

UN HABITAT

FOR A BETTER URBAN FUTURE

**69TH REGULAR MEETING OF THE COMMITTEE OF PERMANENT
REPRESENTATIVES TO UNITED NATIONS HUMAN SETTLEMENTS
PROGRAMME**

21 JUNE 2018

**Agenda Item 4: Quarterly Report on the Financial Status of
UN-Habitat (HSP/CPR/69/4)**

Statement by the Executive Director

Agenda item 4: Quarterly Report on the Financial Status of UN-Habitat

Mr. Chairman, Excellencies, Distinguished Representatives

I have already outlined in my previous presentation how we are moving forward together on a stronger, more accountable, UN-Habitat. I have stressed as part of my change agenda the need for UN-Habitat to develop trust as a necessary step to addressing our funding issues. We have also benefitted from the direction taken through the Open-Ended Working Group on addressing the long running question of Governance, which many donors have highlighted as being a necessary pre-condition for providing or increasing core funding.

At a time of emerging hope and optimism for the future of UN-Habitat, and a recognition of our indispensable role in supporting member states implement the New Urban Agenda, we must confront the challenge of our financial situation. The Director of Management and Operations will present the situation formally in a minute, but I must stress to you the urgency of the matter.

You will be aware that we have been reducing our expenditure for years. There is no other UN agency which has reduced their costs so drastically. You will recall that UN-Habitat has made reductions of over 40% in its core spending in the last 10 years.

I must appeal to you directly that we address this challenge in a spirit of partnership and inclusivity. UN-Habitat is ‘owned’ by all member states. I hope that the steps we are taking will provide a sufficient impetus to all member states to either start contributing or increase their contributions to UN-Habitat. You will see the need for this when I tell you that the approved unearmarked income for UN-Habitat was approved by member states to be around \$3.3 million for the first quarter of 2018 – and yet we received only \$220,000.

In this regard, thank you to Kenya and the Philippines for your unearmarked contributions in the first quarter.

I must stress that I am not making a case for charity or pity. Absolutely not. UN-Habitat is worthy of your support because we will deliver what you are looking for! And also because

you depend on us to deliver our programme paid for by earmarked funding. We need to attain a minimal level of core financing to maintain in the first instance our core capacity, but then to help us carry out the reforms we need, to strengthen our work in priority areas.

I believe the CPR has a unique role to play in owning the challenge and finding the solution, in coordination with your capitals. I humbly ask for your personal commitment in taking up this question with your capitals, and find a way to provide unearmarked contributions to UN-Habitat this year.

I need your help to achieve what the Secretary-General has asked me and this organisation to do. Without resources, all of the plans and objectives I've shared with you today simply won't happen.

With your permission Chair, I now would like to request the floor be passed to Andrew Cox, Director of Management and Operations, to report formally on financial progress this quarter.

Statement by the Director Management and Operations Division

Mr. Chairman, Excellencies, Distinguished Representatives

I would like to thank you for giving me this opportunity to provide you, at this 69th meeting of the CPR, with an update on UN-Habitat's financial performance for the first quarter ended 31st March 2018. The detailed quarterly financial performance report for the period then ended has been transmitted to you.

The Statement of Financial Performance provides an outline of UN-Habitat's revenue, expenses and fund balances for the reporting period. Total revenue, which totalled USD 53.0 million, comprises of USD 4.8 million related to core funds and USD 48.2 million related to earmarked funds.

Total expenditure for the period amounted to USD 32.9 million comprising of USD 6.2 million for core expenses and USD 26.7 million for earmarked expenses. Expenditures were about 6.0% lower than first quarter of 2017.

At the beginning of 2018, total core fund balances including reserves stood at USD 18.0 million of which USD 2.3 million related to the foundation general purpose and USD 15.7 million was for programme support fund. At the end of the first quarter, the balances stood at USD 0.7 million and USD 15.9 million respectively totalling USD 16.6 million.

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 showing a total of USD 339.4 million.

Excellencies, as you will have noted in Annex B of the financial statement, the expected funding as at the end of the quarter under foundation general purpose is about USD 3.3 million. However, of this amount, only about USD 221,100 was received from Kenya and the Philippines. This would indicate a poor start of the year, not least as you will see that we have been forced to use our general reserves in the first quarter.

The matter of the depleted reserves was discussed with the Controller of the United Nations. She has advised that the seriousness of this financial position on UH-Habitat's financial statements, which has been brought to your attention before, needed an urgent redress by Member States, as UN-Habitat cannot maintain this level of deficit until the end of the year.

Excellencies, considering that it is only Member States who can resolve the situation of this fund through their voluntary contributions, I would like to take this opportunity to echo the appeal of the Executive Director to all Member States to address the financial position of the Foundation General Purpose in particular so as to financially stabilise the organisation, and then allow for targeted strengthening.

Excellencies allow me to express my deep appreciation to the Governments of Kenya and the Philippines for their contributions received in the first quarter. I trust that other Member States will also be making their voluntary contributions soon.

I am also grateful for the contribution agreements for earmarked activities amounting to USD 48.2 million with governments and other donors signed in the first quarter. I would therefore like to extend my appreciation to the Governments of Cape Verde, China, Colombia,

Ecuador, France, Germany, Japan, Kenya, Kuwait, Netherlands, Republic of Korea, Turkey, United States of America and, also, the European Union for agreements signed so far.