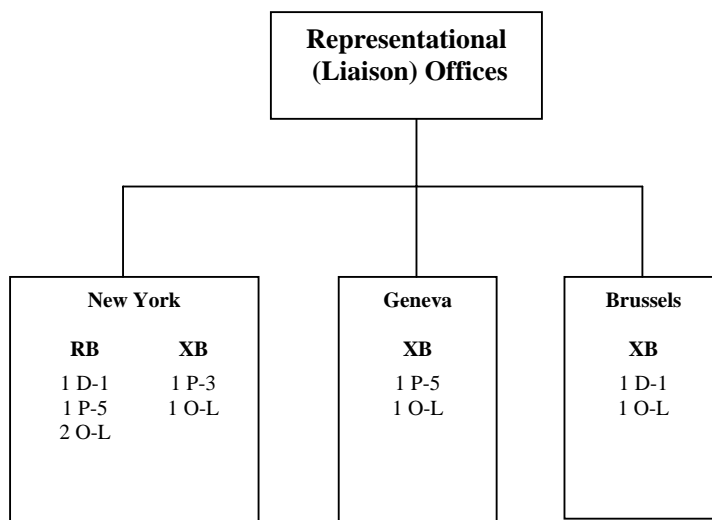
United Nations Human Settlements Programme Technical cooperation activities

Combined Status of Contributions as at 31 December 2005 (United States Dollars)

Countries/Organisations	Contributions in 2004-2005
Governments	
China	500,000
European Union	7,040,108
Italy	16,455,049
Japan	10,703,417
Libyan Arab Jamahiriya	1,903,797
Mexico	44,141
Netherlands	2,358,476
New Zealand	375,585
Nigeria	200,000
Sweden	1,203,109
United Kingdom	23,505
United States of America	1,000,000
Total Governments contributions	41,807,187
Public Donors	
Anti-Crisis Management Foundation	18,074
BASF AG	235,745
City of Munich	830,260
City of Vitoria	134,710
Council of Europe Development Bank	83,927
Educational Development Center	832,672
World Bank / International Finance Corporation	7,651,535
United Nations Development Group, Iraq Trust Fund	49,375,192
United Nations Development Programme	10,562,562
United Nations Afghanistan Emergency Trust Fund	2,137,118
United Nations Environment Programme (UNEP)	50,000
United Nations High Commission for Refuges (UNHCR)	1,724,728
United Nations Office of the Humanitarian Coordinator in Iraq	331,870
Total Public contributions	73,968,393
Total Trust fund contributions	115,775,580
UNDP funded projects	1,075,467
Total contributions	116,851,047

Annex 3

(a) Substantive Representational Offices



(b) Regional Offices

