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PROPOSED BUDGET FOR THE UNITED NATIONS HABITAT
AND HUMAN SETTLEMENTS FOUNDATION FOR THE BIENNIUM
1982-1983

Report of the Advisory Committee on Administrative and
Budgetary Questions

SUMMARY

The purpose of this document is to present, for the information of the Commission, the report of the Advisory Committee on Administrative and Budgetary Questions (ACABQ) on the proposed budget for the United Nations Habitat and Human Settlements Foundation for the biennium 1982-1983, as presented in document HS/C/4/9.

ACTIVITIES AND WORK PROGRAMMES OF THE UNITED NATIONS
CENTRE FOR HUMAN SETTLEMENTS (HABITAT)

Proposed budget for the United Nations Habitat and Human
Settlements Foundation for the biennium 1982-1983

Report of the Advisory Committee on Administrative
and Budgetary Questions

1. The Advisory Committee on Administrative and Budgetary Questions has considered the report of the Executive Director of the United Nations Centre for Human Settlements (HABITAT) in which he submits, pursuant to Financial Regulation 303.5, the proposed budget for the United Nations Habitat and Human Settlements Foundation for the biennium 1982-1983 (HS/C/4/9). The document was provided to the Committee in one language only (English). The Centre's draft work programme for 1982-1983 and the distribution of the resources of the regular budget by sub-programme are contained in document HS/C/4/6. This document was not available to the Advisory Committee.
2. In paras. 17 to 24 the Executive Director gives information on the use and management of the Foundation's approved budget for the biennium 1980-1981. As can be seen from Table 1 the Foundation began the current biennium with a carry-over from 1979 of \$2,750,700. Contributions (paid and pledged) for 1980-1981 and other income are estimated by the Executive Director at \$5,565,600, which is nearly \$1.7 million more than estimated expenditure and commitments in the biennium (\$3,887,900, comprising \$2,387,900 in programme and programme support costs and \$1.5 million in project expenditure and commitments). Thus the balance at the end of the current biennium which will be available to the Foundation for its 1982-1983 work programme is estimated by the Executive Director at \$4,428,400 comprising \$553,300 in the reserve fund and \$3,875,100 in unencumbered funds.
3. However, table 2 of document HS/C/4/9 shows that the Executive Director expects that the Foundation's expenditures and commitments in 1982-1983 will exceed new contributions and pledges by \$1,306,500. If, as is stated in footnote d/, all the resources currently regarded as unencumbered "will be applied fully to the implementation of the Centre's draft work programme for the biennium 1982-1983" the Foundation may end the biennium 1982-1983 with no balance in its accounts other than the \$553,300 in the Reserve Fund. In this connection the Advisory Committee notes (a) that the Executive Director expects contributions and pledges for 1982-83 to be at the same level as in 1980-1981, namely \$4,023,400, and (b) that table shows no expected miscellaneous income including investment income. Considering that the Executive Director expects a carry-over from 1980-81 of some \$4.4 million, some investment income is likely to accrue.

4. Bearing in mind, in particular, that the Executive Director does not expect contributions and pledges in 1982-1983 to exceed their level for 1980-1981, the Advisory Committee believes that every effort should be made to reduce programme and programme support costs. A comparison of Tables 1 and 2 shows that these costs are expected to increase from \$2,387,900 in 1980-81 to \$3,329,900, i. e. by 39 per cent in 1982-83.
5. According to the Executive Director the proposed allocation of \$3,329,900 for programme and programme support costs contains no request for additional staff but provides for resource growth of 1.2 per cent under other objects of expenditure (HS/C/4/9, para. 7, and Annex II, Table 1). The Advisory Committee notes from Annex II, Table 1 of the report that the estimates assume an overall rate of inflation of 22.5 per cent in 1982-1983.
6. As can be seen from paragraph 27 and Annex II, Tables 2, 4 and 6 of his report (HS/C/4/9) the Executive Director recommends that the Foundation's staffing table be maintained at 33 posts (14 Professional and above and 19 general service). In paragraph 20 of his report (ibid.) the Executive Director states that all the posts are encumbered with the exception of two (one at the Assistant Secretary-General and the other at the P-4 level) which have been kept vacant as recommended by the Advisory Committee (HS/C/3/16/Add. 1, para. 8). In view of the budgetary constraints which the Fund will be operating under during 1982-1983, the Advisory Committee recommends that these two posts continue to be kept vacant. Indeed the Committee reiterates its opinion that the continued need for all existing posts should be closely scrutinized (HS/C/3/16/Add.1, para 6).
7. With regard to the estimate of inflation for established posts, the Advisory Committee notes that the rate assumed for programme support posts is 54.5 percent as compared to 15.3 percent for posts funded from programme costs (HS/C/4/9, Annex II, Tables 5 and 3 respectively). In the absence of any explanation in the report, the Advisory Committee concludes that the rate of inflation assumed for the former may have been over-stated and that some savings can be made in this regard.
8. The Advisory Committee notes that the Executive Director proposes to increase the estimate for travel in programme support costs from \$30,300 in 1980-1981 to \$84,800 in 1982-1983, and that for communications from \$12,000 to \$90,200. The real growth for both objects of expenditure has been achieved through corresponding reductions in programme costs. The Advisory Committee notes in this connection that there is currently only one professional officer financed from programme support costs (in paragraph 6 above the Advisory Committee has recommended that the Assistant Secretary-General post be kept vacant). In paragraph 14 of document HS/C/4/9 the Executive Director states that

"In terms of programme support costs, the activities financed from the Foundation relate to the provision of managerial direction by the Executive Director and fund-raising activities involving the joint participation of the Executive Director and a senior officer. The administrative and other non-staff costs of the Centre are also covered partly from Foundation funds".

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Given the currently low level of the Foundation's project activities the Committee is not convinced that the estimates of non-staff costs are fully justified.

9. As regards estimates of programme support, the Advisory Committee notes that the Executive Director's report (HS/C/4/9) does not indicate how much of the nearly \$2.4 million requested relates to Vision Habitat including its regional offices, and does not state whether voluntary contributions would be forthcoming to meet those costs. Recalling its observations in paragraphs 12 and 13 of its report in document HS/C/3/16/Add. 1, the Advisory Committee trusts that the Commission on Human Settlements bearing in mind the limited resources of the Foundation will review the activities of Vision Habitat.

10. In the light of the foregoing the Advisory Committee is of the opinion that the programme and programme support costs of the Foundation in 1982-1983 should be kept below the estimate recommended by the Executive Director.