

UN HABITAT **FOR A BETTER URBAN FUTURE**

**63rd REGULAR MEETING OF THE COMMITTEE OF PERMANENT
REPRESENTATIVES TO THE UNITED NATIONS HUMAN SETTLEMENTS
PROGRAMME**

Executive Director's Statement

**Agenda Item 5
Quarterly Report on the Financial Status of UN-Habitat**

HSP/CPR/63/5

01th December 2016

Mr. Chair, Excellencies and Distinguished Delegates,

Thank you for giving me this opportunity to provide you, at this 63rd meeting of the CPR, with an update on UN-Habitat's financial situation as at 30th September 2016. The detailed quarterly financial report for the period then ended has already been transmitted to you.

As presented in the Statement of Financial Performance for the period ended 30th September 2016, which outlines UN-Habitat's revenue and expenses, UN-Habitat's revenue for the period totaled USD 172.6 million of which USD 15.5 million is related to core funds, while USD 157.1 million were Technical Cooperation agreements and earmarked funds.

Total expenditure for the period amounted to USD 116.0 million comprising of USD 23.3 million for core expenses and USD 102.5 million for earmarked expenses.

At the beginning of 2016, total core fund balances including reserves stood at USD 23.8 million of which USD 10.1 million related to the foundation general purpose and USD 13.7 million was for programme support fund.

The best projection of the status of the fund balances at the end of 2016 is USD 0.9 million related to foundation general purpose and USD 10.4 million for programme support fund.

Details of the fund balance movement for the earmarked funds have been provided in section 6.2 of the notes to the statement of financial performance.

Excellencies, as I have reported at the last meeting of the CPR, there continues to be some notable shifts within our financial situation. We are generally challenged in our core budget by two contingencies; the decrease in unearmarked voluntary contributions and a decrease in the rate of

implementation of the Technical Cooperation portfolio that decreases our overhead core income.

These figures will continue to evolve throughout the rest of the year, with us expecting a deficit for the year in our core budget of around \$5 million, depending on income and cost recovery. Please note that this is despite tough measures taken to reduce costs.

Excellencies, as indicated at the last meeting, with the above financial position of the organisation, I believe that changes need to be made in the way the organization is financed. The discussions of Member States on the forthcoming assessment for the strengthening of UN-Habitat are particularly important in this respect. I hope the next year will see some much needed and careful reflection on how the core financial needs of an efficient, specialized and focused UN-Habitat can be met.

In the meantime, we first raised the need for bridging financing in the Working Group on Programme and Budget and immediately afterwards, in the CPR in September. I and my team have been undertaking detailed discussions with member states here in Nairobi and in capitals on this since then. You will all know that this is with a specific objective.

This bridging finance request is a means to an end - it is support to achieve a strengthened, reformed, specialized UN-Habitat. We look for the investment of interested member states who believe in the strategic position that urbanization is gaining in the international scenario, and the role that UN-Habitat should play in it. There are many member states who believe that UN-Habitat played a key role in moving towards the New Urban Agenda, enabled by its reform, the strategic plan, and culminating in the Habitat III conference. The bridging financing is a request to enable UN-Habitat to continue delivering the tasks and functions assigned to it, in its best shape, during the period of

assessment until the final resolution on how to strengthen UN-Habitat financially and operationally is adopted and later implemented.

Some member states have already taken up this challenge, with positive results, and I would like to express our gratitude and consideration for that.

Excellencies, allow me to, once again, express my deep appreciation to the Governments of Argentina, Chile, India, Israel, Norway, South Korea, United States and Zimbabwe for their contributions to the core fund received as at the end of the third quarter. I trust that many more member states will join the list before the end of this year.

I am also grateful for new contribution agreements signed since the last CPR report for earmarked activities amounting to USD 37.7 million with governments and other donors. I would therefore like to extend my appreciation to the Governments of Argentina, Colombia, Ecuador, Egypt, Ethiopia, Indonesia, Iraq, Mexico, Norway, Spain, Sweden and also European Union for agreements signed.

As we are now one month left towards the end of the financial year, I would like to take this opportunity, once again, to encourage member states to provide their contributions for 2016, particularly those for UN-Habitat's Foundation General Purpose account. This will allow the agency not only to carry out planned activities contained in the Governing Council approved programme of work but also to advance in the intense work following Habitat III.

Thank you for your kind attention.