



**Preparation of the Integrated Budget 2018 - 19
For Executive Board Annual session
28 June 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).*
- *All of these decisions have been implemented.*

Integrated Budget 2018-2019 - financial principles and assumptions

- Integrated Budget proposal contains robust estimates for 2018-2019 that are the result of:
 - Maintaining income projections at similar levels as in the 2016-2017 biennium, allowing UN-Women to build on realistic planning while ensuring that institutional capacity is commensurate with the goals and objectives of the Entity as set out in the proposed strategic plan 2018-2021.
 - Adopting an overall budget-neutral approach, with a focus on cost effectiveness and identification of efficiencies to absorb anticipated cost increases.
 - Review of staff positions across the organization, with a view to submitting zero growth proposals.
 - 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 2016 actual effective cost recovery rate as a basis for estimating cost recovery rate.
 - Analysis of positions performing normative intergovernmental work as a basis for transferring positions to UN Secretariat regular budget.

Institutional Budget 2018-2019 – financial assumptions



- Overall Total Institutional Budget of \$203.8m with budget neutral approach in real terms, including:
 - Small nominal increase from \$196.4m to \$200.8m driven by cost increases, partially offset by efficiencies particularly in Headquarters; and
 - Special purpose one-time request of \$3m - ICT Transformation to support digital strategy and update of existing systems \$2m; and Resource Mobilization initiative \$1m.
- Decrease of management ratio from 13% to 12.8%.
- Vacancy rate of 9% compared to 5% 2015-2016 which was not considered realistic by ACABQ.
- Cost recovery projections are based on 2016 actual or effective rate of 7%.
- Proposed transfer of five positions performing normative intergovernmental work to UN Secretariat budget.
- UN Women has contingency planning measures in place as part of implementation, which are also practiced by other voluntary funded UN entities. UN Women allocations are based on expected revenue from donors and when projections are lower than actual contributions, contingency measures are taken, such as freezing vacant posts and reducing non-staff allocations. UN Women closely monitors income trends on a monthly basis to ensure that allocations remain commensurate with available resources.

Overview of resources

Financial Framework (Millions of United States dollars)	2018-2019 Estimates					
	Regular resources		Other Resources		Total	
			Programme	Cost Recovery		
		%				%
1. Resources available						
Opening balance	57.5	12.5%	189.8	28.4	275.7	23.8%
Income						
Contributions	400.0	86.9%	448.6	31.4	880.0	75.9%
Other Income and reimbursements	3.0	0.7%			3.0	0.3%
Total available	460.5	100.0%	638.4	59.8	1,158.7	100.0%
2. Use of resources						
A Development activities						
A.1 Programme	230.6		513.6		744.2	
A.2 Development effectiveness	43.8			6.3	50.1	
Subtotal Development Activities	274.4	68.1%	513.6	6.3	794.3	83.8%
B United Nations development coordination	27.2	6.8%			27.2	2.9%
C Management Activities						
c.1 Recurring	83.7			25.1	108.8	
c.2 Non-recurring						
c. 3 Evaluation	6.7				6.7	
c. 4 Audit and Investigation	6.0				6.0	
Subtotal Management Activities	96.4	23.9%	-	25.1	121.5	12.8%
E Special-purpose activities						
D.1 Resource Mobilization	1.0		-	-	1.0	
D.2 ICT Transformation	2.0		-	-	2.0	
Subtotal Special Purpose Activities	3.0	0.7%	-	-	3.0	0.3%
E Posts to be transferred to UN regular budget	2.0	0.5%	-	-	2.0	0.2%
Total Institutional Budget (A.2+B+C+D + E)	172.4	42.8%	-	31.4	203.8	21.5%
Total Use of resources (A+B+C+D + E)	403.0	100.0%	513.6	31.4	948.0	100.0%
Balance of resources (1-2)	57.5		124.8	28.4	210.7	

Strategic Plan and Integrated Budget – Development Results Framework



- Programme estimates 2018-2019 will provide funding for development outcomes of the Strategic Plan.

Outcome/Output	Cost Classification	2018-2019			
		Regular Resources	Other Resources	Cost Recovery	Total
A comprehensive and dynamic set of global norms, policies and standards on gender equality and the empowerment of all women and girls is strengthened	Programme	4.4	10.3	-	14.7
Women lead, participate in and benefit equally from governance systems	Programme	38.0	88.7	-	126.7
Women have income security, decent work and economic autonomy	Programme	44.7	104.4	-	149.1
All women and girls live a life free from all forms of violence	Programme	64.8	151.3	-	216.1
Women and girls contribute to building sustainable peace and resilience, and benefit equally from crisis prevention and humanitarian action	Programme	78.6	159.0	-	237.6
Total		230.6	513.6		744.2

Strategic Plan and Integrated Budget - Organizational Effectiveness & Efficiency



- Institutional Budget includes: Development effectiveness, UN development coordination, Management activities, Special purpose activities.

Outcome/Output	Cost Classification	Functional Cluster	2018-2019			
			Regular Resources	Other Resources	Cost Recovery	Total
Enhanced coordination, coherence and accountability of the UN system for gender equality commitments	United Nations Coordination	UN Development Coordination	27.2	-	-	27.2
Increased engagement of partners in support of UN Women's mandate	Management	Corporate external relations and partnerships, communications and resource mobilization	12.8	-	6.8	19.6
	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	45.2	-	6.3	51.5
		Corporate Oversight and Assurance	9.0	-	1.4	10.4
	Management	Corporate financial, information and communication technology and administrative management	16.8	-	5.9	22.7
Improved management of financial and human resources in pursuit of results	Management	Corporate human resources management	5.9	-	1.6	7.6
		Staff and premises security	0.5	-	0.5	1.0
		Leadership and Corporate Direction	1.1	-	0.2	1.3
		Field/country office oversight, management and operations support	50.8	-	8.6	59.4
	Special Purpose	ICT Transformation, Resource Mobilization Initiative	3.0	-	-	3.0
Total			172.4		31.4	203.8

Institutional Budget 2018-2019 – increases and decreases

- Special purpose one-time request of \$3m:
 - *ICT Transformation \$2m:* to strengthen cyber security; key components of a consolidated common ICT architecture; upgrade the ERP system and enhance other key parts of the programme management eco-system, such as Donor Agreement Management System (DAMS), Results Management System (RMS), and other Human resources, Procurement and Risk management systems.
 - *Resource Mobilization Initiative \$1m:* to ensure a donor and prospect engagement management system; to invest in infrastructure to address minimal digital and public fundraising platform and capacity; developing the capacity to engage effectively with the two other high potential private donor segments, namely high net worth individuals and philanthropic partners.
- Field - net increase of \$0.08 million
 - Regional realignments will result in no net change in number of posts in the field
 - Calibrates the capacity relative to scale of operations and growth prospects
 - Aligned with recommendations of the evaluation of the regional architecture
 - Optimizes the use of resources

Institutional Budget 2018-2019 – increases and decreases (continued)

- Headquarters net increase of \$0.3 million in operational capacity to support field growth and oversight:
 - Consolidation of internal audit and evaluations functions: Upgrade of D1 Director of Evaluation Section post to D2 Director of Independent Assurance Division, and 5 new Internal Audit Specialist posts, offset by savings from outsourcing internal audit to UNDP
 - Upgrade of P5 post to D1: Chief of Accounts to Deputy Director, Financial Management
 - Upgrade of G7 post to P3: Asset Management Associate to Asset & Revenue Management Specialist, based on audit recommendation by UN Board of Audit
 - 2 new ICT posts (P3 and P4) for Website Architecture Specialist and Information Security and Compliance Specialist, offset by savings from outsourcing to consultants and UNICC
 - 1 new P3 post: Enterprise Risk Management and Legislative Specialist
 - Program support realignment

Institutional Budget 2018-2019 – increases and decreases (continued)

Consolidation of Assurance functions

- Internalization of Internal Audit was recommended by Audit Advisory Committee in their reports of:
 - UNW/2017/3/Add.1, para 38 ‘..., UN-Women may wish to consider the option of including the internal oversight and assurance functions found in its Third Line of Defense (e.g. internal auditing, investigations, and evaluation) into one oversight unit. This could create synergies among the functions, improve effectiveness and value-for-money, and support increased overall assurance with respect to UN-Women’s operations, programmes, and performance.’
 - UNW/2016/4/Add.1, para 37 “.. The Committee understands that the UN-Women Audit Unit is considered operationally independent from UNDP. However, the Committee remains concerned that there may be potential conflicts of interest because UNDP undertakes some administrative functions for UN-Women through other Service Level Agreements, such as for information and communications technology systems and the administration of payroll, benefits and entitlements.”
- JIU/REP/2010/5 - The Audit Function in the United Nations System states that: “JIU defined minimum requirements to set up internal oversight units at United Nations organizations, which are applicable to internal audit, as appropriate” ... “an organization will be required to manage a minimum of US \$250 million over a biennium to justify the set-up of an internal oversight unit...”

Institutional Budget 2018-2019 – increases and decreases (continued)

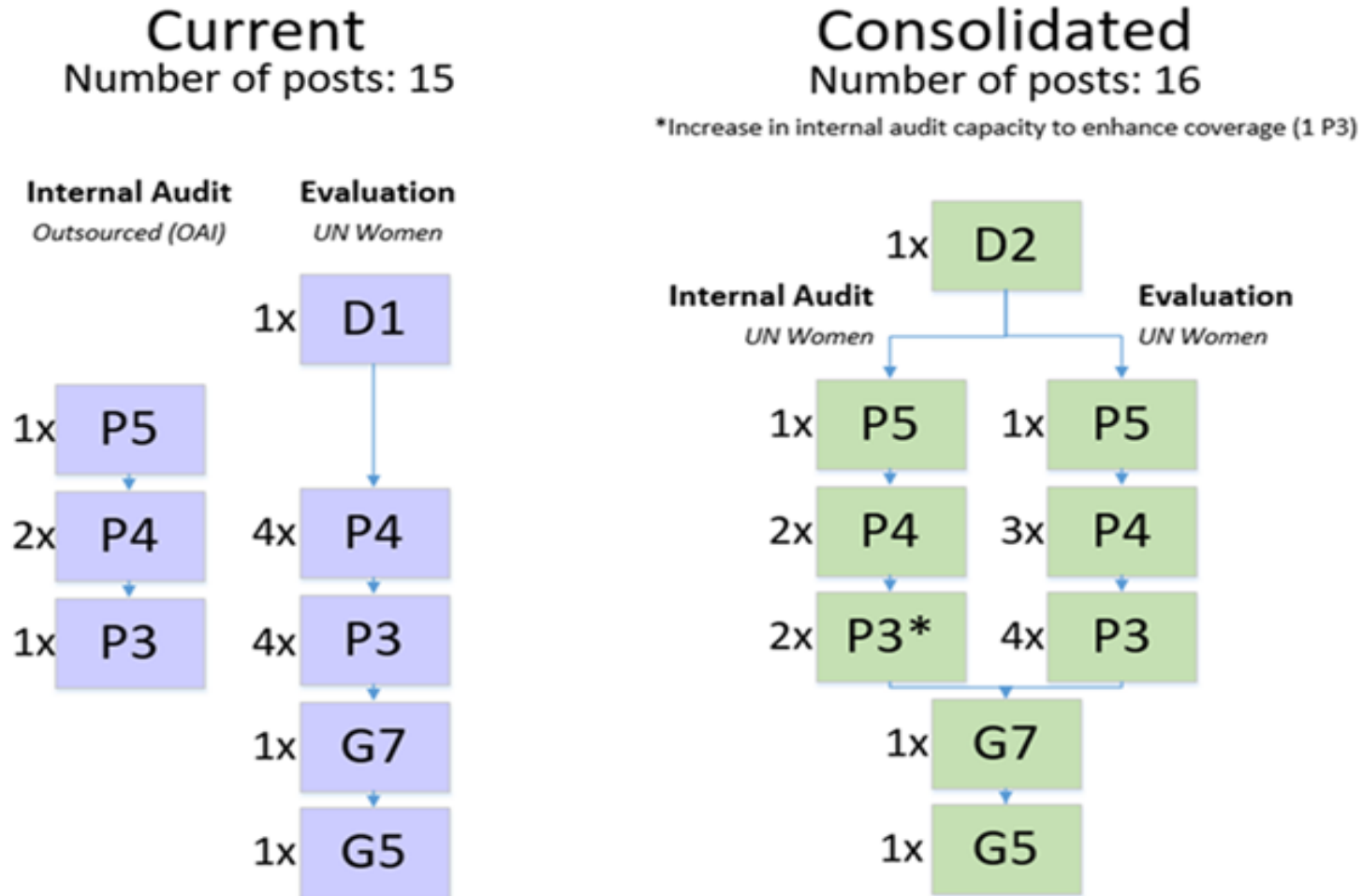


Consolidation of Assurance functions - continued

- UN-Women has been receiving internal audit services from the Office of Audit and Investigations (OAI) of UNDP per a Service Level Agreement since inception. The SLA is due to expire on 18 December 2017.
- Internalizing internal audit capacity is part of the institutional development of the Entity, ensuring that internal audit activities are aligned with, and responsive to, the mandate and strategic objectives of UN-Women. It will also enable constant and direct interface between the internal audit service and the rest of the Entity, while preserving the independent nature of the function.
- The consolidation of internal audit and evaluation under one Director within UN Women of an independent assurance function, covering both internal audit and investigations, can ensure synergy between these two functions and that they are responsive and aligned with the Entity's corporate strategic objectives. The Director will serve as a member of the Senior Management Team and provide independent advice and guidance in real time on high level governance, risk management and control strategies. This was not possible with the outsourced arrangement.
- Net savings are estimated at \$0.9m from consolidation of oversight functions.

Institutional Budget 2018-2019 – increases and decreases (continued)

- Capacity to be established within UN Women will be composed of posts similar to the staff complement that OAI had dedicated to UN Women. One new Audit Specialist P3 post is budgeted to increase coverage in line with recommendations of the Executive Board.



Regular budget (assessed contributions)

- Regular Budget funds the normative intergovernmental work of UN Women and part of the UN Coordination. The 2018-2019 proposed budget is **\$16.3 million**. This is not part of the Integrated Budget.
- Represents less than 1.7% of UN Women's total resources.
- 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 resulting from the information requested (...) 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

Regular budget (assessed contributions) - continued

- The requested analysis concluded that:
 - all the 45 posts currently funded from the regular budget were performing normative intergovernmental support functions, in accordance with their original purpose under the Division for the Advancement of Women (DAW) and the Office of the Special Adviser on Gender Issues, before the inception of UN Women; and
 - their functions remained normative intergovernmental in nature.
- The analysis identified five posts performing normative intergovernmental functions, currently funded from Integrated Budget (voluntary contributions).
- UN Secretariat accepted the requested analysis of UN Women and included the five posts in its Regular Budget proposal for 2018-2019 as performing normative intergovernmental functions.
- Support from Delegates at Fifth Committee will be key to ensure approval of these posts in the UN Secretariat 2018-2019 Regular Budget.

High-level timelines and milestones

Timeline	Milestone
June	Executive Board annual session (27-28 June) ACABQ session (30 June)
July- August	Executive Board informal consultations Management response to ACABQ report
August- September	Executive Board second regular session and adoption of the Integrated Budget 2018-2019

UN Women looks forward to your support and comments.



Cost Recovery update

28 June 2017



Cost recovery update

- Joint Executive Boards requested:
 - 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.
- At the latest informal on Cost Recovery on 26 April 2017, the 4 agencies presented several options for the cost recovery methodology, specifically proposing several 'lego' options on what regular resources (core) should cover. 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.
- The Integrated Budget 2018-2019 has adhered to the harmonized approved cost recovery methodology.
- In response to clarification requests during the April Informal, the functions that core covers under the current methodology as well as of Critical Cost Cutting functions are provided in subsequent slides.

In the Integrated Budget 2018-2019 regular resource (core) covers:



- **Programme Cost** – 57.2% of total Core
- **Development Effectiveness activities** – 10.9% 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 Integrated Budget, regular resource (core) covers:

- **Management, by functional cluster** – 23.9% 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)

- Headquarters 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)



Thank you!