



**Financial Report and Statements**

**for the biennium  
ended 31 December 2013**

**Nairobi, Kenya, 2014**

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## United Nations Human Settlements Programme#

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Chapter	Statement / Schedule	Page
	<b>Letter of transmittal</b>	4
<b>I</b>	<b>Report of the Board of Auditors on the financial statements(Audit Opinion)</b>	5
<b>II</b>	<b>Report of the Board of auditors (Long-form report)</b>	6
<b>III</b>	<b>Certification of the Financial Statements</b>	7
<b>IV</b>	<b>Administration’s financial overview</b>	8
<b>V</b>	<b>Financial Statements and related explanatory notes</b>	13
	<b>All funds summary Foundation and Technical Cooperation statements</b>	
	I Statement of income and expenditure and changes in reserves and fund balances	14
	II Statement of assets, liabilities, reserves and fund balances	15
	III Statement of cash flows	16
	<b>Foundation activities statements</b>	
	IV Statement of income and expenditure and changes in reserves and fund balances	17
	V Statement of assets, liabilities, reserves and fund balances	18
	Schedule 5.1 Status of allocations	19
	Schedule 5.2 Status of contributions	21
	<b>Technical Cooperation activities statements</b>	
	VI Statement of income and expenditure and changes in reserves and fund balances	25
	VII Statement of assets, liabilities, reserves and fund balances	26
	Schedule 7.1 Status of allocations	27
	Schedule 7.2 Status of contributions	28
	<b>End of Service and Post Retirement Benefits</b>	
	VIII Statement of income and expenditure and changes in reserves and fund balances and assets, liabilities, reserves and fund balances	32
	<b>Notes to the Financial Statements</b>	33

## United Nations Human Settlements Programme

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Letter of transmittal

31 March 2014

In accordance with Financial Regulation 6.5 and Rule 106.1 of the United Nations, I have the honour to transmit the financial report and accounts of the United Nations Human Settlements Programme, including associated trust funds and other related accounts, for the biennium ended 31 December 2013, which I hereby approve.

Copies of these statements are made available to both the Advisory Committee on Administrative and Budgetary Questions and the Board of Auditors.

  
Joan Clos  
Executive Director  
United Nations Human Settlements Programme (UN-HABITAT)

The Chairman of the Board of Auditors  
United Nations Headquarters  
New York

**Chapter I**

**Report of the Board of Auditors on the financial statements (Audit Opinion)**

**(To be inserted)**

**Chapter II**

**Report of the Board of Auditors (Long-form report)**

**(To be inserted)**

## Chapter III

### Certification of the Financial Statements

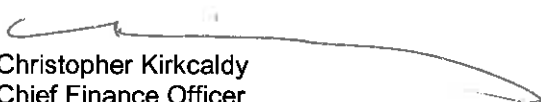
31 March 2014

The financial statements of the United Nations Human Settlements Programme for the biennium ended 31 December 2013 have been prepared in accordance with financial rule 106.1 of the United Nations and financial rule 306.10 of the United Nations Human Settlements Foundation.

The summary of significant accounting policies applied in the preparation of these statements is included as notes to the financial statements. These notes, and the accompanying schedules, provide additional information and clarification of the financial activities undertaken by the United Nations Human Settlements Programme during the period covered by these statements.

The certification function defined in financial rules 105.5 and 105.7 to 105.9 of the United Nations is assigned to the United Nations Human Settlements Programme. Responsibility for the accounts and the performance of the approving function, as defined in Article VI and financial rule 105.6 of the Financial Regulations and Rules of the United Nations is assigned to the United Nations Office at Nairobi.

In accordance with the authority assigned to me, I hereby certify that the appended financial statements of the United Nations Human Settlements Programme for the biennium ended 31 December 2013 are correct.



Christopher Kirkcaldy  
Chief Finance Officer  
United Nations Office at Nairobi

## Chapter IV

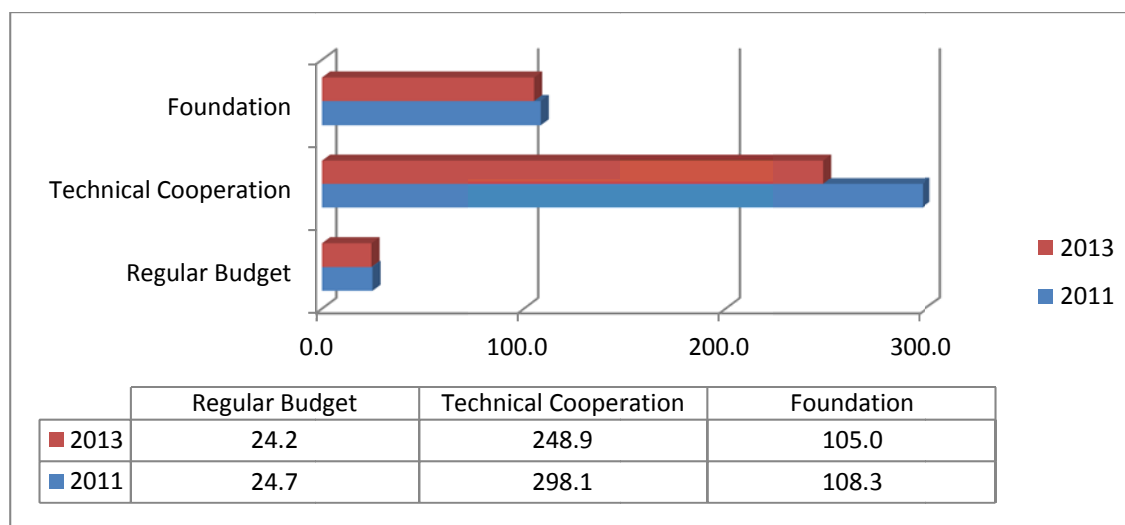
### Administration's financial overview for the biennium ended 31 December 2013

#### Introduction

1. The Executive Director has the honour to submit herewith the financial report, together with the financial statements of the United Nations Human Settlements Programme, including associated trust funds and other related accounts, for the biennium ended 31 December 2013. The financial statements consist of eight statements supported by four schedules and notes to the financial statements. In accordance with financial rule 106.1, the accounts were transmitted to the Board of Auditors on 31 March 2014.
2. Comparative data for the biennium ended 31 December 2011, as appropriate, have been reflected in the financial statements. These have been restated where applicable.
3. In conformity with United Nations Secretariat reporting requirements:
  - (a) The interfund balances are not offset.
  - (b) The accounts receivable and accounts payable are reported without offset.
  - (c) Accrued liabilities for end-of-service benefits, comprising After Service Health Insurance (ASHI) annual leave, and repatriation benefits are presented as liabilities in the accounts.
4. Regular Budget funding insofar as it relates to the United Nations Human Settlement Programme is included on the face of the financial statements as well as in the notes. Details of Regular Budget allocations and expenditures are shown on Statements I and II as well as in Note 16.
5. The financial statements and schedules, as well as the notes thereon, are an integral part of the financial report.

#### Overview

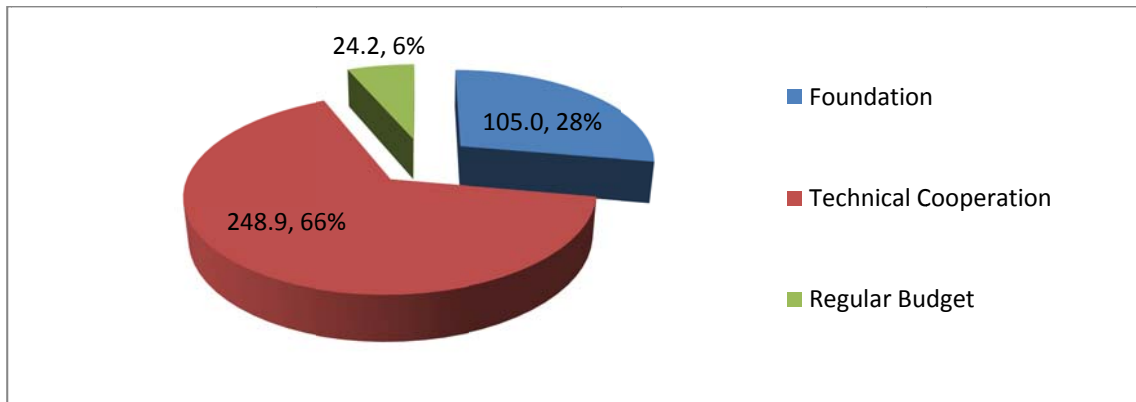
6. Statements I to III show UN-Habitat's combined financial position for the biennium ended 31 December 2013 compared with the biennium ended 31 December 2011:
  - 6.1. Total income decreased by US\$ 52.9 million (12.3%) to US\$ 378.0 million. UN-Habitat's resource mobilization strategy launched at UN-Habitat's Governing Council in 2013 has started to yield results; the 2013 income of US\$ 206.5 million is 20% higher than that of 2012 of US\$171.5 million.
  - 6.2. The following chart shows UN-Habitat's income (in US\$ millions) by major funding categories for the biennium ended 31 December 2013 compared to the biennium ended 31 December 2011.





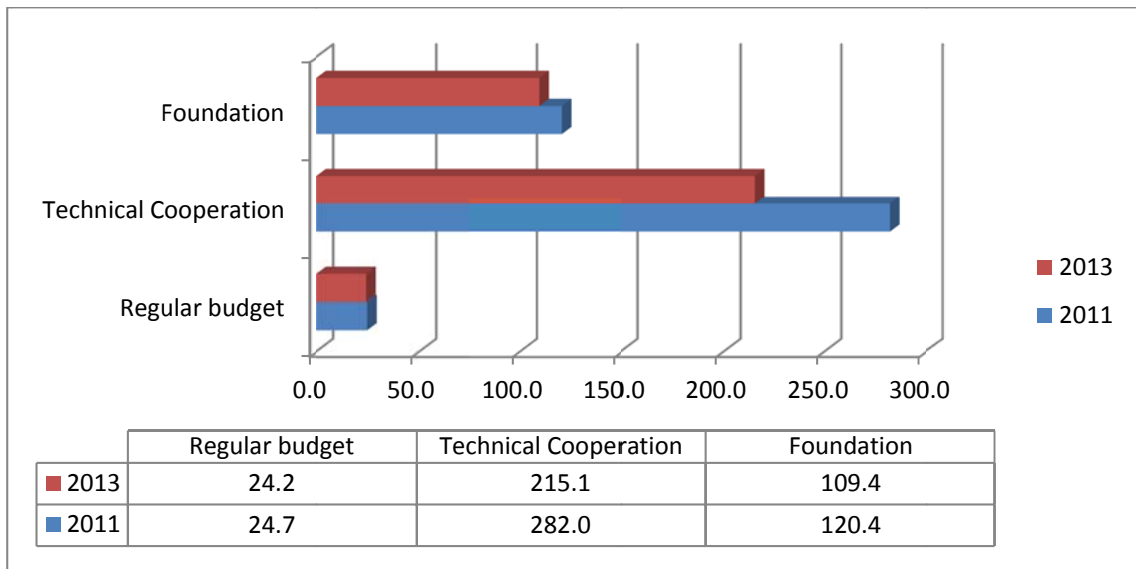
## United Nations Human Settlements Programme#

6.3. The following chart shows UN-Habitat's income (in US\$ millions and percentage) for the biennium ended 31 December 2013 by funding sources categories.

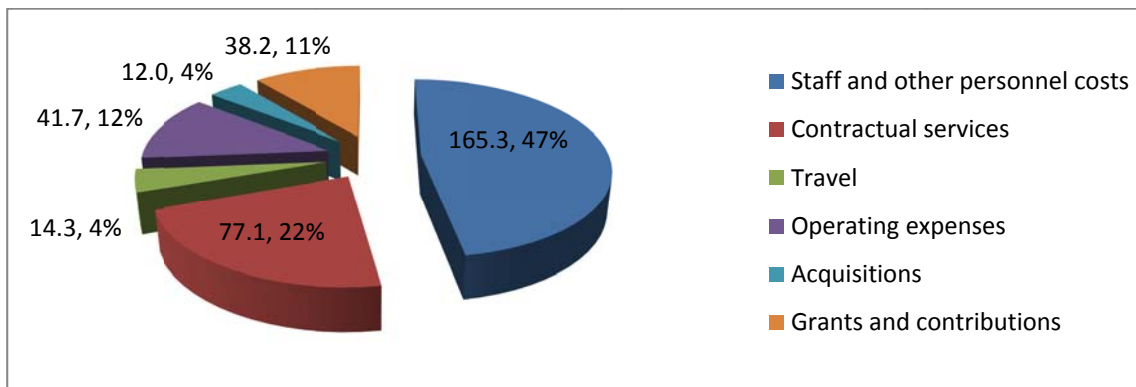


6.4. Total expenditure decreased by US\$ 78.2 million (18.3%) to US\$ 348.6 million.

6.5. The following is a comparison of expenditure (in US\$ millions) by major source of funding categories between the years ended 31 December 2013 and 2011.



6.6. Expenditure (in US\$ millions and percentage) for the biennium ended 31 December 2013 by nature of expense is shown below:



## United Nations Human Settlements Programme#

- 6.7. The excess of income over expenditure before adjustments for the period ended 31 December 2013 was US\$ 29.4 million, an increase of US\$25.4 million over 31 December 2011.
- 6.8. The excess of income over expenditure was decreased by adjustments, including end of service and post retirement benefits accrual of US\$ 0.6 million and increased by other adjustments of US\$0.3 million, which include prior period adjustments, savings on prior period obligations, and refunds to donors, resulting in an increase during the period of total reserves and fund balances by US\$29.6 million (23.2%) to US\$156.8 million.
- 6.9. The cash position (cash and term deposits, cash pools) as at 31 December 2013 decreased by US\$21.3 million (9.3%) to US\$ 207.0 million.
- 6.10. Total assets increased by US\$7.2 million (2.7%) to US\$269.3 million.
- 6.11. Total liabilities decreased by US\$22.4 million (16.6%) to US\$112.5 million.
7. Table 1 summarizes other key indicators for the United Nations Human Settlements Programme for the biennium ended 31 December 2013 compared to the biennium ended 31 December 2011.

**Table 1: Other key indicators**

	Amount (Millions of United States Dollars)			
	2013	2011	Increase/ (Decrease)	% Change
Foundation contributions	102.5	104.7	(2.2)	-2.1%
Technical Cooperation contributions	223.4	293.7	(70.3)	-23.9%
Total voluntary contributions	325.9	398.4	(72.5)	-18.2%
Cash, term deposits and cash pools	207.0	228.3	(21.3)	-9.3%
Interfund balances receivable	17.2	18.4	(1.2)	-6.5%
Accounts receivable	13.0	7.0	6.0	85.7%
Other assets	21.4	1.7	19.7	1158.8%
Unliquidated obligations	43.4	84.8	(41.4)	-48.8%
Interfund balances payable	18.2	19.9	(1.7)	-8.5%
End of service and post retirement benefits	24.7	23.3	1.4	6.0%
Other liabilities	20.1	2.9	17.2	593.1%
Reserves and fund balances - Foundation	72.6	75.1	(2.5)	-3.3%
Reserves and fund balances - Technical Cooperation	103.9	71.6	32.3	45.1%
Reserves and fund balances – End of Service and Post Retirement Benefits	(19.6)	(19.5)	(0.1)	0.5%
Total Reserves and Fund balances	156.9	127.2	29.7	23.3%

- 7.1. The decrease in interfund balances is related to timing of settlement of interfund balances to UNON which is responsible for disbursements.
- 7.2. The increase in accounts receivable, the details of which are found in note 8, is primarily due to the full implementation of a change in an accounting policy, in the period ended 31 December 2011, recording as receivables, advances given to implementing agencies. These were previously treated as disbursements which reduced related unliquidated obligation amounts. Given the timing of implementation and impracticality of obtaining comparative figures, the period ended 31 December 2011 was understated for activities carried before the change.
- 7.3. The advances pose a minimal risk because they are covered by legal agreements which are closely monitored by UN-Habitat to ensure that partners deliver outputs according to the conditions of the

agreements. Agreed outputs are verified at each milestone in line with payment schedules before new amounts are advanced to partners, and final installments are not paid until outputs are verified, and a final project report and a certified financial statement is provided and reviewed.

- 7.4. Implementing partner agreement dates coincide with project timelines, not with the UN-Habitat financial biennium. As projects can start at any time of the biennium and have variable durations, which can exceed a calendar biennium, these receivables are inevitable.
- 7.5. UN-Habitat is enhancing measures to improve the monitoring of these agreements through its Project Accrual and Accountability System and is currently undertaking a review of implementing partner agreements for better accountability, transparency and management of partnerships.
- 7.6. The increase in other assets includes US\$20.1 million of commitments against future years. The corresponding effect is shown under other liabilities. UN-Habitat before the period ending 31 December 2011 did not record future year commitments.
- 7.7. The decrease in unliquidated obligations reflects UN-Habitat improved management of obligation documents by ensuring that future year obligations are correctly reflected.
- 7.8. The rate of reductions in some key indicators such as contributions, cash, reserves and fund balances is not sustainable long term. UN-Habitat management is aware of this financial situation and is taking steps to contain expenditure in line with income.
- 7.9. UN-Habitat has undertaken a major organizational review to align the organization to respond more effectively to global urban priorities. The review also established systems, policies and processes to enhance efficiency, productivity, accountability and transparency and 'do more with less'. In addition, UN-Habitat has finalized a strengthened resource mobilization strategy aimed at achieving a higher level of predictable funding for core activities and increasing the value of the agency's project portfolio. By 2013, the level of earmarked income toward the project portfolio had increased. In 2013 the level of earmarked income is US\$ 185.4 million which is 25.4% higher than the 2012 level of US\$147.8 million.
- 7.10. The policy framework established as part of the organizational review in 2013 includes a revised cost allocation and recovery policy which is harmonized with that of other UN agencies. In 2013, operationalization of the policy will be supported by tools such time sheet recording to enable more accurate allocation of costs to projects and cost centres.

### **Foundation Activities**

8. The Governing Council, in its resolution 23/11 of 15 April 2011, approved the general purpose budget of US\$70.2 million and endorsed the special purpose budget of US\$110.5 million for the biennium 2012-2013 resulting in a biennium total budget amount of US\$180.7 million. The Governing Council also approved an increase in the general purpose statutory reserve from US\$6.6 million to US\$7.0 million. The Governing Council further authorized the Executive Director, in the event of a shortfall or a surplus in income, to adjust, in consultation with the Committee of Permanent Representatives, the level of allocations for programme activities in accordance with the actual level of income. The Governing Council also authorized the Executive Director to reallocate general-purpose resources between subprogrammes in an amount of up to 10% of the total general purpose budget. The Governing Council further authorized the Executive Director to reallocate, in consultation with the Committee of Permanent Representatives, amounts in excess of 10% and up to 25% of the total general-purpose budget.
9. UN-Habitat received pledges for its Foundation activities of US\$102.5 million for the biennium ended 31 December 2013 as compared to US\$104.7 million for the biennium ended 31 December 2011, a decrease of US\$2.2 million (2.1%).
10. The Foundation General Purpose has been affected by the global economic downturn. To respond to the current shortage of core funds, UN-Habitat started implementing austerity measures in 2011 including a recruitment freeze on core funded posts, and significant reductions in travel, consultancies and operating costs.

11. Expenditure for Foundation activities of US\$115.4 million before the elimination of programme support costs, of US\$6.0 million, is within the budget allocations of US\$176.1 million approved by the Executive Director based on the total amount approved by the Governing Council as outlined in paragraph 8 above, but exceeds the total income received before elimination of programme support of US\$111.0 million.

### **Technical Cooperation activities**

12. UN-Habitat received contributions for its Technical Cooperation activities of US\$ 223.4 million for the biennium ended 31 December 2013 as compared to US\$293.7 million for the biennium ended 31 December 2011, a decrease of US\$70.3 million (24.0%). The agency's strategy to reach a higher level of contributions towards Technical Cooperation activities showed positive results with contributions rising by 24% from US\$ 99.6 million in 2012 to US\$ 123.8 million in 2013.
13. Expenditure of US\$228.7 million before elimination of programme support costs, of US\$13.6 million, is within the budget allocations of US\$341.3 million approved by the Executive Director, but is lower than the total income before elimination of programme support received of US\$262.5 million.

### **End of service and post retirement benefits**

14. UN-Habitat fully accrues for the end-of-service and post retirement benefits, comprising After Service Health Insurance (ASHI) liabilities, annual leave and repatriation benefits. UN-Habitat has been funding repatriation benefits at 8% of net salary but After Service Health Insurance (ASHI) and annual leave are not funded as these are paid on a pay-as-you go basis from current budgets.
15. The estimated current liabilities as at 31 December 2013 as reflected in the 2013 actuarial study carried out by a consulting firm contracted on behalf UN-Habitat by the United Nations Secretariat have been reflected in the accounts. By fully charging these liabilities in the financial statements as at 31 December 2013, an amount of US\$19.6 million of cumulative unbudgeted expenditure (liabilities less funding) is being shown in Statements I and II, a small increase from the amount reported as at 31 December 2011 of US\$19.5 million. The details are disclosed in Statement VIII and Note 13 to the Financial Statements.

**Chapter V**

**Financial Statements and related explanatory notes**

**United Nations Human Settlements Programme all funds summary**  
**Statement of income and expenditure and changes in reserves and fund balances**  
**for the biennium ended 31 December 2013**  
**(Thousands of United States Dollars)**

	Reference	Foundation	Technical Cooperation	End of Service and Post Retirement Benefits	Regular Budget	All funds eliminations	Total	
							2013	2011
<b>Income</b>								
Regular Budget Allocations	Note 16	-	-	-	24,192	-	24,192	24,677
Voluntary contributions	Schedules 5.2 & 7.2	102,487	223,403	-	-	-	325,890	398,396
Funds received under inter-organization arrangements	Notes 2 k (ii) & t (iii)	-	23,122	-	-	-	23,122	405
Interest income		1,323	1,458	-	-	-	2,781	7,223
Miscellaneous income	Note 3	1,239	872	-	-	(89)	2,022	167
<b>Total income</b>		<b>105,049</b>	<b>248,855</b>	<b>-</b>	<b>24,192</b>	<b>(89)</b>	<b>378,007</b>	<b>430,868</b>
<b>Expenditure</b>								
Staff and other personnel costs		63,804	80,224	-	21,263	-	165,291	177,467
Contractual services		19,890	56,882	-	335	-	77,107	103,579
Travel		7,608	6,664	-	109	(89)	14,292	13,530
Operating expenses		16,682	23,077	-	1,937	-	41,696	57,962
Acquisitions		1,392	10,636	-	-	-	12,028	14,760
Fellowships, grants and contributions		61	37,605	-	548	-	38,214	59,624
Programme support costs		-	14	-	-	-	14	(34)
<b>Total expenditure</b>	Schedules 5.1 & 7.1	<b>109,437</b>	<b>215,102</b>	<b>-</b>	<b>24,192</b>	<b>(89)</b>	<b>348,642</b>	<b>426,888</b>
Excess / (shortfall) of income over expenditure		(4,388)	33,753	-	-	-	29,365	3,980
Non-budgeted accrued expenses		-	-	(593)	-	-	(593)	(9,368)
Prior period adjustments	Note 4	(171)	(807)	-	-	-	(978)	(888)
<b>Net excess / (shortfall) of income over expenditure</b>		<b>(4,559)</b>	<b>32,946</b>	<b>(593)</b>	<b>-</b>	<b>-</b>	<b>27,794</b>	<b>(6,276)</b>
Savings on prior period obligations	Note 2 (k) (viii)	1,369	1,736	-	-	-	3,105	2,069
Transfer to reserves	Note 2 (o),(p) & (q)	-	-	-	-	-	-	(7,703)
Transfers from/(to) other funds		1,177	(1,177)	-	-	-	-	-
Refunds to member states and other donors	Note 5	(561)	(1,251)	-	-	-	(1,812)	(2,167)
Fund balances, beginning of biennium		63,249	58,300	(19,513)	-	-	102,036	116,113
Fund balances, end of biennium	Note 14	60,675	90,554	(20,106)	-	-	131,123	102,036
Reserves, beginning of biennium		11,895	13,320	-	-	-	25,215	17,514
Transfers to/ (from) reserves	Note 2 (o),(p) & (q)	-	-	501	-	-	501	7,701
Reserves, end of biennium	Note 14	11,895	13,320	501	-	-	25,716	25,215
<b>Total reserves and fund balances</b>	Note 14	<b>72,570</b>	<b>103,874</b>	<b>(19,605)</b>	<b>-</b>	<b>-</b>	<b>156,839</b>	<b>127,251</b>

**United Nations Human Settlements Programme all funds summary**  
**Statement of assets, liabilities, reserves and fund balances as at 31 December 2013**  
**(Thousands of United States Dollars)**

	Reference	Foundation	Technical Cooperation	End of Service and Post Retirement Benefits	Regular Budget	Total	
						2013	2011
<b>Assets</b>							
Cash and term deposits	Note 6	4,867	5,201	-	-	10,068	9,709
Cash pools	Note 6	85,168	111,761	-	-	196,929	218,549
Voluntary contributions receivable	Schedule 5.2	80	-	-	-	80	191
Interfund balances receivable	Note 7	1,508	10,567	5,082	-	17,157	18,401
Loans and accrued interest receivable	Note 17	1,778	-	-	-	1,778	2,251
Accounts receivable	Note 8	7,190	5,396	-	410	12,996	7,015
Balances relating to projects funded by donors	Note 9	-	8,918	-	-	8,918	4,370
Other assets	Note 10	6,112	15,298	-	-	21,410	1,655
<b>Total assets</b>		<b>106,703</b>	<b>157,141</b>	<b>5,082</b>	<b>410</b>	<b>269,336</b>	<b>262,141</b>
<b>Liabilities</b>							
Payments or contributions received in advance	Schedule 5.2	472	-	-	-	472	11
Unliquidated obligations	Note 11	19,320	23,711	-	410	43,441	84,842
Interfund balances payable	Note 7	6,485	11,749	-	-	18,234	19,892
Accounts payable	Note 12	2,186	3,408	-	-	5,594	3,919
End-of-service and post retirement benefits	Note 13	-	-	24,687	-	24,687	23,292
Other liabilities	Note 10	5,670	14,399	-	-	20,069	2,934
<b>Total liabilities</b>		<b>34,133</b>	<b>53,267</b>	<b>24,687</b>	<b>410</b>	<b>112,497</b>	<b>134,890</b>
<b>Reserves and fund balances</b>							
Reserves	Notes 2(o), (p), (q) & 14	11,895	13,320	501	-	25,716	25,215
Fund Balance	Notes 2(r) and 14	60,675	90,554	(20,106)	-	131,123	102,036
<b>Total reserves and fund balances</b>		<b>72,570</b>	<b>103,874</b>	<b>(19,605)</b>	<b>-</b>	<b>156,839</b>	<b>127,251</b>
<b>Total liabilities, reserves and fund balances</b>		<b>106,703</b>	<b>157,141</b>	<b>5,082</b>	<b>410</b>	<b>269,336</b>	<b>262,141</b>

**United Nations Human Settlements Programme all funds summary**  
**Statement of cash flows for the biennium ended 31 December 2013**  
**(Thousands of United States Dollars)**

	Reference	Foundation	Technical Cooperation	End of Service and Post Retirement Benefits	Regular Budget	Total 2013	2011
<b>Cash flows from operating activities</b>							
Net excess/(shortfall) of income over expenditure		(4,559)	32,946	(593)	-	27,794	(6,276)
(Increase)/decrease in:							
Contributions receivable		111	-	-	-	111	1,604
Loans and accrued interest receivable		473	-	-	-	473	(2,251)
Accounts receivable		(2,844)	(3,241)	-	104	(5,981)	(936)
Other assets		(5,118)	(14,637)	-	-	(19,755)	(1,169)
Interfund balances receivable		4,371	(1,824)	(1,303)	-	1,244	9,185
Balances relating to projects funded by donors		-	(4,548)	-	-	(4,548)	3,302
Increase (decrease) in:							
Contributions or payments received in advance		461	-	-	-	461	1
Unliquidated obligations		(7,701)	(33,596)	-	(104)	(41,401)	9,277
Accounts payable		(220)	1,895	-	-	1,675	(247)
Other liabilities		3,673	13,462	-	-	17,135	2,934
Interfund balances payable		(7,344)	5,686	-	-	(1,658)	(8,273)
End-of-service and post retirement benefits		-	-	1,395	-	1,395	10,443
Less: Interest income		(1,323)	(1,458)	-	-	(2,781)	(7,223)
Net cash flows from operating activities		(20,020)	(5,315)	(501)	-	(25,836)	10,371
<b>Cash flows from investing activities</b>							
(Increase)/decrease in Cash pools		18,778	2,842	-	-	21,620	(10,823)
Plus: Interest income		1,323	1,458	-	-	2,781	7,223
Net cash flows from investing activities		20,101	4,300	-	-	24,401	(3,600)
<b>Cash flows from financing activities</b>							
Savings on or cancellation of prior period obligations		1,369	1,736	-	-	3,105	2,069
Refunds to member States and other donors		(561)	(1,251)	-	-	(1,812)	(2,167)
Transfer to/(from) reserves		-	-	501	-	501	(2)
Transfers from/(to) other funds		1,177	(1,177)	-	-	-	-
Net cash flows from financing activities		1,985	(692)	501	-	1,794	(100)
Net Increase/ (decrease) in cash and term deposits		2,066	(1,707)	-	-	359	6,671
Cash and term deposits, beginning of biennium		2,801	6,908	-	-	9,709	3,038
Cash and term deposits, end of biennium	Note 6	4,867	5,201	-	-	10,068	9,709



**United Nations Human Settlements Programme**  
**Foundation activities**  
**Statement of income and expenditure and changes in reserves and fund balances**  
**for the biennium ended 31 December 2013**  
**(Thousands of United States Dollars)**

	Reference	Non- earmarked Foundation	Earmarked Foundation	Water and Sanitation Trust Fund	Palestinian Trust Fund	Experimental Reimbursable Seeding Operations (ERSO) Trust Fund	Programme Support	All funds eliminations	Total	
									2013	2011
<b>Income</b>										
Voluntary contributions	Schedule 5.2	19,479	57,699	17,774	7,535	-	-	-	102,487	104,678
Income for services rendered		-	-	-	-	-	5,958	(5,958)	-	(179)
Interest income		275	567	222	97	79	83	-	1,323	3,473
Miscellaneous income	Note 3	835	384	17	1	-	2	-	1,239	319
<b>Total income</b>		<b>20,589</b>	<b>58,650</b>	<b>18,013</b>	<b>7,633</b>	<b>79</b>	<b>6,043</b>	<b>(5,958)</b>	<b>105,049</b>	<b>108,291</b>
<b>Expenditure</b>										
Staff and other personnel costs		23,754	26,272	6,935	1,582	6	5,255	-	63,804	69,226
Contractual services		918	10,150	4,329	3,868	-	625	-	19,890	20,840
Travel		1,275	4,917	1,282	127	7	-	-	7,608	8,907
Operating expenses		3,034	10,916	1,642	363	62	665	-	16,682	20,093
Acquisitions		118	665	444	147	-	18	-	1,392	878
Fellowships, grants and contributions		-	61	-	-	-	-	-	61	408
Programme support costs		-	4,246	1,279	431	2	-	(5,958)	-	-
<b>Total expenditure</b>	Schedule 5.1	<b>29,099</b>	<b>57,227</b>	<b>15,911</b>	<b>6,518</b>	<b>77</b>	<b>6,563</b>	<b>(5,958)</b>	<b>109,437</b>	<b>120,352</b>
Excess / (shortfall) of income over expenditure		(8,510)	1,423	2,102	1,115	2	(520)	-	(4,388)	(12,061)
Prior periods' adjustments	Note 4	63	(75)	(161)	-	-	2	-	(171)	7
Net excess of income over expenditure		(8,447)	1,348	1,941	1,115	2	(518)	-	(4,559)	(12,054)
Savings on prior period obligations	Note 2 (k) (viii)	580	607	150	9	-	23	-	1,369	1,269
Transfers to reserves	Note 2 (o), (p), & (q)	-	-	-	-	-	-	-	-	(3,979)
Transfer from/ (to) other funds		(362)	1,539	-	-	-	-	-	1,177	52
Refunds to member states and other donors	Note 5	(71)	(490)	-	-	-	-	-	(561)	(411)
Fund balances, beginning of biennium		18,759	29,267	5,615	2,160	2,934	4,514	-	63,249	78,372
Fund balances, end of biennium		10,459	32,271	7,706	3,284	2,936	4,019	-	60,675	63,249
Reserves, beginning of biennium		6,619	-	3,404	338	562	972	-	11,895	7,916
Transfers to reserves	Note 2 (o), (p), & (q)	-	-	-	-	-	-	-	-	3,979
Reserves, end of biennium		6,619	-	3,404	338	562	972	-	11,895	11,895
<b>Total reserves and fund balances</b>		<b>17,078</b>	<b>32,271</b>	<b>11,110</b>	<b>3,622</b>	<b>3,498</b>	<b>4,991</b>	<b>-</b>	<b>72,570</b>	<b>75,144</b>

**United Nations Human Settlements Programme**  
**Foundation activities**  
**Statement of assets, liabilities, reserves and fund balances as at 31 December 2013**  
**(Thousands of United States Dollars)**

	Reference	Non- earmarked Foundation	Earmarked Foundation	Water and Sanitation Trust Fund	Palestinian Trust Fund	Experimental Reimbursable Seeding Operations (ERSO) Trust Fund	Programme support	Total	
								2013	2011
<b>Assets</b>									
Cash and term deposits	Note 6	3,944	43	4	-	876	-	4,867	2,801
Cash pools	Note 6	15,025	43,614	14,249	5,803	899	5,578	85,168	103,946
Voluntary contributions receivable	Schedule 5.2	80	-	-	-	-	-	80	191
Interfund balances receivable	Note 7	953	6	-	-	549	-	1,508	5,879
Loans and interest receivable	Note 17	-	-	-	-	1,778	-	1,778	2,251
Accounts receivable	Note 8	552	5,349	610	666	-	13	7,190	4,346
Other assets	Note 10	248	3,396	1,462	998	-	8	6,112	994
<b>Total assets</b>		<b>20,802</b>	<b>52,408</b>	<b>16,325</b>	<b>7,467</b>	<b>4,102</b>	<b>5,599</b>	<b>106,703</b>	<b>120,408</b>
<b>Liabilities</b>									
Payments or contributions received in advance	Schedule 5.2	472	-	-	-	-	-	472	11
Unliquidated obligations	Note 11	1,191	13,208	2,487	2,154	-	280	19,320	27,021
Interfund balances payable	Note 7	1,829	2,574	832	338	604	308	6,485	13,829
Accounts payable	Note 12	153	1,172	486	355	-	20	2,186	2,406
Other liabilities	Note 10	79	3,183	1,410	998	-	-	5,670	1,997
<b>Total liabilities</b>		<b>3,724</b>	<b>20,137</b>	<b>5,215</b>	<b>3,845</b>	<b>604</b>	<b>608</b>	<b>34,133</b>	<b>45,264</b>
<b>Reserves and fund balances</b>									
Reserves	Notes 2(o),(p), (q) & 14	6,619	-	3,404	338	562	972	11,895	11,895
Fund balance	Notes 2(r) and 14	10,459	32,271	7,706	3,284	2,936	4,019	60,675	63,249
<b>Total reserves and fund balances</b>		<b>17,078</b>	<b>32,271</b>	<b>11,110</b>	<b>3,622</b>	<b>3,498</b>	<b>4,991</b>	<b>72,570</b>	<b>75,144</b>
<b>Total liabilities, reserves and fund balances</b>		<b>20,802</b>	<b>52,408</b>	<b>16,325</b>	<b>7,467</b>	<b>4,102</b>	<b>5,599</b>	<b>106,703</b>	<b>120,408</b>

**United Nations Human Settlements Programme**  
**Foundation activities**  
**Status of allocations for the biennium ended 31 December 2013**  
**(Thousands of United States Dollars)**

	Allocation	Unliquidated Obligations	Disbursements	Total Expenditure	Unencumbered Balance
<b>Programme activities</b>					
Staff and other personnel costs	23,427	90	19,851	19,941	3,486
Contractual services	471	28	289	317	154
Travel	629	12	523	535	94
Operating expenses	2,474	57	1,858	1,915	559
Acquisitions	33	5	29	34	(1)
<b>Total Programme activities</b>	<b>27,034</b>	<b>192</b>	<b>22,550</b>	<b>22,742</b>	<b>4,292</b>
<b>Non-earmarked projects</b>					
Staff and other personnel costs	4,421	933	2,880	3,813	608
Contractual services	725	434	167	601	124
Travel	701	32	708	740	(39)
Operating expenses	1,690	165	952	1,117	573
Acquisitions	73	62	22	84	(11)
<b>Sub-total</b>	<b>7,610</b>	<b>1,626</b>	<b>4,729</b>	<b>6,355</b>	<b>1,255</b>
<b>Total Non-earmarked Foundation</b>	<b>34,644</b>	<b>1,818</b>	<b>27,279</b>	<b>29,097</b>	<b>5,547</b>
<b>Earmarked Foundation</b>					
Staff and other personnel costs	34,903	6,329	19,943	26,272	8,631
Contractual services	17,144	7,344	2,806	10,150	6,994
Travel	6,565	586	4,331	4,917	1,648
Operating expenses	16,547	4,297	6,619	10,916	5,631
Acquisitions	1,175	263	402	665	510
Fellowships, grants and contributions	90	18	43	61	29
Programme support costs	6,125	-	4,246	4,246	1,879
<b>Total Earmarked Foundation</b>	<b>82,549</b>	<b>18,837</b>	<b>38,390</b>	<b>57,227</b>	<b>25,322</b>
<b>Water and Sanitation Trust Fund</b>					
Staff and other personnel costs	11,858	1,230	5,705	6,935	4,923
Contractual services	9,189	4,294	35	4,329	4,860
Travel	1,953	156	1,126	1,282	671
Operating expenses	3,188	571	1,071	1,642	1,546
Acquisitions	900	119	325	444	456
Programme support costs	2,367	-	1,279	1,279	1,088
<b>Total Water and Sanitation Trust Fund</b>	<b>29,455</b>	<b>6,370</b>	<b>9,541</b>	<b>15,911</b>	<b>13,544</b>

**United Nations Human Settlements Programme**  
**Foundation activities**  
**Status of allocations for the biennium ended 31 December 2013**  
**(Thousands of United States Dollars)**

	Allocation	Unliquidated Obligations	Disbursements	Total Expenditure	Unencumbered Balance
<b>Palestinian Trust Fund</b>					
Staff and other personnel costs	3,259	318	1,264	1,582	1,677
Contractual services	14,889	3,331	537	3,868	11,021
Travel	379	50	77	127	252
Operating expenses	1,400	52	311	363	1,037
Acquisitions	455	90	57	147	308
Programme support costs	1,443	-	431	431	1,012
<b>Total Palestinian Trust Fund</b>	<b>21,825</b>	<b>3,841</b>	<b>2,677</b>	<b>6,518</b>	<b>15,307</b>
<b>Experimental Reimbursable Seeding Operations (ERSO) Trust Fund</b>					
Staff and other personnel costs	6	-	6	6	-
Travel	7	2	5	7	-
Operating expenses	8	-	8	8	-
Programme support costs	2	-	2	2	-
<b>Total Experimental Reimbursable Seeding Operations Trust Fund</b>	<b>23</b>	<b>2</b>	<b>21</b>	<b>23</b>	<b>-</b>
<b>Programme support</b>					
Staff and other personnel costs	6,261	6	5,249	5,255	1,006
Contractual services	629	245	380	625	4
Operating expenses	688	19	646	665	23
Acquisitions	34	10	8	18	16
<b>Total Programme support</b>	<b>7,612</b>	<b>280</b>	<b>6,283</b>	<b>6,563</b>	<b>1,049</b>
<b>Subtotal</b>	<b>176,108</b>	<b>31,148</b>	<b>84,191</b>	<b>115,339</b>	<b>60,769</b>
<b>Currency exchange losses</b>					
Earmarked Foundation	-	-	-	2	(2)
Experimental Reimbursable Seeding Operations (ERSO) Trust Fund	-	-	-	54	(54)
<b>Sub-total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>56</b>	<b>(56)</b>
<b>Total Expenditure</b>	<b>176,108</b>	<b>31,148</b>	<b>84,191</b>	<b>115,395</b>	<b>60,713</b>
Less: Elimination of Programme Support costs				(5,958)	
<b>Net total Expenditure</b>				<b>109,437</b>	

Statement IV

**United Nations Human Settlements Programme**  
**Foundation activities**  
**Status of contributions and unpaid pledges as at 31 December 2013**  
**(United States Dollars)**

Countries/Organisations	Unpaid pledges as at 1 January 2012	Adjustments to prior periods pledges and receipts	Collections of prior periods' pledges	Pledges for 2012-2013	Revaluation	Collections for future periods	Collections of 2012-2013 pledges	Unpaid pledges
<b>Human Settlements Foundation</b>								
<b>Non-earmarked foundation -</b>								
<b>Governments</b>								
Afghanistan	-	-	-	2,000	-	-	2,000	-
Angola	-	-	-	2,600	-	-	2,600	-
Argentina	-	-	-	8,000	-	-	8,000	-
Barbados	-	-	-	3,000	-	-	3,000	-
Cameroon	-	-	-	-	-	2,624	-	-
Canada	-	-	-	150,233	-	-	150,233	-
Chile	-	-	-	10,000	-	-	10,000	-
China	-	29,980	29,980	100,000	-	-	100,000	-
Colombia	-	-	-	11,500	-	78,075	11,500	-
Czech Republic	-	-	-	-	-	7,482	-	-
Finland	-	-	-	1,212,506	-	-	1,212,506	-
France	-	-	-	121,617	-	-	121,617	-
Ghana	14,147	-	14,147	5,444	-	-	5,444	-
India	80,000	-	-	100,000	-	-	100,000	80,000
Israel	-	-	-	20,000	-	-	20,000	-
Japan	96,372	-	96,372	173,490	-	-	173,490	-
Kenya	-	-	-	133,798	-	-	133,798	-
Madagascar	-	-	-	850	-	-	850	-
Mozambique	-	-	-	10,000	-	-	10,000	-
Miscellaneous Contributions to UN-Habitat	-	-	-	-	-	176,208	-	-
Namibia	-	-	-	1,000	-	-	1,000	-
Norway	-	-	-	9,763,988	-	-	9,763,988	-
Pakistan	-	-	-	17,928	-	-	17,928	-
Panama	-	-	-	1,000	-	-	1,000	-
Republic of Korea	-	-	-	182,286	-	130,000	182,286	-
Russian Federation	-	-	-	20,000	-	-	20,000	-
Rwanda	-	10,000	10,000	5,000	-	-	5,000	-
South Africa	-	50,950	50,950	86,750	-	-	86,750	-
Sri Lanka	-	-	-	40,000	-	-	40,000	-
Sweden	-	-	-	4,686,237	-	-	4,686,237	-
Tanzania, United Rep. of	-	-	-	9,382	-	-	9,382	-
Tunisia	-	-	-	1,347	-	53,906	1,347	-

**United Nations Human Settlements Programme**  
**Foundation activities**  
**Status of contributions and unpaid pledges as at 31 December 2013**  
**(United States Dollars)**

Countries/Organisations	Unpaid pledges as at 1 January 2012	Adjustments to prior periods pledges and receipts	Collections of prior periods' pledges	Pledges for 2012-2013	Revaluation	Collections for future periods	Collections of 2012-2013 pledges	Unpaid pledges
United Nations High Commission for Refugees (UNHCR)	-	-	-	-	-	23,618	-	-
United States of America	-	-	-	2,600,000	-	-	2,600,000	-
<b>Total Non-earmarked</b>	190,519	90,930	201,449	19,479,956	-	471,913	19,479,956	80,000
<b>Earmarked Foundation – Governments</b>								
Brazil	-	-	-	291,496	-	-	291,496	-
China	-	(29,980)	(29,980)	490,634	-	-	490,634	-
Egypt	-	-	-	1,000,000	-	-	1,000,000	-
Finland	-	-	-	164,560	-	-	164,560	-
France	-	-	-	610,171	-	-	610,171	-
Germany	-	-	-	1,396,288	-	-	1,396,288	-
Italy	-	-	-	139,545	-	-	139,545	-
Japan	-	190,000	190,000	897,604	-	-	897,604	-
Jordan	-	-	-	127,820	-	-	127,820	-
Kuwait	-	-	-	350,631	-	-	350,631	-
Nigeria	-	-	-	500,000	-	-	500,000	-
Norway	-	-	-	15,027,332	-	-	15,027,332	-
Republic of Korea	-	-	-	600,000	-	-	600,000	-
Russian Federation	-	-	-	780,000	-	-	780,000	-
Spain	-	-	-	4,642,015	-	-	4,642,015	-
Sri Lanka	-	-	-	39,975	-	-	39,975	-
Sweden	-	-	-	9,797,774	-	-	9,797,774	-
<b>Sub-total</b>	-	160,020	160,020	36,855,845	-	-	36,516,845	-
<b>Earmarked Foundation - United Nations and other organisations</b>								
Arcadis Nederland BV	-	-	-	132,604	-	-	132,604	-
AT-Verband (AT-Association)	-	-	-	59,288	-	-	59,288	-
Camapania Festival Foundation	-	-	-	1,290,725	-	-	1,290,725	-
Corporacion Andina de Fomento (CAF)	-	-	-	200,000	-	-	200,000	-
Corregidora	-	-	-	50,000	-	-	50,000	-
Department for International Development (DFID)	-	-	-	16,040	-	-	16,040	-

**United Nations Human Settlements Programme**  
**Foundation activities**  
**Status of contributions and unpaid pledges as at 31 December 2013**  
**(United States Dollars)**

Countries/Organisations	Unpaid pledges as at 1 January 2012	Adjustments to prior periods pledges and receipts	Collections of prior periods' pledges	Pledges for 2012-2013	Revaluation	Collections for future periods	Collections of 2012-2013 pledges	Unpaid pledges
Deutsche Gesellschaft fur Internationale Zusammenarbeit (GIZ)	-	-	-	309,222	-	-	309,222	-
Electricite de France (EDF)	-	-	-	59,974	-	-	59,974	-
European Union	-	-	-	5,137,256	-	-	5,137,256	-
GDF SUEZ	-	-	-	30,000	-	-	30,000	-
Gulf Co-operation Council (GCC)	-	-	-	29,907	-	-	29,907	-
IBRD/World Bank	-	-	-	714,000	-	-	714,000	-
IFAD	-	-	-	384,750	-	-	384,750	-
IMIP Cajame	-	-	-	25,000	-	-	25,000	-
International Ecological Safety Cooperative Organisation	-	-	-	499,900	-	-	499,900	-
International Fund for Agricultural Development	-	-	-	200,000	-	-	200,000	-
JALISCO	-	-	-	360,000	-	-	360,000	-
Lafarge	-	-	-	29,968	-	-	29,968	-
Mojang AB	-	-	-	991,210	-	-	991,210	-
Municipality of Medellin	-	-	-	2,000,000	-	-	2,000,000	-
NSF	-	-	-	50,022	-	-	50,022	-
Siemens AG	-	-	-	129,434	-	-	129,434	-
Siemens PLC	-	-	-	30,000	-	-	30,000	-
The Ford Foundation	-	-	-	97,460	-	-	97,460	-
UNAIDS - Switzerland	-	-	-	48,600	-	-	48,600	-
UNFPA	-	-	-	394,133	-	-	394,133	-
UNIPV	-	-	-	51,432	-	-	51,432	-
UNISDR	-	-	-	50,000	-	-	50,000	-
United Nations Development Programme	-	-	-	150,000	-	-	150,000	-
United Nations Economic Commission for Africa (UNECA)	-	-	-	272,000	-	-	272,000	-
United Nations Environment Programme (UNEP)	-	-	-	2,006,234	-	-	2,006,234	-
United Nations High Commission for Refugees (UNHCR)	-	-	-	60,000	-	-	60,000	-
University of Toronto	-	-	-	96,970	-	-	96,970	-
UNOPS - Switzerland	-	-	-	50,000	-	-	50,000	-
Wuppertal Institut Fur Klima, Umwelt, Energie GMBH	-	-	-	130,171	-	-	130,171	-

**United Nations Human Settlements Programme**  
**Foundation activities**  
**Status of contributions and unpaid pledges as at 31 December 2013**  
**(United States Dollars)**

Countries/Organisations	Unpaid pledges as at 1 January 2012	Adjustments to prior periods pledges and receipts	Collections of prior periods' pledges	Pledges for 2012-2013	Revaluation	Collections for future periods	Collections of 2012-2013 pledges	Unpaid pledges
Zapopan	-	-	-	240,000	-	-	240,000	-
<b>Sub-total</b>	-	-	-	16,376,300	-	-	16,374,549	-
<b>Earmarked Foundation - Public</b>								
<b>Donors</b>								
Barcelona City Council	-	-	-	1,556,057	-	-	1,556,057	-
BASF AG	-	-	-	250,299	-	-	250,299	-
Donation of People of Japan	-	-	-	13,935	-	-	13,935	-
Dubai Municipality (DXB-MUN-G-EXP)	-	-	-	44,977	-	-	44,977	-
Fukuoka International Exchange Foundation (FIEF)	-	(190,000)	(190,000)	1,065,454	-	-	1,065,454	-
Ondo State Government	-	-	-	600,000	-	-	600,000	-
Prefeitura da Cidade do Rio de Janeiro (PCRJ)	-	135,113	135,113	603,127	-	-	603,127	-
Rafik Hariri Foundation	-	-	-	328,183	-	-	328,183	-
USAID	-	-	-	4,888	-	-	4,888	-
<b>Sub-total</b>	-	(54,887)	(54,887)	4,466,920	-	-	4,466,920	-
<b>Total Earmarked Foundation Contributions</b>	-	105,133	105,133	57,699,065	-	-	57,358,314	-
<b>Total Human Settlement Foundation Contributions</b>	190,519	196,063	306,582	77,179,021	-	471,913	76,838,270	80,000
<b>Water and Sanitation Trust Fund</b>								
African Development Bank	-	-	-	1,697,768	-	-	1,697,768	-
Agence Francaise de Development	-	-	-	458,325	-	-	458,325	-
BASF AG	-	-	-	525,051	-	-	525,051	-
Bill & Melinda Gates Foundation	-	-	-	160,313	-	-	160,313	-
Coca Cola - Atlanta	-	-	-	1,500,000	-	-	1,500,000	-
Coca Cola Far East Ltd	-	-	-	50,000	-	-	50,000	-
Coca Cola India Pvt Ltd.	-	-	-	199,945	-	-	199,945	-
Coca-Cola Southeast Asia Inc.	-	-	-	199,950	-	-	199,950	-
European Investment Bank	-	-	-	25,837	-	-	25,837	-
European Union	-	-	-	1,038,000	-	-	1,038,000	-
Global Environment and Technology Foundation	-	-	-	192,921	-	-	192,921	-
IFAD - Headquarters - Italy	-	-	-	228,000	-	-	228,000	-



**United Nations Human Settlements Programme**  
**Foundation activities**  
**Status of contributions and unpaid pledges as at 31 December 2013**  
**(United States Dollars)**

Countries/Organisations	Unpaid pledges as at 1 January 2012	Adjustments to prior periods pledges and receipts	Collections of prior periods' pledges	Pledges for 2012-2013	Revaluation	Collections for future periods	Collections of 2012-2013 pledges	Unpaid pledges
Netherlands	-	-	-	1,143,560	-	-	1,143,560	-
Norway	-	-	-	2,412,869	-	-	2,412,869	-
SAERG	-	-	-	25,534	-	-	25,534	-
UNDAP of Tanzania	-	-	-	1,422,066	-	-	1,422,066	-
United Nations Development Programme	-	-	-	216,822	-	-	216,822	-
United Nations Development Programme (UNDP)	-	-	-	58,957	-	-	58,957	-
UNMISS	-	-	-	871,955	-	-	871,955	-
UNOPS - Switzerland	-	-	-	5,346,464	-	-	5,346,464	-
<b>Total Water and Sanitation Trust Fund Contributions</b>	-	-	-	17,774,337	-	-	17,774,337	-
<b>Palestinian Trust Fund</b>								
Bahrain	-	-	-	1,000,000	-	-	1,000,000	-
European Union	-	-	-	2,573,182	-	-	2,573,182	-
France	-	-	-	909,167	-	-	909,167	-
IBRD/World Bank IFC HQ (Washington)	-	-	-	174,890	-	-	174,890	-
Saudi Arabia	-	-	-	2,877,606	-	-	2,877,606	-
<b>Total Palestinian Trust Fund Contributions</b>	-	-	-	7,534,845	-	-	7,534,845	-
<b>Total Contributions</b>	190,519	196,063	306,582	102,488,203	-	471,913	102,488,203	80,000
				Statement IV		Statement V		Statement V
<b>Ageing of unpaid pledges</b>								
<b>Categories</b>				<b>Less than six months</b>	<b>Six months to one biennium</b>	<b>More than one biennium</b>	<b>More than two years</b>	<b>Total</b>
<b>Governments</b>				-	-	-	80,000	80,000
Total				-	-	-	80,000	80,000

**United Nations Human Settlements Programme**  
**Technical Cooperation activities**  
**Statement of income and expenditure and changes in reserves and fund balances**  
**for the biennium ended 31 December 2013**  
**(Thousands of United States Dollars)**

	Reference	Trust Funds	UNDP	Programme Support	All funds eliminations	Total 2013	2011
<b>Income</b>							
Voluntary contributions	Schedule 7.2	223,290	113	-	-	223,403	293,718
Funds received under inter-organization arrangements	Note 2 k(ii) & t(iii)	-	23,122	-	-	23,122	405
Income for services rendered		-	-	13,629	(13,629)	-	179
Interest income		1,337	-	121	-	1,458	3,750
Miscellaneous income	Note 3	872	-	-	-	872	23
<b>Total income</b>		<b>225,499</b>	<b>23,235</b>	<b>13,750</b>	<b>(13,629)</b>	<b>248,855</b>	<b>298,075</b>
<b>Expenditure</b>							
Staff and other personnel costs		64,636	1,884	13,704	-	80,224	86,832
Contractual services		55,339	1,200	343	-	56,882	82,188
Travel		6,242	119	303	-	6,664	4,692
Operating expenses		20,051	91	2,935	-	23,077	35,748
Acquisitions		10,574	21	41	-	10,636	13,882
Fellowships, grants and contributions		18,370	19,235	-	-	37,605	58,726
Programme support costs		12,484	1,159	-	(13,629)	14	(34)
<b>Total expenditure</b>	Schedule 7.1	<b>187,696</b>	<b>23,709</b>	<b>17,326</b>	<b>(13,629)</b>	<b>215,102</b>	<b>282,034</b>
Excess / (shortfall) of income over expenditure		37,803	(474)	(3,576)	-	33,753	16,041
Prior period adjustments	Note 4	(737)	(63)	(7)	-	(807)	(895)
Net excess/ (shortfall) of income over expenditure		37,066	(537)	(3,583)	-	32,946	15,146
Savings on prior period obligations	Note 2 (k) (viii)	1,130	537	69	-	1,736	800
Transfers to reserves	Note 2 (p)	-	-	-	-	-	(3,724)
Transfers from/(to) other funds		(1,177)	-	-	-	(1,177)	(52)
Refunds to member states and other donors	Note 5	(1,251)	-	-	-	(1,251)	(1,756)
Fund balances, beginning of biennium		48,517	-	9,783	-	58,300	47,886
Fund balances, end of biennium		84,285	-	6,269	-	90,554	58,300
Reserves, beginning of biennium		11,360	-	1,960	-	13,320	9,596
Transfers to reserves	Note 2 (p)	-	-	-	-	-	3,724
Reserves, end of biennium		11,360	-	1,960	-	13,320	13,320
<b>Total reserves and fund balance</b>		<b>95,645</b>	<b>-</b>	<b>8,229</b>	<b>-</b>	<b>103,874</b>	<b>71,620</b>

**United Nations Human Settlements Programme**  
**Technical Cooperation activities**  
**Statement of assets, liabilities, reserves and fund balances as at 31 December 2013**  
**(Thousands of United States Dollars)**

	Reference	Trust Funds	UNDP	Programme support costs	Total 2013	2011
<b>Assets</b>						
Cash and term deposits	Note 6	5,201	-	-	5,201	6,908
Cash pools	Note 6	104,217	-	7,544	111,761	114,603
Interfund balances receivable	Note 7	9,799	8	760	10,567	8,743
Accounts receivable	Note 8	5,227	100	69	5,396	2,155
Balances relating to projects funded by donors	Note 9	-	8,918	-	8,918	4,370
Other assets	Note 10	15,109	138	51	15,298	661
<b>Total assets</b>		<b>139,553</b>	<b>9,164</b>	<b>8,424</b>	<b>157,141</b>	<b>137,440</b>
<b>Liabilities</b>						
Unliquidated obligations	Note 11	22,851	686	174	23,711	57,307
Interfund balances payable	Note 7	3,408	8,341	-	11,749	6,063
Accounts payable	Note 12	3,387	-	21	3,408	1,513
Other liabilities	Note 10	14,262	137	-	14,399	937
<b>Total liabilities</b>		<b>43,908</b>	<b>9,164</b>	<b>195</b>	<b>53,267</b>	<b>65,820</b>
<b>Reserves and fund balances</b>						
Reserves	Notes 2 (p) and 14	11,360	-	1,960	13,320	13,320
Fund balance	Notes 2 (r) and 14	84,285	-	6,269	90,554	58,300
<b>Total reserves and fund balances</b>		<b>95,645</b>	<b>-</b>	<b>8,229</b>	<b>103,874</b>	<b>71,620</b>
<b>Total liabilities, reserves and fund balances</b>		<b>139,553</b>	<b>9,164</b>	<b>8,424</b>	<b>157,141</b>	<b>137,440</b>

**United Nations Human Settlements Programme**  
**Technical Cooperation activities**  
**Status of allocations for the biennium ended 31 December 2013**  
**(Thousands of United States Dollars)**

	Allocation	Unliquidated Obligations	Disbursements	Total Expenditure	Unencumbered Balance
<b>Trust Funds</b>					
Staff and other personnel costs	97,506	9,748	54,888	64,636	32,870
Contractual services	93,812	25,378	29,961	55,339	38,473
Travel	8,639	936	5,306	6,242	2,397
Operating expenses	37,356	4,153	15,898	20,051	17,305
Acquisitions	16,892	1,993	8,581	10,574	6,318
Fellowships, grants and contributions	23,965	1,635	16,735	18,370	5,595
Programme support costs	19,820	-	12,484	12,484	7,336
<b>Sub-total</b>	<b>297,990</b>	<b>43,843</b>	<b>143,853</b>	<b>187,696</b>	<b>110,294</b>
<b>UNDP</b>					
Staff and other personnel costs	1,439	393	1,491	1,884	(445)
Contractual services	1,512	383	817	1,200	312
Travel	211	8	111	119	92
Operating expenses	173	10	79	89	84
Acquisitions	49	6	15	21	28
Fellowships, grants and contributions	20,273	99	19,136	19,235	1,038
Programme support costs	1,216	-	1,159	1,159	57
<b>Sub-total</b>	<b>24,873</b>	<b>899</b>	<b>22,808</b>	<b>23,707</b>	<b>1,166</b>
<b>Programme support</b>					
Staff and other personnel costs	14,554	71	13,633	13,704	850
Contractual services	410	32	311	343	67
Travel	342	14	289	303	39
Operating expenses	3,073	53	2,874	2,927	146
Acquisitions	51	3	38	41	10
<b>Sub-total</b>	<b>18,430</b>	<b>173</b>	<b>17,145</b>	<b>17,318</b>	<b>1,112</b>
<b>Sub-total</b>	<b>341,293</b>	<b>44,915</b>	<b>183,806</b>	<b>228,721</b>	<b>112,572</b>
<b>Currency exchange losses</b>					
UNDP funds	-	-	-	2	(2)
Programme Support	-	-	-	8	(8)
<b>Sub-total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10</b>	<b>(10)</b>
<b>Total</b>	<b>341,293</b>	<b>44,915</b>	<b>183,806</b>	<b>228,731</b>	<b>112,562</b>
Less: Elimination of programme support cost				(13,629)	
<b>Net total Expenditure</b>				<b>215,102</b>	

**Statement VI**

**United Nations Human Settlements Programme**  
**Technical Cooperation activities**  
**Contributions for the biennium ended 31 December 2013**  
**(United States Dollars)**

Countries/Organisations	2013	2011
<b>Trust fund</b>		
<b>Governments</b>		
Afghanistan	1,909,633	551,009
Algeria	20,000	10,000
Australia	-	8,655,700
Bahrain	20,000	-
Burkina Faso	68,282	30,761
Cape Verde	36,061	-
Cameroon	118,928	10,166
Canada	396,456	3,204,338
Chad	39,952	-
Colombia	7,768	269,705
Comoros	9,973	-
Congo, Dem. Rep.	260,000	10,000
Denmark	805,581	-
Egypt	1,790,728	2,779,161
Finland	-	66,740
Gabon	9,943	-
Gambia	10,000	-
Germany	-	42,449
Ghana	19,950	-
India	2,709,466	-
Iran	1,000,000	491,006
Iraq	841,907	-
Italy	2,606,000	1,239,575
Japan	45,466,109	107,629,420
Kenya	371,254	159,935
Libya	622,581	-
Libyan Arab Jamahiriya	-	1,653,903
Madagascar	29,975	-
Mali	19,652	19,572
Mexico	345,711	241,209
Morocco	461,577	228,523
Namibia	10,000	-
Niger	19,942	-
Nigeria	1,401,949	130,566
Norway	3,869,127	2,264,537
Pakistan	-	3,460,000
Rwanda	-	10,000
South Africa	10,000	10,000
Spain	1,654,114	9,458,167
Sudan	9,899	-
Sweden	6,786,037	4,967,274
Tanzania, United Rep. of	28,217	-
Togo	-	9,970
Turkey	-	100,000
Uganda	-	10,000
United Kingdom	-	2,759,924
United States of America	3,850,135	-
Zambia	-	19,980
Zimbabwe	9,975	9,975
<b>Total Governments</b>	<b>77,646,882</b>	<b>150,503,565</b>

**United Nations Human Settlements Programme**  
**Technical Cooperation activities**  
**Contributions for the biennium ended 31 December 2013**  
**(United States Dollars)**

Countries/Organisations	2013	2011
<b>United Nations and other organizations</b>		
Action Aid	379,112	-
AMVA	167,277	-
APC-Colombia	141,811	-
Arcadis Nederland BV	30,273	-
Asian Development Bank (ADB)	294,790	2,842,573
AusAID	5,987,491	5,615,454
Booyoung	600,000	-
Canadian International Development Agency (CIDA)	-	8,679,334
CARE International UK	-	30,943
CEPA	336,340	-
China Environmental Protection Foundation (CEPF)	56,135	-
Consenjo De Investigacion Y Evaluacion De La Politica Social	54,475	-
Corporacion Andina de Fomento (CAF)	53,347	-
Corporacion Volver a la Gente	-	101,565
COSUDE	948,790	-
Department for International Development (DFID)	3,001,747	14,069,312
DNP	149,660	-
Ecopetrol S.A	660,880	-
European Union	43,952,230	23,477,763
FAO - Liaison Office - NY	49,800	-
FHK	50,000	-
Fiduoccidente	45,388	-
FINANCIERA DE DESARROLLO TERRITORIAL S.A	12,500	-
Findeter	150,000	-
FSADU	193,744	58,364
Fundacao Euclides da CUNHA (FEC)	217,742	63,017
GIZ	309,222	-
Global Green Growth Institute	253,000	-
IBRD/World Bank	1,035,261	1,262,583
ICBF	147,967	-
IFRC - Switzerland	-	35,301
IFRC & RCS - Sri Lanka	-	64,120
International Organization for Migration (IOM)	69,490	-
Irish Aid	-	245,000
Irish Aid	-	-
ISVIMED	324,269	-
JICA	6,781,631	-
KSPKBLSC01.12-JICA	5,227,941	-
Kunshan Housing and Urban Rural Development Bureau	256,000	-
LIFT/UNOPS	-	1,092,012
MDG-F Secretariat	-	1,151,144
MDTF Pakistan	-	375,000
Municipality of Hani i Elezit	-	26,128
Municipio De Tlanepantla	77,580	-
Municipio Gov of Zapopan - Mexico	188,078	-
New Zealand International Aid and Development Agency	-	250,000
OIOS/IAD/UNHCR Audit Section	-	196,254
Plan International	23,710	-
S.D.D.E	1,093,310	-
SFCG/CL	105,975	-

**United Nations Human Settlements Programme**  
**Technical Cooperation activities**  
**Contributions for the biennium ended 31 December 2013**  
**(United States Dollars)**

Countries/Organisations	2013	2011
Swiss Agency for Development and Cooperation (SDC)	831,578	-
The Ford Foundation	105,000	-
Ulaanbaatar City Government	36,749	-
UNDG, Haiti Reconstruction Fund	-	12,780,640
UNDG, Iraq Trust Fund	-	4,119,288
UNESCO Islamabad	10,700	137,715
UNFPA Pakistan	1,503,897	1,020,000
UNISDR	105,000	158,315
United Nations Children's Fund	656,972	1,822,452
United Nations Children's Fund Somalia Country Office - UNICEF (SoCo)	293,726	-
United Nations Development Programme	20,059,986	14,311,810
United Nations General Trust Fund	3,306,566	9,207,989
United Nations High Commission for Refugees (UNHCR)	5,945,811	3,600,726
United Nations Office for Project Services (UNOPS)	363,156	-
United Nations Office for the Coordination of Humanitarian Affairs - (OCHA)	315,554	-
UNOCHA - Somalia (SO)	854,224	23,979
UNOPS - Switzerland	488,750	-
UNTFHS	-	514,263
USAID	26,900,061	29,724,494
WFP	376,965	-
World Health Organization Sudan Office	-	1,356,589
<b>Total United Nations and other organizations</b>	<b>135,581,661</b>	<b>138,414,127</b>
<b>Public Donors</b>		
Al Fayhaa Union of Municipalities	-	40,980
American University of Beirut (AUB)	-	9,973
BASF Aktiengesellschaft	426,019	180,950
City of Munich	-	28,127
Construction Bureau of Jiangyin City	13,841	107,138
Fundacao Vale	-	107,000
IPSC	-	91,853
Japan Habitat Association	-	30,000
Katahira & Engineers International	-	38,384
Miscellaneous Contributions to UN-Habitat	-	1,670
MRRD Afghanistan	5,301,080	894,920
Organization of the Islamic Conference	74,950	75,000
Prefeitura da Cidade do Rio de Janeiro (PCRJ)	4,245,982	2,452,973
Salvation Army (Sri Lanka)	-	740,964
<b>Total Public Donors</b>	<b>10,061,872</b>	<b>4,799,932</b>
<b>Total Trust fund contributions</b>	<b>223,290,415</b>	<b>293,717,624</b>
<b>UNDP funded projects</b>	<b>112,934</b>	<b>-</b>
<b>Total contributions</b>	<b>223,403,349</b>	<b>293,717,624</b>

Statement VI

**United Nations Human Settlements Programme**  
**End of Service and Post Retirement Benefits**  
**Statement of income and expenditure and changes in reserves and fund balances**  
**for the biennium ended 31 December 2013**  
**(Thousands of United States Dollars)**

	Reference	After Service Health Insurance	Annual Leave	Repatriation Benefits	Total	
					2013	2011
Non-budgeted accrued expenses		(366)	(433)	206	(593)	(9,368)
Net excess/ (shortfall) of income over expenditure		(366)	433))	206	(593)	(9,368)
Fund balances, beginning of biennium		(17,439)	(1,868)	(206)	(19,513)	(10,145)
Fund balances, end of biennium		(17,805)	(2,301)	-	(20,106)	(19,513)
Reserves, beginning of biennium		-	-	-	-	2
Transfers to reserves		-	-	501	501	(2)
Reserves, end of biennium		-	-	501	501	-
Total reserves and fund balances		(17,805)	(2,301)	501	(19,605)	(19,513)

**Statement of assets, liabilities, reserves and fund balances as at 31 December 2013**

**(Thousands of United States Dollars)**

**Assets**

Interfund balances	Note 7	-	-	5,082	5,082	3,779
Total assets		-	-	5,082	5,082	3,779

**Liabilities**

End-of-service and post retirement benefits	Note 13	17,805	2,301	4,581	24,687	23,292
Total liabilities		17,805	2,301	4,581	24,687	23,292

**Reserves and fund balances**

Reserves		-	-	501	501	-
Fund Balance	Notes 2(r) & 14	(17,805)	(2,301)	-	(20,106)	(19,513)
Total reserves and fund balances	Note 13	(17,805)	(2,301)	501	((19,605)	(19,513)
Total liabilities, reserves and fund balances		-	-	5,082	5,082	3,779



## NOTES TO THE FINANCIAL STATEMENTS

### Note 1. The United Nations Human Settlements Programme and its objectives

- (a) On 16 December 1974, the General Assembly adopted resolution 3327 (XXIX), by which it created the United Nations HABITAT and Human Settlements Foundation.
- (b) On 19 December 1977, the General Assembly adopted resolution 32/162, by which it established a secretariat (the United Nations Centre for Human Settlements (HABITAT)) and a Commission on Human Settlements.
- (c) On 21 December 2001, the General Assembly adopted resolution 56/206, by which, with effect from 1 January 2002, it transformed the United Nations Centre for Human Settlements, including the United Nations HABITAT and Human Settlements Foundation, into the United Nations Human Settlements Programme and the Commission on Human Settlements into the Governing Council of the United Nations Human Settlements Programme. By the same resolution, the General Assembly confirmed that the Executive Director of the United Nations Human Settlements Programme shall be responsible for the management of the United Nations HABITAT and Human Settlements Foundation.
- (d) The main objectives of the Programme are:
  - (i) To improve the shelter conditions of the world's poor and to ensure sustainable human settlements development;
  - (ii) To monitor and assess progress towards the attainment of the Habitat Agenda goals and the targets of the Millennium Declaration and the Johannesburg plan of implementation on slums, safe drinking water and sanitation;
  - (iii) To strengthen the formulation and implementation of urban and housing policies, strategies and programmes and to develop related capacities, primarily at the national and local levels;
  - (iv) To facilitate the mobilization of investments from international and domestic sources in support of adequate shelter, related infrastructure development programmes and housing finance institutions and mechanisms, particularly in developing countries and in countries with economies in transition.

### Note 2. Summary of significant accounting and financial reporting policies of the United Nations

- (a) The accounts of the UN-HABITAT are maintained in accordance with the Financial Regulations and Rules of the United Nations as adopted by the General Assembly, the Rules formulated by the Secretary General as required under the Regulations, administrative instructions issued by the Under-Secretary General for Management or the Controller, including the special annex of the Financial Rules of the United Nations Human Settlements Programme and specific decisions of the Governing Council. They also take fully into account the United Nations System Accounting Standards, as adopted by the Administrative Committee on Coordination (ACC). The ACC has since been replaced by the Chief Executives Board on Coordination (CEB). The Organization follows International Accounting Standard 1 – Presentation of Financial Statements, on the disclosure of accounting policies, as modified and adopted by the CEB as stated below:
  - i) Going concern, consistency, and accrual are fundamental accounting assumptions. Where fundamental accounting assumptions are followed in financial statements, disclosure of such assumptions is not required. If a fundamental accounting assumption is not followed, that fact should be disclosed together with the reasons;
  - ii) Prudence, substance over form, and materiality should govern the selection and application of accounting policies;
  - iii) Financial statements should include clear and concise disclosure of all significant accounting policies which have been used;
  - iv) The disclosure of the significant accounting policies used should be an integral part of the financial statements. These policies should normally be disclosed in one place;
  - v) Financial statements should show comparative figures for the corresponding period of the preceding financial period;
  - vi) A change in an accounting policy that has a material effect in the current period or may have a material effect in subsequent periods should be disclosed together with the reasons. The effect of the change should, if material be disclosed and quantified.

## United Nations Human Settlements Programme

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- (b) The Organization's accounts are maintained on a "fund accounting" basis. Each fund is maintained as a distinct financial and accounting entity with a separate self-balancing, double-entry group of accounts. Separate financial statements are prepared for each fund or for a group of funds of the same nature.
- (c) The financial period of the Organization is a biennium and consists of two consecutive calendar years for all funds.
- (d) Generally, income, expenditure, assets, and liabilities are recognized on the accrual basis of accounting. For voluntary contribution income, the policy in paragraph (k) (i) below applies.
- (e) The accounts of the Organization are presented in United States Dollars. Accounts maintained in other currencies are translated into United States Dollars at the time of the transactions, at rates of exchange established by the United Nations. In respect of such currencies, the financial statements shall reflect the cash, investments, unpaid pledges, and current accounts receivable and payable in currencies other than the United States Dollars, translated at the applicable United Nations rates of exchange in effect as at the date of the statements. In the event that the application of actual exchange rates at the date of the statements would provide a valuation materially different from the application of the Organization's rates of exchange for the last month of the financial period, a footnote will be presented quantifying the difference.
- (f) The Organization's financial statements are prepared on the historical cost basis of accounting, and are not adjusted to reflect the effects of changing prices for goods and services.
- (g) The Cash Flow Summary statement is based on the "Indirect Method" of cash flow as referred to in the United Nations System Accounting Standards.
- (h) The Organization's financial statements are prepared in accordance with the ongoing recommendations of the Working Party on Accounting Standards to the CEB.
- (i) The results of the Organization's operations presented in Statements I, II and III are combined by type of fund after the elimination of all instances of double counting of income and expenditure. Their presentation on a combined basis does not imply that the various separate funds can be intermingled in any way, since, normally, resources may not be utilized between funds.
- (j) Under resolution 32/162 of 19 December 1977, the regular budget of the United Nations meets part of the costs of the secretariat of the United Nations Human Settlements Programme. Details of the expenditure may be found in the financial report and audited financial statements of the United Nations. However for transparency, the status of the current period allocations from regular budget given to the United Nations Human Settlements Programme are included on Statement I and related assets and liabilities, if any, on Statement II.
- (k) Income:
  - i) Voluntary contributions from Member States or other donors are recorded as income on the basis of a written commitment to pay monetary contributions at specified times within the current financial period. Pledged contributions that remain outstanding for more than three years are reviewed and written off during the financial period when they would have been four years old. Outstanding pledges can only be carried in the UN-Habitat's books for more than four years upon a written commitment from the concerned donor to settle them within a defined time frame. Voluntary contributions made in the form of services and supplies that are acceptable to the Secretary-General are credited to income or noted in the financial statements;
  - ii) Income received under inter-organizational arrangements represents allocations of funding from agencies to enable the Organization to administer projects or other programmes on their behalf;
  - iii) Allocations from other funds represent monies appropriated or designated from one fund for the transfer to and disbursement from another fund;
  - iv) Income for services rendered includes reimbursements for salaries of staff members and other costs which are attributable to providing technical and administrative support to other organizations;
  - v) Interest income includes all interest earned on loans, deposits in bank accounts, investment income earned on marketable securities and other negotiable instruments and investment income earned in the Cash pools. All gains/losses on investments and foreign exchange differences relating to the cash pools are offset against investment income. Investment income and costs associated with operation of investments in the Cash pools are allocated to the participating funds;

## United Nations Human Settlements Programme

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- vi) Miscellaneous income includes sale of used or surplus property, refunds of expenditure charged to prior periods, income from net gains resulting from currency translations, settlements of insurance claims, monies accepted for which no purpose was specified, and other sundry income;
  - vii) Income relating to future financial periods is not recognized in the current financial period and is recorded as payments or contributions received in advance as referred to in item (n) (iii);
  - viii) Savings from the liquidation of prior periods' obligations relating to programme costs are credited directly to the fund balances. Savings relating to project costs are credited to the project.
- (l) Expenditure:
- i) Expenditure is incurred against authorized allotments. Total expenditure reported includes unliquidated obligations and disbursements. Expenditures also include currency exchange adjustments arising from revaluation of current-period obligations;
  - ii) Expenditure incurred for non-expendable property is charged to the budget of the period when acquired and is not capitalized. Inventory of such non-expendable property is maintained at historical cost;
  - iii) Expenditure for future financial periods is not charged to the current financial period and is recorded as deferred charges as referred to in item m (iv) and (vi) below.
- (m) Assets:
- i) Cash and term deposits represent funds held in demand deposit accounts and interest bearing bank deposits;
  - ii) Investments include marketable securities and other negotiable instruments acquired by the Organization to produce income. Short-term investments are stated at market value; long-term investments are stated at market value. (See also note 6);
  - iii) Cash pools comprise participating funds' share of cash and term deposits, short-term and long-term investments and accrual of investment income, all of which are managed in these pools. The investments in the Cash pools are similar in nature and are accounted for as stated in item (m) (ii) above. Share in the Cash pools is reported separately in each of the participating funds' statement and its composition and the market value of its investments are disclosed in Note 6;
  - iv) Deferred charges comprise expenditure items that are not properly chargeable to the current financial period. They will be charged as expenditure in a subsequent period. These expenditure items include commitments approved by the Controller for future financial periods in accordance with Financial Rule 106.7. Such commitments are restricted to administrative requirements of a continuing nature and to contracts or legal obligations where long lead-times are required for delivery;
  - v) Interfund balances reflect transactions between funds, and are included in the amounts due to and from the Technical Cooperation Funds, Trust Funds, other Special Accounts, the United Nations General Fund and other United Nations Funds which are normally settled periodically dependent upon availability of cash resources;
  - vi) For the purpose of the balance sheet statements only, those portions of education grant advances that are assumed to pertain to the scholastic years completed as at the date of the financial statement are shown as deferred charges. The full amounts of the advances are maintained as accounts receivable from staff members until the required proofs of entitlement are produced, at which time the budgetary accounts are charged, and the advances settled;
  - vii) Maintenance and repairs of capital assets are charged against the appropriate budgetary accounts. Furniture, equipment, other non-expendable property, and leasehold improvements are not included in the assets of the organization. Such acquisitions are charged against budgetary accounts in the biennium of purchase. The value of non-expendable property is disclosed in note 15 to the financial statements.
  - viii) Loan and interest receivable represents the outstanding amount of loans including accrued interest.

- (n) Liabilities and reserves and fund balances:
- i) Operating and other types of reserves are included in the “Reserves and fund balances” shown in the financial statements;
  - ii) Unliquidated obligations for future years are reported as deferred charges and as other liabilities;
  - iii) Deferred income includes pledged contributions for future periods, payments and contributions received in advance, and other income received but not yet earned;
  - iv) Commitments of the Organization relating to prior and current financial periods are shown as unliquidated obligations, while those for future financial periods are shown under other liabilities. Current period obligations related to trust funds remain valid for 12 months following the end of the year to which they relate. Obligations for most technical cooperation activities remain valid for 12 months after the end of each calendar year. Unliquidated obligations to funds of a multi-year nature remain valid until the completion of the project;
  - v) Contingent liabilities, if any, are disclosed in the notes to the financial statements;
  - vi) Accrued liabilities for end-of-service and post-retirement benefits comprise after-service health insurance (ASHI), unused annual leave and repatriation benefits. These are determined on an actuarial basis.
- (o) Financial reserve: As stated in rule 304.3.2 (b) of the Financial Rules of the Foundation, the purpose of the financial reserve is to guarantee the financial liquidity and integrity of the Foundation, to compensate for uneven cash flows, and to meet such other similar requirements as may be decided upon by the Governing Council.
- (p) Operating reserve: With regard to the Programme support costs account, and as stated in Administrative Instruction ST/AI/286, an operating reserve of 20% of the estimated annual programme support income is required to be held in a separate account at all times. This reserve is to protect against unforeseen shortfalls in delivery, inflation and currency adjustments or to liquidate legal obligations in case of abrupt terminations of activities financed from extrabudgetary resources. With regard to trust funds, and as stated in Administrative Instruction ST/AI/284, an operating cash reserve at a constant level of 15% of estimated annual planned expenditure will be maintained during the implementation of trust fund activities to cover shortfalls and will be utilized to meet the final expenditure under the trust fund, including any liquidating liabilities.
- (q) Loan fund reserve: as stated in rules 304.3.2 (e) of the financial rules of the Foundation, the purpose of the loan fund reserve is to provide and maintain security to those borrowings incurred by the Foundation and to maintain a sound cash flow situation in the Foundation Loan Fund account.
- (r) Earmarked fund balance: Funds designated for specified project activities are not available for the non-earmarked project and programme expenditure of the Foundation.
- (s) A provision to meet contingent liabilities for compensation payments under Appendix D to the Staff Rules of the United Nations for the personnel financed from trust funds and the Foundation has been made and is calculated on the basis of 1 per cent of net base salary.
- (t) Technical cooperation activities:
- i) The technical cooperation financial statements report on activities financed by voluntary contributions and funds received under inter-organizational arrangements from UNDP and other sources;
  - ii) Voluntary contributions from Member States or other donors for technical cooperation activities are recorded as income upon receipt of cash, including amounts received pending the identification of specific projects;
  - iii) The allocation of funds received under inter-organizational arrangements from UNDP is determined by taking into account interest and other miscellaneous income against total expenditure;
  - iv) Interest and miscellaneous income for technical cooperation trust funds are credited to the trust funds concerned;
  - v) Unliquidated obligations for the current period in respect to all technical cooperation activities remain valid for twelve months following the end of the calendar year, rather than the year, to which they relate. However in accordance with UNDP reporting requirements, executing agencies

## United Nations Human Settlements Programme

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may retain unliquidated obligations beyond 12 months when a firm liability to pay still exists. Savings from liquidation or cancellation of prior period obligations are credited to individual projects as a reduction of the current period expenditure in accordance with the UNDP reporting requirements;

- vi) Distribution of interest income for trust funds is calculated at year end using the percentage participation of each fund based on the monthly average fund balance.

### (u) Employee benefits:

- i) The United Nations Human Settlements Programme recognizes the following categories of employee benefits:
  - Short-term employee benefits due to be settled within twelve months after the end of the accounting period in which employees render the related service;
  - Post-employment benefits;
  - Other long-term employee benefits; and
  - Termination benefits.
- ii) The United Nations Human Settlements Programme is a member organization participating in the United Nations Joint Staff Pension Fund (UNJSPF), which was established by the United Nations General Assembly to provide retirement, death, disability and related benefits to employees. The Pension Fund is a funded, multi-employer defined benefit plan. As specified by Article 3(b) of the Regulations of the Fund, membership in the Fund shall be open to the specialized agencies and to any other international, intergovernmental organization which participates in the common system of salaries, allowances and other conditions of service of the United Nations and the specialized agencies.
- iii) The plan exposes participating organizations to actuarial risks associated with the current and former employees of other organizations participating in the Fund, with the result that there is no consistent and reliable basis for allocating the obligation, plan assets, and costs to individual organizations participating in the plan. The United Nations Human Settlements Programme and the UNJSPF, in line with the other participating organizations in the Fund, are not in a position to identify The United Nations Human Settlements Programme's proportionate share of the defined benefit obligation, the plan assets and the costs associated with the plan with sufficient reliability for accounting purposes. Hence The United Nations Human Settlements Programme has treated this plan as if it were a defined contribution plan in line with the requirements of IPSAS 25. The United Nations Human Settlements Programme's contributions to the plan during the financial period are recognized as expenses in the statement of financial performance.

### (v) The change from UNSAS to IPSAS

- i) The United Nations is transitioning from the use of UNSAS to International Public Sector Accounting Standards (IPSAS) which will guide presentation of the financial statements of the United Nations, including those of the United Nations Human Settlements Programme, commencing from the 2014 financial year. Hence the present financial statements are the last statements that will be prepared based on UNSAS.
- ii) IPSAS are based on full accrual accounting, which means that all assets and liabilities are presented on the face of the financial statements and expenses and revenues are recognized when incurred/earned, irrespective of the cash flows. IPSAS also requires significantly more note disclosures in the financial statements.
- iii) Under UNSAS financial accounting and budgetary accounting are aligned. With the adoption of IPSAS, the financial statements will be presented on the full accrual basis, whereas budgetary expenditure will continue to be recorded on a modified cash basis. There will be a reconciliation between budget implementation and the financial statements which will be presented in the notes to the financial statements.
- iv) IPSAS requires annual financial statements; commencing from the 2014 financial year, IPSAS-compliant financial statements will be prepared and audited annually.

United Nations Human Settlements Programme

**Note 3. Miscellaneous income (Thousands of United States Dollars)**

	Foundation activities	Technical Cooperation activities	All funds eliminations	Total	
				2013	2011
Gain on currency exchange transactions	1,006	821	-	1,827	115
Unspecified contributions	41	-	-	41	33
Refunds of expenditure charged to prior periods	2	-	-	2	-
Carbon emissions offsets	89	-	(89)	-	-
Other sundry income	101	51	-	152	19
<b>Total</b>	<b>1,239</b>	<b>872</b>	<b>(89)</b>	<b>2,022</b>	<b>167</b>

**Note 4. Prior period adjustments (Thousands of United States Dollars)**

	Foundation activities	Technical Cooperation activities	Total	
			2013	2011
Adjustments to prior period expenditure	(344)	(211)	(555)	(52)
Adjustments to prior period pledges	196	(592)	(396)	(800)
Write-offs	(23)	(4)	(27)	(36)
<b>Total</b>	<b>(171)</b>	<b>(807)</b>	<b>(978)</b>	<b>(888)</b>

**Note 5. Refunds to member states and other donors (Thousands of United States Dollars)**

	Foundation activities	Technical Cooperation activities	Total	
			2013	2011
BASF AG	-	(31)	(31)	-
Common Fund for Commodities (CFC)	(28)	-	(28)	-
Department for International Development (DFID)	-	-	-	(161)
Fundacao Euclides da CUNHA (FEC)	-	(3)	(3)	-
Government of Belgium	-	-	-	(11)
Government of Finland	(125)	-	(125)	-
Government of Iraq	-	-	-	(140)
Government of Netherlands	-	-	-	(21)
Government of Sweden	-	(1,034)	(1,034)	-
IBRD/World Bank IFC HQ (Washington)	(122)	-	(122)	(50)
KOICA, Pakistan	-	(59)	(59)	-
Swedish International Development Cooperation Agency SIDA	(283)	(9)	(292)	(270)
Swedish National Police Board	-	-	-	(21)
UNDG, Iraq Trust Fund, BRSP/UNDP	-	-	-	(1,015)
UNDP Head Quarters	-	-	-	(56)
UNDP Multi Donor Trust Fund Office	-	(2)	(2)	-
UNDP Res Rep Maldives	-	-	-	(63)
UNESCO Islamabad	-	-	-	(20)
UNICEF - Pakistan	-	(1)	(1)	-
UNISDR	-	-	-	(2)
United Nations Economic Commission for Africa (UNECA)	-	-	-	(19)
United Nations General Trust Fund	(3)	(112)	(115)	(40)
United Nations High Commission for Refugees (UNHCR)	-	-	-	(278)
<b>Total</b>	<b>(561)</b>	<b>(1,251)</b>	<b>(1,812)</b>	<b>(2,167)</b>

United Nations Human Settlements Programme

**Note 6. Convertible and non-convertible cash and term deposits and Cash pools  
as at 31 December 2013 (Thousands of United States dollars)**

	Reference	Cash pools (a)	Cash and term deposits
<b>Foundation activities</b>			
United States dollars denominated		73,072	4,775
Euro denominated (d)		12,096	
Indian Rupees denominated (c)		-	92
<b>Total</b>	<b>Statement V</b>	<b>85,168</b>	<b>4,867</b>
Represented by:			
Cash and term deposits US\$ denominated		15,273	4,775
Cash and term deposits Euro denominated		4,638	
Cash and term deposits Indian Rupees denominated		-	92
Short term investments at market value (b)		32,761	-
Long term investments at market value(b)		32,321	-
Accrued interest receivable		175	-
<b>Total</b>		<b>85,168</b>	<b>4,867</b>
<b>Technical Cooperation activities</b>			
United States dollars denominated	Statement VII	111,761	5,201
Represented by:			
Cash and term deposits		23,358	5,201
Short term investments at market value(b)		44,540	-
Long term investments at market value(b)		43,710	-
Accrued interest receivable		153	-
<b>Total</b>		<b>111,761</b>	<b>5,201</b>
<b>Total Foundation and Technical Cooperation activities</b>	<b>Statement II</b>	<b>196,929</b>	<b>10,068</b>

- (a) Investments are placed in the Headquarters joint investment pools. Treasury, United Nations Secretariat, is solely responsible for the investment policy and participating offices are only responsible for their own cash flow/liquidity planning. Treasury invests in different securities, with varying due dates and interest rates. Hence, it is not practical to indicate due dates and interest rates against the investment pools. See note 21 for more information.
- (b) Effective 31 December 2013 Investments are valued at market value.
- (c) The exchange rate used to determine the United States dollar equivalent was 1 US\$ =61.85 Indian Rupees. In local currency amount, Indian Rupees were 5,680(US\$ thousands) at 31 December 2013.
- (d) The Euro cash pool comprises (US\$ thousands) cash and term deposits of €3,362, short-term investments of €2,639, long-term investments of €2,713, and accrued interest receivable of €54. The UN operational exchange rate as at 31 December 2013 was 1 US\$ = 0.725 Euro.

United Nations Human Settlements Programme

**Note 7. Interfund balances (Thousands of United States Dollars)**

	Foundation activities	Technical Cooperation activities	End of Service and Post-Retirement Benefits	Total	
				2013	2011
Interfund balances receivable	1,508	10,567	5,082	17,157	18,401
Interfund balances payable	(6,485)	(11,749)	-	(18,234)	(19,892)
Net interfund receivable/(payable)	(4,977)	(1,182)	5,082	(1,077)	(1,491)
The net interfund payable is due to UNON				(1,077)	(1,491)
Net interfund payable				(1,077)	(1,491)

The interfund accounts reflect transactions between the Foundation and Technical Cooperation activities, United Nations General Fund and other funds which are settled periodically.

**Note 8. Accounts receivable (Thousands of United States Dollars)**

	Foundation activities	Technical Cooperation activities	Regular Budget	Total	
				2013	2011
Staff members	731	250	-	981	775
UN agencies/entities	6,230	4,929	410	11,569	5,875
Vendors	60	51	-	111	42
Governments	113	138	-	251	207
Others	56	28	-	84	116
Total	7,190	5,396	410	12,996	7,015
Ageing:					
Less than six months	3,861	3,190	410	7,461	6,573
Six months to one year	1,134	1,251	-	2,385	59
More than one year	2,141	464	-	2,605	113
More than two years	54	491	-	545	270
Total	7,190	5,396	410	12,996	7,015

**Note 9. Balances relating to projects funded by donors (Thousands of United States Dollars)**

The amount of 8,918 shown on Statement II as "Balances relating to projects funded by donors" represents the amount receivable from UNDP, in accordance with existing arrangements, of which 686 is related to unliquidated obligations.

**Note 10. Other assets (Thousands of United States Dollars)**

Other assets	Foundation activities	Technical Cooperation activities	Total	
			2013	2011
Deferred charges – Future year obligations	5,670	14,399	20,069	1,310
Deferred charges - Education grant advances	250	69	319	328
Other	189	794	983	17
Prepayments	3	36	39	-
Total	6,112	15,298	21,410	1,655
Other liabilities	Foundation activities	Technical Cooperation activities	Total	
Reinstated obligations on outstanding payments above threshold	-	-	-	1,624
Future year obligations	5,670	14,399	20,069	1,310
Total	5,670	14,399	20,069	2,934



United Nations Human Settlements Programme

**Note 11. Unliquidated obligations (Thousands of United States Dollars)**

	Foundation activities	Technical Cooperation activities	Regular Budget	Total	
				2013	2011
Prior periods	1,273	1,036	-	2,309	9,158
Current period	18,047	22,675	410	41,132	75,684
<b>Total</b>	<b>19,320</b>	<b>23,711</b>	<b>410</b>	<b>43,441</b>	<b>84,842</b>

**Note 12. Accounts payable (Thousands of United States Dollars)**

	Foundation activities	Technical Cooperation activities	Total	
			2013	2011
Staff members	109	68	177	568
UN agencies/entities	1,350	1,188	2,538	2,612
Vendors	198	2,036	2,234	112
Governments	201	-	201	312
Others	328	116	444	315
<b>Total</b>	<b>2,186</b>	<b>3,408</b>	<b>5,594</b>	<b>3,919</b>

**Note 13. End-of-service and post-retirement benefits (Thousands of United States Dollars)**

	Total	
	2013	2011
After Service Health Insurance	17,805	17,439
Annual Leave	2,301	1,868
Repatriation Benefits	4,581	3,985
<b>Total</b>	<b>24,687</b>	<b>23,292</b>
Less: provision already made	(5,082)	(3,779)
<b>Net liability not funded</b>	<b>19,605</b>	<b>19,513</b>

(a) End-of-service and post-retirement benefits comprise after-service health insurance (ASHI) coverage, annual leave, and repatriation benefits. As disclosed in Note 2 (n) (vi), all three liabilities are determined on the basis of an actuarial valuation. A valuation was carried out as at 31 December 2013 and the next is planned for as at 31 December 2015.

(b) After-service health insurance (ASHI)

- i) Upon end-of-service, staff members and their dependents may elect to participate in a defined benefit health insurance plan of the United Nations, provided they have met certain eligibility requirements, including ten years of participation in a United Nations health plan for those who were recruited after 1 July 2007, and five years for those who were recruited prior to this date. This benefit is referred to as ASHI.
- ii) The major assumptions used by the actuary to determine the liabilities for ASHI as at 31 December 2013 were a discount rate of 5.06%, current and future years rate of inflation of 2.5%; health care escalation rates of 7.3% and 6.3% in 2013 for USA Non-Medicare and USA Medicare plans respectively grading down to 4.5% in ten years; 5.0% in 2013 grading to 4.5% in ten years for Dentals for USA Medical plans, 5.0% flat rate for Non-USA Medical; and retirement, withdrawal and mortality assumptions consistent with those used by the United Nations Joint Pension Fund (UNJSPF) in making its own actuarial valuation.
- iii) Contribution from retirees and a portion of the contributions from active staff are deducted from the gross liability in order to arrive at the Organization's residual liability in accordance with cost sharing ratios authorized by the General Assembly. These ratios require that the Organization's share shall not exceed one-half for non-USA health plans, two-thirds for USA health plans, and three-quarters for the Medical Insurance Plan. This refinement in determination of plan participant contributions is reflective of the fact that both active and retired staff participate in the same

## United Nations Human Settlements Programme

health insurance plans and that their collective contributions serve to meet the approved cost sharing ratios.

- iv) On the basis of the assumptions outlined in (ii) and (iii) above, the present value of the estimated accrued liability as at 31 December 2013 was estimated at US\$17,805 and US\$17,439 for as at 31 December 2011.
- v) Further to the assumptions in (b) (ii) above, it is estimated that the present value of the liability would decrease by 19.5% or increase by 25.7% if discount rate is increased or decreased by 1.0% respectively, with all other assumptions held constant. Similarly, it is estimated that the accrued liability would increase by 23.7% and decrease by 18.2% if health care trend rates increased or decreased by 1.0% respectively.

### (c) Annual leave

- i) Upon end-of-service, staff members may commute unused leave days up to a maximum of sixty working days for those holding a fixed term or continuing appointments. This benefit is referred to as annual leave benefits.
- ii) The major assumptions used by the actuary were a discount rate of 4.29%; annual salary increases based UNJSPF ranging from 9.1% to 4.0% based on age and category of staff members; and an annual rate of increase in accumulated annual leave balances of 9.1 days for 1 to 3 years of service, 5.1 days for 4-6 years of service and 0.7 days for 7 and later years of service.
- iii) On the basis of these assumptions, the present value of the accrued liability for annual leave as at 31 December 2013 was estimated at US\$2,301 and US\$1,868 for as at 31 December 2011.

### (d) Repatriation benefits

- i) Upon end-of-service, staff who meet certain eligibility requirements, including residency outside their country of nationality at the time of separation, are entitled to a repatriation grant which is based upon length of service, and travel and removal expenses. These benefits are collectively referred to as repatriation benefits.
- ii) The major assumptions used by the actuary were a discount rate of 4.21%; annual salary increases ranging from 9.1% to 4.0% based on age and category of staff members, and travel cost increases of 2.5% per annum.
- iii) On the basis of these assumptions, the present value of the accrued liability for repatriation benefits as at 31 December 2013 was estimated at US\$4,581 and US\$3,985 for as at 31 December 2011.

### Note 14. Reserves and fund balances (Thousands of United States Dollars)

	Foundation activities	Technical Cooperation activities	End of Service and Post-Retirement Benefits	Total	
				2013	2011
Financial reserve	6,619	-	-	6,619	6,619
Loan fund reserve	550	-	-	550	550
Operating reserve	4,726	13,320	-	18,046	18,046
Other reserves <sup>1</sup>	-	-	501	501	-
<b>Total reserves</b>	<b>11,895</b>	<b>13,320</b>	<b>501</b>	<b>25,716</b>	<b>25,215</b>
Loan fund balance	2,654	-	-	2,654	2,642
Earmarked fund balance	43,276	84,287	-	127,563	85,678
Cumulative surplus/(deficit)	14,745	6,267	(20,106)	906	13,716
<b>Total fund balances</b>	<b>60,675</b>	<b>90,554</b>	<b>(20,106)</b>	<b>131,123</b>	<b>102,036</b>
<b>Total reserves and fund balances</b>	<b>72,570</b>	<b>103,874</b>	<b>(19,605)</b>	<b>156,839</b>	<b>127,251</b>

<sup>1</sup> This represents excess accruing of the repatriation benefits through payroll over the liability as per the actuarial valuation.

United Nations Human Settlements Programme

**Note 15. Non-expendable property (Thousands of United States Dollars)**

In accordance with United Nations accounting policies, non-expendable property is not included in the fixed assets of the Organization but is charged against current appropriations when acquired.

	Total	
	2013	2011
Headquarters		
Computer equipment	1,536	1,594
Office equipment	12	12
Radio and telecommunication equipment	61	55
Audio visual/photographic equipment	94	97
Transportation equipment	223	201
Furniture	552	568
Document and reproduction equipment	9	13
Medical equipment	17	17
Total Headquarters	<u>2,504</u>	<u>2,557</u>
Regional and out posted offices	561	571
Projects	11,306	11,471
Total OAHs	<u>11,867</u>	<u>12,042</u>
Total	<u>14,371</u>	<u>14,599</u>
<b>Summary</b>		
Opening balance	14,599	9,595
Acquisitions	2,322	3,248
Disposals:		
Write-offs	(381)	(30)
Sales	(187)	(13)
Donations	(3,433)	(83)
Transfers to other offices/missions	(266)	(2)
Prior period adjustments <sup>2</sup>	1,717	1,884
Closing balance	<u>14,371</u>	<u>14,599</u>

**Note 16: Status of the Regular Budget funds allocations (exclusive of staff assessments) as at 31 December 2013 (Thousands of United States Dollars)**

	Allocation	Unliquidated Obligations	Disbursements	Total Expenditure	
				2013	2011
<b>United Nations General Fund</b>					
Staff and other personnel costs	21,206	43	21,137	21,180	21,387
Operating expenses	2,192	141	1,771	1,912	2,099
Sub-total	<u>23,398</u>	<u>184</u>	<u>22,908</u>	<u>23,092</u>	<u>23,486</u>
<b>Special Account for Supplementary Development Activities</b>					
Staff and other personnel costs	90	-	83	83	22
Contractual services	694	79	256	335	551
Travel	171	19	90	109	106
Operating expenses	36	-	25	25	22
Fellowships, grants and contributions	861	128	420	548	
Sub-total	<u>1,852</u>	<u>226</u>	<u>874</u>	<u>1,100</u>	<u>1,191</u>
<b>Total</b>	<u>25,250</u>	<u>410</u>	<u>23,782</u>	<u>24,192</u>	<u>24,677</u>

<sup>2</sup> This represents adjustments to the inventory in the database for the prior period to reflect actual physical count as at 31 December 2013.

## United Nations Human Settlements Programme

### **Note 17: Experimental Reimbursable Seeding Operations Trust Fund (Thousands of United States dollars)**

- (i) An amount of US\$2,750 has been allocated for reimbursable seeding operations under the Loan Fund account.
- (ii) A Loan Fund Reserve has been established at the level of 20% of disbursed reimbursable seeding operations under the Loan Fund account to provide and maintain security to those borrowings incurred by the Foundation and to maintain a sound cash flow situation in the Foundation Loan Fund.
- (iii) Interest income from loan operations is recognized as income in the year when earned.
- (iv) The following is a summary of the loan account.

	2013	2011
Interest income - loans <sup>3</sup>	67	75
Interest income – other	12	22
<b>Total interest income</b>	<b>79</b>	<b>97</b>
Loan and interest receivable	1,778	2,251
<b>Loan Fund balance</b>	<b>2,654</b>	<b>2,642</b>

- (v) As at 31 December 2013, five loans had been disbursed. The maturity dates of the loans receivable is as follows:

	2013	2011
5 years or less	484	796
Greater than 5 years up to 10 years	240	340
Greater than 10 years	1,049	1,108
<b>Subtotal</b>	<b>1,773</b>	<b>2,244</b>
Add: Accrued interest	5	7
<b>Loan and interest receivable</b>	<b>1,778</b>	<b>2,251</b>

- (v) These loans bear interest at a weighted average rate of 4.2%.

### **Note 18: Contingent liabilities:**

As at 31 December 2013, UN-Habitat had two staff related potential cases of contingent liabilities. Management has determined that one meets the criteria for disclosure as contingent liabilities. The estimated liability for is US\$ (thousands) 15.

### **Note 19: Contributions in kind (Thousands United States Dollars)**

During the biennium ended 31 December 2013, United Nations Human Settlements Programme received voluntary contributions in kind for various goods and services from governments and other organizations. The estimated fair value of these contributions was 3,668. These comprise the following:

Category	US\$(Thousands)
Office Furniture & Equipment	99
Leases	2,596
Gratis Personnel	875
Vehicles and Cycles	98
<b>Total</b>	<b>3,668</b>

<sup>3</sup> Includes accrued interest

**Note 20: Cash pools**

(a) Background:

- i) The United Nations Treasury centrally invests surplus funds on behalf of the United Nations Secretariat, including the United Nations Human Settlements Programme ("UN-Habitat"). Such surplus funds are combined in two internally managed cash pools, which invest in major segments of the money and fixed income markets. Pooling the funds has a positive effect on overall investment performance and risk, because of economies of scale, and by the ability to spread yield curve exposures across a range of maturities;
- ii) Investment activities of all the cash pools are guided by the principles contained in the Investment Management Guidelines ("Guidelines"). An Investment Committee periodically assesses compliance with the Guidelines and makes recommendations for updates thereto, and also reviews performance of the various Cash pools.

(b) Investment management objectives:

Further to the Guidelines, investment objectives of all the cash pools, in order of priority, are the following:

- i) Safety: ensure the preservation of capital;
- ii) Liquidity: ensure sufficient liquidity to enable the United Nations and participating entities to readily meet all operating requirements. Only assets which have a readily available market value and can be easily converted to cash are held;
- iii) Return on Investment: attain a competitive market rate of return taking into account investment risk constraints, and the cash flow characteristics of the pools. Benchmarks determine whether satisfactory market returns are being achieved in the cash pools.

(c) Cash pools:

- i) The UNHQ Treasury manages investments in two cash pools – the Main Cash pool and Euro Cash Pool:
  - (1) Effective 1 July 2013, the United Nations Headquarters (UNHQ) and the United Nations Office Away from Headquarters (UNOAH) cash pools were combined to form the Main Cash Pool. The Main Cash Pool now comprises operational bank account balances and investments in United States dollars.
  - (2) The Euro Cash Pool comprises investments in Euro currency; the pool participants are mostly OAHs who may have surplus of Euros from their operations.
- ii) The cash pools invest in a variety of securities. Such securities may include, but are not restricted to, bank deposits, commercial paper, supranational securities, government agency securities and government securities with maturities of 5 years or less. The Cash pools do not invest in derivative instruments, asset-backed, mortgage-backed or equity products;
- iii) Investment transactions are now accounted for on a trade date basis, reflecting a change from settlement date to trade date. The 2011 figures have not been restated as the impact of the change in valuation has been deemed to be immaterial. Investment income is recognized on the accrual basis; transaction costs that are directly attributable to the investment activity of the cash pools are expensed as incurred in the cash pools and the net income is distributed proportionately to the funds participating in the cash pools. The unrealized market gains/losses on securities and foreign exchange gains/losses are distributed proportionately to all participants based on their end of year balances;
- iv) Gains and losses on the sale of investments are calculated as the difference between the sales proceeds and book value and are reflected in the net income distributed to the cash pool participants;
- v) As at 31 December 2013, investments have been recorded at fair value. The 31 December 2011 comparative figures represent the book value of investments. The 2011 figures have not been restated as the impact of the change in valuation has been deemed to be immaterial.

(d) Financial information pertaining to the cash pools:

- i) As at 31 December 2013, the cash pools held total assets of US\$9,640.8 million; of this amount US\$196.9 million was due to UN-Habitat as reflected against the cash pool line in Statement II – Statement of assets, liabilities and reserves and fund balances;

## United Nations Human Settlements Programme

ii) Financial information of the cash pools as at 31 December 2013 is summarized in table 1.

**Table 1**

(Thousands of United States dollars)

	Main Pool	Euro Pool	Total
<b>Assets</b>			
Short-term investments a/	5,687,907	27,730	5,715,637
Long-term investments a/	3,734,459	28,508	3,762,967
Total investments	9,422,366	56,238	9,478,604
Cash	113,200	35,325	148,525
Accrued investment income	13,084	570	13,654
<b>Total assets</b>	<b>9,548,650</b>	<b>92,133</b>	<b>9,640,783</b>
<b>Liabilities</b>			
Payable to UN-Habitat	184,832	12,095	196,927
Payable to other funds participating in the Cash pools	9,363,818	80,038	9,443,856
<b>Total liabilities</b>	<b>9,548,650</b>	<b>92,133</b>	<b>9,640,783</b>
<b>Net assets</b>	-	-	-

**Summary of net income of the Cash pools for the biennium ended 31 December 2013**

(Thousands of United States dollars)

	Main Pool	Euro Pool	Total
<b>Income</b>			
Investment Revenue	96,592	2,491	99,083
Realized gains on sales of securities	24,643	2,391	27,034
FX Adjustments	4,241	50	4,291
Unrealized gains (losses)	4,811	(82)	4,729
<b>Net income from investments</b>	<b>130,287</b>	<b>4,850</b>	<b>135,137</b>
Bank Fees	(1,083)	(1)	(1,084)
<b>Net income from operations</b>	<b>129,204</b>	<b>4,849</b>	<b>134,053</b>

a/ Amounts are stated at Fair value

## United Nations Human Settlements Programme

(e) Composition of cash pools:

Table 2 shows a breakdown of investments held in the cash pools by type of instrument:

**Table 2**  
**Investments of the Cash pools by type of instrument as at 31 December 2013**  
(Thousands of United States dollars)

<i>Main Pool</i>	<i>Book value</i>	<i>Fair value a/</i>
Bonds		
Non US Agencies	2,073,122	2,077,421
Non US Sovereigns	670,963	674,773
Supranationals	250,075	250,246
US Agencies	555,494	556,492
US Treasuries	1,597,161	1,592,050
Subtotal	5,146,815	5,150,982
Discounted Instruments	2,138,208	2,138,849
Certificate of Deposits	250,000	250,003
Term Deposits	1,882,532	1,882,532
<b>Total investments</b>	<b>9,417,555</b>	<b>9,422,366</b>
<i>Euro pool</i>	<i>Book value</i>	<i>Fair value a/</i>
Bonds		
Non US Agency	13,942	13,937
Non US Sovereigns	28,578	28,508
Supranationals	13,794	13,793
<b>Total investments</b>	<b>56,314</b>	<b>56,238</b>
<i>Total of Main Pool and Euro Pool</i>	<i>Book value</i>	<i>Fair value a/</i>
Bonds		
Non US Agencies	2,087,064	2,091,358
Non US Sovereigns	699,541	703,281
Supranationals	263,869	264,039
US Agencies	555,494	556,492
US Treasuries	1,597,161	1,592,050
Subtotal	5,203,129	5,207,220
Discounted instruments	2,138,208	2,138,849
Certificate of Deposits	250,000	250,003
Term Deposits	1,882,532	1,882,532
<b>Total investments</b>	<b>9,473,869</b>	<b>9,478,604</b>

a/ Fair value is determined by the independent custodian based on valuations of securities that are sourced from third-parties.

(f) Financial risk management:

The cash pools are exposed to a variety of financial risks including credit risk, liquidity risk, currency risk and market risk (which includes interest rate risk and other price risks), as described below:

i) Credit risk:

The Guidelines require that investments not be made in issuers whose credit ratings are below specifications, and also provide for maximum concentrations with given issuers. These requirements were met at the time the investments were met. The credit ratings used are those determined by the major credit-rating agencies; Standard & Poor's and Moody's are used to rate bonds and commercial paper, and the Fitch Viability Rating is used to rate bank term deposits.

The credit ratings of the issuers whose securities were held in the cash pools are shown in table 3.

**Table 3**  
**Investments of the cash pools by credit ratings as at 31 December 2013**  
 (Thousands of United States dollars)

<i>Main Pool</i>	<i>Total a/</i>	<i>Ratings</i>
Bonds	5,150,982	S&P: 32.3% AAA and 63.1% AA+/AA; 4.6% NR; Moody's: 81.9% Aaa and 18.1% Aa1/Aa3
Discounted instruments	2,138,849	S&P: 71.7% A-1+ and 24.1% NR; Moody's: 95.8% P-1; Fitch: 4.2% aa-
Certificates of Deposits	250,003	S&P: 40% A-1; Moody's: 40% P-1; Fitch: 60% a+/a-
Term deposits	1,882,532	Fitch: 58.6% aa- and 41.4% a+/a-
<b>Total investments</b>	<b>9,422,366</b>	
<i>Euro Pool</i>	<i>Total a/</i>	<i>Ratings</i>
Bonds	56,238	S&P: 75% AAA and 25% AA+; Moody's: 100% Aaa
<b>Total investments</b>	<b>56,238</b>	

a/ Represents the fair value of securities as at 31 December 2013.

(ii) Liquidity risk:

The cash pools are exposed to liquidity risk associated with the requirement of participants to make withdrawals on short notice. It maintains sufficient cash and marketable securities to meet commitments as and when they fall due. The major portion of the pools' cash and cash equivalents and investments are available within one day's notice to support operational requirements. Hence, the cash pools are able to respond to withdrawal needs in a timely manner, and liquidity risk is considered to be low.

(iii) Currency risk:

Currency risk is the risk that the value of investments denominated in non-United States dollars will fluctuate due to changes in foreign exchange rates versus the United States dollars. The Main Pool has no currency risk as all its investments are in United States dollars. The Main Pool has currency risk for operational bank balances. The Euro Pool is exposed to currency risk through holding of securities in Euros. Accordingly, funds participating in the Euro Pool are exposed to currency risk to the extent that their share of investments exceeds their operational requirements for Euros.

(iv) Interest rate risk:

Interest rate risk is the risk of variability in investments' values due to change in interest rates. In general, as interest rate rises, the price of a fixed rate security falls, and vice versa. Interest rate risk is commonly measured by the fixed rate security's duration, with duration being a number expressed in years. The larger the duration, the greater the interest rate risk;

The cash pools are exposed to interest rate risk as their holdings comprise interest bearing securities. As at 31 December 2013, the cash pools invested primarily in securities with shorter terms to maturity, with the maximum term being less than 4 years. The average durations of the Main Pool and Euro Pool were 0.92 years and 0.64 years respectively, which are considered to be indicators of low interest rate risk;

Table 4 shows how fair value of the cash pools as at 31 December 2013 would increase or decrease should the overall yield curve shift in response to changes in interest rates. The impact of a shift up or down of up to 200 basis point in the yield curve is shown, (100 basis points equals 1 percent). However in view of the current interest rate environment, the basis point shifts should be considered to be illustrative.



**Table 4**  
**Sensitivity of the cash pools to interest rates as of 31 December 2013**

<i>Shift in yield curve</i> <i>(Basis points)</i>	<i>Change in fair value (USD millions)</i>		
	<i>Main pool</i>	<i>Euro pool</i>	<i>Total</i>
-200	174.0	1.1	175.1
-150	130.0	0.8	130.8
-100	87.0	0.6	87.6
-50	43.0	0.3	43.3
0	0.0	0.0	0.0
50	-43.0	-0.3	-43.3
100	-87.0	-0.6	-87.6
150	-130.0	-0.8	-130.8
200	-174.0	-1.1	-175.1

v) Other price risk:

The cash pools are not exposed to significant other price risk, as the pools do not sell short, or borrow securities, or purchase securities on margin, all of which limits the potential loss of capital.