



**United Nations**

**Supplement to the Financial Regulations  
and Rules of the United Nations**

**Secretary-General's bulletin**

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# **United Nations**

## **Supplement to the Financial Regulations and Rules of the United Nations**

### **Secretary-General's bulletin**



1 July 2015

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**Secretary-General's bulletin****Supplement to the Financial Regulations and Rules of the United Nations**

1. The Secretary-General hereby promulgates the present supplement to the Financial Regulations and Rules of the United Nations, which consists of:

(a) The Financial Rules of the Environment Fund and Associated Trust Funds of the United Nations Environment Programme (annex I);

(b) The Financial Regulations of the United Nations for the United Nations Habitat and Human Settlements Foundation, and Financial Rules of the United Nations Habitat and Human Settlements Foundation and of Other Extrabudgetary Resources of the United Nations Human Settlements Programme (annex II);

(c) The Financial Rules of the Fund of the United Nations International Drug Control Programme and of the Fund of the United Nations Crime Prevention and Criminal Justice Programme (annex III).

2. Through its Financial Regulations, the General Assembly issues the broad legislative directives governing the financial management of the United Nations. The current Financial Regulations of the United Nations were approved by the Assembly in section IV of its resolution 67/246. Within the framework of the Financial Regulations, as provided for in regulation 5.8, the Secretary-General formulates and promulgates the Financial Rules, which not only provide details to further define the parameters within which staff and the Administration must exercise their responsibilities, but also constitute a statement as to the manner in which the Financial Regulations are to be implemented. The current Financial Regulations and Rules of the United Nations were promulgated through Secretary-General's bulletin ST/SGB/2013/4 dated 1 July 2013 and took effect as from that same date.

3. The Secretary-General hereby promulgates a revised edition of the Financial Rules of the Environment Fund and Associated Trust Funds of the United Nations Environment Programme, superseding the Financial Rules of the Fund of the United Nations Environment Programme, promulgated in Secretary-General's bulletin ST/SGB/Financial Rules/2, dated 9 December 1975, including all amendments subsequently issued but not promulgated through a Secretary-General's bulletin. The revised edition is now contained in annex I to the present supplement.

4. The Secretary-General hereby promulgates a revised edition of the supplementary Financial Regulations of the United Nations for the United Nations Habitat and Human Settlements Foundation, and Financial Rules of the United Nations Habitat and Human Settlements Foundation and Other Extrabudgetary Resources of the United Nations Human Settlements Programme, superseding the “Special annex for the United Nations Habitat and Human Settlements Foundation (series 300) to the Financial Regulations and Rules of the United Nations (series 100)”, promulgated through the Secretary-General’s bulletin ST/SGB/2006/8 dated 20 July 2006. The revised edition is now contained in annex II to the present supplement.

5. The Secretary-General hereby promulgates a revised edition of the Financial Rules of the Fund of the United Nations International Drug Control Programme and of the Fund of the Crime Prevention and Criminal Justice Programme, superseding the Financial Rules of the Fund of the United Nations International Drug Control Programme established pursuant to General Assembly resolution 45/179 of 21 December 1990 and of the Fund of the Crime Prevention and Criminal Justice Programme established pursuant to General Assembly resolution 46/152 of 18 December 1991, of 1 May 2008. The revised edition is now contained in annex III to the present supplement.

6. These revised Financial Rules shall take effect as from 1 July 2015. To the extent that these revised Financial Rules reflect the implementation of the International Public Sector Accounting Standards, these Rules have been implemented for the purposes of financial accounting and reporting, effective 1 January 2014, as mandated by the General Assembly in section IV of its resolution 60/283.

7. During the interim period of Umoja implementation, from 1 July 2015 to 31 December 2016, procurement for the United Nations Environment Programme (UNEP) and the United Nations Human Settlements Programme (UN-Habitat) will be governed by the arrangements set forth in the service level agreements concluded between the Executive Directors of UNEP and UN-Habitat, respectively, and the Assistant Secretary-General, Central Support Services, Department of Management. These arrangements will be subject to a further review and possible revision at the end of 2016.

*(Signed)* **BAN** Ki-moon  
Secretary-General

**Annex I**

**Financial Rules of the Environment Fund and Associated  
Trust Funds of the United Nations Environment Programme**

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*Note:* The headings and rule numbers in the present annex reflect the structure of and are supplementary to the Financial Regulations and Rules of the United Nations (ST/SGB/2013/4).

## **Article I**

### **General provisions**

#### **Applicability and authority**

##### **Rule 201.1**

These rules shall govern the financial management of the Environment Fund of the United Nations Environment Programme (hereinafter referred to as the “Fund”) established by General Assembly resolution 2997 (XXVII) and its associated trust funds. They are promulgated pursuant to the Financial Regulations of the United Nations as amended in respect of the Fund by General Assembly resolution 3192 (XXVIII). The Secretary-General hereby delegates to the Executive Director of the United Nations Environment Programme authority and responsibility for the implementation of the Financial Rules set forth in the present annex. The Executive Director may in turn delegate such authority to other United Nations officials, and these delegations of authority will state whether designated officials may further delegate this authority.

##### **Rule 201.3**

In cases in which UNEP entrusts implementation of projects funded from the Fund or its associated trust funds to implementing partners, the financial administration of allocations issued to them by the Executive Director shall be carried out under their respective financial regulations, rules, procedures and practices.

#### **Definitions**

##### **Rule 201.4**

For the purpose of these Rules:

- (a) “UNEP” means the United Nations Environment Programme;
- (b) “The Executive Director” means the Executive Director of the United Nations Environment Programme;
- (c) “UNEA” means the United Nations Environment Assembly of the United Nations Environment Programme, which is the governing body of UNEP;
- (d) “Implementing partner” means an entity to which UNEP has entrusted the implementation of programmes and projects specified in a signed document, along with the assumption of full responsibility and accountability for the effective use of resources and the delivery of outputs as set forth in such a document. The entity could be a governmental, intergovernmental or non-governmental body, a United Nations organization, or another non-profit organization;
- (e) “Allocation” means the authority given by the Executive Director to assign resources from the Fund for one or more specific purposes;
- (f) “Project” means an activity separately identified within a programme of UNEP and is for management purposes a single financial action for a specific purpose and a finite period of time.

## **Article II Contributions**

### **Rule 202.1**

(a) The Executive Director may accept voluntary contributions, gifts or donations to the Fund and its associated trust funds subject to rule 202.1 (b), below.

(b) Voluntary contributions, gifts or donations, which directly or indirectly involve additional financial liability for the Fund and its associated trust funds may be accepted only with the approval of UNEA, provided that the Executive Director certifies that such additional liability can be met wholly within the existing resources of the Fund and its associated trust funds.

## **Article III Accounts**

### **Rule 203.1**

(a) A Fund account shall be established to which all resources of the Fund shall be credited, from which allocations shall be made and against which all expenditure on behalf of the Fund shall be charged.

(b) Other associated trust funds may be established by the Executive Director for specific programmes and project activities and shall be consistent with the purposes and objectives of the Fund and consistent with the principles of the United Nations.

### **Rule 203.2**

Within the Fund account, separate accounts shall be maintained for:

(a) The Financial Reserve, the level of which shall be determined from time to time by UNEA upon recommendation by the Executive Director. The purpose of the Financial Reserve shall be to guarantee the financial liquidity and integrity of the Fund, to compensate for uneven cash flows and to meet such other similar requirements as may be decided upon by UNEA. UNEA shall keep the level and composition of the Financial Reserve under constant review, taking into account the estimated income and expenditures for the following financial period;

(b) The Fund Programme Reserve, the level of which shall be determined from time to time by UNEA upon recommendation by the Executive Director. The purpose of the Fund Programme Reserve is to meet unforeseen needs, to finance unanticipated projects or phases of projects and to meet such other purposes as may be determined from time to time by UNEA;

(c) Other reserves as may be established upon recommendation by the Executive Director.

### **Rule 203.3**

The financial resources of the Fund are to be available at all times to the maximum extent possible for Fund programme purposes, subject only to the maintenance on a continuous basis of a financial reserve.



## **Article IV**

### **Budget**

#### **Rule 204.1**

The Executive Director is responsible for the preparation of budgets to cover all planned activities in a form consistent with relevant United Nations budgetary regulations, rules, policies and practices.

#### **Rule 204.2**

The Executive Director shall submit the Fund programme budget proposals to the Advisory Committee on Administrative and Budgetary Questions for review. Subsequently, the Fund programme budget proposals and the comments of the Advisory Committee shall be submitted to UNEA for approval.

#### **Rule 204.3**

Supplementary Fund programme budget proposals, prepared in a form consistent with the budget, may be submitted by the Executive Director to UNEA for approval, together with the comments thereon of the Advisory Committee on Administrative and Budgetary Questions.

#### **Rule 204.4**

The Fund programme budget, as approved by UNEA, shall be submitted to the General Assembly for information.

## **Article V**

### **Allocation of funds by the Executive Director**

#### **Rule 205.1**

(a) Within limits determined and for purposes specified by UNEA, and subject to the availability of resources, the Executive Director may allocate funds to carry out activities within the Fund programme.

(b) Allocations by the Executive Director shall constitute a ceiling on commitments to be incurred in connection with the activities of the Fund and other associated trust funds for which those allocations are issued.

#### **Rule 205.2**

The Executive Director may allocate funds to cover expenses and commitments under the following main categories:

- (a) Fund programme activities;
- (b) Fund Programme Reserve activities;
- (c) Trust fund activities;
- (d) Programme support costs activities.

## **Article VI**

### **Contracts and purchases**

#### **Rule 206.1<sup>a</sup>**

Where budgetary provision is made for the Environment Fund, or where provision is made in project budgets for equipment, supplies or services, the Executive Director shall be responsible for the purchase of equipment and supplies and the contracting of services, in accordance with the Financial Regulations and Rules of the United Nations.

## **Article VII**

### **Financial records and statements**

#### **Rule 207.1**

On behalf of the Executive Director, the Under-Secretary-General for Management of the United Nations shall maintain such accounts and records as are necessary to enable the Executive Director to report to UNEA and the General Assembly.

#### **Rule 207.2**

Financial reports on the Fund account shall be presented in United States dollars. Financial reports for other trust funds shall normally be reported in United States dollars, but they may be reported in other currencies as the Executive Director may deem necessary.

#### **Rule 207.3**

The Executive Director shall have the Under-Secretary-General for Management prepare and certify the financial statements for UNEP, including the Fund and its associated trust funds, in accordance with the Financial Regulations and Rules of the United Nations. The Executive Director shall submit these financial statements to the United Nations Board of Auditors as specified in rule 106.1 (a) of the Financial Regulations and Rules of the United Nations.

## **Article VIII**

### **Audit**

#### **Rule 208.1**

The financial statements of UNEP, those of the Fund and other associated trust funds, with audit opinion and report from the United Nations Board of Auditors, shall be transmitted by the Executive Director to the Advisory Committee on Administrative and Budgetary Questions, UNEA and the General Assembly.

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<sup>a</sup> During the interim period of Umoja implementation, from 1 July 2015 to 31 December 2016, procurement for UNEP will be governed by the arrangements set forth in the service level agreement concluded between the Executive Director of UNEP and the Assistant Secretary-General, Central Support Services, Department of Management. These arrangements will be subject to a further review and possible revision at the end of 2016.

## **Annex II**

### **Financial Regulations of the United Nations for the United Nations Habitat and Human Settlements Foundation, and Financial Rules of the United Nations Habitat and Human Settlements Foundation and of Other Extrabudgetary Resources of the United Nations Human Settlements Programme (UN-Habitat)**

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*Note:* The headings and rule numbers in the present annex reflect the structure of and are supplementary to the Financial Regulations and Rules of the United Nations ([ST/SGB/2013/4](#)).

## **Article I**

### **General provisions**

#### **Applicability and authority**

##### **Rule 301.1**

The two supplementary financial regulations of the United Nations contained in the present annex shall govern the financial management of the United Nations Habitat and Human Settlements Foundation (hereinafter referred to as “the Foundation” or “UNHHSF”) established by General Assembly resolution 3327 (XXIX), of 16 December 1974.<sup>a</sup> The financial rules contained in the present annex shall govern the financial management of the Foundation and of other extrabudgetary resources of the United Nations Human Settlements Programme (hereinafter referred to as “UN-Habitat”). The financial rules are promulgated pursuant to the Financial Regulations of the United Nations. The Secretary-General hereby delegates to the Executive Director of UN-Habitat authority and responsibility for the implementation of the supplementary financial regulations of the United Nations for the Foundation and the financial rules of the Foundation and of other extrabudgetary resources of UN-Habitat set forth in the present annex. The Executive Director may in turn delegate such authority to other United Nations officials, and such delegations of authority will state whether designated officials may further delegate this authority.

##### **Rule 301.2**

In the cases where UN-Habitat entrusts implementation of projects funded from the Foundation or other extrabudgetary resources or part thereof to bodies within or outside the United Nations system, the financial administration of allocations issued to them by the Executive Director shall be carried out in accordance with their respective financial regulations, rules, procedures and practices.

#### **Definitions**

##### **Rule 301.3**

For the purpose of these regulations and rules:

- (a) “Other extrabudgetary resources” shall mean all extrabudgetary funds of UN-Habitat other than: (i) those entrusted to the Foundation; and (ii) those that form part of the programme budget of the United Nations;<sup>b</sup>
- (b) “Governing Council” shall mean the Governing Council of UN-Habitat;
- (c) “Government” shall mean the Government of any State that is eligible for membership in the Governing Council of UN-Habitat;

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<sup>a</sup> By its decision 57/573 of 20 December 2002, the General Assembly decided, inter alia, that the two supplementary financial regulations set forth herein, UNHHSF regulations 1.1 and 1.2, which apply exclusively to the Foundation and which were formerly a part of the Financial Regulations and Rules of the United Nations, would be presented in the special annex for the Foundation to the Financial Regulations and Rules of the United Nations. The special annex is being superseded by the present annex.

<sup>b</sup> Informally and commonly referred to as the “regular budget”.

- (d) “Executive Director” shall mean the Executive Director of UN-Habitat;
- (e) “Foundation programme budget” shall comprise the “programme of activities” and “programme support costs”, as defined below;
- (f) “Project” shall mean an activity separately identified within the programme of activities, to be carried out for a specific purpose and a definite period of time;
- (g) “Programme of activities” shall mean a plan of activities, including areas for projects in which UN-Habitat is to be involved, whether financed on a grant or reimbursable basis, or financed partially or wholly by the Foundation and other extrabudgetary resources;
- (h) “Programme support costs” shall mean the costs of administration and management of the programme of activities (including programme development and evaluation) and technical and administrative support of projects;
- (i) “Loan Fund” shall mean the account into which resources are deposited specifically for the reimbursable seeding operations of the Foundation pursuant to UNHHSF regulation 1.1 from:
- (i) The Foundation borrowing operations;
  - (ii) Voluntary contributions, other than voluntary contributions made to the General Fund by Governments, governmental agencies and intergovernmental organizations and other public or private entities;
- (j) “Reimbursable seeding operations” shall mean the Foundation lending operations through provision, on a reimbursable basis, to eligible public and private institutions, with special emphasis on developing countries and countries with economies in transition, of seed capital, loan guarantees, including housing loan insurance, and equity investments to support mobilization and effective utilization of domestic financial resources for human settlements by local lending financial institutions, in particular housing finance and community-based savings and loan organizations and other institutions engaged in low-cost housing and slum upgrading programmes;
- (k) “Loan agreement instrument” shall mean a loan agreement between the Foundation and an eligible recipient of its reimbursable seeding operations;
- (l) “Foundation borrowing operations” shall mean, pursuant to UNHHSF regulation 1.2, borrowing from Governments and governmental agencies and intergovernmental organizations by the Foundation for its Loan Fund, defined above.

## **Article II**

### **Budgets**

#### **A. Programme budget of the Foundation**

##### **Authority and responsibility**

**UNHHSF Regulation 1.1. Under rules established by the Secretary-General, loans may be made from the resources of the United Nations Habitat and Human Settlements Foundation, including those borrowed pursuant to UNHHSF regulation 1.2, in implementation of the approved programmes of the Foundation.**

**Rule 302.1**

(a) The Executive Director shall prepare a proposed programme budget for the Foundation and its other extrabudgetary resources. It shall cover all anticipated programmes of activities, including reimbursable seeding operations of the Foundation, pursuant to UNHHSF regulation 1.1, programme support costs of the Foundation and other extrabudgetary resources. The budget period and format shall be consistent with relevant United Nations budgetary regulations, rules, policies and practices. The programme budget shall include provision for contingencies;

(b) The resources of the Foundation and other extrabudgetary funds, after providing for the programme support costs and a General Financial Reserve, shall be utilized to the maximum extent possible for programme purposes;

(c) Projects under the Foundation reimbursable seeding operations funded from resources borrowed by the Foundation pursuant to UNHHSF regulation 1.2 shall be approved by the Executive Director, taking into consideration the recommendations of the Lending Operations Review Committee referred to under rule 305.3 below and with due regard to the provisions of rules 305.5 and 305.6 below.

**Review and approval****Rule 302.2**

The proposed Foundation programme budget shall be submitted to the Advisory Committee on Administrative and Budgetary Questions for review. Subsequently, the proposed Foundation programme budget and the comments of the Advisory Committee shall be submitted to the Governing Council for approval.

**Revised and supplementary Foundation programme budget proposals, presentation and submission****Rule 302.5**

Supplementary Foundation programme budget proposals in respect of the current budget period, prepared in a form consistent with the programme budget, shall be submitted by the Executive Director to the Governing Council, together with the comments of the Advisory Committee on Administrative and Budgetary Questions, in time for the opening of its regular session in the calendar year involved.

**Resolutions with Foundation programme budget implications****Rule 302.6**

The Executive Director is responsible for preparing and presenting to the Governing Council a statement of Foundation programme budget implications required under rule 28 of the rules of procedure of the Governing Council with the comments of the Advisory Committee on Administrative and Budgetary Questions.



## **Article III**

### **Contributions and other income**

#### **C. Voluntary contributions, gifts and donations**

##### **Authority and liability**

##### **Rule 303.4**

(a) The Secretary-General hereby delegates to the Executive Director authority to accept voluntary contributions, gifts or donations to the General Fund referred to in rule 304.2 (a) for purposes consistent with the policies, aims and objectives of the Foundation as they relate to technical and financial services, including lending operations pursuant to UNHHSF regulation 1.1 and principles consistent with those of the United Nations;

(b) Such contributions to the General Fund shall be accepted without limitations as to use for a specific project or purpose. In respect of contributions other than from Governments, the Executive Director may permit exceptions to this rule and shall report thereon to the Governing Council, provided that any such contributions shall be treated as trust funds or special accounts under regulation 3.12 of the United Nations Financial Regulations and Rules;

(c) Counterpart contributions in the form of agreed contributions in cash or in kind, which are made for the cost of specific services and facilities as set out in individual project documents, may be accepted by the Executive Director;

(d) The Executive Director may accept voluntary contributions, gifts or donations in such currencies as he/she deems to be required by the Foundation or readily convertible into usable currencies. The Executive Director may negotiate with contributors regarding convertibility or reconversion of voluntary contributions;

(e) Gifts or donations are to be defined and administered as voluntary contributions.

#### **F. Foundation borrowing moneys**

##### **Foundation authority for external borrowing**

**UNHHSF Regulation 1.2. Under rules established by the Secretary-General, borrowings may be incurred for the reimbursable seeding operations of the United Nations Habitat and Human Settlements Foundation from Governments and governmental agencies and intergovernmental organizations provided that:**

(a) **The net borrowings outstanding at any time under this regulation shall not exceed limits established by the Secretary-General, with due regard to the maintenance of adequate reserves to secure such borrowings and to the proper functioning of the Foundation;**

(b) **The principal of any borrowings under this regulation and any interest or other charges thereon shall only be payable from the resources of the Foundation, and no lender shall have any claim against the United Nations or**

**any of its other assets. Resources of the Foundation may be committed as security for the repayment of borrowings and the charges thereon. The Executive Director shall identify the resources which will be available for this purpose.**

#### **Rule 303.9**

The Secretary-General hereby delegates, subject to the provisions set out below, authority to the Executive Director to incur, pursuant to UNHHSF regulation 1.2, borrowing from Governments and governmental agencies and intergovernmental organizations for the reimbursable seeding operations of the Foundation.

(a) The limits of the funds to be borrowed by the Foundation shall be set by the Secretary-General, from time to time, upon recommendation by the Executive Director and upon authorization by the Controller and with due regard to:

(i) The prospective resources requirements of the Foundation to attain its objectives and the amount of voluntary contributions received by the Foundation;

(ii) The degree of efficiency and effectiveness of the Foundation in managing Loan Fund operations from voluntary resources, as indicated in periodic evaluation and auditing reports;

(b) Funds obtained from borrowing shall be used by the Foundation only for reimbursable seeding operations and related administrative costs;

(c) Funds obtained from borrowing shall be credited to the Loan Fund of the Foundation established by the Executive Director under rule 304.2 (d) below and shall be kept in a separate account from UN-Habitat and United Nations accounts;

(d) In incurring external borrowing for the Foundation, the Executive Director shall be responsible for ensuring that the Foundation maintains adequate resources in the Foundation Loan Fund Reserve established under rule 304.2 (e) to secure, at all times, the liability arising from incurring such borrowing;

(e) Any other additional provisions and measures the Secretary-General may add, from time to time, to ensure the solvency of the Loan Fund of the Foundation and to enhance its capacity and ability to attain its objectives;

(f) In incurring external borrowing, the Foundation shall comply with competitive procedures set by the Secretary-General for this purpose.

### **Liability for borrowing incurred by the Foundation**

#### **Rule 303.10**

Pursuant to UNHHSF regulation 1.2 (b), the repayment of borrowing under the regulation, including the principal amount and any interest or other charges therein, shall be made only from the resources of the Foundation, and not from the resources of UN-Habitat or of the United Nations, and no lender shall have any claim against UN-Habitat, the United Nations, or any of their assets. Only the resources of the Foundation, as identified by the Executive Director, may be committed as security for the repayment of borrowings and charges thereon. This limitation of liability will be stipulated in all borrowing documents.

## **Article IV**

### **Custody of funds**

#### **A. Internal accounts**

##### **Foundation funds and other extrabudgetary resources**

###### **Rule 304.2**

The following accounts shall be established:

(a) A General Fund to account for voluntary contributions and payments thereof and miscellaneous revenue; and disbursements to finance the extrabudgetary component of the programme budget of UN-Habitat and the Foundation activities other than its reimbursable seeding operations;

(b) A General Financial Reserve to ensure the financial liquidity of the Foundation's General Fund to compensate for uneven cash flows and to meet such other requirements of prudent management of the General Fund. The level of the reserve and its composition shall be determined from time to time by the Governing Council upon the recommendation of the Executive Director;

(c) Trust funds of the Foundation, to account for voluntary contributions received for specific programme and project activities; and disbursements to finance and to account for those activities;

(d) A Loan Fund to account for:

(i) Voluntary contributions specifically for the Foundation's reimbursable seeding operations from Governments, governmental agencies and intergovernmental organizations and other public or private entities, as well as resources from the General Fund that may be made available by the Governing Council for reimbursable seeding operations pursuant to UNHHSF regulation 1.1;

(ii) Moneys from borrowing incurred under rule 303.9 by the Foundation from Governments and governmental agencies and intergovernmental organizations pursuant to UNHHSF regulation 1.2 for its reimbursable seeding operations;

(e) A Loan Fund Reserve shall be established by the Executive Director 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. The resources of the Loan Fund Reserve shall come from allocations by the Governing Council upon recommendation by the Executive Director from: (i) the General Fund; (ii) the grant component in the Loan Fund; and (iii) the income from investment of the Loan Fund resources.

###### **Rule 304.3**

The Loan Fund account referred to in rule 304.2 (d) shall have the following credited to it:

(a) All borrowings and interest incurred under financial rule 303.9, grant contributions from Governments, governmental agencies and intergovernmental organizations and other public and private entities;

(b) Allocation of funds that may be authorized by the Governing Council, upon recommendation by the Executive Director, from the General Fund referred to in rule 304.2 (a) for reimbursable seeding operations;

(c) Earmarked contributions to the Loan Fund by Governments, governmental agencies and intergovernmental organizations and other public and private entities;

(d) All repayments of loans extended by the Foundation pursuant to UNHHSF regulation 1.1, including principal, interest and any other charges.

**Rule 304.4**

Interest earned and gains realized from the operations of the Loan Fund shall be only credited to the Loan Fund account. Conversely, all losses and interest payable as a result of the operations of the Loan Fund shall be charged only to the Loan Fund account.

**Rule 304.5**

All loan defaults by borrowers from the Foundation and other losses arising from the Loan Fund investments shall be reported by the Executive Director to the Governing Council.

**B. Banking**

**Rule 304.6**

The Secretary-General shall act as custodian of the Foundation funds and other extrabudgetary resources, and shall designate the bank accounts and the signatories of those bank accounts. The Under-Secretary-General for Management may delegate to the Executive Director such authority with respect to custody of the Foundation Loan Fund and its Reserve as would facilitate the efficient and effective management of the Foundation funds, and such delegated authority may be accepted by the Executive Director in writing.

**C. Investments**

**Income from investments**

**Rule 304.15**

(a) Income from the investment of funds, other than from the Loan Fund and its Reserve and other trust funds and special accounts, shall be credited to the Foundation General Fund;

(b) Income from investments pertaining to trust funds and special accounts shall be credited to the trust fund or special account concerned;

(c) Income from the investment of funds from the Loan Fund or its Reserve shall be credited to the Loan Fund or its Reserve.

## **Article V**

### **Utilization of funds**

#### **B. Commitments and expenses**

##### **Authority and responsibility**

###### **Rule 305.1**

The Executive Director shall have the authority to manage the resources of the Foundation programme budget and other extrabudgetary resources and to utilize:

(a) The Foundation funds as planned and approved by the Governing Council, including for lending operations pursuant to UNHHSF regulation 1.1, in accordance with the Financial Regulations and Rules of the United Nations and the Financial Regulations and Rules set forth in the present annex;

(b) The extrabudgetary resources as agreed to in the legal instruments governing the use of these resources.

###### **Rule 305.2**

(a) Within limits determined and for purposes specified by the Governing Council, and subject to the availability of the Foundation funds and other extrabudgetary resources, the Executive Director may allocate funds to carry out the activities of the Foundation and UN-Habitat;

(b) Allocations by the Executive Director shall constitute a ceiling on commitments to be incurred in connection with the activities of the Foundation and other extrabudgetary resources for which these allocations are issued.

##### **Lending Operations Review Committee**

###### **Rule 305.3**

Establishment, terms of reference and composition of the Committee:

(a) A standing committee shall be established by the Executive Director of 12 to 15 members appointed by the Executive Director to advise him/her on the administration and management of the Foundation reimbursable seeding operations to enhance effectiveness and efficiency of the Foundation as a viable financial institution. The Controller of the United Nations will be an ex officio member of the committee. The committee shall be called the Lending Operations Review Committee and shall meet twice a year under the chairmanship of the Executive Director;

(b) The Executive Director shall seek, as part of the Operational Procedures and Guidelines of UNHHSF, the guidance of the Governing Council regarding the terms of reference of the Lending Operations Review Committee and the criteria for his/her appointment of its members.

###### **Rule 305.4**

The total amount outstanding at any time of reimbursable seeding operations shall not exceed the total amount of:

- (a) Voluntary contributions for reimbursable seeding operations and borrowing incurred pursuant to rule 303.9;
- (b) Plus surpluses realized on the Loan Fund operations;
- (c) Less advances to the Loan Fund Reserve pursuant to rule 304.2 (e);
- (d) Less transfers to the programme support costs sub-account pursuant to rule 302.1.

## **Policy, system and procedures**

### **Rule 305.5**

(a) The Executive Director shall, under policy guidance of the Governing Council, establish Operational Procedures and Guidelines in order to guide the operations of the Foundation, in particular reimbursable seeding operations, and determine from time to time:

- (i) The terms and conditions on which the Foundation may borrow with due regard to rule 303.9;
- (ii) Limits on the total value of each of the Foundation's (a) loans; (b) loan guarantees; (c) equity investments;
- (iii) Limits on the size of financial contribution to each project of the Foundation as grants, loans and loan guarantees and equity investments;
- (iv) The allocation of Loan Fund resources among types of financial products, i.e. what percentage shall be assigned for seed capital, loan guarantees, and equity investment;
- (v) The standards to be met by applicants for the Foundation reimbursable seeding operations;
- (vi) The terms and conditions on which grants, loans, loan guarantees and equity investments may be made by the Foundation, including interest rate and other charges. Reimbursable seeding operations shall be governed by the loan agreement instrument referred to in rule 301.3 (j);
- (vii) Policies for the sale of securities provided by the borrowers to the Foundation to private investors in order to revolve the Foundation's funds with due regard to rule 303.9;

(b) The Executive Director shall report to the Secretary-General through the Under-Secretary-General for Management on his/her actions in the establishment and implementation of the policy, systems and procedures mentioned above.

## **Criteria and considerations for lending operations of the Foundation**

### **Rule 305.6**

In taking decisions pursuant to rule 305.5, the Executive Director shall, where relevant, take full account of:

- (a) Other sources of financing available for human settlements development on reasonable terms and conditions to Governments and other eligible institutions;
- (b) The degree of risk the Foundation might incur in providing financing in each particular case;
- (c) The cost of money to the Foundation in case of borrowed resources;
- (d) The cost of administering the Foundation in case of lending from borrowed funds;
- (e) The desirability of maintaining diversification in the Foundation investments;
- (f) The need to build up adequate levels of resources in both the Loan Fund Reserve and the General Fund Reserve.

## **Loans and loans guaranteed by the Foundation**

### **Rule 305.7**

In the case of loans or loans guaranteed made by the Foundation, the loan agreement instrument shall establish the terms and conditions for the loan or guarantee concerned, including those relating to security for the loan and guarantee payment of principal, interest and other charges, maturities and dates of payment in respect of the loan, or the fees and other charges on the guarantee, respectively.

## **Article VI Accounting**

### **Foundation accounts**

#### **Rule 306.1**

Separate accounts to be maintained by the Foundation shall include:

- (a) A General Fund account and its Reserve;
- (b) A Loan Fund account and its Reserve;
- (c) Trust funds accounts;
- (d) A programme support costs account;
- (e) Such other accounts as may be required by the Under-Secretary-General for Management.

### **Authority and responsibility**

#### **Rule 306.2**

On behalf of the Executive Director, the Under-Secretary-General for Management shall maintain the accounts of the Foundation and other extrabudgetary resources as are necessary to enable the Executive Director to report to the Governing Council.

## **Financial statements**

### **Rule 306.10**

The Executive Director shall have the Under-Secretary-General for Management prepare and certify the annual financial statements of UN-Habitat, including the Foundation and other extrabudgetary resources, in accordance with the Financial Regulations and Rules of the United Nations. The Executive Director shall submit these financial statements to the Board of Auditors as specified in rule 106.1 (a) of the Financial Regulations and Rules of the United Nations.



**Annex III**

**Financial Rules of the Fund of the United Nations  
International Drug Control Programme and of the  
Fund of the United Nations Crime Prevention and  
Criminal Justice Programme**

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*Note:* The headings and rule numbers in the present annex reflect the structure of and are supplementary to the Financial Regulations and Rules of the United Nations (ST/SGB/2013/4).

## **Article I**

### **General provisions**

#### **Applicability and authority**

##### **Rule 401.1**

These financial rules shall govern the financial management of the Fund of the United Nations International Drug Control Programme established pursuant to General Assembly resolution 45/179, of 21 December 1990, and the Fund of the Crime Prevention and Criminal Justice Programme established pursuant to General Assembly resolution 46/152, of 18 December 1991 (hereinafter referred to as the “UNODC Funds”).

##### **Rule 401.3**

The authority and responsibility for the implementation of these financial rules set forth in the present annex have been assigned to the Executive Director of the United Nations Office on Drugs and Crime (hereinafter referred to as “UNODC”) by General Assembly resolutions 46/185 C, section XVI, of 20 December 1991, and 61/252 of 22 December 2006. The Executive Director may delegate such authority as appropriate, to other officials and such delegations of authority will state whether designated officials may further delegate this authority.

#### **Definitions**

##### **Rule 401.4**

For the purpose of these financial rules:

(a) The Commission on Narcotic Drugs is the principal United Nations policymaking body on drug control issues and exercises its financial and budgetary authority in accordance with General Assembly resolution 46/185 C, section XVI, of 20 December 1991;

(b) The Commission on Crime Prevention and Criminal Justice is the principal United Nations policymaking body on crime prevention and criminal justice issues and exercises its financial and budgetary authority in accordance with General Assembly resolution 61/252 of 22 December 2006;

(c) “Executive Director” shall mean the Executive Director of the United Nations Office on Drugs and Crime;

(d) “United Nations International Drug Control Programme” shall mean the International Drug Control Programme established pursuant to General Assembly resolution 45/179 of 21 December 1990;

(e) “United Nations Crime Prevention and Criminal Justice Programme” shall mean the Crime Prevention and Criminal Justice Programme established by General Assembly resolution 46/152 of 18 December 1991;

(f) “Biennial budget” shall mean the consolidated biennial budget of the UNODC Funds;

(g) “General purpose funds” shall mean unearmarked voluntary contributions to the UNODC Funds that are provided to finance: (i) normative work; (ii) core functions not funded by the regular budget; (iii) UNODC office initiatives; and (iv) UNODC programmatic shortfalls;

(h) “Special purpose funds” shall mean earmarked voluntary contributions to the UNODC Funds that are provided to finance technical cooperation and other activities;

(i) “Programme support costs” shall mean indirect costs that cannot be readily and directly attributed to, and are recovered from, activities financed from voluntary contributions;

(j) “Regular budget” shall mean the programme budget of the United Nations.

## **Article II Budgets**

### **Rule 402.1**

The Executive Director shall, in the second year of the budget period, prepare the biennial budget for the following budget period, which shall contain estimates of revenue and expenses and projected programme and other requirements. The biennial budget shall distinguish between the Fund of the United Nations International Drug Control Programme and the Fund of the Crime Prevention and Criminal Justice Programme. It shall focus on the use of the general purpose funds and present all activities including those financed from special purpose funds, programme support costs and regular budget resources.

### **Rule 402.2**

The biennial budget shall be submitted to the Advisory Committee on Administrative and Budgetary Questions for review. The biennial budget and the related report of the Advisory Committee shall be submitted to the Commission on Narcotic Drugs and the Commission on Crime Prevention and Criminal Justice.

## **Article III Voluntary contributions, gifts and donations**

### **Rule 403.1**

(a) The Executive Director may accept voluntary contributions, gifts or donations to the UNODC Funds for purposes consistent with the policies, aims and objectives of the United Nations International Drug Control Programme and the United Nations Crime Prevention and Criminal Justice Programme;

(b) Voluntary contributions, gifts or donations, which directly or indirectly involve additional liability for the UNODC Funds may be accepted only with the approval of the Commission on Narcotic Drugs or the Commission on Crime Prevention and Criminal Justice.

## **Article IV Custody of funds**

### **Rule 404.1**

The Executive Director shall establish for each of the UNODC Funds:

- (a) An account for general purpose funds;
- (b) Other accounts for special purpose funds;
- (c) An account for programme support costs;
- (d) Such reserves as are required by applicable United Nations policies and standards.

### **Rule 404.2**

Revenue from the investment of special purpose funds shall, if specified by the donor, be credited to the relevant programme or project or returned to the donor. Other revenue derived from investments shall be credited to general purpose funds.

## **Article V Utilization of funds**

### **Rule 405.1**

The approved biennial budget shall constitute an authorization to the Executive Director to incur commitments and make payments within available resources for the purposes set forth in the approved biennial budget.

### **Rule 405.2**

The Executive Director may enter into commitments against the UNODC Funds for future budget periods, within available resources, provided such commitments:

- (a) Are for activities described in the approved biennial budget and are expected to continue beyond the end of the current budget period;
- (b) Are authorized by the relevant provider of special purpose funds.

## **Article VI Accounting**

### **Rule 406.1**

The Executive Director is responsible for maintaining the UNODC Funds accounts and for reporting on these to the Board of Auditors, the Commission on Narcotic Drugs, the Commission on Crime Prevention and Criminal Justice and the General Assembly.

**Rule 406.2**

Consistent with the structure set out in rule 404.1, the UNODC Funds accounts shall distinguish between the Fund of the United Nations International Drug Control Programme and the Fund of the Crime Prevention and Criminal Justice Programme.

**Rule 406.3**

The Executive Director shall prepare and certify the annual financial statements of UNODC, including the UNODC Funds accounts, in accordance with the Financial Regulations and Rules of the United Nations. The Executive Director shall submit these financial statements to the Board of Auditors as specified in rule 106.1 (a) of the Financial Regulations and Rules of the United Nations.

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