68th MEETING OF THE COMMITTEE OF PERMANENT REPRESENTATIVES TO
THE UNITED NATIONS HUMAN SETTLEMENTS PROGRAMME

21st March 2018

Executive Director's Statement
Mr. Chair, Excellencies and Distinguished Delegates,

I would like to thank you for giving me this opportunity to provide you, at this 68th meeting of the CPR, with an update on UN-Habitat’s interim financial performance for the year ended 31 December 2017.

When I arrived in UN-Habitat, I knew that the financial challenges facing the organization were serious. As you certainly aware, financing in our core, particularly in our Foundation account, has been declining for about 10 years. The Foundation account is used to receive unearmarked contributions for our core budget. In 2017, we depleted our fund balance in the Foundation, forcing us to use our resources in the Overhead account to maintain our headquarters and regional offices, and our core normative work. We have finished the year in Foundation General Purpose on the mandated minimal reserve, and no more.

UN-Habitat has done a lot over the last years to increase efficiency. You have heard many times that we have reduced our staff costs by 40% and non staff costs by 60%. But this is clearly not enough.

2017 was a very challenging year for UN-Habitat, with a combined deficit of some $5 million in our core budget. We did reasonably well on our portfolio acquisition, but we have some challenges on delivery. This illustrates why we hope you will strengthen our institutional architecture – to allow us to deliver better, faster, more efficiently.

Excellencies, something has to change in 2018. I do hope that the members of the CPR can play an important role in making this happen. For my part, I am committed to leading UN-Habitat from the front – to making sure that we are focused, effective and efficient. As I have laid out, I am developing urgent priorities for UN-Habitat. One of them will certainly be to eliminate the deficit – but we need to go further than that. I want to be able to invest in UN-Habitat’s future – to develop the programme, strengthen our normative work,
grow into our coordination role, and to become more transparent and accountable.

For this to happen, I would ask that every member of this CPR contribute to UN-Habitat this year in its core budget. We are your organization – you have high expectations of us, quite rightly – but that does come with certain challenges and needs that have to be met.

I will now pass with your permission, Mr. Chair, to Andrew Cox, to provide us with a short presentation on the provisional financial performance of UN-Habitat in 2017.

Mr. Chair, Excellencies and Distinguished Delegates,

The detailed quarterly financial performance report for the period ending 31 December 2017 has been transmitted to you, and we are finalizing our financial statements for the full year of 2017. The data we are providing to you today therefore is provisional.

The Statement of Financial Performance provides an outline of UN-Habitat’s revenue, expenses and fund balances for the period. Total revenue which totaled USD 175.9 million, comprises of USD 28.9 million related to core funds, and USD 147.0 million related to earmarked funds.

Total expenditure for the period amounted to USD 201.5 million comprising of USD 33.1 million for core expenses and USD 168.4 million for earmarked expenses.

At the beginning of 2017, total core fund balances including reserves stood at USD 21.8 million of which USD 6.1 million related to the foundation general purpose and USD 15.7 million was for the programme support fund.
Details of the fund balance movement for the earmarked funds have been provided in section 5.2 of the notes to the statement of financial performance.

Excellencies, as you will have noted in Annex B of the financial statement, the expected funding as at the end of the year 2017 under foundation general purpose is about USD 22.8 million. However, of this amount, only about USD 2.6 million was received from twenty countries during the period indicating a gap of about USD 20.2 million (89.0%). This reality continues to demonstrate the challenge in our core budget. The funding deficit of 2017 continued to be absorbed by the General reserves, with some supplementation from the Overhead account.

Excellencies, as you have noted from the financial performance information from the last year, the Foundation General Purpose fund continues to have challenges that require serious attention in 2018. For this reason, we are likely to need to transfer resources from the Overhead account to meet our obligations. This is only a short term solution however. We would like to urge Member States to make their contributions as urgently as possible to save the situation.

Excellencies, allow me to express my deep appreciation to the Governments of Barbados, Chile, China, Cote D'Ivoire, Czech Republic, Haiti, India, Israel, Japan, Kenya, Myanmar, Namibia, Norway, The Philippines, Republic of Korea, Sierra Leone, South Africa, United States of America and Zambia for their contributions to the foundation general purpose received in the year 2017. I trust that these Member States and many more will make their voluntary contributions to the foundation as soon as possible.

I am also grateful for the contribution agreements signed in the year 2017 for earmarked activities amounting to USD 144.2 million with governments and other donors. I would therefore like to extend my appreciation to the
Governments of Afghanistan, Australia, Belgium, Brazil, Cape Verde, China, Colombia, Denmark, Egypt, France, Germany, India, Indonesia, Italy, Japan, Jordan, Malaysia, Mexico, Mozambique, Niger, Norway, Pakistan, Republic of Korea, Russia, Rwanda, Senegal, Spain, Sri Lanka, Uganda, United Arab Emirates, Sri Lanka, Sweden, Switzerland, Tchad, Uganda, United Arab Emirates, United States of America and also the European Union for agreements signed so far in the year 2017.

I would like to take this opportunity to encourage member states to provide their contributions for 2018, including those for UN-Habitat’s Foundation General Purpose account. This will allow the agency to carry out planned activities contained in the Governing Council approved programme of work for 2018/2019.

Thank you for your kind attention.