

# The present funding of UN-HABITAT

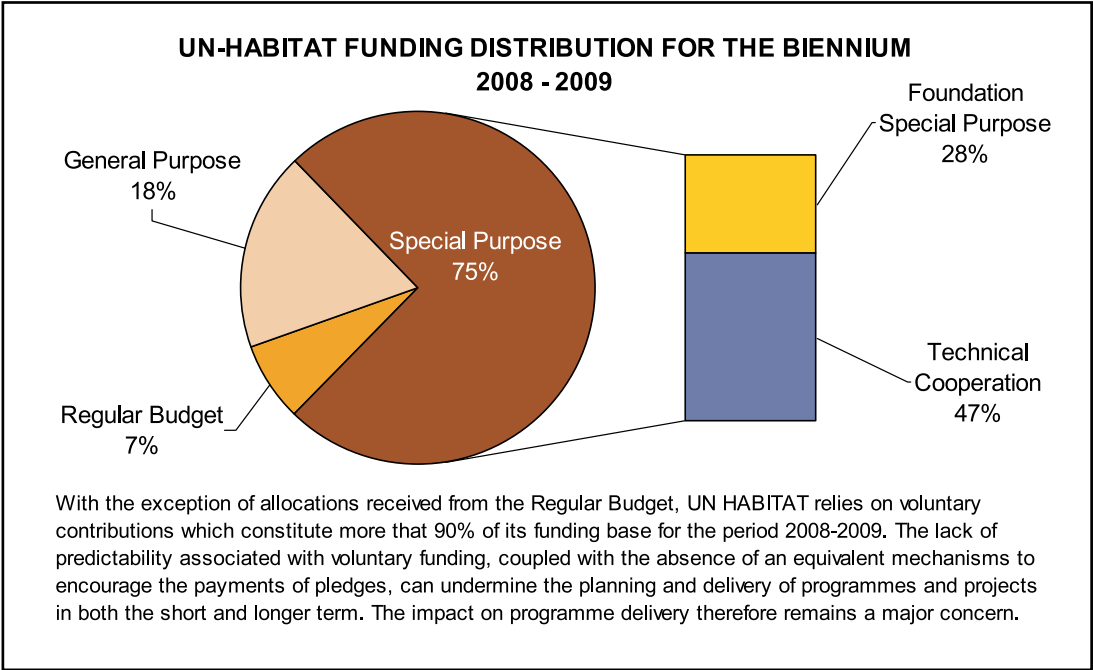
## Introduction

The work programme and budget of the United Nations Habitat and Human Settlements Programme (UN-HABITAT), which includes the programme priorities, is approved by the Member States during the Governing Council every two years. The programme budget is prepared based on the income projections from the various sources of funding.

UN-HABITAT derives the majority of its income from voluntary contributions received from governments and inter-governmental donors. The organization also receives contributions from other partners such as local authorities, the private sector, multi-lateral organizations and other United Nations system organizations.

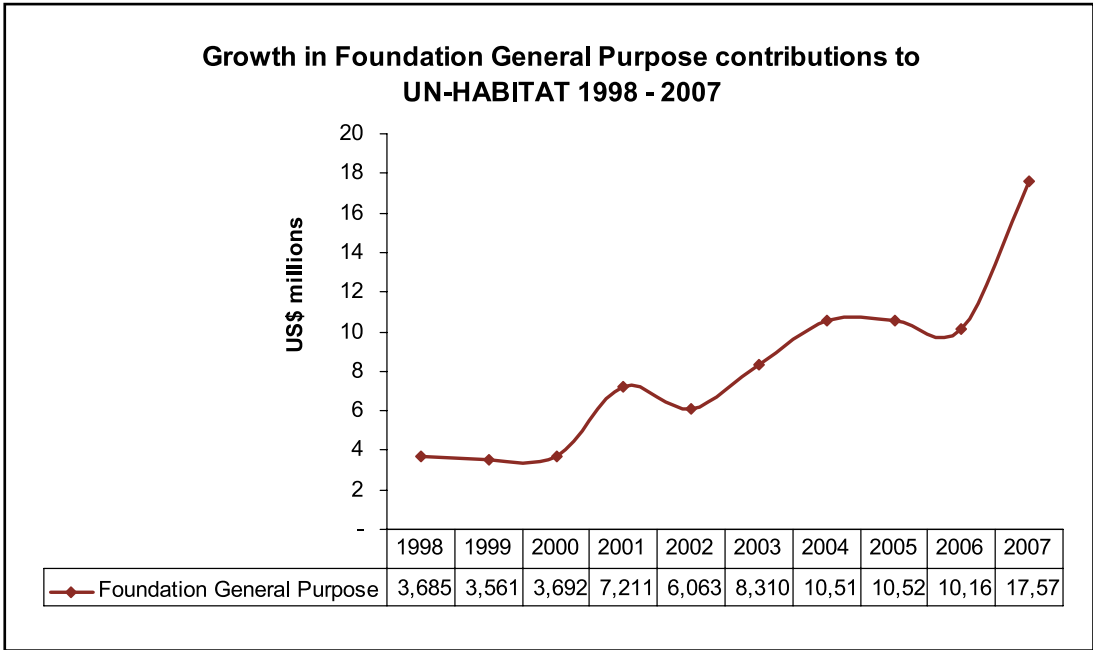
The three main sources of funding are:

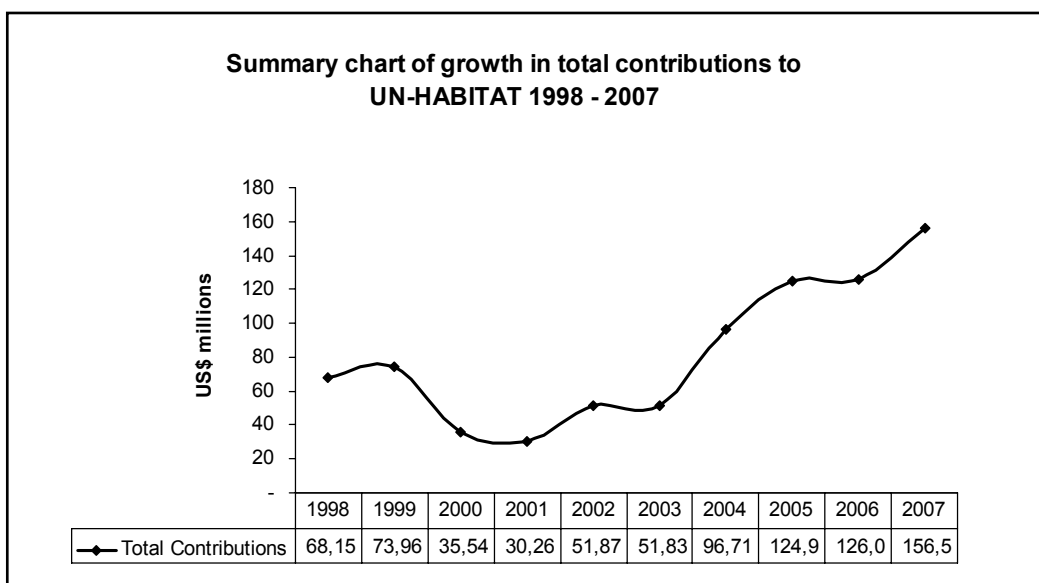
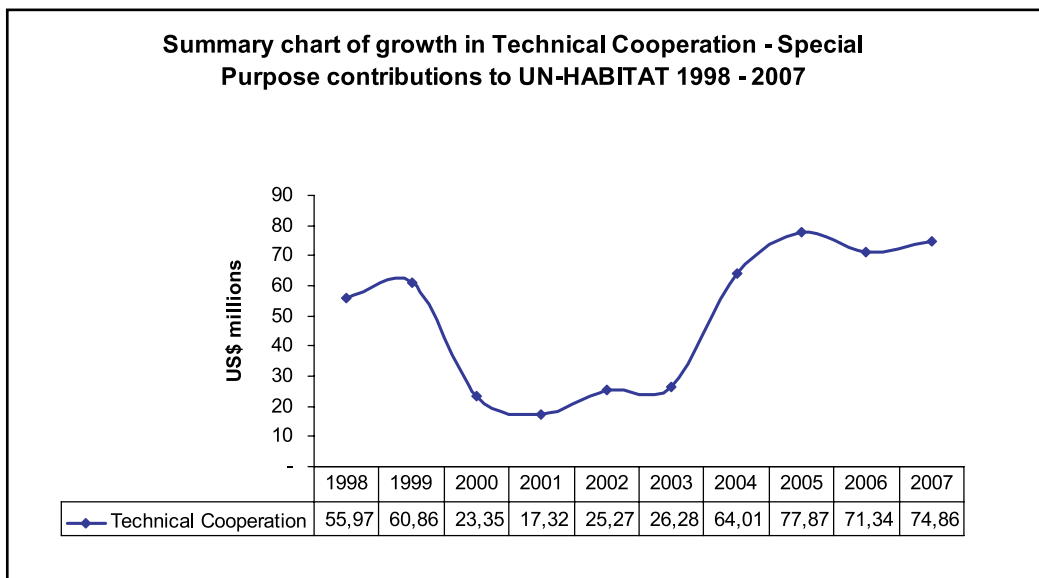
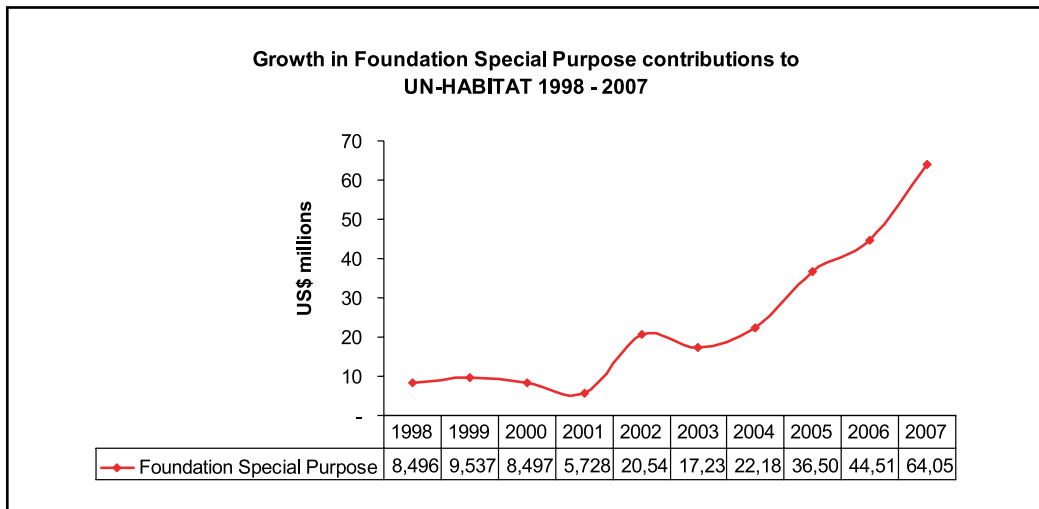
1. Regular Budget allocations which are approved by the General Assembly against the assessed contributions of Member States (core funding);
2. General Purpose contributions towards the United Nations Habitat and Human Settlements Foundation (Foundation). These are the non-earmarked voluntary contributions from Governments for which the budget allocations are approved by the UN-HABITAT Governing Council and are allocated as per the agreed priorities (core funding);
3. Special Purpose contributions which are earmarked voluntary contributions from Governments and other donors for the implementation of specific activities (based on the agreements with the bilateral donors) included in the approved work programme (non-core funding). These contributions fall into two major categories:
  - Contributions towards the Foundation;
  - Contributions for direct project execution at the country level i.e. Technical Cooperation contributions.



**Trend in the voluntary contributions**

The non-earmarked (core) voluntary contributions to the United Nations Habitat and Human Settlements Foundation have over the past ten years grown from an annual average of US\$4.5 million to approximately US\$17.5 million in 2007. There is also a dramatic increase in technical cooperation programmes from US\$26 million in 2003 to approximately US\$74 million in 2007. During the same period, the earmarked voluntary contributions have grown significantly from an annual average of US\$23 million to US\$156 million in 2007 reflecting a marked donor preference for this type of funding. Increase in the total voluntary contribution received by UN-HABITAT has had positive impact on the overall programme delivery, and provided a competitive boost to efficiency through increased economies of scale.





## UN-Habitat Donors meeting

Seville, 15-16 October 2008

Although the earmarked contributions are a welcome complement to the non-earmarked contributions, the continued rising imbalance between the earmarked and non-earmarked contributions remains a major challenge. This is primarily because these resources in many instances carry stringent conditionalities e.g. specific country implementation in donor supported regions, implementing partners and amount to be paid to the partners, and funding period all of which limit their flexibility for use by the organization.

*This imbalance in funding has created difficulties in ensuring effective and balanced implementation of the approved work programme with some programmes over funded and others only partially funded. Further the earmarked funds have not always been aligned with the agreed work programme and priorities set. The impact is a distortion of the programme priorities.*

*Although the non-earmarked (core) and earmarked contributions contribute towards meeting the overall objectives of the programme, the core-resources are fundamental in ensuring the fulfilment of the institutions mandate as they provide the basic operating infrastructure of the organisation and enable the organisation to implement core normative activities.*

It is worth noting that the management of earmarked (non-core) resources requires substantial administrative support, incurring costs. The United Nations system organizations recognize that there is some level of subsidization of these support costs whether implicit or explicit by regular/core resources. This in some instances may lead to diversion of resources from programmes, projects or activities mandated by the legislative organs to those with a narrower, bilateral focus (i.e. earmarked activities).

*Despite the increase in the total financial resources to the organisation, UN-HABITAT continues to experience a budgetary shortfall (core funding) between its conservative biannual budgets approved by the Governing Council and the actual funds received. This shortfall has presented various challenges to the organization which*

*have led to a fragmented approach in the implementation of the approved work programme and hindered the organization from fully addressing the established priorities.*

### **Recent Trends in the Contributions Received by UN-HABITAT from the Top Ten Donors**

The donor base for voluntary contributions continues to remain narrow with approximately 60% of the total contributions and over 90% of the non-earmarked (core) voluntary contributions being received from the top ten donors.

*This has made the organization vulnerable especially with regard to the non-earmarked (core) funding and may have an adverse impact on the programme delivery in the event that a major donor sharply reduces their funding or withdraws it altogether.*

**Top Ten Donors of UN-HABITAT 2002-2007**

as at 31 December 2007

**Non-Earmarked (Core) Contributions**

2002		2003		2004		2005		2006		2007	
US\$ 12,305,165		US\$ 16,680,387		US\$ 18,707,470		US\$ 19,271,420		US\$ 19,562,367		US\$ 28,794,174	
Country	%	Country	%	Country	%	Country	%	Country	%	Country	%
1 UN Regular Budget	51	1 UN Regular Budget	44	1 UN Regular Budget	45	1 UN Regular Budget	48	1 UN Regular Budget	48	1 UN Regular Budget	39
2 United Kingdom	12	2 United Kingdom	13	2 Norway	10	2 Norway	11	2 Sweden	11	2 Norway	15
3 Norway	9	3 Norway	8	3 United Kingdom	10	3 Norway	12	3 Norway	12	3 Sweden	11
4 Sweden	5	4 Netherlands	8	4 Netherlands	7	4 Sweden	9	4 United Kingdom	10	4 Italy	9
5 USA	4	5 Sweden	5	5 Sweden	7	5 Netherlands	7	5 Netherlands	7	5 Spain	7
6 Italy	4	6 USA	4	6 Italy	4	6 Germany	3	6 Finland	3	6 United Kingdom	7
7 Netherlands	4	7 Italy	4	7 USA	4	7 Italy	3	7 Germany	2	7 Netherlands	6
8 Finland	3	8 Finland	3	8 Finland	3	8 Finland	3	8 Japan	1	8 Finland	2
9 Japan	2	9 Germany	2	9 Germany	2	9 USA	3	9 USA	1	9 France	2
10 France	1	10 Germany	1	10 Japan	1	10 Japan	1	10 France	1	10 USA	1
Others	4	Others	5	Others	4	Others	4	Others	3	Others	2

**Earmarked Contributions**

2002		2003		2004		2005		2006		2007	
US\$ 45,816,551		US\$ 43,526,450		US\$ 86,216,084		US\$ 115,384,719		US\$ 115,914,269		US\$ 135,683,596	
Country	%	Country	%	Country	%	Country	%	Country	%	Country	%
1 European Union	15	1 Netherlands	15	1 Japan	11	1 Italy	16	1 Sweden	11	1 Spain	12
2 Netherlands	11	2 Japan	8	2 Netherlands	8	2 Netherlands	11	2 Netherlands	10	2 Sweden	10
3 Japan	6	3 Canada	5	3 European Union	5	3 Norway	6	3 Canada	9	3 Norway	10
4 Sweden	5	4 Norway	5	4 Canada	3	4 Japan	5	4 European Union	8	4 Netherlands	8
5 Belgium	4	5 Sweden	3	5 Sweden	3	5 European Union	3	5 Norway	7	5 Canada	7
6 United Kingdom	2	6 Italy	2	6 Norway	2	6 Sweden	3	6 Afghanistan	2	6 European Union	3
7 Switzerland	2	7 European Union	2	7 Belgium	2	7 United Kingdom	1	7 United Kingdom	2	7 Italy	3
8 Germany	1	8 Germany	1	8 USA	1	8 Libyan Arab Jamahiriya	1	8 Italy	1	8 Libyan Arab Jamahiriya	2
9 Italy	1	9 USA	1	9 USA	1	9 Belgium	1	9 Switzerland	1	9 Egypt	2
10 Afghanistan	1	10 Afghanistan	1	10 Italy	1	10 Germany	1	10 Libyan Arab Jamahiriya	1	10 Afghanistan	2
Others	52	Others	56	Others	63	Others	53	Others	50	Others	41

**Total Contributions**

2002		2003		2004		2005		2006		2007	
US\$ 58,121,716		US\$ 60,206,837		US\$ 104,923,554		US\$ 134,656,139		US\$ 135,476,636		US\$ 164,477,770	
Country	%	Country	%	Country	%	Country	%	Country	%	Country	%
1 European Union	12	1 UN Regular Budget	14	1 Japan	9	1 Italy	14	1 Sweden	12	1 Spain	11
2 UN Regular Budget	11	2 Netherlands	14	2 UN Regular Budget	8	2 Netherlands	10	2 Netherlands	10	2 Norway	10
3 Netherlands	9	3 Japan	6	3 Netherlands	8	3 Norway	7	3 Canada	8	3 Sweden	10
4 Japan	5	4 Norway	4	4 Sweden	4	4 UN Regular Budget	7	4 Norway	8	4 Netherlands	8
5 Sweden	5	5 Sweden	4	5 Norway	4	5 Japan	4	5 European Union	7	5 Regular Budget	7
6 United Kingdom	4	6 Canada	4	6 European Union	4	6 Sweden	4	6 UN Regular Budget	7	6 Canada	5
7 Belgium	3	7 United Kingdom	3	7 Canada	3	7 European Union	3	7 United Kingdom	3	7 Italy	4
8 Norway	2	8 Italy	3	8 United Kingdom	3	8 United Kingdom	3	8 Afghanistan	2	8 United Kingdom	2
9 Italy	2	9 USA	2	9 USA	2	9 Germany	1	9 Italy	1	9 European Union	2
10 Switzerland	1	10 European Community	1	10 Italy	2	10 Libyan Arab Jamahiriya	1	10 Switzerland	1	10 Libyan Arab Jamahiriya	2
Others	45	Others	44	Others	55	Others	48	Others	40	Others	39

### Status of the Global Trust Funds and Facilities

UN-HABITAT recently embarked on an aggressive fund raising campaign to capitalize the “Water and Sanitation Trust Fund”, “Special Human Settlements Programme for the Palestine People” and the “Slum Upgrading Facility”. These funds have been supported by several donor countries as a sign of their commitment to the Millennium Declaration Goals on improving access to drinking water and sanitation as well as improving the lives of slum dwellers.

*Although of significant importance, global trust funds should not be viewed as an alternative/substitute of the core/non-earmarked resources but as complementary funds.*

UN-HABITAT has continued to receive a significant level of contributions from other UN Agencies underscoring its comparative advantage in the area of human settlements and in line with the UN Reforms which calls on the United Nations system to work more coherently and effectively at the global level in the areas of development, humanitarian assistance and environment. Further UN-HABITAT has continued to actively engage and develop partnerships with various private and public stakeholders.

#### ANALYSIS OF THE CONTRIBUTIONS RECEIVED BY UN-HABITAT BY DONOR TYPE

