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**Work programme of the United Nations Human Settlements Programme and
budget of the United Nations Habitat and Human Settlements
Foundation for the biennium 2010–2011**

Draft work programme and budget for the biennium 2010–2011

Report by 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 2010–2011 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/22/1.

Annex

Report of the Advisory Committee on Administrative and Budgetary Questions

1. The Advisory Committee on Administrative and Budgetary Questions has considered, in draft version, the work programme and proposed budget of the United Nations Habitat and Human Settlements Foundation for the biennium 2010-2011 (HSP/GC/22/5). The Committee also had before it the related report of the Board of Auditors¹. During its consideration of the work programme and proposed budget, the Advisory Committee met with the Executive Director and other representatives of the United Nations Human Settlements Programme (UN-Habitat), who provided additional information and clarifications.
2. The Committee notes that the biennial work programme is aligned to the Medium-term Strategic and Institutional Plan for the period 2008-2013, which was approved by the Governing Council of the United Nations Human Settlements Programme (UN-Habitat) in its resolution HSP/GC/21/2 of 20 April 2007. The constituent elements of the Plan are reflected in the subprogramme objectives, expected accomplishments, indicators of achievement and strategy sections of the work programme for 2010-2011, in line with Governing Council resolution 21/1.
3. The mandate of UN-Habitat derives from the Habitat Agenda, the Declaration on Cities and other Human Settlements in the New Millennium, and other internationally agreed development goals, including targets contained in the United Nations Millennium Declaration, particularly target 11, which aims to achieve a significant improvement in the lives of at least 100 million slum-dwellers by the year 2020, and target 10, as modified by the Johannesburg Plan of Implementation on Water and Sanitation, which stresses slum prevention as a priority issue in human settlements. In order to achieve these objectives, the work programme continues to be organized around four subprogrammes: subprogramme 1, Shelter and sustainable human settlements development; subprogramme 2, Monitoring the Habitat Agenda; subprogramme 3, Regional and technical cooperation; and subprogramme 4, Human settlements financing. All subprogrammes are supported by the UN-Habitat Programme Support Division.
4. The Advisory Committee notes UN-Habitat's admission as a full member of the Inter-Agency Standing Committee on Humanitarian Affairs (IASC), as recommended by the General Assembly in its resolution 60/203, which will enhance the Programme's contribution to disaster-mitigation, post-disaster and post-crisis relief, recovery and reconstruction efforts. The Committee also notes that eight posts for technical cooperation activities and the post of Director, Geneva Office (Humanitarian Affairs) is proposed in connection with UN-Habitat's new IASC membership (see also paras. 18 and 21(b) below). The Advisory Committee would welcome an assessment of the impact of activities in connection with the new IASC membership on UN-Habitat's operations, budget and donor contributions in the context of the proposed budget for the biennium 2012-2013.
5. The proposed programme budget has been reviewed by the Committee of Permanent Representatives of the Governing Council of UN-Habitat and incorporates its views. In this connection, the Advisory Committee received a letter from the Chairman of the Committee of Permanent Representatives on the Committee's close collaboration with the UN-Habitat Secretariat during the budget formulation process.
6. The Executive Director indicates in paragraph 9 of the budget document that the Medium-term Strategic and Institutional Plan, on which the work programme is based, provides the vision for UN-Habitat up to 2013, sharpens the programme focus and promotes alignment and coherence. The Plan reinforces UN-Habitat's role in mobilizing Governments and Habitat Agenda partners in the coordinated implementation of a shared vision of sustainable urbanization, in line with its approved mandates. During the biennium 2010-2011, UN-Habitat intends to focus on the following five substantive areas identified in the Plan: (1) effective advocacy, monitoring and partnerships; (2) participatory urban planning, management and governance; (3) pro-poor land and housing; (4) environmentally sound basic infrastructure and affordable services; and (5) strengthened human

¹ Financial report and audited financial statements of the United Nations Human Settlements Programme (A/63/5/Add.8).

settlements finance systems. A sixth focus area, excellence in management, will support implementation of the first five substantive focus areas.

7. It is also indicated in paragraph 9 of the report that the Medium-term Strategic and Institutional Plan is being implemented incrementally in three phases throughout the biennial work programmes, as follows: the kick-start phase (2008); the rollout phase (2009-2010); and the upscaling phase (2011-2013). The 2010-2011 work programme falls within the roll-out and upscaling phases.

8. The Advisory Committee notes from the proposed budget that UN-Habitat will continue to support the presence at the country level of UN-Habitat programme managers in United Nations Development Programme country offices; these programme managers are to remain an integral part of the regional offices and support UN-Habitat's operational activities at the national and local levels (HSP/GC/22/5, para. 48). The Advisory Committee welcomes this approach.

9. The Advisory Committee acknowledges the improvements made in the budget document, but believes that the presentation could be more reader-friendly. The Committee notes the continued efforts of UN-Habitat to improve the logical framework presentation in the proposed budget. The Committee was informed that the budget document had been prepared in consultation with a results-based management expert who was working with all divisions on developing objectives, expected accomplishments, indicators of achievement and outputs and that strengthening of the results-based management logical framework would continue during the biennium 2010-2011.

10. The budget of UN-Habitat rests on three main sources of funding, namely, regular budget appropriations approved by the General Assembly and voluntary contributions to the United Nations Habitat and Human Settlements Foundation and to technical cooperation activities. As noted in paragraph 26 of the budget document, the estimated resources available for the biennium 2010-2011 amount to \$396.6 million (see also table 3 of the budget document), as follows: \$60.8 million projected opening balance (as at 1 January 2010); \$21.5 million from the regular budget; \$58.1 million from Foundation general purpose contributions; \$89.9 million from Foundation special purpose contributions; and \$166.3 million from technical cooperation activity contributions. The regular budget allocations to UN-Habitat will be included in the Secretary-General's proposed programme budget of the United Nations for the biennium 2010-2011 under the sections on human settlements and the regular programme of technical cooperation and will be reviewed by the Advisory Committee in that context. Pending approval of these proposals by the General Assembly, the provisional regular budget allocation in the amount of \$21.5 million, which is the level budgeted for the current biennium, is therefore indicative only.

11. The projected expenditure for the biennium 2010-2011 amounts to \$356.0 million, reflecting a 10 per cent increase over the estimated 2008-2009 revised expenditure of \$322.4 million, owing primarily to a projected increase in activities at the regional and country levels. A total of \$310.9 million, or 88 per cent, is budgeted for programme activities, while the remaining \$45.1 million or 12 per cent, is budgeted for support activities, including policy making organs.

12. With respect to the United Nations Habitat and Human Settlements Foundation, available resources are projected at \$185 million, including fund balances of \$36.9 million. The budget proposal for the Foundation amounts to \$161.9 million, including \$66.2 million from general purpose (non-earmarked) contributions and \$95.7 million from special purpose (earmarked) contributions, reflecting an overall increase of \$6.2 million, or 4 per cent, over the revised budgetary estimates of \$155.7 million for the current biennium. It is proposed to utilize \$127.4 million, or 79 per cent, of the total amount for programme activities. The remaining \$34.5 million, or 21 per cent, are 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.

13. Estimated requirements for technical cooperation activities amount to \$172.6 million for the biennium 2010-2011, representing an increase of \$27.4 million, or 19 per cent as compared to the revised estimate of \$145.2 million for the biennium 2008-2009. The support cost estimate is \$5.8 million, of which \$4.4 million are allocated to programme support and \$1.4 million to management and administrative support. 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 on other rates. This is the case, for example, with contributions from the European Commission, the United Nations Development Group Trust Fund for Iraq and the World Bank (see HSP/GC/22/5, para. 50).

14. The Committee notes that the total estimated support budget, including programme support as well as management and administration amounts to \$34.5 million (see HSP/GC/22/5, table 3). With respect to overall support costs, the Committee requested, in a previous report, 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). The Advisory Committee recalls its recommendation that UN-Habitat report on progress made with regard to its participation in a United Nations inter-agency working group established by the High-Level Committee on Management 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 (see HSP/GC/21/4/Add.1, para. 12). The Committee notes from the budget document that the conclusions of the working group meetings were, as follows: (a) there was consensus on cost definitions and principles of cost recovery; (b) full cost recovery must be achieved and therefore more costs should be identified and recovered directly so that the core budgets do not subsidize projects funded from non-core resources; and (c) the harmonization of cost recovery policies and rates can only be achieved if the other components of the project budgets are harmonized with regard to direct costs, fixed indirect costs and price lists (HSP/GC/22/5, introduction).

15. The Executive Director indicates in paragraph 38 of the budget document that UN-Habitat has made substantial progress in its resource mobilization efforts and has initiated annual donor conferences with its development partners to engage them more actively. The Executive Director notes that while the level of general purpose contributions increased significantly during the 2006-2007 biennium, an imbalance remains between non-earmarked and earmarked contributions (see also para. 13 above). In this connection, the Advisory Committee recalls that it encouraged UN-Habitat to pursue efforts to broaden its donor base (HSP/GC/21/4/Add.1, para. 14) and notes from the budget document that, as part of the Medium-term Strategic and Institutional Plan, a resource mobilization strategy was endorsed by the Governing Council at its twenty-first session and that additional resources of \$15 million were approved for that purpose. UN-Habitat intends to refine its resource mobilization strategy to explore innovative and non-conventional funding sources and options, including the initiation of donor conferences with development partners. The Advisory Committee trusts that UN-Habitat will pursue an effective mobilization strategy aimed at achieving an operationally effective balance between earmarked and non-earmarked donor funds.

16. The current and proposed staffing levels are presented in table 5 of the budget document. UN-Habitat is proposing the establishment of 23 new posts: 8 posts funded from Foundation general purpose resources; 7 posts funded from Foundation special purpose resources; and 8 posts funded from technical cooperation contributions. The total staffing level would increase from a total of 279 posts (170 Professional and above, and 109 General Service and other posts) to a total of 302 posts (189 Professional and above posts, and 113 General Service and other posts). The number of posts funded from the regular budget remains unchanged at 74 (see para. 10 above). The 23 new posts are requested in support of programme delivery and programme support, as set out in the paragraphs below.

17. The establishment of 8 posts is proposed for technical cooperation activities to be funded from technical cooperation resources (see HSP/GC/22/5, para. 49), as follows: one P-5 Senior Implementation Officer; two P-5 Senior Human Settlements Officers; one P-4 Human Settlements Officer; three P-3 Programme Management Officers; and one P-2 Associate Programme Management Officer.

18. The establishment of three posts and the reclassification of one post is proposed for programme activities to be funded from the Foundation's general purpose resources, as follows (*ibid.*, para. 64): one P-5 Senior Human Settlements Officer (Urban Planning); one P-5 Policy and Communication Officer; one P-3 Sustainable Building Materials and Climate Change Officer; and the upward reclassification of one P-4 Senior Human Settlements Officer (Water and Sanitation) post to the P-5 level.

19. The establishment of seven posts is proposed for programme support to be funded from the Foundation's special purpose resources (*ibid.*, para. 70): one P-4 Procurement and Asset Management Specialist; one P-4 Programme Management Officer; one P-3 Legal Officer; one P-3 Administrative Officer; and three General Service posts (one Asset Management Assistant, one Finance/Oversight Assistant, and one Database Management Assistant).

20. The establishment of five posts is proposed for management and administration functions to be funded from the Foundation's general purpose resources (*ibid.*, paras. 76-79): one D-2 Director, External Relations; one D-1 Director, Geneva Office (Humanitarian Affairs); one P-3 Editor; one P-3 Safety and Security Officer; and one General Service Programme Management Assistant.

21. The Advisory Committee recommends approval of the above-mentioned posts, subject to the availability of funds from donors. The Advisory Committee notes, however, that 8 of the 23 proposed posts are at the P-5 level or above. Before establishing these posts, the Advisory Committee recommends that UN-Habitat undertake an analysis of its overall organizational structure to identify possibilities for redeployment of existing senior-level posts to high priority areas to ensure that the overall organizational structure of UN-Habitat is commensurate with the implementation of its mandated activities.
