UN-HABITAT

QUARTERLY REPORT
ON THE
FINANCIAL STATUS OF UN-HABITAT

Statement by the Executive Director

HSP/CPR/34/9

Nairobi, 24 September 2009
Madam Chair, Excellencies, Distinguished delegates,

Allow me to provide you with a brief summary of the financial situation of UN-Habitat, also reflected in the “Financial Update August 2009” report that has been circulated to you.

The annual general purpose (non-earmarked) income is currently projected at US$20 million of which pledges amounting to US$11.2 million have been received and the balance of US$8.8 million is still expected based on historical trends and ongoing negotiations with donors. While our cash position remains positive, we are concerned that to date, only US$6.2 million has been paid.

Excellencies, I wish to highlight that the general purpose income projected for the biennium is currently US$3 million short of the target US$43 million approved for the current biennium by the 21st session of the Governing Council. This shortfall represents 7% of the total budget and can be partially attributed to the exchange rate fluctuations during the first 20 months of this biennium.

Distinguished delegates, I would like to strongly urge you all, and in particular our traditional donors, to confirm your pledges for this year to enable us to effectively deliver on the Medium Term Strategic and Institutional Plan (MTSIP).

I take this opportunity to acknowledge and extend my sincere gratitude to the Governments of Barbados, Cameroon, Canada, Chile, Kenya, Norway, Pakistan and Russian Federation for having paid their contributions. I wish to appeal to all governments that have not settled their prior year pledges to do so as soon as possible.

Excellencies, you will note from Annex C of this report, that as at 31st August 2009, the programme had received earmarked contributions totalling US$64 million towards specific projects and activities from governments, UN Agencies, various public and private organizations.

Allow me to record my appreciation to all the governments and various organizations who have continued to partner with UN-Habitat to provide the much needed support particularly in the ongoing post conflict, post disaster and poverty alleviation efforts in Afghanistan, Bangladesh, Pakistan, Palestine, Somalia and Sudan.

Madam Chair, as we approach the last quarter of the 2008-2009 biennium, I would like to draw your attention to a number of vital financial issues that need to be considered and addressed to enable better financial planning and management.

UN-Habitat still faces a number of challenges which continue to impact on the delivery of the programme objectives:

i. The organization continues to rely on voluntary contributions, which remain unpredictable as more than 65% of the contributions are received in the third quarter of the year. This has a negative impact on the programme planning and delivery of the approved work programme;

ii. The donor base of UN-Habitat remains relatively narrow, with approximately 90% of the voluntary non-earmarked contributions being received from only six donors and approximately 90% of the total contributions, both earmarked and non-earmarked, from less than ten donors.

iii. The imbalance between the non-earmarked and the earmarked contributions continues to distort the programme priorities. While the non-earmarked contributions are utilized to deliver on the agreed Governing Council priorities, the earmarked contributions due
to attached conditionalities result in an inequitable distribution of resources with some areas receiving less than is required to deliver tangible results.

Excellencies, in order to address these challenges, I reiterate and call on your support to put in place a mechanism to increase the predictability of financial resources to UN-Habitat. To this extent, I call on you all to explore the possibilities of providing UN-Habitat with "multi-year financing frameworks" to enable us to plan effectively and to facilitate the efficient execution of the MTSIP by reducing the volatility of the general purpose contributions. I encourage you to consider adopting flexible "soft" earmarked funding mechanisms aligned with the approved focus areas of the MTSIP. I wish to thank the Government of Norway and Sweden for adopting this approach.

Distinguished delegates, recognizing that a crucial factor for the successful implementation of the MTSIP is adequate financial resources, I express my sincere gratitude to the United States of America for increasing their financial support to UN-Habitat. These initiatives will enable the organization to systematically prioritize focusing on the expected accomplishments highlighted in the results framework that has been developed as a road map for the implementation of the MTSIP.

Madam Chair, Excellencies and distinguished delegates this concludes my introduction to this agenda item and I thank you for your kind attention.