



**Preparation of 2018-2019 integrated budget
Presentation to Executive Board**

10 May 2017

Executive Board requests in relation to Integrated Budget 2018-2019



EB decision 2015/6: Integrated budget for the biennium 2016-2017

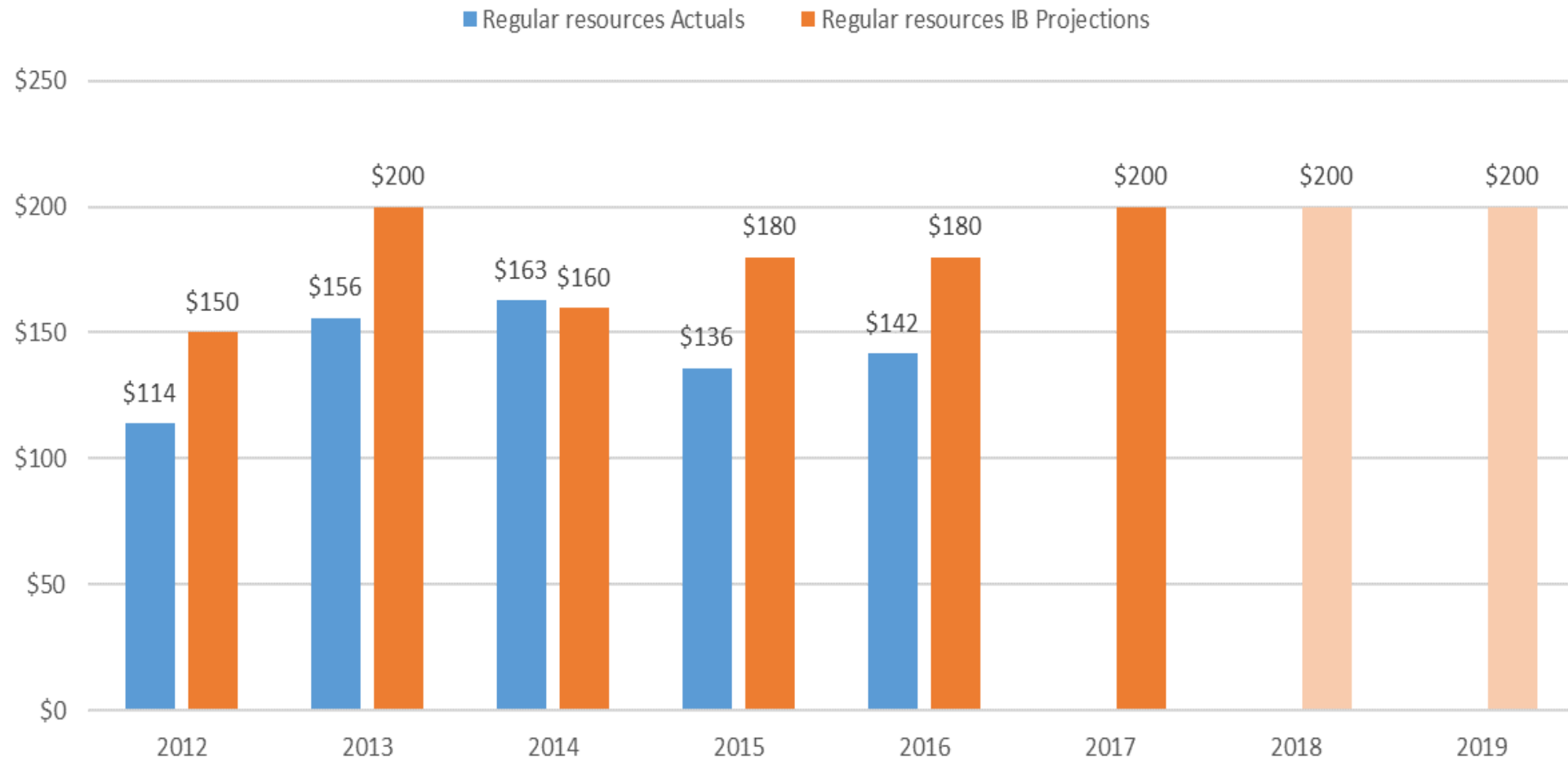
“(...) requests the Under-Secretary General/Executive Director to report to the Executive Board on the utilization of cost recovery in the context of the next budget proposal, and asks UN-Women to further strive for an overall reduction of the ratio of its management costs” (para 6)

“(...) 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

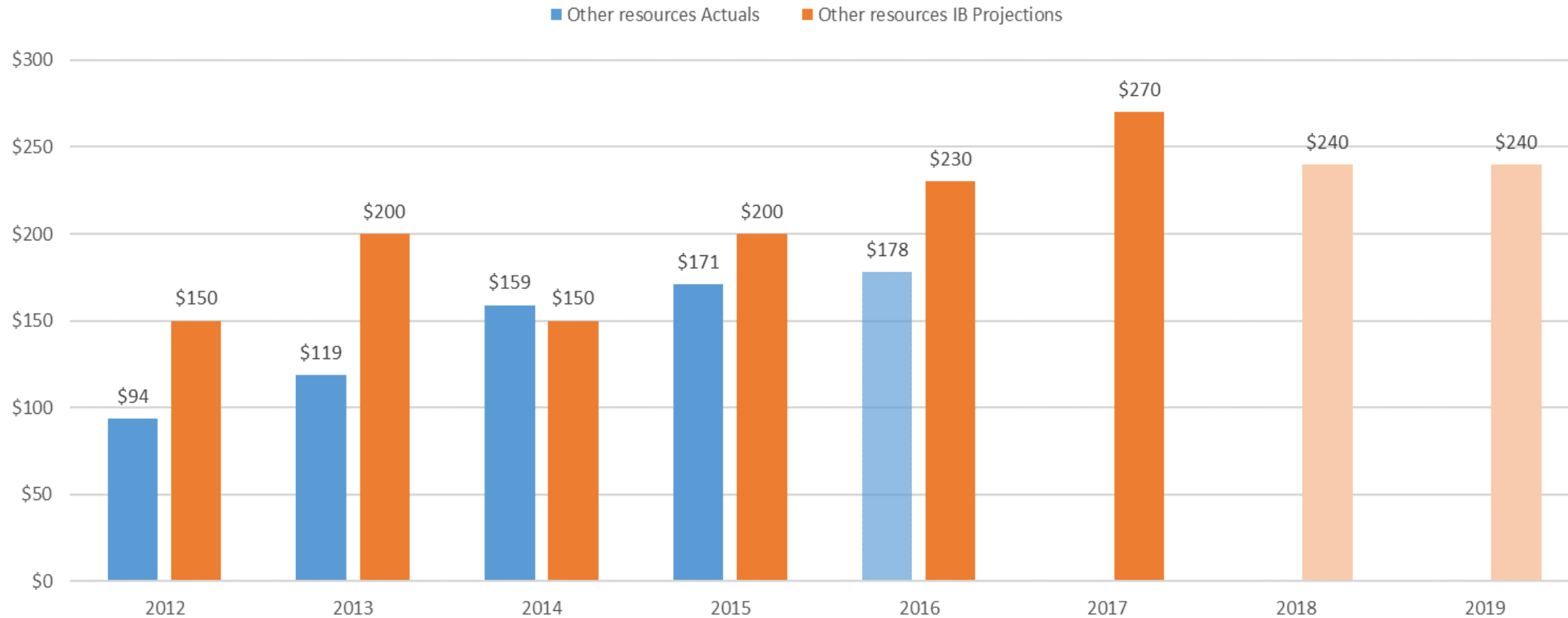
Regular resources revenue - actuals & projections in USD m



Other resources: actuals and projections



Other resources revenue - actuals and projections in USD m

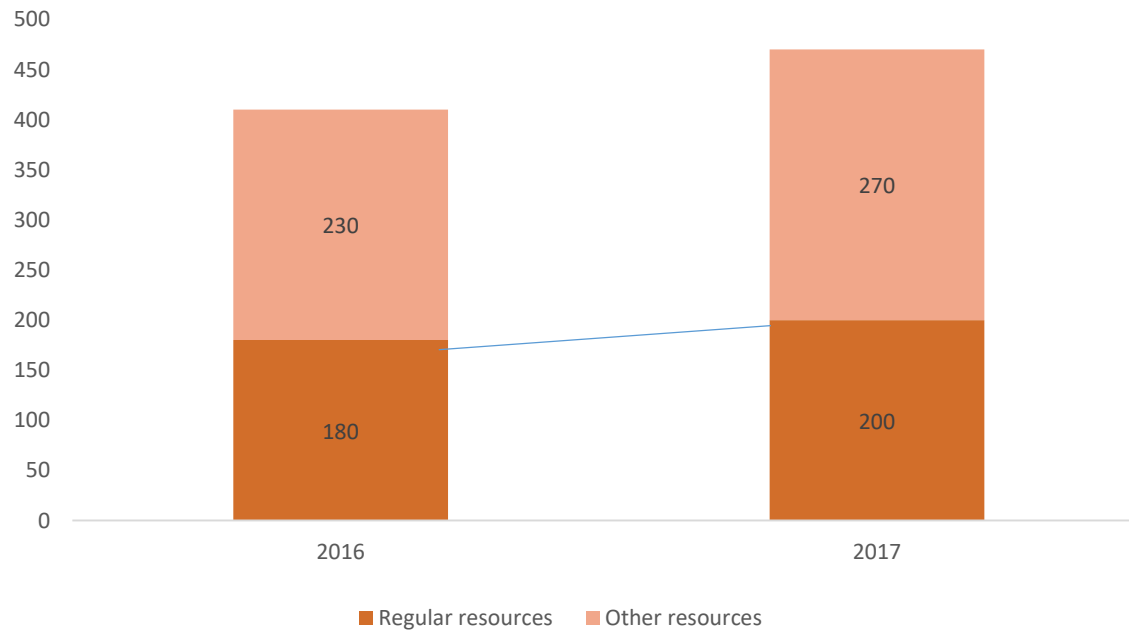


2018-2019 planning scenarios

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

In USD m

Integrated budget 2016-2017 income targets



Budget approach presented to Executive Board

- A base scenario, in line with the expectations of UN Women mandate, constitutes a robust envelope for preparation of 2018-2019 integrated budget
- Base scenario will require 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 will have a contingency plan, in line with prudent financial practice (next slide)

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

Contingency planning

- UN Women manages allocations to offices 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 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 monitor income trends to ensure that actual expenditure remains commensurate with actual available resources

Integrated budget 2018-2019 highlights

- Overall budget neutral approach in real terms
 - Small nominal increase from \$196.4m to \$200.9m driven by cost increases, partially offset by efficiencies particularly in HQ
- Decrease of management ratio from 13% to 12.9%
- Cost recovery projections are based on 2016 effective rate which was 7%
- Transfer of five positions performing normative intergovernmental work to UN Secretariat budget
 - Was a result of a functional 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

- 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
 - Functional analysis of positions performing normative intergovernmental work as a basis for transferring positions to UN Secretariat budget
 - Review of positions across the organization, with a view to submitting budget neutral proposals for next biennium

Overview of resources

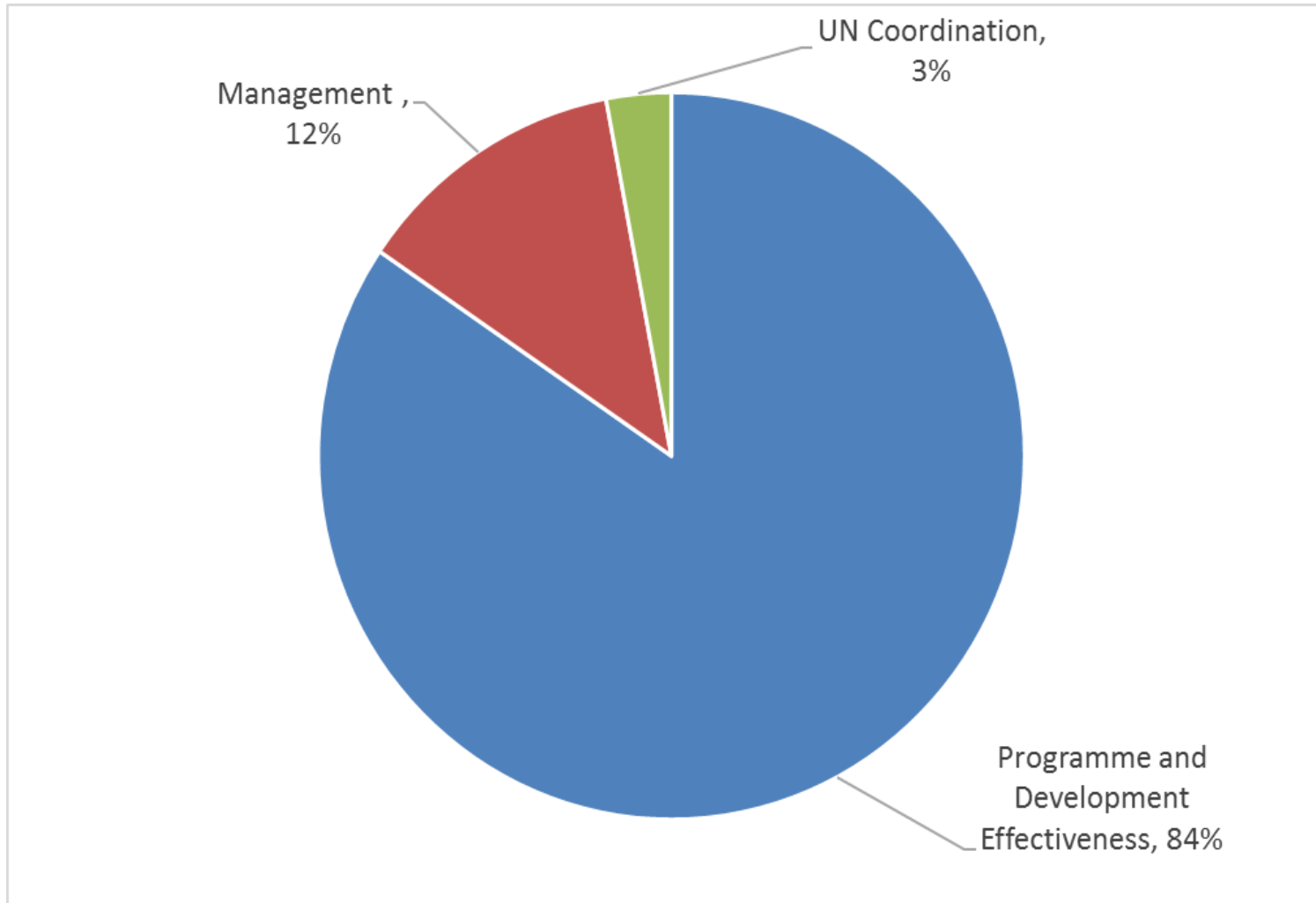
	2016-2017 Estimates						2018-2019 Estimates					
	Regular resources		Other Resources		Total		Regular resources		Other Resources		Total	
			Programme	Cost Recovery					Programme	Cost Recovery		
		%				%		%			%	
1. Resources available												
Opening balance	112.3	22.8%	265.3	19.1	396.6	31.0%	45.0	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		233.5		498.6		732.1	
A.2 Development effectiveness	50.0			4.4	54.4		44.5			6.3	50.8	
Subtotal Development Activities	260.6	69%	473.0	4.4	737.9	83.9%	278.0	69%	498.6	6.3	782.9	83.9%
B United Nations development coordination	27.6	7%			27.6	3.1%	27.6	7%			27.6	3.0%
C Management Activities												
c.1 Recurring	85.3	22.5%		22.6	108.0		82.9	21%		25.1	108.0	
c.2 Non-recurring					-						-	
c.3 Evaluation	6.4	1.7%			6.4		6.8	2%			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	120.5	12.9%
D Special-purpose activities												
D.1 Capital Investments					-						-	
D.2 Other activities					-						-	
Subtotal Special Purpose Activities	-	0.0%	-	-	-	0.0%	-	0.0%	-	-	-	0.0%
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%	169.5	100%	-	31.4	200.9	21.5%
Total Use of resources (A+B+C+D + E)	380.0	100.0%	473.0	27.0	880.0	100.0%	403.0	100.0%	498.6	31.4	933.0	100.0%
Balance of resources (1-2)	113.3		257.5	28.9	399.6		45.0		108.0	16.6	169.6	

Similar income projections (base scenario) as compared to last biennium

Management ratio decreases as compared to last biennium

Small nominal institutional budget increase due to cost increases (partly offset with savings)

Use of resources 2018-2019



Majority of resources in 2018-2019 channeled to development activities (Programme and Development Effectiveness)

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 functional analysis and is in discussions with UN Secretariat to include in the regular budget 2018-2019 five posts 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	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