

# **UN** **HABITAT** **FOR A BETTER URBAN FUTURE**

**Statement by Dr. Joan Clos  
Executive Director**

**Quarterly Report on the Financial Status of UN-Habitat**

**Agenda Item 5**

**HSP/CPR/64/5**

**Nairobi, 20 March 2017**

Mr. Chair, Excellencies and Distinguished Delegates,

Thank you for giving me this opportunity to provide you, at this 64<sup>th</sup> meeting of the CPR, with an update on UN-Habitat's interim financial position as at 31<sup>st</sup> December 2016. The financial statements for the year 2016 are currently under production and, as per requirements, will be subjected to an annual external audit by the Board of Auditors in April 2017, after which the financial figures will become final. The detailed interim financial report for the period then ended has already been transmitted to you.

I should stress that these figures in the interim financial statements are largely manually developed, due to the deficiencies of reporting under Umoja. They are likely to continue to change up to the completion of the report on 31 March, and then in the review by the auditors through May.

The remainder of this statement will be delivered by Andrew Cox, Director of the Management and Operations Division.

As presented in the Interim Statement of Financial Performance for the period ended 31<sup>st</sup> December 2016, which outlines UN-Habitat's revenue and expenses, UN-Habitat's gross revenue for the period totaled USD 241.2 million of which USD 29.9 million is related to core funds, while USD 211.3 million was related to earmarked revenue.

Total expenditure for the period amounted to USD 199.7 million comprising of USD 31.7 million for core expenses and USD 168.0 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. Closing core fund balances excluding reserves amounted to USD 14.4 million comprising USD 1.6 million for foundation general purpose and USD 12.8 million for programme support.

Details of the fund balance movement for the earmarked funds will be provided within the statement of financial performance.

Excellencies, as I have reported at the last meetings of the CPR, there were some notable shifts within our financial situation in the year 2016 which have crossed over to 2017. There are two main factors we must consider. Our unearmarked voluntary contributions have not yet recovered to the level we need. While we received a total of USD

2.5 million from foundation general purpose voluntary contributions in 2015, total foundation general purpose voluntary contributions received in 2016 amounted to only USD 2.3 million. It is vital that member states work together in 2017 to raise unearmarked contributions to the level shared with you in our 'scenarios' in other meetings.

We also spent a good part of this year in addressing the challenges of implementation of our portfolio which has a direct impact on our overhead income.

As reported at the last CPR meeting, the revenue figures continued to evolve throughout the year. While the interim results show a deficit of about USD 2.0 million, our expected deficit for the year in our core budget is still forecast at about USD 5 million, after cost recovery and other revenue. Please note that this is despite tough measures taken to reduce costs

Excellencies, as indicated at the last meetings of the CPR, I continue to believe that changes need to be made in the way UN-Habitat is financed in its core budget. The discussions of Member States on the forthcoming assessment for the strengthening of UN-Habitat are particularly important in this respect. It is my hope that the year 2017 will see some much needed and careful reflection by all stakeholders on how the core financial needs of an efficient, specialized and focused UN-Habitat can be met.

Excellencies, allow me to express my deep appreciation to the Governments of Algeria, Argentina, Chile, China, Eritrea, France, India, Israel, Norway, Pakistan, Philippines, Republic of Korea, Slovakia, Sri Lanka, United States and Zimbabwe for their contributions to the core funds received as at the end of the year 2016. I trust that many more member states will volunteer to make un-earmarked contributions to the foundation in 2017.

I am also grateful for new contribution agreements signed since the last CPR report for earmarked activities amounting to USD 53.4 million with governments and other donors, including voluntary contributions in kind. I would therefore like to extend my appreciation to the Governments of Brazil, Cameroun, China, Colombia, Ecuador, Eritrea, India, Iran, Italy, Japan, Jordan, Mexico, Mozambique, Norway, Pakistan, Philippines, Republic of Korea, Russian Federation, Slovak Republic, Spain, Sweden, Switzerland, United Kingdom, United States and also European Union for agreements signed.

As we are now in the third month of the year 2017, I would like to take this opportunity, to encourage member states to provide their contributions for 2017, 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 on the New Urban Agenda and the Sustainable Development Goal number 11.

Thank you for your kind attention.