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**Work programme of the United Nations Human
Settlements Programme and budget of the United Nations
Habitat and Human Settlements Foundation for the
biennium 2018–2019**

**Proposed work programme and budget for the biennium
2018–2019**

Addendum

**Report of the Advisory Committee on Administrative and Budgetary
Questions**

Note by the secretariat

The report of the Advisory Committee on Administrative and Budgetary Questions on the proposed work programme of the United Nations Human Settlements Programme and the proposed budget of the United Nations Habitat and Human Settlements Foundation for the biennium 2018–2019 (HSP/GC/26/6) is reproduced in the annex to the present note. The report is reproduced as received, without formal editing.

* HSP/GC/26/1.

Annex

Report of the Advisory Committee on Administrative and Budgetary Questions on the proposed work programme of the United Nations Human Settlements Programme and the proposed budget for the biennium 2018–2019 of the United Nations Habitat and Human Settlements Foundation

I. Introduction

1. The Advisory Committee on Administrative and Budgetary Questions has considered the report of the Executive Director on the proposed work programme and budget for the biennium 2018–2019 of the United Nations Habitat and Human Settlements Foundation (UN-Habitat) (HSP/GC/26/6). During its consideration of the report, the Advisory Committee met with the Director of the Management and Operations Division and other representatives of UN-Habitat, who provided additional information and clarification, concluding with written responses received on 24 March 2017.

2. The report indicates that the proposed programme of work and budget for 2018–2019 is derived from UN-Habitat's strategic plan for 2014–2019 and strategic framework for 2018–2019. The strategic framework has been guided by the New Urban Agenda adopted by the UN Conference on Housing and Sustainable Urban Development (Habitat III), held in Quito in October 2016, and by the Sustainable Development Goal 11 of the 2030 Agenda for Sustainable Development which calls upon the international community to make cities and human settlements inclusive, safe, resilient and sustainable (HSP/GC/26/6, paras 2 and 3).

II. Proposed work programme for the biennium 2018–2019

3. Paragraph 9 of the report states that the proposed programme of work would be implemented under the following seven sub-programmes: i) urban legislation, land and governance; ii) urban planning and design; iii) urban economy and municipal finance; iv) urban basic services; v) housing and slum upgrading; vi) risk reduction, rehabilitation and urban resilience; and vii) research and capacity development.

4. With regard to sub-programme v, housing and slum upgrading, the report indicates that the resource requirements would decrease from \$88,744,100 in 2016–2017 to \$67,522,200 in 2018–2019. Upon enquiry, the Advisory Committee was informed that the reduced requirement is due to a realignment of an ambitious portfolio level to the reality in 2018–2019 which will not adversely impact the targeted achievements.

III. Proposed budget for the biennium 2018–2019

Resource requirements

5. The Executive Director indicates that the financial framework of UN-Habitat comprises three sources of funding: 1) United Nations Regular Budget allocations which are approved by the General Assembly; 2) United Nations Habitat and Human Settlements Foundation contributions, from which general purpose budget allocations are approved by the Governing Council, and special purpose budget allocations are approved by the Executive Director; and 3) Technical Cooperation contributions, from which the budget allocations are also approved by the Executive Director. For management purposes, the Foundation general purpose, overhead account and the regular budget are considered to be the “core budget” of UN-Habitat (HSP/GC/26/6, para. 25).

6. The report also indicates that the overall resource requirements for UN-Habitat for the biennium 2018–2019 are projected at \$499.8 million, reflecting an increase of 3.6 per cent over the \$482.3 million estimated for the biennium 2016–2017. The resource requirements would include: a) Core resources in the amount of \$71,924,500 compared to \$96,374,900 of appropriation for 2016–2017; and b) Earmarked resources amounting to \$427,870,700 compared to \$385,974,300 of appropriation for 2016–2017 (HSP/GC/26/6, table 2).

7. The proposed resource requirements for 2018–2019 by source of funds would be distributed as follows:

(a) Foundation general purpose (non-earmarked contribution): \$26,060,700 representing a decrease of 43 per cent over the biennium 2016–2017. Upon enquiry, the Advisory Committee was informed that this decrease is due to the declining trend in foundation non-earmarked voluntary contributions. The Committee was informed that this brings the budget to a more realistic level, while efforts are made to boost the contributions from non-earmarked voluntary contributions, particularly following the adoption of the New Urban Agenda. The Committee was also informed that \$26,060,700 for 2018–2019 represents an ambitious approach to resource mobilization, requiring a significant effort aimed at increasing non earmarked contributions. **The Advisory Committee encourages UN-Habitat to pursue its efforts to mobilize non-earmarked voluntary contributions.**

(b) Regular budget: \$19,421, 500 which represents a 14 per cent decrease over the previous biennium. Upon enquiry, the Advisory Committee was informed that the proposed regular budget contribution for 2018–2019 is based on the General Assembly resolution 71/274. The Advisory Committee recalls that this resolution reflects a proposed budget outline whose purpose is only to enable Member States to agree on the estimated overall level of resources before the programme budget is prepared. The priorities and preliminary indicative estimates included in the outline form the basis for the proposed programme budget which is considered by the Advisory Committee and the General Assembly in the second year of the biennium. **The Advisory Committee will review the proposed regular budget resources for UN-Habitat and make its observations and recommendations in this regard in the context of its consideration of the proposed programme budget for the biennium 2018–2019.**

The Advisory Committee was also provided with the following information on the regular budget appropriations for UN-Habitat, under Section 15, for the past 10 year period, between 2008 and 2017:

Regular budget contribution to UN-Habitat, 2008–2017

(thousands of United States dollars)

2008–2009	2010–2011	2012–2013	2014–2015	2016–2017
21 125.3	22 265.7	22 045.4	25 023.2	22 074.4

(c) Foundation special purpose: \$139,894,400 represents a projected increase of 38 per cent above the estimated resources for the biennium 2016–2017; and

(d) Technical cooperation: \$314,418,600 representing an increase of 0.48 per cent compared to the estimated resources for the biennium 2016–2017.

Expenditures

8. **In its previous reports, the Advisory Committee had requested that budget presentations of UN-Habitat include detailed breakdowns of each category of expenditure under non-post requirements (see HSP/GC/25/5/Add.1, para. 12, and HSP/GC/24/5/Add.4, para. 11).** Upon enquiry, the Committee was provided the table below which does not include the regular budget contribution:

Extrabudgetary

(thousands of United States dollars)

Object of expenditure	2014–2015 expenditure	2016–2017 starting position	Resource growth		2018–2019 estimate	2016 Actuals	2017 Actuals (Interim)	2016–2017 Actual to date
			Amount	Percentage				
Posts	31 836.5	52 910.6	(15 233.6)	(28.8)	37 677.0	13 552.8	1 129.4	14 682.2
Other staff costs	–	–	–	–	–	870.5	72.5	943.0
Consultants	1 348.5	1 788.8	(727.6)	(40.7)	1 061.2	60.9	5.1	66.0
Experts	–	337.8	599.9	177.6	937.7	–	–	–
Travel of staff	1 217.9	2 230.4	(773.8)	(34.7)	1 456.6	362.2	30.2	392.4
Contractual services	3 791.1	2 145.6	1 682.9	78.4	3 828.5	1 657.1	138.1	1 795.2
General operating expenses	4 004.2	7 412.5	(2 938.0)	(39.6)	4 474.5	1 108.6	92.4	1 201.0
Hospitality	1.6	171.3	(171.3)	(100.0)	–	–	–	–
Supplies and materials	18.6	356.3	(109.8)	(30.8)	246.5	(4.8)	29.7	24.9
Furniture and equipment	32.5	3 426.5	(1 984.8)	(57.9)	1 441.7	35.0	2.9	37.9
Other	310 702.0	389 043.6	40 206.4	10.3	429 250.0	167 998.8	13 999.9	181 998.7
Subtotal	352 952.9	459 823.4	17 791.7	3.9	480 373.7	185 641.1	15 500.2	201 141.3

9. The Advisory Committee welcomes the information provided in the table and trusts that future presentations on the budget of UN-Habitat would comprise a similar table, with updated figures and comprehensive data inclusive of the regular budget contribution. Considering that the vast majority of expenditures are covered under “Other” expenditures, the Committee expects that future presentations would also include detailed information on non-post expenditures by item of expenditure.

Staffing

10. The estimated distribution of posts of UN-Habitat shows a total of 281 posts in 2016–2017, out of which 60 posts are proposed to be frozen, owing to operational requirements and availability of resources, during the current biennium. In addition, a reduction of 10 posts for technical cooperation is foreseen for 2018–2019 leaving a total of 211 posts (HSP/GC/26/6, table 6). The report indicates that since 2011, UN-Habitat has reduced expenditure on staff costs by 35 per cent for posts funded by the Foundation general purpose account or overhead account, largely through hiring freezes, or transfers of staff to earmarked-funded posts. Upon enquiry on the reason for freezing posts instead of abolishing them, the Advisory Committee was informed that, according to UN-Habitat, freezing posts is beneficial as they can be unfrozen should funding become available. Reinstating abolished posts requires approval of the Governing Council which meets every two years. **The Committee reiterates that the continuing requirement for posts which have been vacant for a long time, should be reviewed on an ongoing basis to determine whether the posts should be retained or abolished (see HSP/GC/25/5/Add.1, para. 10).**

11. Upon enquiry, the Advisory Committee was also informed that as at 31 December 2016, 61 posts and 9 positions funded by the regular budget were encumbered and that one post funded by the regular budget was located in each of the four regional offices.

Reserve

12. The report indicates that in view of the expected level of expenditure in the biennium 2018–2019, a general financial reserve of \$2.6 million is recommended, which is equivalent to 10 per cent of the Foundation general purpose budget of \$26.1 million for the biennium. Upon enquiry, the Advisory Committee was informed that the current reserve amounts to \$4.6 million which represents 10 per cent of the total approved Foundation General Purpose budget of \$45.6 million for the 2016/2017 biennium. Considering that the amount under this budget line refers to estimated resources (as mentioned in para. 34 of HSP/GC/26/6) and not to an actual appropriation, the Committee is of the view that the recommended amount of the reserve refers to an estimate as well. **Therefore, the Committee recommends that updated information on the actual level of the reserve be provided to the Governing Council at the time of its consideration of the current report (HSP/GC/26/6).**

IV. Other issues

Recommendations of the Board of Auditors

13. Upon enquiry, the Advisory Committee was provided with information on the implementation status of the recommendations of the Board of Auditors. **The Advisory Committee recalls that it had repeatedly requested that future budget presentations of UN-Habitat include information on the implementation status of the recommendations of the Board of Auditors as an annex (see HSP/GC/26/6, para. 13, HSP/GC/24/5/Add.4, para. 13, HSP/GC/23/5/Add.1, para. 10). The Advisory Committee expects that this information will be provided in the future, including in the upcoming proposed programme budget for the biennium 2018–2019.**

Assessment of UN-Habitat

14. The General Assembly in its resolution 71/235 encourages the Secretary General to take all appropriate measures to ensure that an evidence-based and independent assessment of UN-Habitat is carried out in a fair, objective, impartial and representative manner; and decided that the report on the assessment of UN-Habitat should be presented in a timely manner, not later than one month prior to the high-level meeting of the General Assembly. Upon enquiry, the Advisory Committee was informed that UN-Habitat considers that the assessment, which is scheduled to take place in 2017, would provide recommendations to enhance the effectiveness, efficiency, accountability and oversight of the organization.

Reporting on Habitat III

15. The General Assembly in its resolution 71/235 requested the Secretary General to report on the progress of the implementation of the New Urban Agenda every four years, with the first report to be submitted to the General Assembly through the Economic and Social Council in 2018.

16. Upon enquiry, the Advisory Committee was provided a copy of an oral statement in connection with the draft resolution A/C.2/71/L.59 entitled “Implementation of the outcome of the United Nations Conference on Housing and Sustainable Urban Development (Habitat III) and strengthening of the United Nations Human Settlements Programme (UN-Habitat)”, which was made available to the General Assembly prior to the adoption of its resolution 71/235. In this statement, the Director of the Programme Planning and Budget Division, OPPBA, indicated that the cost of the first quadrennial report will amount to \$559,400 and that the additional requirements will be included in the context of the proposed budget for the biennium 2018–2019. **The Advisory Committee trusts that this requirement will be reflected in the proposed budget for the biennium for 2018–2019.**
