Speaking Notes

by

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CHECK AGAINST DELIVERY

Quarterly Report on the Financial Status of UN-Habitat

Agenda Item 5

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Chair, Excellencies

These are interesting and challenging times for UN-Habitat. I have great ambition and hope for moving forward, in realigning the Organisation to a new business model and different funding patterns. A continuing challenge is to achieve strategic plan by realigning the business model. The other: to reduce exposure to core budget fluctuations.

The CPR is very important partner in meeting these challenges. We have had two important and useful CPR subcommittee meetings on the topic of Finance and Administration, and have appreciated the constructive criticism and the strategic dialogue. We want to continue to do this.

Excellencies,

We are now five (5) months into a six (6) year strategic plan agreed by the Governing Council. The major shift already is into how we achieve targets by using technical cooperation and project funding.

I must emphasis that the Core budget is very important for UN-Habitat.

- It provides underpinnings for the technical cooperation. $1 on core budget leverages $8 on Tech Cooperation
- It ensures strategic direction, and
- It delivers ‘added value’ of normative work which distinguishes us from other agencies.

The declining core budget is now being offset mainly by the increase in technical cooperation budget. We have so far managed the decline in the core budget through;

- More efficiency and productivity– greater outputs per staff member
- Transfer of work and staff from core budget to projects.
- Increased accountability – of staff, managers, executive direction

However, there is a limit to what can be done through these measures. I am concerned that UN-Habitat can get stretched too thin – a concern I know many of you share. Some staff are overseeing many projects. I constantly worry about how to invest in the new areas that you tasked me to cover in the Strategic Plan such as urban economy, or more familiar areas like housing.

Chair, Excellencies,

Up until now, we have been able to avoid more severe measures that might lead to staff redundancies. We have been able to cover all responsibilities under the Strategic Plan. We have developed a planning and monitoring tool – our strategic
action plan – which informs us if there are gaps. But we must consider what lies ahead of us.

In this regard, resource mobilization remains a core priority. For the last twelve (12) months, we have put a major new emphasis on resource mobilization. We have an ambitious and realistic target of eight million US dollars ($8m) unearmarked or soft earmarked funds. If successful, this will result in a 40% increase over the last year. We are optimistic we can achieve this.

We have a small team dedicated to donor relations, supplemented by the Office of the Executive Direct (OED) and the Office of Management, and in fact all of UN-Habitat senior management.

I and the Deputy Executive Director (DED) have been very busy in this regard, and many of our travels have been focused on resource mobilization.

- In February, I went to Sweden and discussed our partnership – I am grateful for the 10% increase in core funding there.
- Also, Brussels in February, with leaders of DEVCO, Environment and the External Action Service to advocate for increased attention to urban development and support for UN-H.
- Also Secretary-General of the ACP Secretariat to discuss support to a third phase of the Participatory Slum Upgrading Programme (PSUP).
- During my visit to Lima, Peru, in April, I encouraged the Peruvian government to contribute to technical cooperation projects of UN-Habitat
- On 13 May, UN-Habitat and the Government of Spain held its Steering Committee meeting in Madrid, to discuss the partnership with the Spanish government, and support for Habitat III. Spain proposes to return as a core donor this year.
- This month I went to Netherlands at the invitation of the Royal House, and met with the government to discuss our partnership, and support for Habitat III.
- I am shortly going to Indonesia, with whom we plan to expand significant collaboration, and to agree on a package of support to Habitat III.
- Beyond these visits, I and my team are in regular contact with traditional and emerging donors.
- The DED on her part has had similar useful missions towards fundraising efforts including to the United Kingdom

Excellencies, Ladies and Gentlemen

We are placing a focus on programme prioritisation and watching our ability to deliver very carefully. We want to invest in some of our priority areas despite less capacity or difficulties in implementation. If necessary, we will prioritize the implementation of our work programme. In such a case, we would wish to seek
views of the CPR, and maintain a constant dialogue on this matter. Our first priority is to deliver our strategic plan – with high quality and impact.

Further, we are making worthwhile attempts at controlling costs. We will continue to watch costs carefully, implement our cost recovery strategy, and our internal mobility policy. I am determined to sharply reduce our operating deficit this year, and move to surplus next year. I believe we will be successful.

Excellencies, in conclusion, I wish to state the following;

- We are fully aware of our responsibilities in delivering quality results for the strategic plan – all parts of it.
- The Strategic plan is for our short and medium term – Habitat III is for our medium to long term strategy.
- I really need your help to raise resources for core budget – soft earmarked and unearmarked. Our challenges there are serious. We must manage them one way or another.
- I would prefer to manage them with the resources we need to do the job – especially as more core budget has such a massive impact on the quality and size of our programmes across the developing world.
- **Please help us to reach $8 million at a minimum.** If we can get to $10 million, then things will get very interesting and exciting.

Thank you Chair.