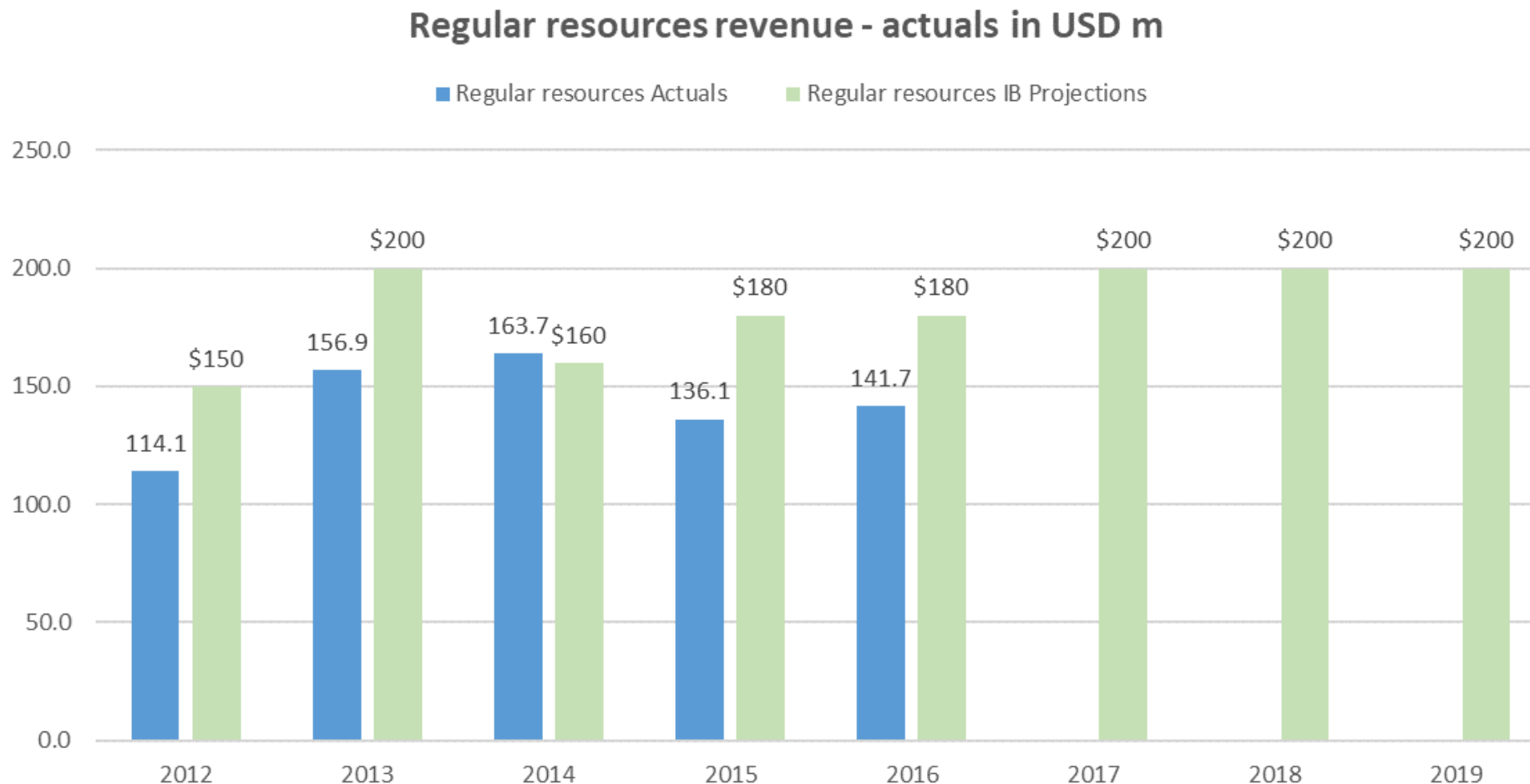




**Preparation of the Integrated Budget 2018 - 19
For Executive Board
26 May 2017**

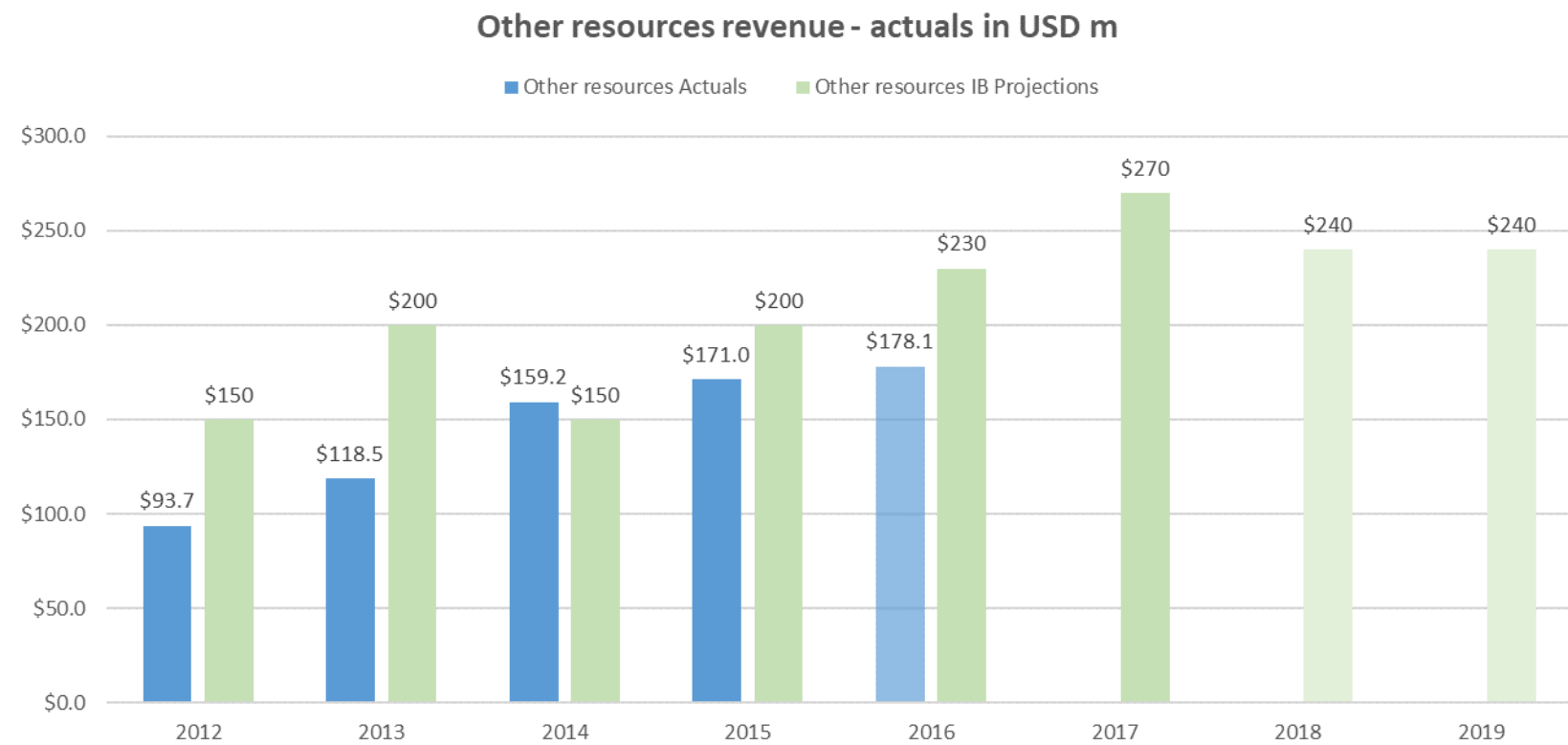
- EB decision 2015/6: Integrated budget for the biennium 2016-2017
- *“(...) requests the Under-Secretary General/Executive Director to report to the Executive Board on the utilization of cost recovery in the context of the next budget proposal, and asks UN-Women to further strive for an overall reduction of the ratio of its management costs” (para 6)*
- *“(...) requests UN-Women to include a separate budget line for internal audit and investigation activities in the next integrated budget (...)” (para 7)*
- *“(...) requests UN-Women to undertake an analysis of its post structure in order to specify how posts relating to normative and operational functions are funded and to present its findings to the Executive Board no later than in its budget proposal for the biennium 2018-2019” (para 8)*

Regular resources: actuals and projections



- Regular resources continue to be the bedrock of the funding of UN Women and implementation of the new Strategic Plan.
- Strong growth from 2012 to 2014; the decrease 2015 was mainly due to exchange rates and reduced funding from a few donors

Other resources: actuals and projections

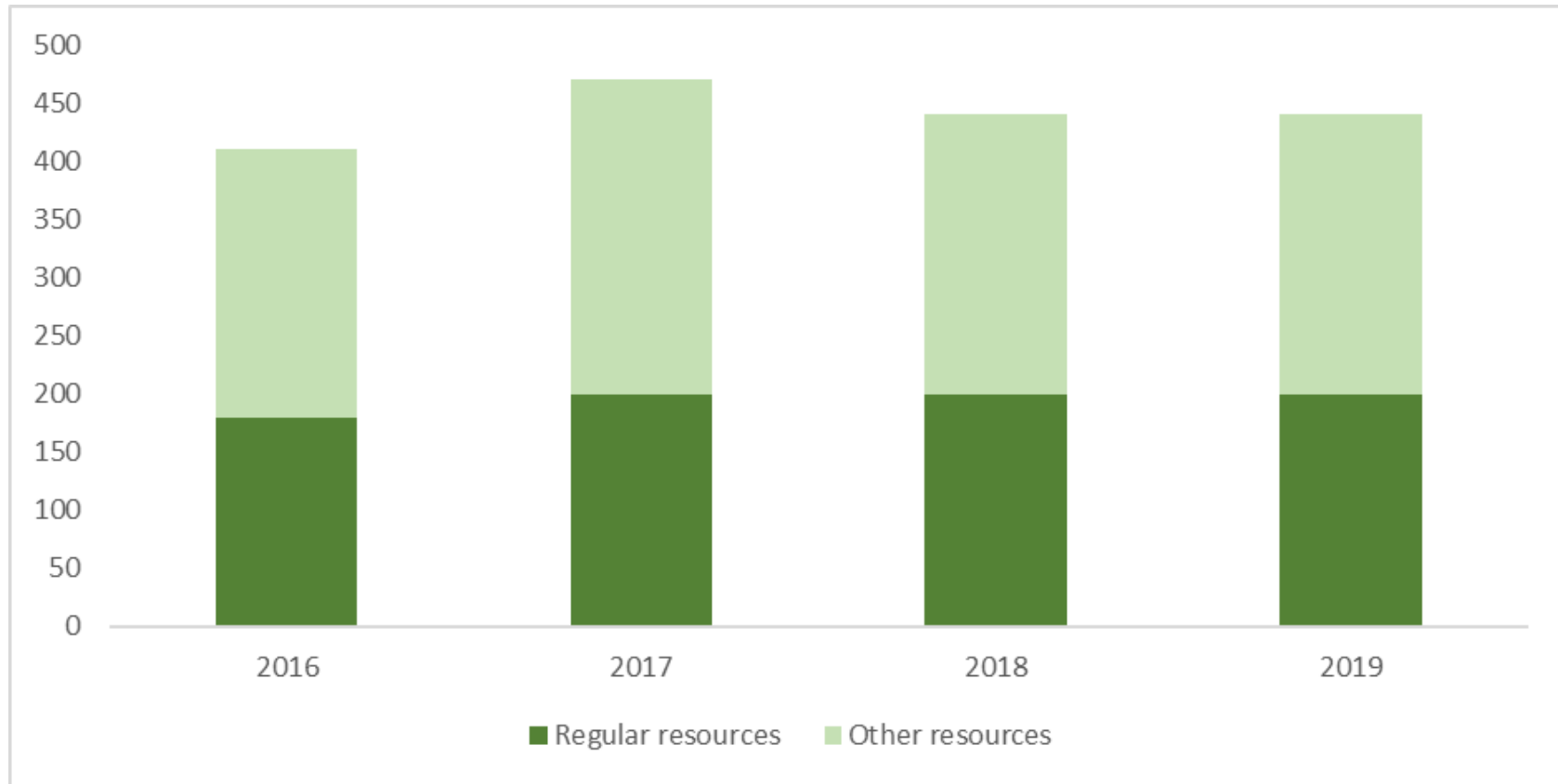


- Other resources almost doubled from 2012 to 2016
- Projections for 2016 and 2017 were based on prior years' growth trends

2018-2019 planning scenarios

At the EB workshop on the Strategic Plan (February) a base scenario of similar income envelopes as in 2016-2017 was discussed with the Executive Board as a basis for the 2018-2019 budget preparation. This has resulted in biennium income projections for 2018-2019 of \$880m.

Integrated budget 2016-2017 income projections



Background and rationale

- Income projections for 2018 – 2019 are realistically ambitious based on donor intelligence, prospects for increasing contributions, and past trends.
- UN Women enjoyed the support 108 donors in 2016 among which 46 Member States increased their support, with nine more than doubling their contribution, signaling a real momentum for the gender agenda.
- Non-government resources almost doubled in 2016 and may likely double again by 2018 due to targeted efforts to engage businesses, foundations, non-profits and individuals. Income from National Committees grew from 1.7 million in 2015 to 4.6 million in 2016 with growth expected to be sustained.
- Regular resources (core) are expected to resume their progress and recover their 2012–2014 growth trends due to non-government sector sources and public support.
- Other resources (non-core) are projected to maintain steady growth trajectory

Background and rationale

- Member states continue to be committed to implementing the mandate of UN Women in support of the advancement of gender equality and the empowerment of women.
- Beijing + 20 and Agenda 2030 provided a renewed impetus for funding the implementation of international and national commitments to gender equality and the empowerment of women towards Planet 50 – 50 before 2030.
- Gender equality and the empowerment of women are central to the implementation of Agenda 2030 with SDG 5 and gender equality mainstreamed across the SDGs.
- Continued trust and confidence in UN Women as evident in appreciation of its work by key partners and stake holders. including Member States in their decision on the Mid-term Review of the current Strategic Plan.
- UN Women will expand the reach of its mass communication and public engagement vehicles, such as “HeforShe”, and leverage the power of partnerships to reach even wider audiences.
- Flagship Programme Initiatives (FPIs) have attracted considerable interest from donors and promise to mobilize new and additional resources, particularly other resources (non-core)

- UN Women manages allocations to offices and sections on the basis of expected revenue from donors
- Fiscally prudent financial management approach is key for voluntarily funded organizations
- When actual contributions are lower than projections in the integrated budget, contingency measures are implemented
- Measures already implemented in the past, including 2016, have included freezing of vacant positions approved as part of the institutional budget, holding off on approved upgrades, and reductions on non-staff allocations
- UN Women continues to closely monitor each month income trends to ensure that actual expenditure remains commensurate with actual available resources

Integrated Budget approach presented to Executive Board



- The base scenario, in line with the expectations of UN Women mandate, constitutes a robust envelope for preparation of 2018-2019 integrated budget
- Base scenario requires identifications of reductions and efficiencies as part of the budget proposal, due to the following reasons:
 - Base scenario requires absorption of significant cost increases within the budget. This will include increases from service providers (both within and outside the UN system), inflation, staff step increases, etc.
 - Base scenario will need to reflect a reduced management ratio, as per Executive Board mandate
- UN Women will have a contingency plan, in line with prudent financial practice

Base scenario will require identification of efficiencies as an integral part of the budget proposal

Integrated Budget 2018-2019 highlights

- Overall budget neutral approach in real terms
 - Small nominal increase from \$196.4m to \$202.8 m driven by cost increases, partially offset by efficiencies particularly in HQ
 - Special purpose one-time request of \$2m for IST transformation to support digital strategy and update existing system
- Decrease of management ratio from 13% to 12.9%
- Cost recovery projections are based on 2016 effective rate of 7%
- Proposed transfer of five positions performing normative intergovernmental work to UN Secretariat budget
 - Was a result of an analysis undertaken by UN Women, including a review of job descriptions, and discussions with UN
 - Will free resources that will be channeled towards programme activities
- Important to note that UN Women commits to contingency planning as part of implementation, where revenue projections do not fully materialize

- Integrated Budget proposal contains robust estimates for 2018-2019 that are the result of below analysis:
 - Review of actual increases in post proforma costs from 2016 to 2017 as a basis for estimating future post costs
 - Review of actual vacancy rates in institutional budget costs as a basis for discounting post costs
 - Review of effective cost recovery rate as a basis for estimating actual cost recovery
 - Analysis of positions performing normative intergovernmental work as a basis for transferring positions to UN Secretariat regular budget
 - Review of staff positions across the organization, with a view to submitting zero growth proposals for next biennium

Overview of resources

Financial Framework

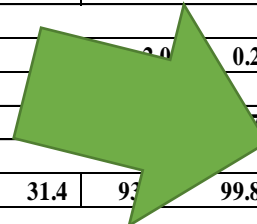
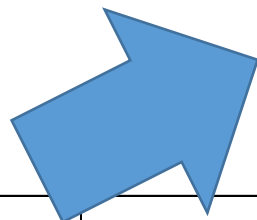
(Millions of United States dollars)

	2016-2017 Estimates						2018-2019 Estimates						
	Regular resources		Other Resources		Total		Regular resources		Other Resources		Total		
			Programme	Cost Recovery					Programme	Cost Recovery			
		%				%		%			%		%
1. Resources available													
Opening balance	112.3	22.8%	265.3	19.1	396.6	31.0%	45.0	10.0%	158.0	16.6	219.6		
Income													
Contributions	380.0	77.0%	463.2	36.8	880.0	68.8%	400.0	89.3%	448.6	31.4	880.0		
Other Income and reimbursements	1.0	0.2%	2.0		3.0	0.2%	3.0	0.7%			3.0		
Total available	493.3	100.0%	730.5	55.9	1,279.6	100.0%	448.0	100.0%	606.6	48.0	1,102.6		
2. Use of resources													
A Development activities													
A.1 Programme	210.6		473.0		683.6		231.6	57%	498.6		730.2		
A.2 Development effectiveness	50.0			4.4	54.4		44.4			6.3	50.7		
Subtotal Development Activities	260.6	69%	473.0	4.4	737.9	83.9%	276.0	68%	498.6	6.3	780.9	83.7%	
B United Nations development coordination	27.6	7%			27.6	3.1%	27.5	7%			27.5	3.0%	
C Management Activities													
c.1 Recurring	85.3	22.5%		22.6	108.0		83.0	21%		25.1	108.1		
c.2 Non-recurring					-						-		
c.3 Evaluation	6.4	1.7%			6.4		6.8				6.8		
c.4 Audit and Investigation							5.7				5.7		
Subtotal Management Activities	91.8	24.2%	-	22.6	114.4	13.0%	95.4	24%	-	25.1	120.6	12.9%	
E Special-purpose activities													
D.1 Capital Investments					-		2.0		-	-	2.0		
D.2 ICT Transformation					-		2.0	0.5%	-	-	2.0	0.2%	
Subtotal Special Purpose Activities	-	0.0%	-	-	-	0.0%	2.0	0.5%	-	-	2.0	0.2%	
E Posts to be transferred to UN regular budget							2.0	1%	-	-	2.0	0.2%	
Total Institutional Budget (A.2+B+C+D + E)	169.4	100%	-	27.0	196.4	22.3%	171.4	100%	-	31.4	202.8	21.7%	
Total Use of resources (A+B+C+D + E)	380.0	100.0%	473.0	27.0	880.0	100.0%	403.0	99.5%	498.6	31.4	933.0	99.8%	
Balance of resources (1-2)	113.3		257.5	28.9	399.6		45.0		108.0	16.6	169.6		

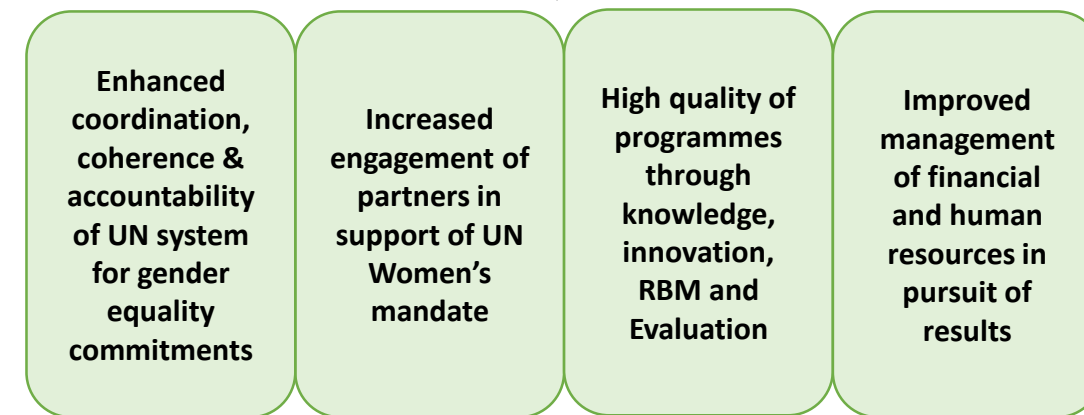
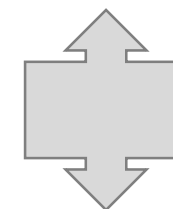
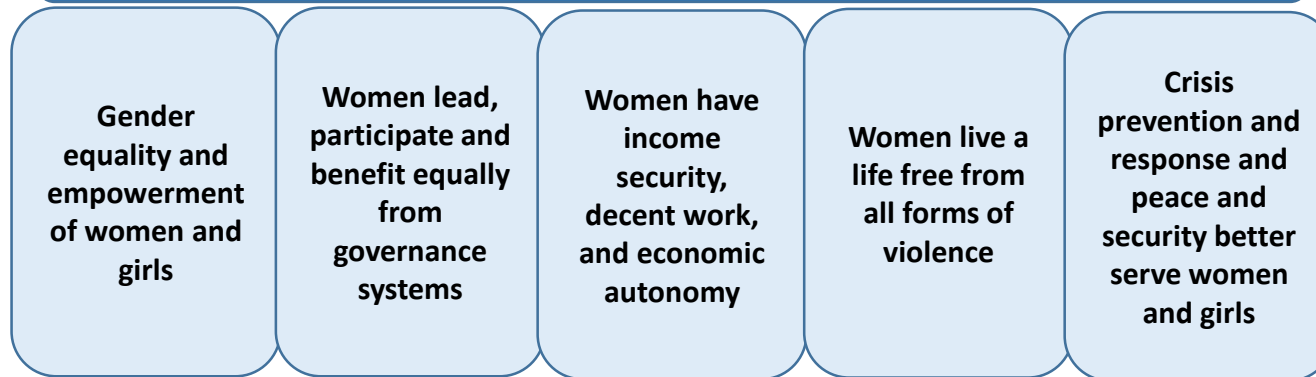
Strategic Plan and Integrated Budget

2. Use of resources

A Development activities						
A.1 Programme	231.6	57%	498.6		730.2	
A.2 Development effectiveness	44.4			6.3	50.7	
Subtotal Development Activities	276.0	68%	498.6	6.3	780.9	83.7%
B United Nations development coordination	27.5	7%			27.5	3.0%
C Management Activities						
c.1 Recurring	83.0	21%		25.1	108.1	
c.2 Non-recurring					-	
c.3 Evaluation	6.8				6.8	
c.4 Audit and Investigation	5.7				5.7	
Subtotal Management Activities	95.4	24%	-	25.1	120.6	12.9%
D Special-purpose activities						
D.1 Capital Investments						
D.2 ICT Transformation	2.0		-	-	2.0	
Subtotal Special Purpose Activities	2.0	0.5%	-	-	2.0	0.2%
E Posts to be transferred to UN regular budget	2.0	1%	-	-	2.0	0.2%
Total Institutional Budget (A.2+B+C+D + E)	171.4	100%	-	-	171.4	17.7%
Total Use of resources (A+B+C+D + E)	403.0	99.5%	498.6	31.4	930.1	99.8%
Balance of resources (1-2)	45.0		108.0	16.6	169.6	

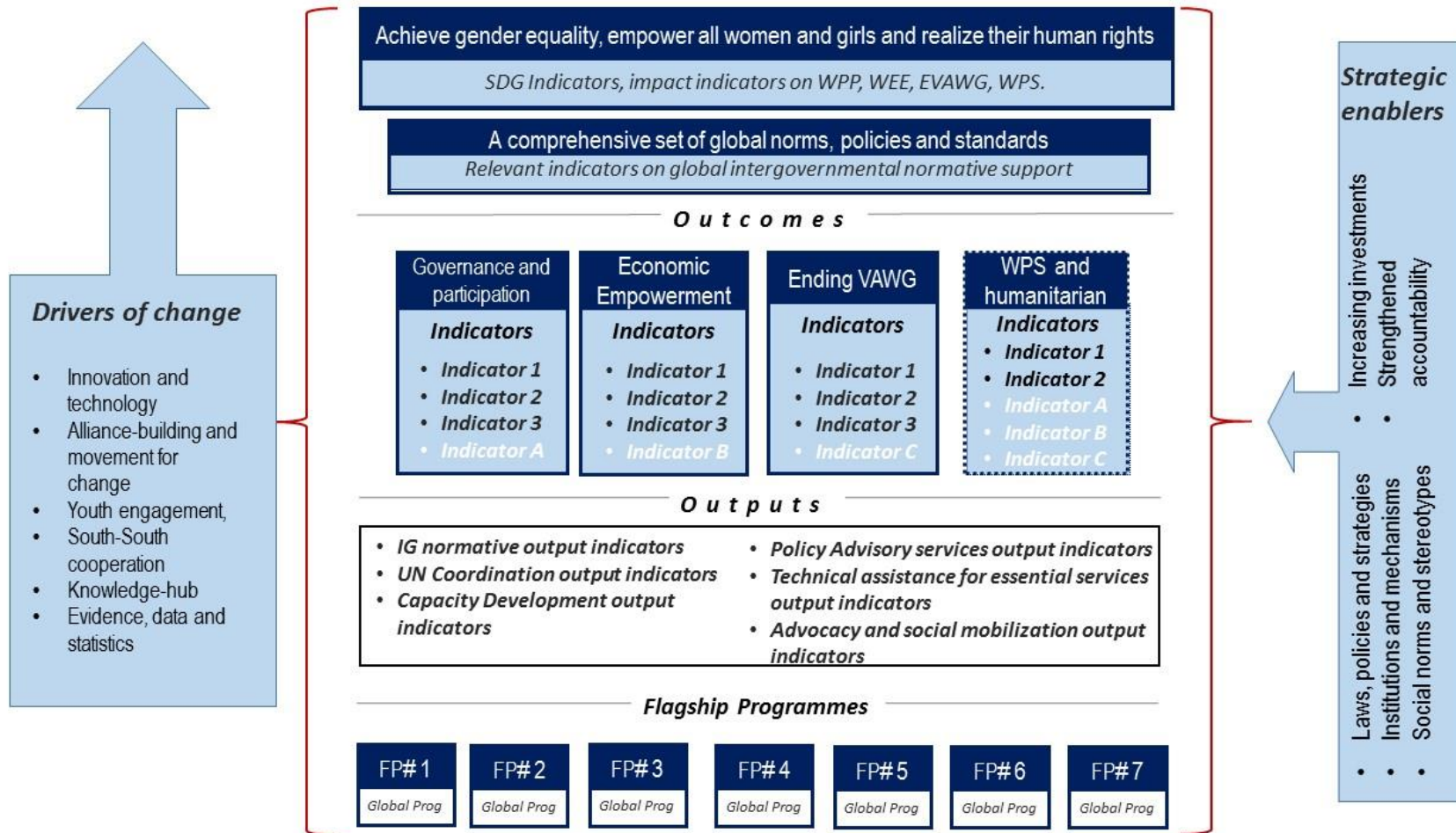


Development Outcomes



Organizational effectiveness and efficiency outputs

Link resources to Results: Strategic Plan Outcomes



- Majority of UN Women resources devoted to SP outcomes
- Methodology linking results to resources being finalized, but linked to past expenditure trends, 2016 expenditure, and planned pipeline

Resources Linkages to Results : Organizational Effectiveness and Efficiency (OEE)

Output	Cost Classification	Functional Cluster
Enhanced coordination, coherence and accountability of the UN system for gender equality commitments	United Nations Coordination	Development Coordination
Increased engagement of partners in support of UN Women's mandate	Management	Corporate external relations and partnerships, communications and resource mobilization
	Development Effectiveness	Alliance Building and Youth Engagement
High quality of programmes through knowledge, innovation, RBM and evaluation	Development Effectiveness	Innovation and technology, knowledge hub, knowledge management, South-South cooperation, RBM
	Management	Evaluation
Improved management of financial and human resources in pursuit of results	Management	Corporate financial, information and communication technology and administrative management
		Corporate human resources management
		Staff and premises security
		Leadership and Corporate Direction
		Field/country office oversight, management and operations support

Regular budget (assessed contributions)

- Less than 1.7% of UN Women's budget funded from UN regular budget (assessed contributions)
- General Assembly requested a functional review to determine normative intergovernmental processes undertaken by UN Women in order to ensure appropriate funding
- General Assembly requested Secretary General “to reflect, in the proposed programme budget (...) the necessary budget allocation (...) so as to ensure an appropriate source of funding of the financial resources required, including the funding of senior-level posts”*
- In December 2015, the General Assembly: “*Notes with concern* that currently, UN-Women has to draw on voluntary contributions in order to enable it to carry out its mandate of servicing normative intergovernmental processes (...)”**

* A/RES/65/259, Section VI, paragraph 9

**A/RES/70/133, paragraph 8

UN Women has submitted the requested analysis and the UN Secretariat has included in the regular budget 2018-2019 the five posts identified as performing normative intergovernmental functions, which are currently funded from voluntary contributions. Support from representatives at Fifth Committee will be key to ensure approval in the UN Secretariat 2018-2019 regular budget.

High-level timelines and milestones

Timeline	Milestone
3 February	First Executive Board informal consultation on cost recovery (interagency)
13 February	Strategic Plan workshop with Executive Board
March/April	Second Executive Board informal consultation on cost recovery (interagency)
May	Executive Board informal consultation on UN Women integrated budget 2018-2019 estimates
April-May	Interagency consultations on cost recovery
May	Executive Board informal consultation on cost recovery
June	Executive Board informal consultations on integrated budget Draft integrated budget document available ACABQ session Executive Board annual session
July-September	Executive Board informal consultations Management response to ACABQ report
August-September	Executive Board second regular session and adoption of the Integrated Budget 2018-2019



Thank you!



Cost Recovery update

30 May 2017



Past Approach

- A consideration of the need for an update of the Road map to an integrated budget: cost classification and results-based budgeting (DP-FPA/2010/1-E/ICEF/2010/AB/L.10); a revision or confirmation of the list of critical cross cutting functions (that can be deducted from the cost recovery amounts); and a revision of the exceptions to the 8% 'normal' rate.
- Development of different options for cost recovery
- An assessment of the adequacy of cost recovery rates and proposed future options (or updates) for these rates.
- Proposed options and 2016 actuals presented in April Informal...

Update on Cost Recovery

- At the latest informal on Cost Recovery on April 26, the 4 agencies presented several options for the cost recovery methodology, specifically proposing several ‘lego’ options on what Core should cover
- Specifically, the options presented different scenarios on what functions should be protected from cost recovery, and thus paid from Core, and the resulting cost recovery rates under each scenario

Going Forward- Role of Core

- The current proposed Integrated Budget 2018-2019 will adhere to the harmonized approved cost recovery methodology.
- In addition, as per response to the comments and requests for clarification at the April Informal, we will address in the next few slides what functions Core pays for under the current methodology, by the harmonized cost classification categories
- We will also present, as per the board member requests, the list of Critical Cost Cutting Functions that are fully protected under the current model, and as specific to UN WOMEN.

In the proposed Integrated Budget, regular resource (core) covers:

- **Programme Cost** - 57% of total Core
- **Development Effectiveness activities** - 11% of total Core

Position/Function	Locations
Deputy Director	Regional Offices
Policy Advisor	Regional Offices
Programme Specialists	Regional and Country Offices
Director, Deputy Director, Chief	Policy and Programme, Research and Data, Leadership and Governance, Ending Violence Against Women
Policy Advisor, programmatic functions, administrative functions	Policy and Programme, Research and Data, Ending Violence Against Women, Economic Empowerment, Peace and Security, Planning and Programme Guidance

- **UN Coordination activities** - 6.8% of Total core

Position/Function	Locations
Advisory and coordination functions	HQ and the field
Heads of Office	Country Offices (50%)

In the proposed Integrated Budget, regular resource (core) covers:

- **Management, by functional cluster** - 24% of total Core

Position/Function	Locations
Head of Office	Country Offices (50%)
Oversight, management, and operations/administrative support	Field offices
Corporate human resources (director, specialist, associates)	HQ Human Resources Division
Corporate oversight and assurance (all levels except director)	HQ Audit Coordination, Independent Evaluation Office
Corporate financial, information and communications technology, administrative management (all levels)	HQ Division of Management and Administration (Budget, Finance, IST, Procurement)
Corporate external relations and partnerships, communications and resources mobilization (directors, specialists, analysts)	HQ Communications and Advocacy, Resource Mobilization, Strategic Partnerships
Leaderships and corporate direction (executive associate, special assistant)	Executive Director's Office
Safety and security (chief)	HQ

Critical cost cutting functions (as per approved methodology) – Functions protected from cost recovery

- **HQ Heads of:** Division of Management and Administration, Independent Evaluation Office, Resource Mobilization, Executive Board Secretariat and associated GOE
- **Field:** Country Representatives (management portion), executive associates, drivers, and associated General Operating Expenses (GOE)