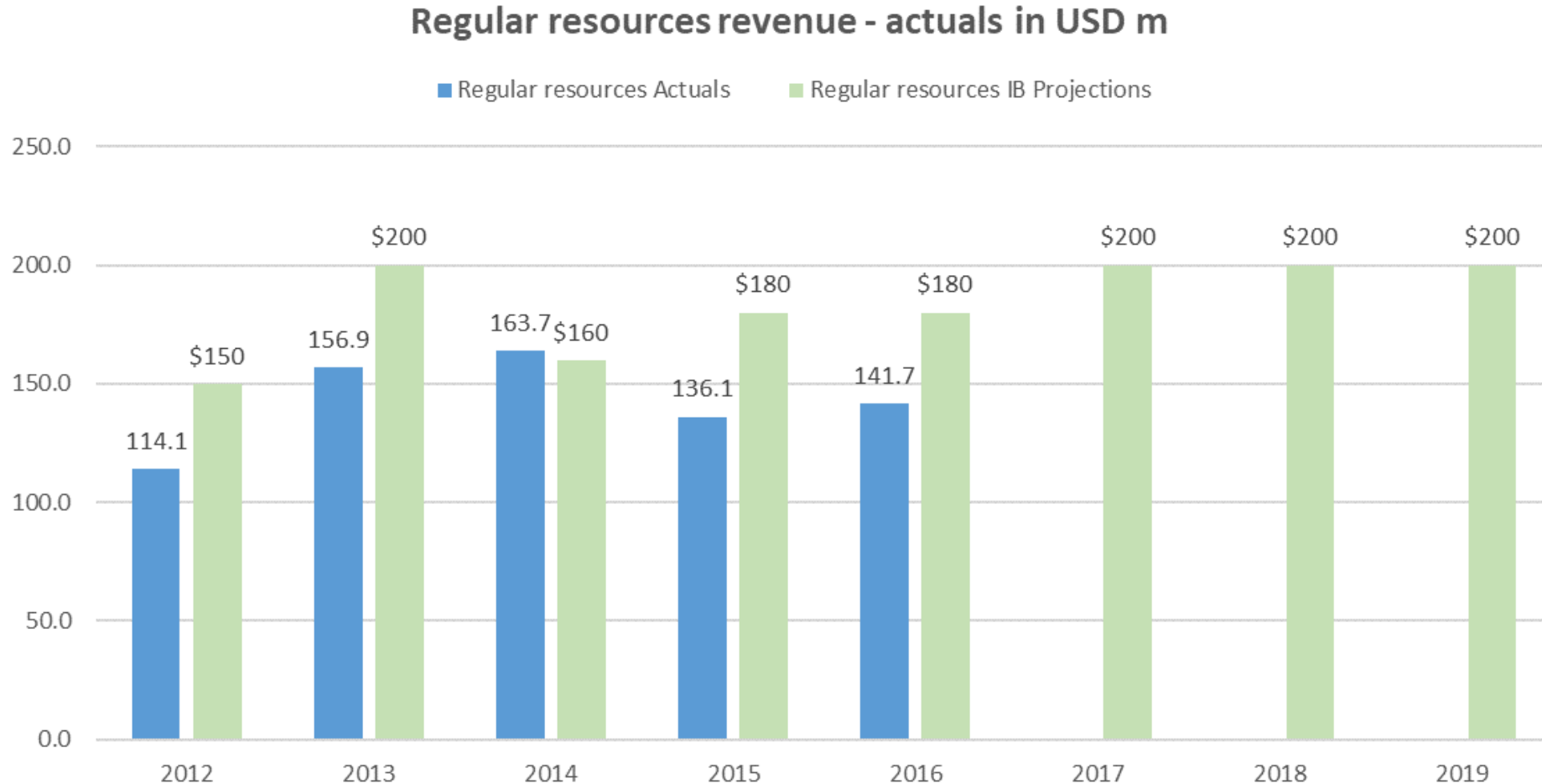




**Preparation of the Integrated Budget 2018 - 19
For Executive Board Informal
21 June 2017**

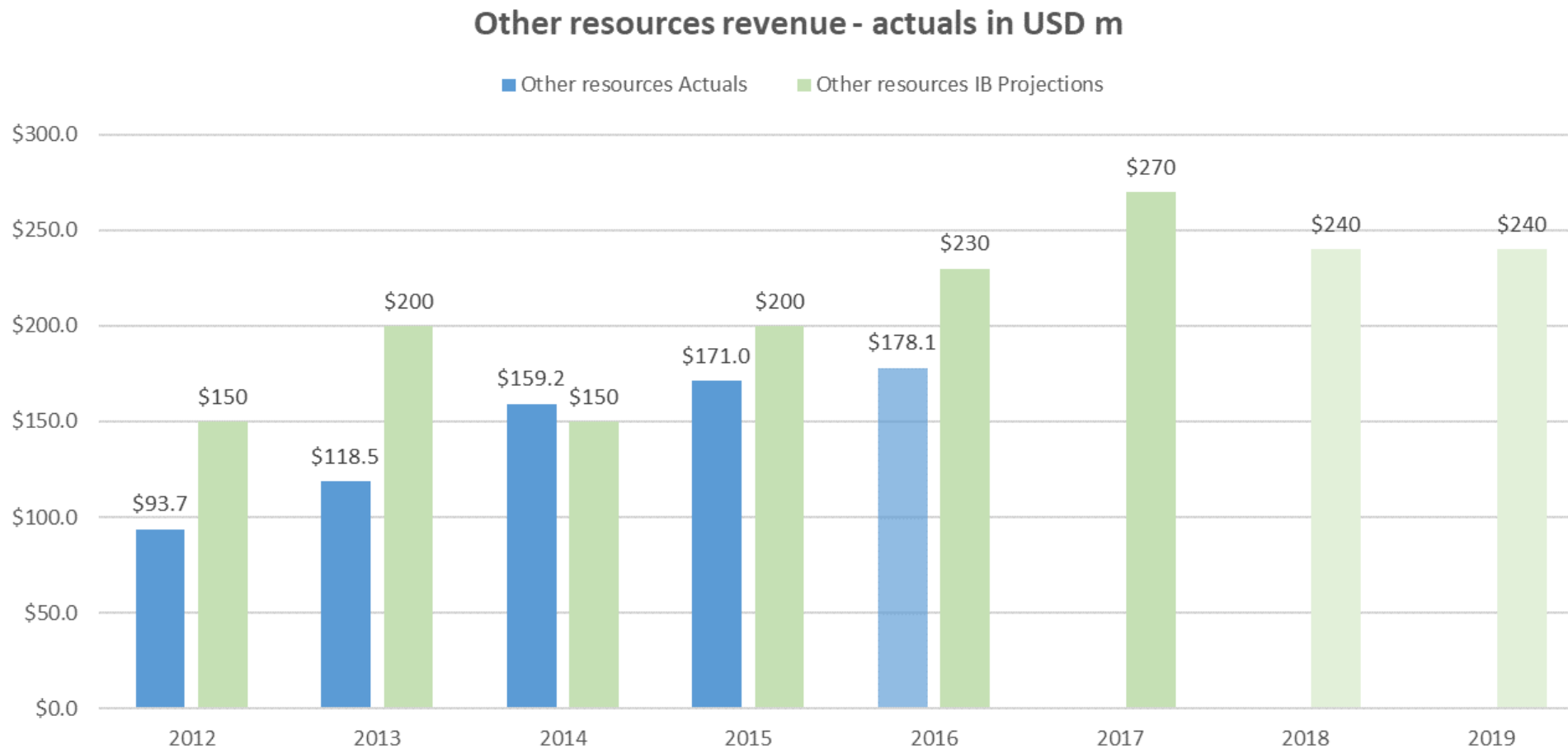
- EB decision 2015/6: Integrated budget for the biennium 2016-2017
- *“(...) requests the Under-Secretary General/Executive Director to report to the Executive Board on the utilization of cost recovery in the context of the next budget proposal, and asks UN-Women to further strive for an overall reduction 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.*

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 - decrease in 2015 mainly due to exchange rates and reduced funding from a few donors.

Other resources: actuals and projections

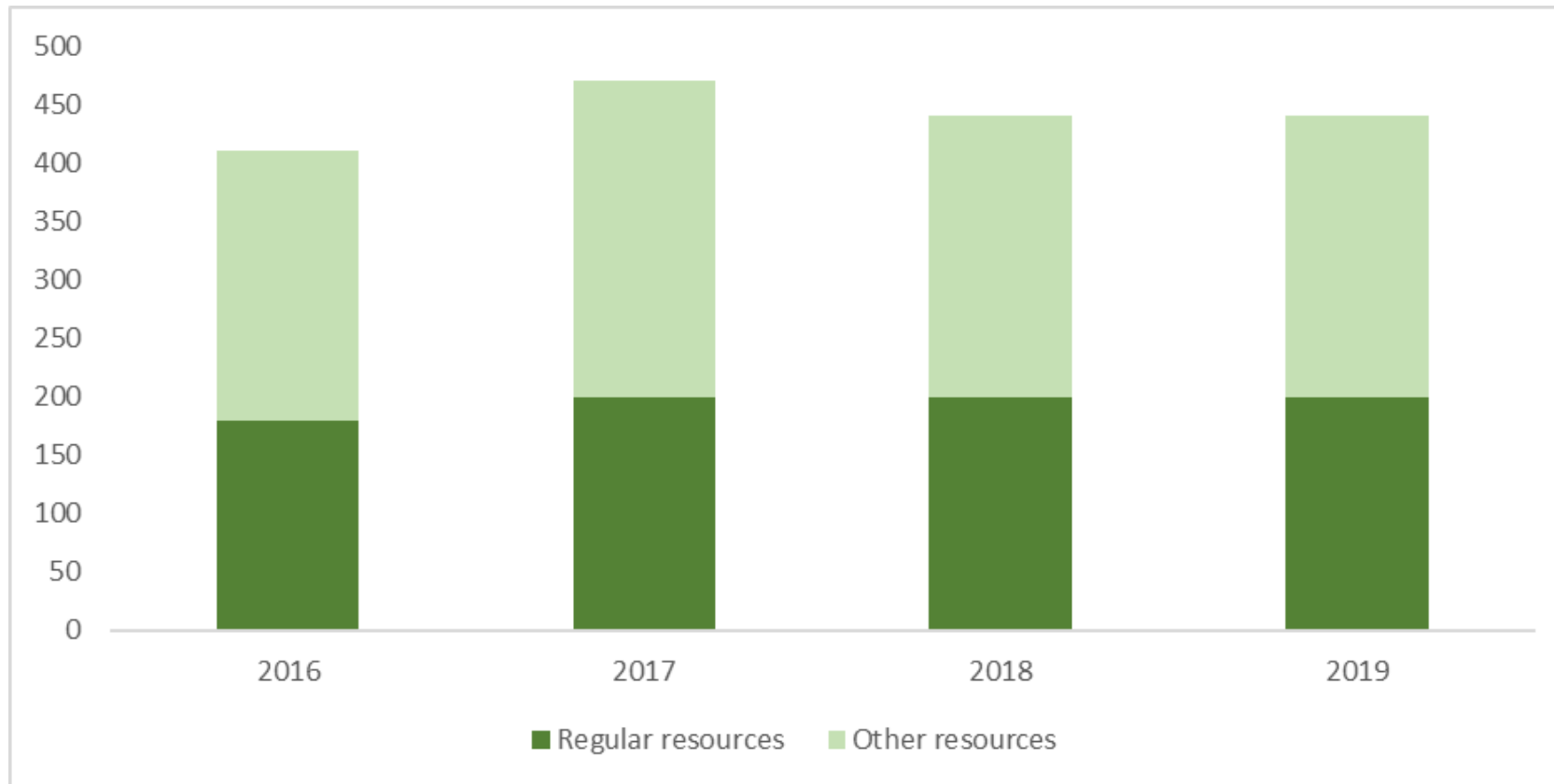


- Other resources almost doubled from 2012 to 2016 with strong support for expanded presence.
- Projections for 2016 and 2017 were based on prior years' growth trends.

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



Contingency planning

- 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 2018-2019 highlights

- \$200.8m with budget neutral approach in real terms, excluding Special purpose requests:
 - Small nominal increase from \$196.4m to \$200.8 m driven by cost increases, partially offset by efficiencies particularly in Headquarters; and additionally
 - 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%.
- Cost recovery projections are based on 2016 effective rate of 7%.
- Proposed transfer of five positions performing normative intergovernmental work to UN Secretariat budget:
 - Result of analysis review undertaken by UN Women, including a review of job descriptions, and discussions with UN; and
 - Free resources that will be channeled towards other activities.
- Important to note that UN Women commits to contingency planning as part of implementation.

- **Net increase \$0.08 million**

- Regional realignments will result in no net change in number of posts in the field
- Calibrates capacity relative to scale of operations and growth prospects
- Aligned with recommendations of the evaluation of the regional architecture
- Optimizes use of resources

Headquarters changes

- **Net increase of \$0.3 million**

- ✓ Increase in operational capacity to support field oversight: \$4.2 million increase

- Upgrade of D1 post to D2: Head of consolidated oversight functions (independent and internal audit and evaluation)
- 5 new Internal Audit posts to replace previously outsourced services from 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
- 2 new ICT posts (P3 and P4) for Website Architecture Specialist and Information Security and Compliance Specialist
- 1 new P3 post: ERM and Legislative Specialist

- ✓ Offset by: \$3.9 million decrease

- Program support realignment
- Savings in reimbursements costs to UNDP for Internal Audit
- Savings in ICT costs previously outsourced to consultants and UN shared service center

Non-Staff Volume Changes

One time investment- Special purpose activities:

- **ICT Transformation (\$2 million):** strengthening 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.
- **Resource Mobilization Initiative (\$1 million):** ensure a donor and prospect engagement management system; 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.

Consolidation of Oversight 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...”*

Consolidation of Oversight functions - continued

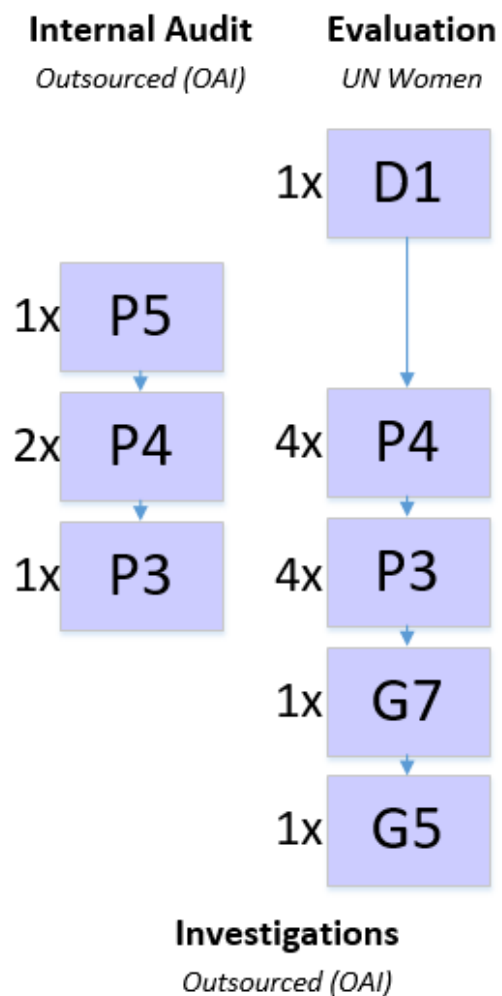
- UN-Women Director of Oversight, as a member of the Senior Management Team, can provide advice and guidance on governance, risk management and control strategies. As well as ensuring synergy between audit and evaluation activities that are responsive and aligned with corporate strategic objectives.
- Savings of \$1.3m from consolidation of oversight functions (combining Evaluation and internalizing Internal Audit function and outsourcing Investigations function to Office of Investigations and Oversight, UN):

Combined Internal audit & Evaluation and Investigations	
2018 projected without change	\$ 7,121,854
2018 Proposed	\$ 5,795,375
Net Savings	\$ 1,326,479

- Current outsourcing to UNDP will be replaced by posts in UN Women:
 - ✓ Upgrade of D1 post Director of Evaluation to D2 Director of Oversight (Internal audit and evaluation)
 - ✓ 1 P5: Chief of Internal Audit
 - ✓ 3 Audit Specialists: P4 x 2 and P3
- Additional increase in internal audit capacity to enhance coverage in line with EB recommendation:
 - ✓ 1 P3: Audit Specialist

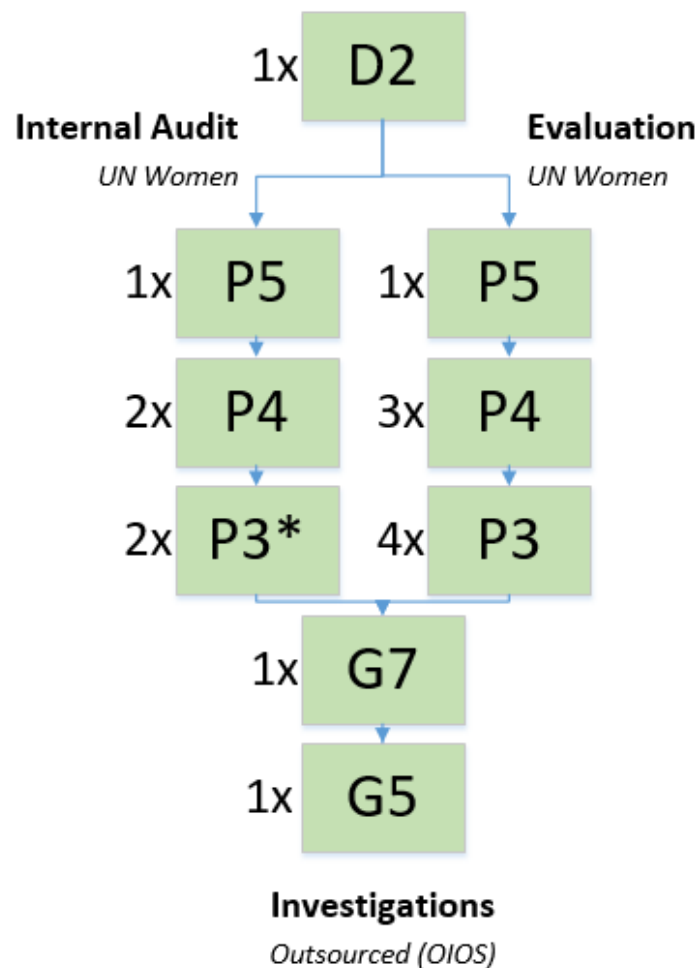
Consolidation of Oversight functions - continued

Current
Number of posts: 15



Consolidated
Number of posts: 16

*Increase in internal audit capacity to enhance coverage (1 P3)



Financial analysis underpinning Integrated Budget proposal

- 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)	2018-2019 Estimates					
	Regular resources		Other Resources		Total	
			Programme	Cost Recovery		
		%				%
1. Resources available						
Opening balance	45.0	10.0%	158.0	16.6	219.6	
Income						
Contributions	400.0	89.3%	448.6	31.4	880.0	
Other Income and reimbursements	3.0	0.7%			3.0	
Total available	448.0	100.0%	606.6	48.0	1,102.6	
2. Use of resources						
A Development activities						
A.1 Programme	230.6	57%	513.6		744.2	
A.2 Development effectiveness	43.8			6.3	50.0	
Subtotal Development Activities	274.4	68%	513.6	6.3	794.3	83.8%
B United Nations development coordination	27.2	7%			27.2	2.9%
C Management Activities						
c.1 Recurring	83.6	21%		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	24%	-	25.1	121.5	12.8%
D 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	1%	-	-	2.0	0.2%
Total Institutional Budget (A.2+B+C+D + E)	172.4	100%	-	31.4	203.8	21.5%
Total Use of resources (A+B+C+D + E)	403.0	99.3%	513.6	31.4	948.0	99.7%
Balance of resources (1-2)	45.0		93.0	16.6	154.6	

Strategic Plan and Integrated Budget

Outcome/Output	Cost Classification	Total (in millions \$USD)
A comprehensive and dynamic set of global norms, policies and standards on gender equality and the empowerment of women is strengthened	Programme	14.7
Women lead, participate in and benefit equally from governance systems	Programme	126.7
Women have income security, decent work and economic autonomy	Programme	149.1
Women and girls live a life free from violence	Programme	216.1
Women and girls contribute to building sustainable peace and resilience, and benefit equally from crisis prevention and humanitarian action	Programme	237.6
Total Resources		744.2

- Programme estimates 2018-2019 will provide funding for Development outcomes.
- Institutional budget includes Development Effectiveness, UN Development Coordination, Management Activities and provides funding for organization effectiveness and efficiency outputs.

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

Outcome/Output	Cost Classification	Functional Cluster	Regular Resources	Other Resources	Cost Recovery	Total (in millions \$USD)
Enhanced coordination, coherence and accountability of the UN system for gender equality commitments	United Nations Coordination	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	12.9	-	6.8	19.8
	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
	Management	Corporate Oversight and Assurance	8.5	-	1.4	9.9
Improved management of financial and human resources in pursuit of results	Management	Corporate financial, information and communication technology and administrative management	16.9	-	5.9	22.8
		Corporate human resources management	6.0	-	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	51.1	-	8.6	59.6
	Special Purpose	ICT Transformation, Resource Mobilization Initiative	3.0	-	-	3.0
Total			172.4	-	31.4	203.8

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 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 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
June	Executive Board informal consultations on integrated budget (Informal 21 June) Draft integrated budget document available (23 June) ACABQ session (30 June) Executive Board annual session (27-28 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



Thank you!