



**Approach to the preparation of 2018-2019 integrated budget  
Presentation to Executive Board**

**UN Women Strategic Plan Workshop  
13 February 2017**

## Executive Board requests in relation to Integrated Budget 2018-2019



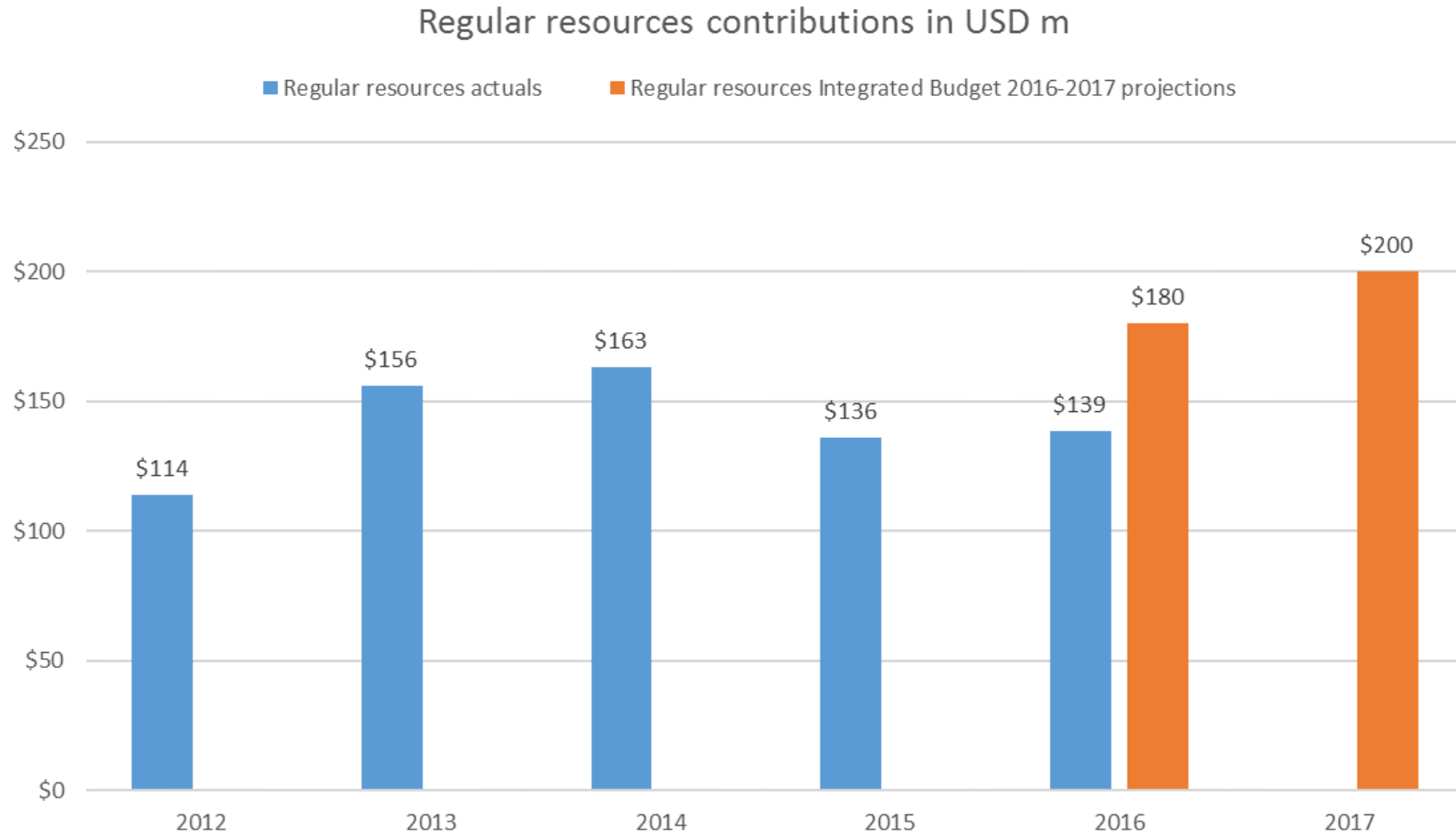
EB decision 2015/6: Integrated budget for the biennium 2016-2017

*“(...) 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)*

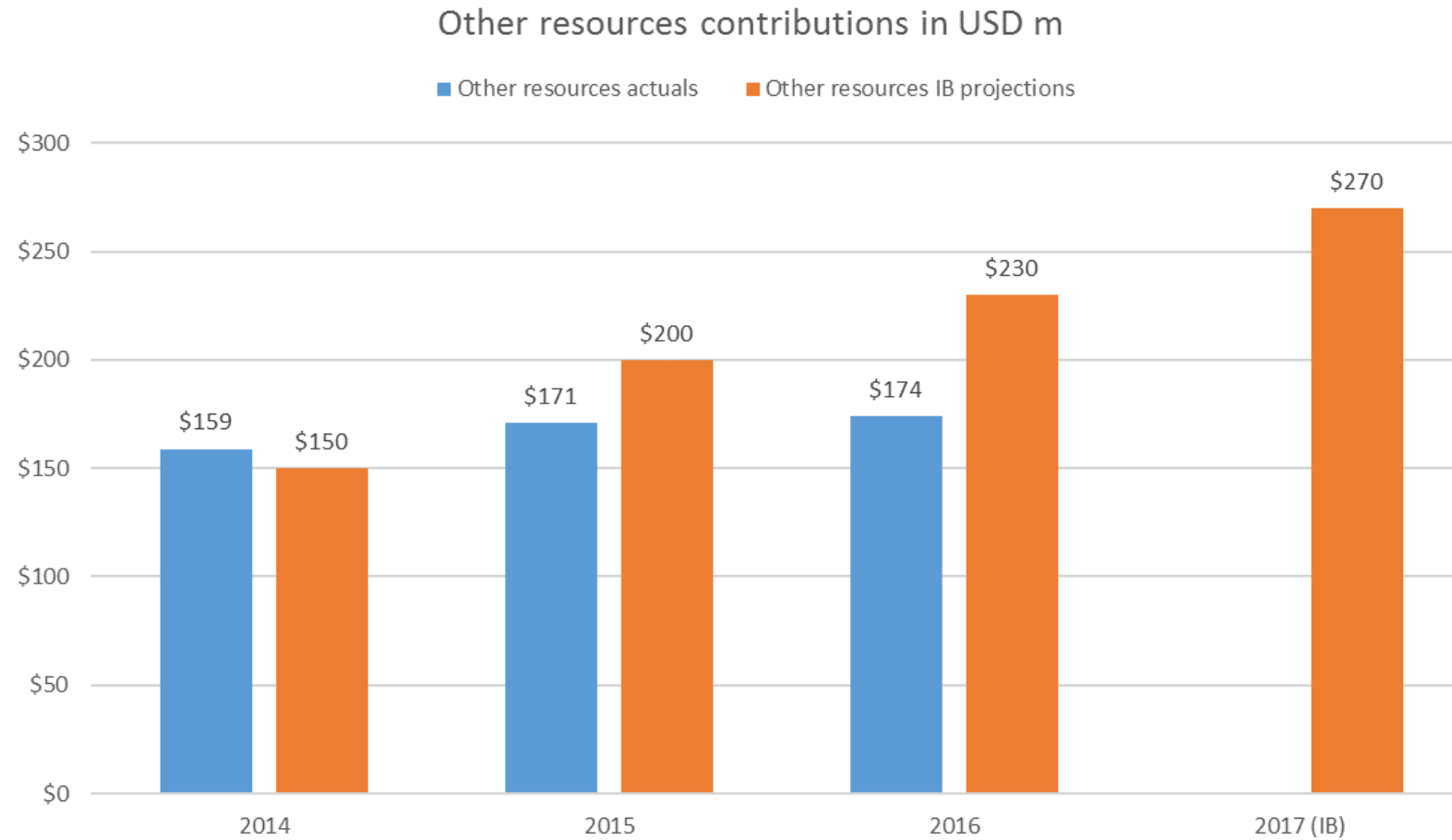
*“(...) requests UN-Women to undertake an analysis of its post structure in order to specify how posts relating to normative and operational functions are funded and to present its findings to the Executive Board no later than in its budget proposal for the biennium 2018-2019” (para 8)*

# Regular resources: actuals and projections

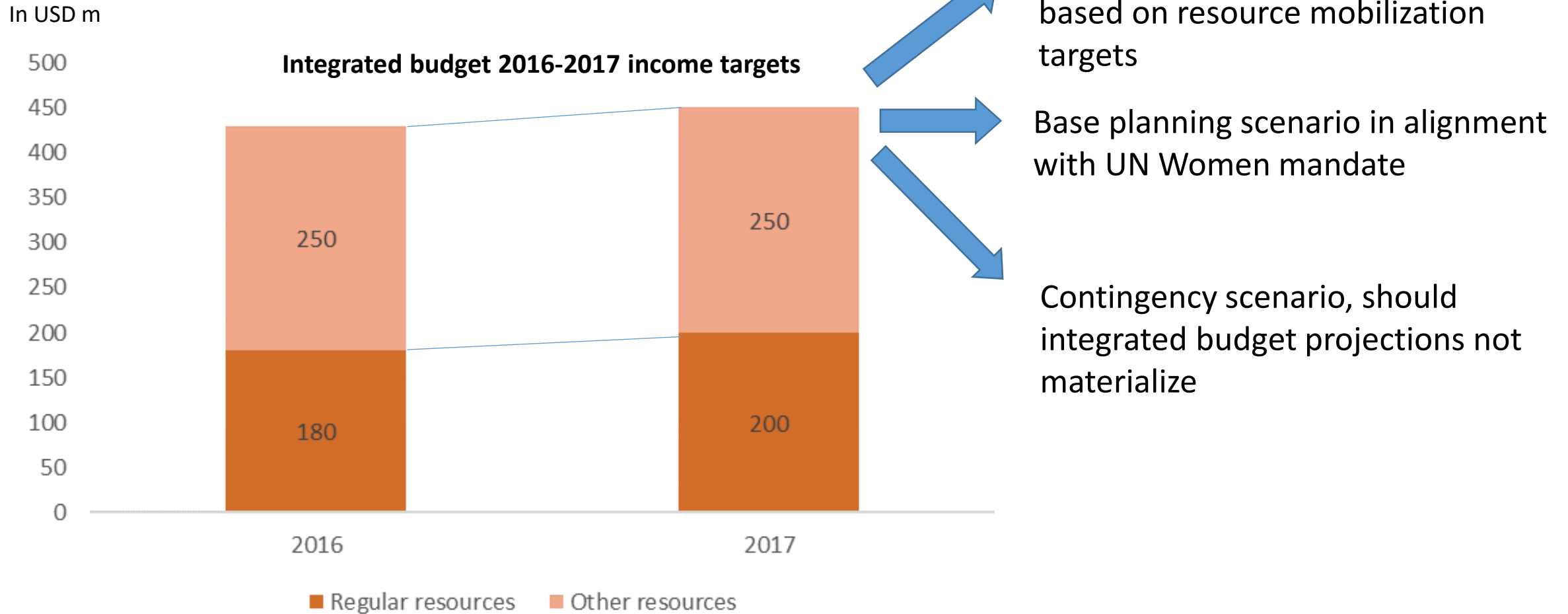


2016 income subject to change as transactions for 2016 are still being entered and reconciled in the ledgers

## Other resources: actuals and projections



2016 income subject to change as transactions for 2016 are still being entered and reconciled in the ledgers



## Comparison of scenarios

Scenario	Implications
High-growth planning scenario based on resource mobilization targets	A \$500m annual income was originally envisioned by the Secretary General for UN Women. Under this scenario, UN Women can deliver strong development results. However, if the scenario is perceived as unrealistic, it may be questioned and ultimately undermine resource mobilization efforts.
Base planning scenario in alignment with UN Women mandate	This scenario, which is similar to 2016-2017 projections, will provide UN Women with base level of capacity to deliver on its mandate as established by the General Assembly, towards achieving its Strategic Plan goals and results.
Contingency scenario	If integrated budget projections do not materialize, UN Women will need to implement significant contingency measures. This may include closure offices in the field, reduction of HQ services and programmes.

## Suggested budget approach

- 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
- Contingency planning is required, 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



## Cost recovery

Recent presentations to the Executive Board:

- Second Regular Session 2016: information on application of cost recovery methodology to UN Women, including actuals 2014 and 2015
- 3 February 2017: Interagency informal consultation on cost recovery

UN Women specific points from interagency informal consultation:

- UN Women is compliant with the harmonized cost recovery and integrated budget frameworks approved by the Executive Board;
- UN Women has applied the approved cost recovery rate consistently;
- it remains a challenge that some funding partners are unwilling to include eligible direct costs in programmes;
- direct project costing is a key priority for UN Women going forward, in order to ensure that regular resources are not used to subsidize programmes funded from donor resources. UN Women will continue to strongly advocate of inclusion of eligible direct costs in programmes/projects;
- preparation of the Integrated Budget 2018-2019 will be in conformity with Executive Board approved framework.

## 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)
April	Executive Board informal consultation on UN Women integrated budget 2018-2019 estimates
June	Draft integrated budget document available All requested information on cost recovery ACABQ session Executive Board annual session
July-September	Executive Board informal consultations
September	Executive Board second regular session and adoption of the Integrated Budget 2018-2019