Cities are facing unprecedented demographic, environmental, economic, social and spatial challenges. The world is urban and urbanization is a source of development. How we develop our cities in the next years will have an impact in the quality of life of millions of citizens and will be the legacy for future generations.
Contributions to UN-Habitat. Main Features

- Regular Core Budget stagnated and important decrease in voluntary core since 2010. But UN-Habitat’s activities have nearly quadrupled since 2002. Running a programme worth USD 200 M with USD 30 M of core funds.

- In the framework of an overall dropping of core resources in the UN System since 2008 (by 3,6%) and growing imbalance between core and non-core (non-core funding 72%, of total contributions in 2011) Report of the Secretary General 2013;

- Increase diversification and number of donors (UN system; private sector, middle income countries and local governments. However, traditional donor countries (DAC Countries) still the financing pillar.
Contributions to UN-Habitat. Main Features

General Purpose and Regular Budget Contributions

<table>
<thead>
<tr>
<th>Year</th>
<th>Foundation General Purpose Contribution</th>
<th>Regular Budget Contribution</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>20,000k</td>
<td>10,500k</td>
</tr>
<tr>
<td>2009</td>
<td>19,500k</td>
<td>10,800k</td>
</tr>
<tr>
<td>2010</td>
<td>18,000k</td>
<td>11,000k</td>
</tr>
<tr>
<td>2011</td>
<td>16,500k</td>
<td>11,500k</td>
</tr>
<tr>
<td>2012</td>
<td>15,000k</td>
<td>12,000k</td>
</tr>
</tbody>
</table>
Contributions to UN-Habitat. Main Features

Sources of Fund 2012

- Traditional Donor countries: 68%
- Emerging Donor countries: 32%
- Other Donor countries: 6%
- Municipalities: 5%
- Private Sector: 4%
- Private Sector: 2%
- UN Agencies/Pooled Funding: 1%

UN-Habitat leading urban change
Core non-earmarked funding as percentage of total revenue

Percentage core revenue

Source: UN Chief Executive Board website - 2011
Resource Mobilization Action Plan

RM Strategy: Presented to the CPR April 2013, Action plan started

RM Action Plan: 3 Principles

1. Setting up the Donor Relations and Resource Mobilization Service (DRRMS) ensure structured and transparent approach to donors. Decentralized fundraising model

2. Strong Engagement with other UN-Habitat offices. Special formal role Liaison Offices. Support to ROs, BRs

3. Creating a supportive environment. Clusters of Donor Support
Setting up Structured Resource Mobilization Capacity

DRRMS. Donor Relations and Resource mobilization Service

Established 10th August
Appointment Head of Service Bert Diphoorn. 10th September

Reinforced Structure to support RM

A service tackling main categories of donors and proposing new models of cooperation supported by research and information unit
Setting up Structured Resource Mobilization Capacity

DRRMS Responsibilities

• Ensuring provision of timely voluntary contributions to cover UN-Habitat requirements as per the programme budget

• Promoting UN-Habitat’s mandate with groups of donors

• Organizing Activities to generate resources for the organization

• Participate in the design and formulation of UN-Habitat’s Flagship Programs. Particular outlook on donor potential

• Work in close consultations with AOC (External relations) to define UN-Habitat’s uniqueness of service/product

• Supporting branches and out posted offices

• Maintaining in-depth expertise on donors and records of the organization’s activities with donors
Strong Engagement with other UN-Habitat offices

Formulate funding strategies with other UN-Habitat Offices

• Costing of **programming plan for 2014-2015** and address RM requirements. Strategic Planning Retreat 9 to 13 Sept.

• Involved in **approaching donors with other leaders**
  - Brussels, Geneva and New York action plan in process
  - Regional offices supporting with action plans at the regional level
  - Support to branches in approach to donors.

• Improved donor intelligence for a **tailored approach to donors** from other Un-Habitat offices
Creating Donor Clusters of Support

Setting up strategic regular dialogues with donors. Recent activities

- Joint consultations with donors. June, Brussels;
- Subcommittee on budget and financing (CPR)
- Special appeal to LI and MI countries for increased core support to the UN-Habitat programme. Office of Manag.
- Bilateral consultations with former core donors
- Developing new openings with emerging economies, local governments and private sector and, new models of cooperation (regional relevance and thematic specificity)
- Developing strategies to re-engage former donors.
- Meeting with private sector in New York (December).
Opportunities for Resource Mobilization

Excellent opportunities to incorporate urban development into the wider sustainability agenda with opportunities for resource mobilization to cover UN-Habitat’s requirements as a whole.

WUF

Post 2015

HABITAT III
Financial Management – cost recovery

Cost Recovery in line with GA Resolution 67/226

53. Requests the executive boards of the United Nations funds and programmes, and encourages the governing bodies of the specialized agencies, to adopt cost recovery frameworks by 2013, with a view to their full implementation in 2014, based on the guiding principle of full cost recovery, proportionally, from core and non-core resources, and a simple, transparent and harmonized methodology, providing incentives, including through differentiated cost recovery rates, and taking into account different volumes and nature of funds to increase core funding and more predictable, flexible and less earmarked non-core contributions that are aligned with the strategic plans adopted by the respective governing bodies;
UN-Habitat implementation of cost recovery

• Update of cost recovery policy issued in 2012 being finalized – harmonized with approaches of other UN Agencies

• Cost classification
  
  o Fixed indirect costs - incurred by the organization regardless of the scope and levels of its activities e.g. executive direction, statutory bodies – funded from regular budget foundation general purpose
  
  o Variable indirect costs - incurred in support of activities, projects and programmes and cannot be traced unequivocally to specific activities, e.g. administrative and liaison functions, corporate advocacy, resource mobilization, etc. funded from overhead income
  
  o Direct costs - incurred for, and can be traced in full to earmarked activities of an organization in fulfillment of its mandate, e.g. personnel time, equipment, project premises, travel, etc. charged directly to project funds
UN-Habitat implementation of cost recovery

- Classification of functions under different cost categories
- Transparent capture and reporting on cost recovery at corporate level in line with GA resolution
- Share main elements of cost recovery policy with CPR
- Support from CPR to raise awareness at country level with focal point Ministries to facilitate implementation
- Full implementation of updated policy in 2014
## Reserves as of 31 December 2012

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial Reserves</td>
<td>6,620</td>
<td>6,620</td>
<td>6,620</td>
<td>11,073</td>
</tr>
<tr>
<td>Operating Reserves</td>
<td>18,045</td>
<td>18,045</td>
<td>14,317</td>
<td>6,427</td>
</tr>
<tr>
<td>Loan Fund Reserve</td>
<td>550</td>
<td>550</td>
<td>550</td>
<td>12</td>
</tr>
<tr>
<td>Cumulative Surplus</td>
<td>25,778</td>
<td>33,233</td>
<td>34,411</td>
<td>41,712</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>50,992</td>
<td>58,448</td>
<td>55,898</td>
<td>59,224</td>
</tr>
</tbody>
</table>

**Per United Nations Human Settlements Programme year-end financial statements**

**Financial reserves** – required by Financial Rules to guarantee financial liquidity and integrity of the Foundation - 10% of approved Foundation General Purpose kept and reviewed in line with level of non-earmarked contributions to the Foundation.

**Loan fund reserve** – relates to the risk related to the Experimental Reimbursable Seeding Operation (ERSO).

**Operating reserves** – required by UN administrative instructions – level is 20% of estimated annual programme support; and 15% of estimated annual planned expenditure of trust funds and similar for technical cooperation for unforeseen shortfalls in delivery, inflation, currency adjustments legal obligations, etc.

**Cumulative surplus** – accumulated surplus in core funds including g foundation general purpose accounts.