Introductory Statement by Dr. Joan Clos
Executive Director

Progress Report on the Financial Situation of
UN-Habitat

Agenda Item 4

HSP/CPR/54/4
Nairobi, 27 August 2014
Chair, Excellencies and Distinguished Delegates,

Thank you for giving me this opportunity to provide you with an update on UN-Habitat’s financial situation. The detailed quarterly financial report has already been transmitted to you.

The summary income and expenditure chart, shown in the presentation before you, highlights in green those areas where the organization is ahead of financial targets, and in orange, areas where further efforts are needed to reach 2014 goals.

With regard to core income, the figures show that whilst pledges and negotiations being finalized for contributions towards the Foundation General Purpose amount to US$6.7 million, actual receipts stand at just over US$ 0.3 million. We would therefore like to remind Governments that have made pledges to kindly honour these pledges, and appeal for additional contributions to enable UN-Habitat to reach the 2014 target of US$ 8 million for the Foundation General Purpose. It is this fund that enables the organization to ensure that all the normative outputs in the approved programme of work are delivered according to the strategic plan.

The chart also shows that UN-Habitat is ahead of its target with regard to overhead income reflecting greater efficiency in implementation of the earmarked portfolio.

Core non-staff expenditure continues to decrease slightly, mainly due to a reduction in travel and consultancy costs as a result of ongoing cost containment measures.

I am pleased to report that earmarked expenditure is significantly higher in the first six months of 2014 compared to 2013. In fact, UN-Habitat has increased the level of implementation of its normative portfolio by 49% and that of its technical cooperation activities by 66% in dollar terms.

With respect to cost recovery, UN-Habitat is taking action in an effort to attribute direct project related costs accurately to the earmarked portfolio in order to achieve a recovery level of US$ 5.2 million.

Turning to the distribution of UN-Habitat’s activities in the regions, the second chart shows a significant increase, from 2012 to 2014, in the proportion of activities in Africa and Arab States, compared to the total regional project portfolio. During
this period, the live portfolio in Africa has risen from around US$33 million to over US$62 million, while that in the Arab States has grown from almost US$38 million to over US$ 64 million. The portfolios in Asia Pacific and Latin America have declined partly because post-disaster operations in those regions have concluded or are near completion.

Distinguished Delegates,

A number of questions were raised in the June regular CPR meeting on personnel matters, the organization structure, and the location and funding of UN-Habitat Offices. A paper providing detailed responses is provided at this meeting. Further clarification, if required, can be provided at the next Finance and Administration Sub-Committee meeting or bilaterally by the Office of Management.

I would like to take this opportunity to report that the deployment date for the Umoja Enterprise Resource Planning system has been postponed from November 2014 to May 2015. Whilst a prolonged implementation period comes with cost implications, UN-Habitat remains committed to the Umoja initiative and continues to work closely with UNON, UNEP and the UN Headquarters Umoja deployment team to ensure a coordinated and smooth transition to the new system.

Due to the limited core funding, I regret to inform you that it has become necessary to reduce UN-Habitat’s presence in Geneva. A limited staff comprising the Head of the Liaison Office and one support staff will be maintained. All efforts are being made to assist staff affected by this decision by identifying alternative positions with earmarked funding, where possible, or through relocation to less costly duty stations. In addition to undertaking liaison and advocacy functions, the Head of the Liaison Office will cover UN-Habitat’s participation in the Inter Agency Standing Committee on humanitarian affairs.

Excellencies,

Let me conclude my introduction to this agenda item by expressing our appreciation for your support to UN-Habitat, and by conveying our sincere gratitude to the Governments of Afghanistan, Australia, Belgium, China, India, Mexico, Nigeria, Norway and Togo, and from Dubai Municipality for contributions received since the last CPR.

Thank you for your kind attention.