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**UNFPA – Financial, budgetary and administrative matters**

## **UNITED NATIONS POPULATION FUND**

### **Midterm review of the UNFPA integrated budget, 2018-2021**

*Summary*

The present report contains the midterm review of the UNFPA integrated budget, 2018-2021. It reviews the strategic and financial context within the 2030 Agenda for Sustainable Development and its implications on resource estimates, allocations and results. It should be read in conjunction with the midterm review of the UNFPA strategic plan, 2018-2021 (DP/FPA/2020/4 [(Part1)]) and its annexes.

Within the context of the midterm review, UNFPA took into account changes in the operational environment, which include increased revenue projections. The income projections are anticipated to increase from \$3.5 billion to \$3.8 billion, or 8.5 per cent, over the four-year period. In light of the projected income increase, UNFPA is proposing adjustments to the integrated budget. Programme activities, which account for 81.6 per cent of total available resources, will increase from \$3.0 billion to \$3.2 billion, or by 6.9 per cent.

UNFPA is also proposing an increased appropriation for its institutional budget in the amount of \$738.6 million, an increase of 4.2 per cent compared to the \$708.2 million originally approved. In spite of the nominal increase, the proportion of total resources utilized for the institutional budget decreases (from 18.8 per cent to 18.4 per cent) in the revised integrated budget, 2018-2021.

UNFPA will present the midterm review of the integrated budget to the Advisory Committee on Administrative and Budgetary Questions (ACABQ), whose report will appear in document DP/FPA/2020/8.

Elements of a decision are contained in section IV.

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## Annexes

(Annexes to this document can be found on the [UNFPA Executive Board website](#))

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## I. Scope

1. This midterm review of the UNFPA integrated budget, 2018-2021 is submitted in conjunction with the midterm review of the UNFPA strategic plan (DP/FPA/2020/4 [part 1]). The integrated budget compasses all cost categories and results of the organization within an integrated overall framework. Accordingly, the scope of the review includes the entire spectrum of the Fund's resources.
2. The midterm review of the integrated budget focuses on changes to the strategic, operational and financial context affecting UNFPA and relevant Executive Board mandates established after the approval of the integrated budget, 2018-2021. Such changes constitute the basis for this review and for proposals contained herein, and are aligned with the strategic plan, 2018-2021.
3. Changes proposed as part of this midterm review will take effect as of 1 January 2020, unless otherwise noted.

## II. The integrated budget: strategic and financial context

### A. Strategic context

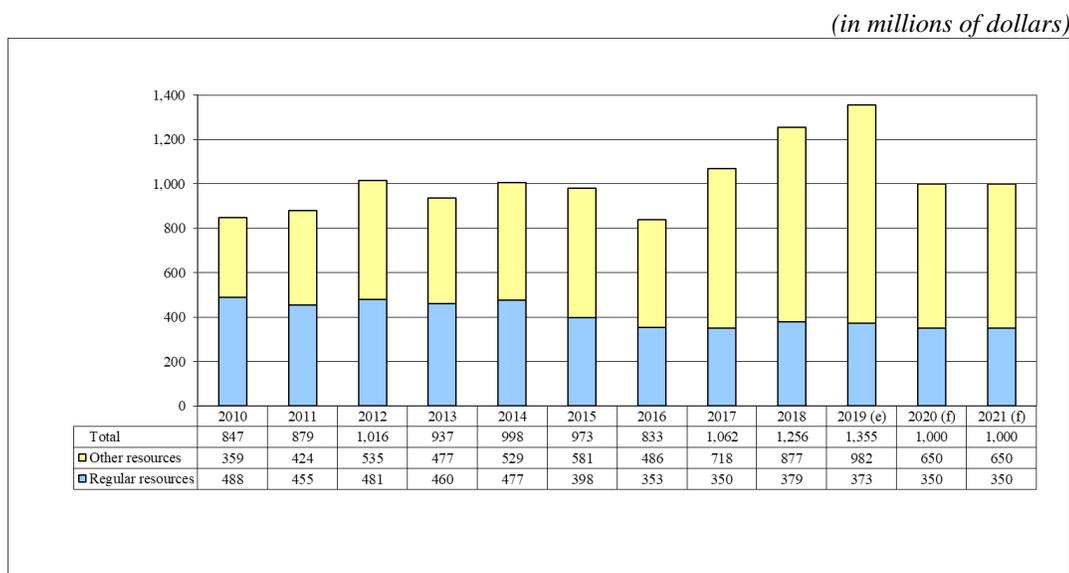
4. Save for minor adjustments, the midterm review of the strategic plan keeps intact the strategic direction of the Fund, because it remains relevant and directly contributes to the 2030 Agenda. The goal of the strategic plan remains universal access to sexual and reproductive health, and UNFPA will continue pursuing the achievement of three transformative results: (a) end preventable maternal deaths; (b) end the unmet need for family planning; and (c) end gender-based violence and all harmful practices, including child marriage and female genital mutilation.
5. The UNFPA performance against the strategic plan targets, challenges and lessons learned, as presented in the midterm review of the UNFPA strategic plan, 2018-2021, confirmed that the existing strategic plan development outcomes and outputs, and organizational effectiveness and efficiency outputs are still relevant and in line with the strategic plan theory of change.
6. However, without accelerating progress, the world will not achieve the transformative results by 2030. UNFPA is joining the Decade of Action [on the Sustainable Development Goals](#), 2020-2030 to accelerate and increase the likelihood of achieving targets of the strategic plan, 2018-2021 This will be achieved by:
  - (a) Strengthening the thematic focus on: (i) accelerating integration of sexual and reproductive health and rights (SRHR) into the global development agenda; (ii) strengthening coverage and quality of sexual and reproductive health (SRH) service provision; (iii) prioritizing UNFPA support in filling data-gaps at national and subnational levels, leveraging the 2020 census rounds and new data technologies;
  - (b) Expanding UNFPA support at all organizational levels in: (i) integrating mental health and psychosocial support in humanitarian settings; (ii) preventing and mitigating the threat and specific adverse impacts of climate change on women, girls and youth; and (iii) applying a 'life-course' approach to support countries according to their circumstances on aging and low fertility.
  - (c) Introducing comprehensive sexual and reproductive health packages to better align with universal health coverage in the midterm review process.
7. The integrated results and resources framework (annex I of the midterm review of the Strategic Plan, 2018-2021) will still comprise of four development outcomes and four organizational effectiveness and efficiency outputs for UNFPA. The integrated budget is fully aligned with the midterm review of the strategic plan, 2018-2021 and enables UNFPA to accelerate delivering on its strategic results. The integrated budget covers the estimated use of resources for development outcomes and organizational effectiveness and efficiency outputs, comprising both regular resources and other resources.
8. The four development outcomes are as follows:

- (a) *Outcome 1.* Every woman, adolescent and youth everywhere, especially those furthest behind, has utilized integrated sexual and reproductive health services and exercised reproductive rights, free of coercion, discrimination and violence;
- (b) *Outcome 2.* Every adolescent and youth, in particular, adolescent girls, is empowered to have access to sexual and reproductive health and reproductive rights, in all contexts;
- (c) *Outcome 3.* Gender equality, the empowerment of all women and girls, and reproductive rights are advanced in development and humanitarian settings;
- (d) *Outcome 4.* Everyone, everywhere, is counted, and accounted for, in the pursuit of sustainable development.
9. The four outputs of organizational effectiveness and efficiency are as follows:
- (a) *Output 1.* Improved programming for results;
- (b) *Output 2.* Optimized management of resources;
- (c) *Output 3.* Increased contribution to the United Nations system-wide results, coordination and coherence;
- (d) *Output 4.* Enhanced communication for impact, resource mobilization and partnerships.

## B. Financial context

10. The midterm review of the integrated budget contains resources that contribute to the achievement of the UNFPA integrated results framework, and is an integral part of the strategic plan. For the first two years of the strategic plan, 2018-2021, UNFPA surpassed the set strategic plan contribution targets for both core and co-financing resources. Compared to the targets for the first two years of the current strategic plan cycle (\$1.75 billion), 2018 and 2019 total contribution revenue was significantly surpassed, by \$861 million (49 per cent).

**Figure 1. Contributions, by funding category, 2010-2021, revised**



Source: For 2010-2018, annual financial statements; for 2019, estimate (e); for 2020-2021, forecast (f).

Note: Figures for regular resources contributions exclude interest income; for 2010-2013, they reflect adjustments of refunds to staff for income tax levied by a Member State.

11. In the proposed increase of the strategic plan contribution targets for 2020 and 2021 – at \$1 billion per year, up from a level of \$875 million per year – there is no change to the strategic plan core resources targets; they remain at \$350 million per year. The revision focuses on increasing the non-core resources targets, from \$525 million per year to \$650 million per year. The revised level still reflects a conservative approach – prudent also in the current volatile environment – as evidenced by the past

income, given that this trend is expected to grow in the context of United Nations reform, with programme countries contributing to their own country programmes, including allocating financing from multilateral development banks, demonstrating increased prioritization of UNFPA collaboration to national achievement of the Sustainable Development Goals.

12. The momentum is expected to be carried forward in the next two years (2020-2021), as UNFPA continues to build strong joint programmatic and financing portfolios with a broad range of United Nations entities for result areas to benefit from inter-agency synergies. Co-financing contribution increases are expected from the following sources: global thematic funds (UNFPA Supplies, Maternal Health Trust Fund, Humanitarian Action Thematic Fund, Population Data Thematic Fund), United Nations pooled funds and other United Nations inter-agency transfers, including the EU-UN Spotlight initiative. These modalities provide greater flexibility and reduce volatile funding commitments. Other contribution increases are expected from programme countries contributing to their own country programmes and also the private sector.

13. In the first two years of the current strategic plan and integrated budget cycle (2018-2019), core resources exceeded targeted levels. However, the downward trend of core funding as a proportion of total resources in the past five years has been a concern of not only UNFPA, but also other United Nations entities. In this context, amid the uncertainty of exchange rate fluctuations, the contribution revenue target for core resources will remain the same as the initial integrated budget for 2018-2021, set at \$350 million annually.

14. UNFPA consistently emphasizes that the preferred contribution modality remains an unrestricted regular resources contribution – this forms the bedrock of sustainability and effective delivery on the UNFPA mandate, and is increasingly important in the implementation of the ICPD Programme of Action and the 2030 Agenda. Core resources are the investments that enable UNFPA to have a global reach with a focus on programmatic impact and leverage additional resources for greater results. They are critical for the achievement of its robust strategic plan outcomes and vital to maintaining its ability to have a universal presence, particularly in fragile humanitarian contexts. It is worth noting that UNFPA had embarked on an invigorated core funding donor campaign to further diversify its donor base and increase funding.

15. Aligned with its corporate resource mobilization strategy, UNFPA continues to ensure an adequate level of financial resources to deliver expected results, increased flexibility, as well as predictability of funding flows. UNFPA continues to intensify its partnerships, particularly with international financial institutions to support programme countries. It will continue to explore incentives, mechanisms and funding windows to broaden its donor base, improve communications with donors, and continue dialogue on options that will enhance the quality of contributions to finance development results.

16. Taking account the estimated opening balances, interest and miscellaneous income, and after adjustments for tax reimbursement, UNFPA projects that total available resources for 2018-2021 will be \$4,314.9 million, an increase of \$311.5 million, or 7.8 per cent, compared to the previous cycle. This comprises projected regular resources of \$1,506.1 million and projected other resources of \$2,808.8 million.

### **III. Integrated budget, 2018-2021**

#### **A. Integrated resource plan**

17. Table 1 below shows the mid-term review of the integrated resource plan, 2018-2021 for all cost categories, for both regular resources and other resources. The current integrated budget, 2018-2021 is based on the revised integrated budget (contained in document DP/FPA/2018/8 and DP/FPA/2018/8/Corr.1) approved by the Executive Board in decision 2018/9. The figures presented in table 1 and in all other tables are rounded to the closest decimal and thus may not add up to the decimal point.

**Table 1. Integrated resource plan, 2018-2021, revised***(in millions of dollars)*

|  | Integrated budget, 2018-2021 - DP/FPA/2018/8/Corr.1 |                 |               |                 |                     | Integrated budget, 2018-2021 (midterm review) |                 |               |                 |                     |
|--|---|-----------------|---------------|-----------------|---------------------|---|-----------------|---------------|-----------------|---------------------|
|  | Regular resources                                   | Other resources |               | Total resources | Percentage of total | Regular resources                             | Other resources |               | Total resources | Percentage of total |
|  |   | Programme       | Cost recovery |                 |                     |   | Programme       | Cost recovery |                 |                     |
| <b>1. Resources available</b>                          |   |                 |               |                 |                     |   |                 |               |                 |                     |
| Opening balance <sup>a/</sup>                          | 48.5  | 458.8           |               | 507.3           |                     | 48.5  | 458.8           |               | 507.3           |                     |
| Income   |   |                 |               |                 |                     |   |                 |               |                 |                     |
| Contribution-gross                                     | 1,400.0   | 2,100.0         | -             | 3,500.0         |                     | 1,451.8                                       | 2,350.0         | -             | 3,801.8         |                     |
| Other <sup>b/</sup>                                    | 19.9  | -               | -             | 19.9            |                     | 29.4  | -               | -             | 29.4            |                     |
| Total income   | 1,419.9   | 2,100.0         | -             | 3,519.9         |                     | 1,481.2                                       | 2,350.0         | -             | 3,831.2         |                     |
| Less tax reimbursement <sup>c/</sup>                   | (23.8)  | -               | -             | (23.8)          |                     | (23.6)  | -               | -             | (23.6)          |                     |
| <b>Total available</b>                                 | <b>1,444.6</b>                                      | <b>2,558.8</b>  |               | <b>4,003.4</b>  |                     | <b>1,506.1</b>                                | <b>2,808.8</b>  |               | <b>4,314.9</b>  |                     |
| <b>2. Use of resources</b>                             |   |                 |               |                 |                     |   |                 |               |                 |                     |
| <b>A. Development activities</b>                       |   |                 |               |                 |                     |   |                 |               |                 |                     |
| A.1 Programme <sup>d/</sup>                            | 891.4   | 2,325.1         | (155.6)       | 3,061.0         | 81.2%               | 915.6   | 2,526.4         | (169.2)       | 3,272.8         | 81.6%               |
| A.2 Development effectiveness                          | 139.4   | -               | -             | 139.4           | 3.7%                | 148.9   | -               | -             | 148.9           | 3.7%                |
| Total development                                      | 1,030.8   | 2,325.1         | (155.6)       | 3,200.3         | 84.9%               | 1,064.5                                       | 2,526.4         | (169.2)       | 3,421.7         | 85.3%               |
| <b>B. United Nations development coordination</b>      | 16.6  |                 |               | 16.6            | 0.4%                | 16.3  |                 |               | 16.3            | 0.4%                |
| <b>C. Management activities</b>                        |   |                 |               |                 |                     |   |                 |               |                 |                     |
| C.1 Recurring costs                                    | 372.6   | 0.0             | 152.5         | 525.1           | 13.9%               | 380.3   | -               | 165.9         | 546.3           | 13.6%               |
| C.2 Non-recurring costs                                | 4.1   | -               | 3.1           | 7.2             | 0.2%                | 3.9   | -               | 3.3           | 7.2             | 0.2%                |
| Total management                                       | 376.7   | -               | 155.6         | 532.3           | 14.1%               | 384.3   | -               | 169.2         | 553.5           | 13.8%               |
| <b>D. Special purpose</b>                              |   |                 |               |                 |                     |   |                 |               |                 |                     |
| D.1 Premises capital plan                              | -   | -               | -             | -               | 0.0%                | -   | -               | -             | -               | 0.0%                |
| D.2 ICT transformation                                 | 20.0  | -               | -             | 20.0            | 0.5%                | 20.0  | -               | -             | 20.0            | 0.5%                |
| Total special purpose                                  | 20.0  | -               | -             | 20.0            | 0.5%                | 20.0  | -               | -             | 20.0            | 0.5%                |
| <b>Total use of resources (A+B+C+D)</b>                | <b>1,444.1</b>                                      | <b>2,325.1</b>  | <b>-</b>      | <b>3,769.2</b>  | <b>100.0%</b>       | <b>1,485.1</b>                                | <b>2,526.4</b>  | <b>(0.0)</b>  | <b>4,011.5</b>  | <b>100.0%</b>       |
| <b>3. Net amounts from/(to) reserves <sup>e/</sup></b> | <b>0.5</b>  | <b>-</b>        | <b>-</b>      | <b>0.5</b>      |                     | <b>(3.2)</b>                                  | <b>-</b>        | <b>-</b>      | <b>(3.2)</b>    |                     |
| <b>4. Balance of resources (1-2+3)</b>                 | <b>1.1</b>  | <b>233.7</b>    | <b>-</b>      | <b>234.7</b>    |                     | <b>17.9</b>                                   | <b>282.4</b>    | <b>0.0</b>    | <b>300.3</b>    |                     |

a/ Regular resources opening balance for 2018 has been revised as per 2017 financial statements; other resources have been revised based on funds received and available for programming.

b/ Includes interest and miscellaneous income.

c/ Adjustment for tax reimbursements to staff who are nationals of one Member State.

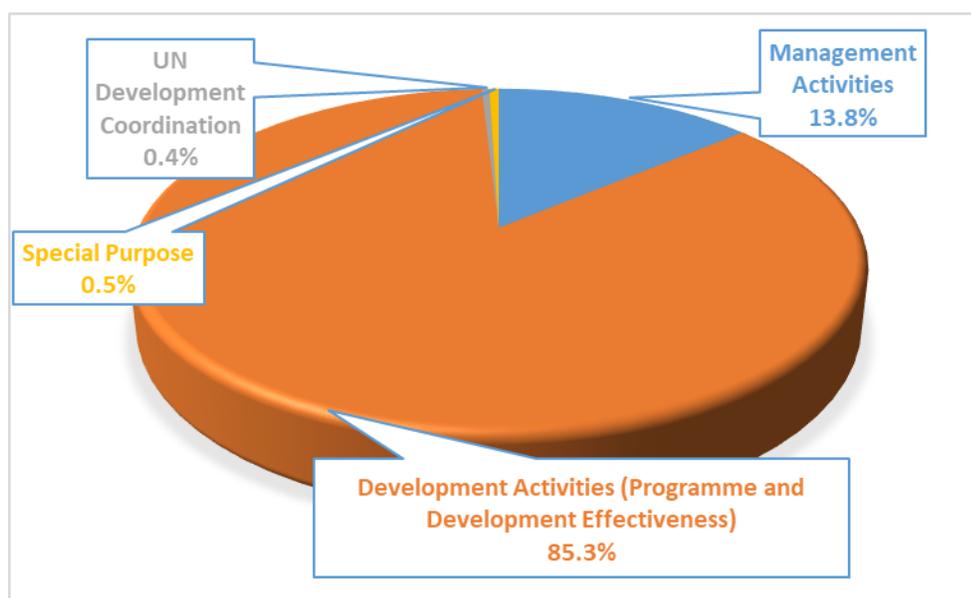
d/ 'Other resources - Programmes' reflects total programme expenses as per financial statements; the cost recovery is offset to enable a comparison with the estimates in the budget document.

e/ Includes adjustments to the operational reserve as per financial regulations and rules and transfers from previous periods.

Note: approved 2018-2021 figures are presented based on decision 2018/19 which reflects the adjusted budget as per DP/FPA/2018/8/Corr.1

Note: Figures in this table and in other tables in this document are rounded to the closest decimal; therefore, they may not add up.

18. The proposed use of resources is illustrated in figure 2, which shows the proportion of resources allocated to the cost classification categories approved by the Executive Board: (a) development activities; (b) management activities; (c) special purpose activities; and (d) United Nations development coordination activities.

**Figure 2. Allocation of available resources, 2018-2021, revised**

19. UNFPA continues to channel the majority of its resources to development activities. The midterm review projections for 2018-2021 show that UNFPA will allocate 85.3 per cent of total available resources to development activities; this is higher than the 84.9 per cent allocation projected in the revised budget for 2018-2021.

20. The United Nations development coordination activities are proposed to remain unchanged, at 0.4 per cent of total resources available, in the revised 2018-2021 budget. The projection reflects a recalculated estimate based on the approved double share of the Fund's contribution to the new resident coordination system, in line with the Memorandum of Understanding (MOU) signed between the United Nations Development Coordination Office (DCO) and UNFPA.

21. Management activities will cumulatively decrease, from 14.1 per cent of total resources available to 13.8 per cent, in the midterm review of the integrated budget, 2018-2021.

22. Consistent with the approved revised integrated resource plan, special purpose activities include the budgetary provision for the information and communications technology (ICT) transformation, which remains unchanged. It constitutes 0.5 per cent of total resources in the revised budget.

23. Procurement services to third parties are administered separately from regular resources. Income generated from third-party procurement is off-set by direct costs and operating expenses related to procurement services. As a result, they are excluded from the integrated budget presentation.

24. Total available resources for the midterm review of the integrated budget, 2018-2021 have been adjusted by \$23.6 million, for tax reimbursements to staff who are nationals of one Member State.

25. The above figures reflect a combination of revenue for 2018 and 2019<sup>1</sup> and revised projections for 2020 and 2021. Resource allocations reflect both the approved budget (for 2018-2019), and the proposed budget (for 2020 and 2021), which includes cost increases and the investments UNFPA proposes in the section on the integrated results and resources framework.

26. While the combination of past approved levels and projections is an implication of a budget review at midterm, this presentation does not necessarily reflect the resources of a rolling four-year budget, as changes are proposed and costed with an effective date of 1 January 2020. In order to transparently illustrate the implication of this review on a four-year basis, a summary table with the

<sup>1</sup> 2018 and 2019 regular resources as per actual, other resources as per targets. At the time of submission of the present report, the 2019 financial statements are not yet finalized. Revenue information for 2019 is provided on the basis of provisional figures, as of mid-March 2020.

restated figures for the integrated resource plan, 2018-2021 has been included in annex 1, which accompanies this document (and is available [online](#)). This summary table presents the restated four-year budget, and will serve as the basis for comparison when UNFPA submits its integrated budget estimates for 2022-2025.

## B. Integrated budget components

27. The integrated budget comprises all planned resources for development outcomes and organizational effectiveness and efficiency outputs for 2018-2021. For all funding sources, programme design is aligned with the strategic plan. However, allocation mechanisms differ: for other resources, allocation is usually done in close cooperation with the respective donors and stakeholders; for regular resources, allocation mechanisms vary; these are explained below.

### *Programmes*

28. Programmatic interventions are delivered at country level as well as global and regional levels. In addition, the UNFPA emergency fund supports the organization's rapid response to humanitarian crises. Table 2 provides the financial summary of programme components, which increase by a total of \$211.8 million.

**Table 2. Programme resources, by component, 2018-2021, revised**

*(in millions of dollars)*

|                                   | Integrated budget, 2018-2021 - DP/FPA/2018/8/Corr.1 |                           |                |                 |                     | Integrated budget, 2018-2021 (midterm review) |                           |                |                 |                     |
|-----------------------------------|---|---------------------------|----------------|-----------------|---------------------|---|---------------------------|----------------|-----------------|---------------------|
|                                   | Regular resources                                   | Other resources Programme | Cost           | Total resources | Percentage of total | Regular resources                             | Other resources Programme | Cost           | Total resources | Percentage of total |
|                                   |   |                           | recovery       |                 |                     |   |                           | recovery       |                 |                     |
| <b>Summary programme</b>          |   |                           |                |                 |                     |   |                           |                |                 |                     |
| Country programme                 | 716.5   | 2,325.1                   | (155.6)        | 2,886.0         | 76.6%               | 723.5   | 2,526.4                   | (169.2)        | 3,080.7         | 76.8%               |
| Global and regional interventions | 152.5   | -                         | -              | 152.5           | 4.0%                | 162.7   | -                         | -              | 162.7           | 4.1%                |
| Emergency fund                    | 22.5  | -                         | -              | 22.5            | 0.6%                | 29.5  | -                         | -              | 29.5            | 0.7%                |
| <b>Total programme</b>            | <b>891.4</b>  | <b>2,325.1</b>            | <b>(155.6)</b> | <b>3,061.0</b>  | <b>81.2%</b>        | <b>915.6</b>                                  | <b>2,526.4</b>            | <b>(169.2)</b> | <b>3,272.8</b>  | <b>81.6%</b>        |

### *Country programmes*

29. The largest share of UNFPA resources will be allocated to country programmes for the attainment of four development outcomes under the strategic plan. UNFPA envisages an increase of \$194.7 million to strengthen country programmes, mainly funded from other resources. Any additional income raised above the targets set in the integrated budget will be available for country programmes.

30. Given the voluntary nature of the organization's funding and the characteristics of country programmes in terms of national ownership, the aggregate resources assigned to country programmes in this document are indicative. A regular resources allocation framework for country programmes will continue to be submitted to the Executive Board for approval, and remains unchanged in the midterm reviews of the strategic plan and the integrated budget.

31. UNFPA grouped its country programmes into four colour quadrants: red, orange, yellow and pink, based on the needs towards the four strategic plan outcomes, and the ability to finance, measured by the health inequality adjusted gross national income (GNI) per capita. The country classification enables UNFPA to deploy different combinations of its five modes of engagement: advocacy; policy dialogue and advice; knowledge management; capacity development; service delivery; and partnerships and coordination, including South-South and triangular cooperation. The midterm review of the strategic plan will keep the current country classification, since a large flexibility in deploying the modes of engagement had been introduced by the strategic plan. The distribution of regular resources and other resources to country programmes will take into consideration countries with increased demand for support when the transition from low-middle to high-middle income status is reversed.

32. UNFPA commits to a bold new way of working together with United Nations development system and all other key stakeholders during the Decade of Action. The midterm review of the strategic plan has found that the five modes of engagement are still fit for purpose. However, without accelerating

progress, the world will not achieve the three transformative results by 2030. Thus, in the remaining two years of strategic plan implementation(2020-2021) , UNFPA will prioritize fostering innovative interventions, including co-innovation with partners, and scaling up successful innovations, across all five modes of engagement and with all business units. UNFPA will also strengthen and expand its collective efforts with all key stakeholders for transformative and sustained impacts on women, girls and youth, and all other populations left behind.

#### *Global and regional interventions*

33. Global and regional interventions adjustments were reviewed concurrently with the strategic plan and the integrated budget during the midterm review to ensure alignment and coherence of the specific contributions to the outcomes and outputs of the Strategic Plan, 2018-2021. The consultative budget review process was based on a bottom-up approach tailored to the priorities of each action plan so that the results and associated resources are revised in line with the Fund's priorities.

34. UNFPA proposes to revise the regular resources ceiling for global and regional interventions, from \$152.5 million to \$162.7 million, an increase of \$10.2 million. Of this, \$3.7 million reflects staff cost changes related to the latest salary scale adjustments, inflation as well as an increase in the charge for the after-service health insurance liabilities. The remaining \$6.5-million increase is a result of realigning resources with global and regional programme plans and investments to reposition UNFPA to deliver on its mandate.

35. These \$6.5 million in investments include strengthened programme and technical support to the country offices, including knowledge sharing, programmatic oversight and backstopping as well as partnerships at global and regional levels, and regional resource mobilization and communication efforts (\$2.2 million). Further strengthening of the UNFPA humanitarian response and coordination role of the Humanitarian Office, including inter-agency coordination and efforts to promote preparedness and early action to reduce the impact of humanitarian crises, requires additional investments (\$1.4 million). UNFPA will also strengthen investment in the programmatic partnerships to leverage the post-Nairobi momentum (\$1.3 million). Furthermore, UNFPA will continue to develop and scale up the Global Family Planning Visibility and Analytics Network, a consortium of supply-chain stakeholders collaborating to track orders and shipments globally, using the data platform for decision-making (\$1.2 million). Other minor net investments, totalling \$0.4 million, cover regional strengthening of programme communications and support.

36. The global and regional intervention ceiling cannot be exceeded without the approval of the Executive Board.

#### *Emergency fund*

37. In the current integrated budget, UNFPA allocated \$22.5 million to the emergency fund for 2018-2021 – \$7.5 million in 2018 and \$5 million annually thereafter.<sup>2</sup>

38. The midterm review reflects an allocation of \$7.0 million for 2019 and \$7.5 million, respectively, for 2020 and 2021. The revised emergency fund will thus total \$29.0 million, a \$7.0 million (31.1 per cent) increase compared to the current integrated budget.

39. These allocations aim to facilitate and further strengthen the organization's rapid response capability in humanitarian crises. The emergency fund is not intended to become a primary vehicle to finance humanitarian response, but plays an important role in providing catalytic funding, which also often increases the organization's capacity to generate additional resources.

#### ***Institutional budget***

40. The elements contained in the institutional budget are development effectiveness, management (recurring and non-recurring), special purpose, and United Nations development coordination. These elements are approved by the Executive Board as a nominal appropriation, and cannot be exceeded without the approval of the Executive Board.

41. The institutional budget is a foundation of the organization, and reflects the commitment of UNFPA to maintain a universal presence. This ensures the Fund's mandate and normative agenda, as

<sup>2</sup> These allocations are within the overall maximum annual allocation of \$10 million from regular resources, as set by the Executive Board in decision 2015/3.

well as its advocacy efforts at global, regional and country levels to leave no one behind. Over half of the institutional budget is allocated to UNFPA regional and country offices.

**Table 3. Institutional budget, 2018-2021, revised**

*(in millions of dollars)*

|   | Integrated budget, 2018-2021 - DP/FPA/2018/8/Corr.1 |                 |               |                 |                     | Integrated budget, 2018-2021 (midterm review) |                 |               |                 |                     |
|---|---|-----------------|---------------|-----------------|---------------------|---|-----------------|---------------|-----------------|---------------------|
|   | Regular resources                                   | Other resources |               | Total resources | Percentage of total | Regular resources                             | Other resources |               | Total resources | Percentage of total |
|   |   | Programme       | Cost recovery |                 |                     |   | Programme       | Cost recovery |                 |                     |
| <b>Summary institutional budget</b>         |   |                 |               |                 |                     |   |                 |               |                 |                     |
| A.2 Development effectiveness               | 139.4   | -               | -             | 139.4           | 3.7%                | 148.9   | -               | -             | 148.9           | 3.7%                |
| B. United Nations development coordination  | 16.6  | -               | -             | 16.6            | 0.4%                | 16.3  | -               | -             | 16.3            | 0.4%                |
| C.1 Management recurring costs              | 372.6   | -               | 152.5         | 525.1           | 13.9%               | 380.3   | -               | 165.9         | 546.3           | 13.6%               |
| C.2 Management non-recurring costs          | 4.1   | -               | 3.1           | 7.2             | 0.2%                | 3.9   | -               | 3.3           | 7.2             | 0.2%                |
| D.1 Special purpose - Premises capital plan | -   | -               | -             | -               | 0.0%                | -   | -               | -             | -               | 0.0%                |
| D.2 Special purpose - ICT transformation    | 20.0  | -               | -             | 20.0            | 0.5%                | 20.0  | -               | -             | 20.0            | 0.5%                |
| <b>Total</b>                                | <b>552.6</b>  | <b>-</b>        | <b>155.6</b>  | <b>708.2</b>    | <b>18.8%</b>        | <b>569.5</b>                                  | <b>-</b>        | <b>169.2</b>  | <b>738.6</b>    | <b>18.4%</b>        |

42. The revised institutional budget is now proposed at \$738.6 million; \$30.4 million higher than the approved revised budget for 2018-2021 (\$708.2 million). The increase is driven by staff costs increases, including the fiduciary responsibility to provide for after-service health insurance (\$15 million), and the proposed investments which cut across the organizational effectiveness and efficiency (OEE) outputs and focus on several key priorities (\$15.4 million).

43. All of them are intended to strengthen UNFPA capacity in advocacy, resource mobilization and risk management, as the Fund transitions from a smaller organization into a mid-size one, managing upwards of \$1 billion annually. In addition, UNFPA is investing in basic management capacity of the most vulnerable, the least developed countries, which constitute the largest proportion of total resources. As such, the largest investment of \$7.1 million strengthens the organization's capacity to manage risk and enable country offices to continue to position the UNFPA mandate within the Sustainable Development Goals cooperation framework. UNFPA also plans to invest \$5.9 million to scale up partnerships and leverage the momentum of the Nairobi Summit. Furthermore, key priorities for the Fund will be to strengthen programming capacity for results, further strengthen the independent oversight and assurance functions, invest in field operations support, as well as other priorities discussed below in sections C. and D.

44. While the funding of the institutional budget increases, its relative share of the total use of resources will decrease, from 18.8 per cent to 18.4 per cent. Additionally, the proportionate share of the recurring management costs to the total use of resources will be 13.6 per cent, down from 13.9 per cent previously planned for 2018-2021.

### C. Integrated results and resources framework

45. The integrated results and resources framework for 2018-2021 reflects the four development outcomes and four organizational effectiveness and efficiency outputs of the UNFPA strategic plan, 2018-2021. The integrated results and resources framework contained in the strategic plan continues to be the sole overarching results framework for UNFPA.

46. The link between results and resources is, as in any conceptual framework, a simplified version of a complex reality. Accountability for the results in the integrated results and resources framework does not lie solely with the units or programmes whose resources are linked to those results. For example, for organizational effectiveness and efficiency outputs, the accountability for achieving the outputs is shared across organizational units or functional clusters, as outputs reflect corporate priorities to which multiple units must contribute. Similarly, the achievement of development outcomes is the effect of a concerted effort that involves various stakeholders.

47. The link between results and resources was developed based on the harmonized results-based budgeting framework for the institutional budget (approved in Executive Board decision 2011/10) and the analysis of actual expenditure trends for programme resources.

48. The midterm review of the strategic plan took an unprecedented level of harmonization along streams of cooperation across the four New York based agencies: (a) process harmonization; (b) methodological harmonization; and (c) harmonized analysis. A common annex of the midterm review of common chapter will be part of each individual agency's midterm review of its respective strategic plan and integrated progress report of the common chapter for UNDP, UNFPA, UNICEF and UN-Women. Aligned with United Nations reform and within the context of the United Nations Sustainable Development Cooperation Framework (UNSDCF), new indicators are introduced in the integrated results and resources framework for analytical monitoring.

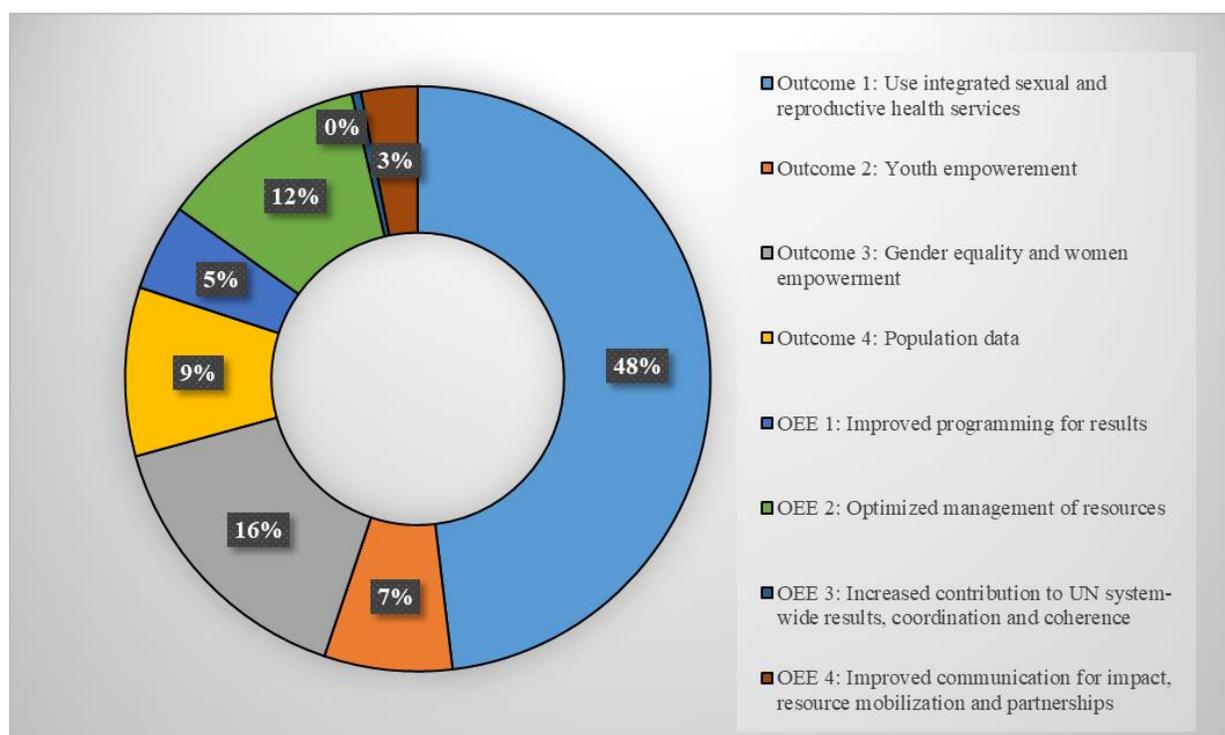
49. Table 4 below shows the high-level allocation of resources to results (allocations are indicative).

**Table 4. Integrated results and resources framework, 2018-2021 (indicative), revised***(in millions of dollars)*

| Outcome / Output  | Cost classification                     | Functional cluster  | Integrated budget, 2018-2021 (midterm review) |                 |               |                |
|---|---|---|---|-----------------|---------------|----------------|
|   |   |   | Regular resources                             | Other resources | Cost recovery | Total          |
| Outcome 1: Every woman, adolescent and youth everywhere, especially those furthest behind, has utilized integrated sexual and reproductive health services and exercised reproductive rights, free of coercion, discrimination and violence | Programme                               |   | 473.7   | 1,455.8         | -             | 1,929.4        |
| Outcome 2: Every adolescent and youth, in particular adolescent girls, is empowered to have access to sexual and reproductive health and reproductive rights, in all contexts   | Programme                               |   | 106.4   | 177.2           | -             | 283.7          |
| Outcome 3: Gender equality, the empowerment of all women and girls, and reproductive rights are advanced in development and humanitarian settings   | Programme                               |   | 126.5   | 497.9           | -             | 624.5          |
| Outcome 4: Everyone, everywhere, is counted, and accounted for, in the pursuit of sustainable development   | Programme                               |   | 175.7   | 198.4           | -             | 374.2          |
| OEE1: Improved programming for results  | Programme                               |   | 16.2  | 13.4            | -             | 29.5           |
|   | Development effectiveness               | Technical expertise for effective response to development challenges                        | 10.2  | -               | -             | 10.2           |
|   |   | Programme planning, policy and management support   | 133.8   | -               | -             | 133.8          |
|   |   | Procurement and quality-assured supply base for reproductive health commodities             | 5.0   | -               | -             | 5.0            |
|   | Management                              | Corporate evaluation  | 8.2   | -               | 5.4           | 13.6           |
| <b>Total</b>  |   |   | <b>173.3</b>                                  | <b>13.4</b>     | <b>5.4</b>    | <b>192.1</b>   |
| OEE2: Optimized management of resources   | Programme                               |   | 5.8   | 4.7             | -             | 10.4           |
|   | Management (recurrent costs)            | Corporate oversight and assurance (internal and external audit and investigations)          | 22.6  | -               | 13.4          | 36.0           |
|   |   | Corporate financial, information and communication technology and administrative management | 43.5  | -               | 27.7          | 71.2           |
|   |   | Field office oversight, management and operations support                                   | 213.8   | -               | 77.8          | 291.5          |
|   |   | Staff and premises security   | 2.8   | -               | 0.9           | 3.7            |
|   |   | Corporate human resources management  | 15.0  | -               | 7.6           | 22.5           |
|   |   | Management (non-recurrent costs)  |   | 3.9             | -             | 3.3            |
|   | Special purpose - ICT transformation    |   | 20.0  | -               | -             | 20.0           |
|   | Special purpose - premises capital plan |   | -   | -               | -             | -              |
|   | <b>Total</b>                            |   |   | <b>327.3</b>    | <b>4.7</b>    | <b>130.6</b>   |
| OEE3: Increased contribution to the United Nations system-wide results, coordination and coherence  | Programme                               |   | 3.2   | 0.6             | -             | 3.8            |
|   | United Nations development coordination |   | 16.3  | -               | -             | 16.3           |
| <b>Total</b>  |   |   | <b>19.5</b>                                   | <b>0.6</b>      | <b>-</b>      | <b>20.1</b>    |
| OEE4: Enhanced communication for impact, resource mobilization and strategic partnerships   | Programme                               |   | 8.2   | 9.2             | -             | 17.3           |
|   | Management (recurrent costs)            | Leadership and corporate direction  | 24.5  | -               | 9.2           | 33.7           |
|   |   | Corporate external relations and partnerships, communications and resource mobilization     | 50.0  | -               | 24.0          | 74.0           |
| <b>Total</b>  |   |   | <b>82.7</b>                                   | <b>9.2</b>      | <b>33.2</b>   | <b>125.0</b>   |
| <b>Total</b>  |   |   | <b>1,485.1</b>                                | <b>2,357.2</b>  | <b>169.2</b>  | <b>4,011.5</b> |

50. Figure 3 below reflects the Fund's commitment to channel the large majority of its total resources to development outcomes (80 per cent of total). Approximately 48 per cent of total resources are devoted to outcome 1, reflecting the continued focus on the 'bull's eye', the strategic direction reaffirmed in the UNFPA Strategic Plan, 2018-2021

**Figure 3. Indicative allocations, by outcomes and outputs, 2018-2021, revised**



### *Allocation of resources to development outcomes*

51. The indicative allocation of resources to the four development outcomes and organizational efficiency and effectiveness outputs is aligned with the priorities of the Strategic Plan, 2018-2021, and reflects the results that UNFPA seeks to achieve during 2018-2021. The details are captured in the strategic plan, the theory of change, and the accompanying targets in the integrated results and resources framework; however, a few elements are important to highlight.

52. The resource estimates reflect the different settings in which the Fund works, based on the business model. Countries in the red quadrant have the highest needs related to sexual and reproductive health and are projected to spend more of their programme resources on outcome 1 (focusing on sexual and reproductive health). Conversely, countries in the pink quadrant have relatively lower sexual and reproductive health needs but will still spend a considerable portion of their resources on outcome 1. However, because most are middle-income countries, they may spend proportionally more on outcomes 3 and 4, as they have more significant needs relating to, for example, emerging population issues.

53. Based on this methodology, it is estimated that the resources allocated to the four outcomes in the integrated results and resources framework will receive the following proportional share of overall programme resources:

- (a) Outcome 1 (integrated sexual and reproductive health services): 60.1 per cent;
- (b) Outcome 2 (adolescents and youth): 8.8 per cent;
- (c) Outcome 3 (gender equality and women's empowerment): 19.4 per cent;
- (d) Outcome 4 (population and development): 11.7 per cent.

54. Several important elements influence the interpretation of these figures. First, the integrated results and resources framework has been designed as an integrated approach to deliver upon the 'bull's eye'; the outcomes are not distinct but interrelated. This particularly affects outcome 2, as resources directed at programming for adolescents and youth are contained in each of the four outcomes, not solely in outcome 2. For example, UNFPA support in the delivery of sexual and reproductive health services

for adolescents and youth is contained in outcome 1 (reflecting an integration of these services with broader sexual and reproductive health services) rather than in outcome 2.

55. Secondly, the programme strategies for the different outcomes vary, based on both the setting and the nature of the work. For example, work on outcome 3 often takes the form of advocacy and policy dialogue, whereas work on outcome 1 employs a full spectrum of strategies, ranging from advocacy and policy dialogue/advice to knowledge management, capacity development, and, in some circumstances, service delivery.

56. Thirdly, these are global estimates, informed by current priorities in the ongoing country programmes, rather than precise amounts that each country is expected to spend on each outcome. The amounts that each country spends on each outcome will be determined in dialogue at the national level and approved separately by the Executive Board through the country programme documents. Therefore, the allocations of resources to development outcomes must be seen as indicative only.

57. Finally, these are not fully costed estimates of what is necessary to achieve each outcome. The attainment of results at the outcome level involves the participation of many other actors – particularly national Governments – besides UNFPA. The figures in table 4 represent estimates of the UNFPA contribution towards the achievement of these results, rather than the sum total necessary to reach the targets.

58. Another way to look at the allocation of resources is by using the quadrants from the business model. Countries in the red quadrant have the greatest needs and the lowest abilities to finance their own responses, and so they receive the largest share of resources. Table 5 below shows the share of resources, based on quadrant, countries will receive during 2018-2021, which remains unchanged. The modes of engagement and the associated regular resources allocation system for country programmes are elaborated in detail in the annex 4 to the UNFPA Strategic Plan, 2018-2021.

**Table 5. Resource allocation by quadrant**

| Countries in the red quadrant | Countries in the orange quadrant | Countries in the yellow quadrant | Countries in the pink quadrant |
|-------------------------------|----------------------------------|----------------------------------|--------------------------------|
| 56-60 per cent                | 14-18 per cent                   | 7-11 per cent                    | 15-17 per cent                 |

### ***Allocation of resources to organizational efficiency and effectiveness outputs***

59. The organizational effectiveness and efficiency (OEE) outputs are linked to resources for seven management functional clusters (harmonized with UNDP, UNICEF and UN-Women) and UNFPA-specific development effectiveness clusters. The functional clusters are groupings of organizational units that carry out activities to deliver intended outputs; they constitute the conceptual link between results and resources in the results-based budgeting framework approved by the Executive Board. Certain costs classified as ‘programme’ are linked to OEE results, in support of development outcomes.

#### ***Output 1. Improved programming for results***

60. Resources allocated to this output in the 2018-2021 midterm review amount to \$192.1 million, (\$29.5 million in programme, \$149 million in development effectiveness and \$13.6 million in management). The main areas of investment under this output in 2018-2021 include the following.

##### *Risk-based country office strengthening (\$5.5 million)*

61. As part of the overall country office strengthening, UNFPA needs to reinforce dedicated functions covering overall programme management, oversight and interventions for complex programmes integrating the work of all the clusters, including sexual and reproductive health; adolescent youth and health; population and development; and operations. These functions are performed by UNFPA deputy representatives or national equivalents, and UNFPA will add these positions, depending on the

country context (\$4.8 million). In addition, UNFPA proposes to strengthen leadership and accountability for results in countries with smaller programmes without senior international staff. This entails transitioning the senior national staff into the ‘Head of Office’ role to lead UNFPA in the new generation of United Nations country teams and engage directly with the United Nations resident coordinator system (\$0.7 million).

*Strengthened programming for results (\$2 million)*

62. UNFPA will further strengthen results-based management (RBM) to facilitate a transition towards adaptive management and United Nations system accountability, and accelerate the strengthening of RBM systems, tools and requirements. Investments will also support the roll-out of the ‘RBM seal’ corporate certification for country offices, updates and translation of UNFPA policies, as well as development of competencies and skills to identify RBM focal points (\$0.9 million). In addition, regional offices will strengthen their overall programme coordination and support (\$0.8 million). The remaining investments cover increased operational costs of the Humanitarian Office, as well as minor investments in the harmonized approach to cash transfers (HACT), corporate risk management coordination and the United Nations partner portal that UNFPA joined to promote joint review and assessment of partners, in partnership with other United Nations agencies (\$0.3 million).

*Independent oversight and assurance (\$0.7 million)*

63. As part of the continued investment in the independent oversight and assurance functions, UNFPA will further strengthen the Evaluation Office, in line with the revised evaluation policy approved by the Executive Board (2019/1). The investment will strengthen the Office’s ability to synthesize analysis and generate lessons learned from evaluations, and develop methodological guidance and analysis for corporate evaluations. It will also build the evaluation capacity at regional and country levels. The proposed investment also responds to the Executive Board approved quadrennial budgeted evaluation plan, 2018-2021 (DP/FPA/2018/1), as well as the proposed transitional quadrennial budgeted evaluation plan for 2020-2023 (DP/FPA/2020/3).

**Output 2. Optimized management of resources**

64. Resources allocated to this output in the midterm review amount to \$462.6 million, (\$10.4 million in programme, 425.0 million in management, \$7.2 million in management non-recurring and \$20.0 million in special purpose). The main areas of investment under this output in 2018-2021 include the following.

*Risk-based country office strengthening (\$1.6 million)*

65. In addition to overall programmatic coordination strengthening discussed under OEE 1 above, UNFPA proposes to further strengthen representational and management leadership to address critical needs in countries that require high-level political engagement, strategic communications, donor, inter-agency relations and resource mobilization. In many UNFPA country offices, the programme interventions are complex and multidimensional, which requires management of both development and humanitarian issues and strong engagement in the United Nations country teams (\$0.3 million). In addition, UNFPA will strengthen operational leadership functions that cover a broad range of functions, including conducting risk assessments, donor reporting and administration. The strengthening will also help UNFPA address the prevalent audit observations in high-risk operational environments (\$1.3 million).

*Strengthened field operations support (\$1.4 million)*

66. UNFPA proposes to strengthen the capacity of country offices to enhance results-driven, accountable and transparent operations. This includes financial, administrative as well as security support (\$1.0 million). In addition, UNFPA proposes to strengthen operations support and operational costs in the regional offices (\$0.4 million).

*Independent oversight and assurance (\$1.1 million)*

67. As part of the continued investment in independent oversight and assurance functions, and in response to the Executive Board decision 2019/14, UNFPA will further invest in the independent audit and investigations function. UNFPA is responding to increased demands to investigate multifaceted cases with varied and complex donor requirements. These types of investigations require specialized skills and

understanding of UNFPA supply-chain management and financial systems. Furthermore, a minor increase is to support the functioning of the UNFPA external Oversight Advisory Committee.

*Strengthened and decentralized human resources management (\$1 million)*

68. To support implementation of the strategic plan, 2018-2021, UNFPA developed a human resources strategy that centres on attracting and developing world-class people resources, building leadership and management capacity, leveraging diversity and driving inclusion, demonstrating a duty of care with a focus on organizational development where it matters most – in the field. To deliver on this strategy, UNFPA proposes to strengthen the human resources function to refocus its resources, align its priorities and work closely with staff, managers and teams to improve organizational effectiveness.

69. The proposal will bolster client support to field offices, through additional analytical and administrative functions, to support UNFPA staff based in the field (88 per cent of the total UNFPA workforce). Increased funding is required for enhanced human resources analytics and insights for workforce planning and to deliver on harmonized corporate initiatives. Stronger governance in human resources is critical and will be embedded in policies and case management functions. The Fund will also develop a harmonized approach to organizational development and incorporate change initiatives.

***Output 4. Enhanced communication for impact, resource mobilization and partnerships***

70. Resources allocated to this output in the midterm review amount to \$125.0 million (\$17.3 million in programme and \$107.7 million in management). The main areas of investment under this output in 2018-2021 include the following.

*Scaling partnerships and leveraging the post-Nairobi momentum (\$5.9 million)*

71. It is critical for UNFPA to sustain the Nairobi Summit momentum and monitoring of the commitments to cement the legacy of the event, in support of achieving the ICPD and the Sustainable Development Goals. This includes funding for partnership opportunities as well as communication platforms, including a web design that will capture commitments and profile a new high-level panel that will oversee the commitments (\$3.2 million). UNFPA needs to additionally invest in its branding strategy and flagship publications and events in order to continue building its brand visibility and reputation or supporting large United Nations events (\$1.2 million).

72. The Nairobi Summit and the ICPD25 plan of action process have helped build a number of new and enhanced opportunities on financing platforms for UNFPA; these are expected to significantly expand throughout 2020-2021. Numerous international and regional financing institutions are interested in strengthening their relationship with UNFPA. This process will require additional investment to engage with partners and negotiate new legal and thematic frameworks. In order to secure higher sustainable contributions and expand the donor base, UNFPA is investing in its resource mobilization capacity, to enable more outreach and engagement with the donor community (\$1.3 million). The remaining minor increases total \$0.2 million.

**D. Summary of increases and decreases in the institutional budget**

73. Changes to the nominal amounts in the institutional budget component are a combination of cost increases (non-discretionary and fiduciary items), volume changes (including corporate initiatives and investments), and efficiencies and savings. The impact of each of these elements is summarized in table 6 below.

74. Most of the material volume increases have been linked to the strategic plan organizational effectiveness and efficiency outputs, as detailed in the previous section. Others are the result of various areas that cannot be directly attributed to a strategic investment. Those areas, as well as volume decreases and the impact of cost increases, are discussed below.

***Cost increases***

75. The budget incorporates a total of \$15 million (2.1 per cent) cost increases for 2020 and 2021. Of those, non-discretionary costs increases are \$8.3 million and include increases in post costs due to the salary-scale revisions, within-grade salary increments and other post entitlements determined by the International Civil Servants Commission.

76. In addition, UNFPA must exercise its fiduciary responsibility and fund its after-service health insurance (ASHI) liabilities. In order to progressively fund the liabilities and meet its long-term obligations for ASHI, UNFPA is increasing the contribution for ASHI from the current 4 per cent to 8 per cent (\$6.7 million). This is in line with the annual service costs that UNFPA has to cover.

### ***Investments in the organization – volume increases***

77. The main strategic investments already described and discussed within the scope of the results and resources framework are included in table 6 as items (i) through (vi). Below are other proposed investments that are part of the midterm review of the integrated budget, 2018-2021.

78. UNFPA proposes to further strengthen the coordination of protection against sexual exploitation and abuse (PSEA) activities, to enhance training, communication and awareness raising, as it expands the coverage and develops a screening tool for implementing partners, in coordination with other United Nations agencies (\$0.5 million).

79. Other increases (\$1.4 million) include strengthening last-mile assurance, increased costs of outsourced and cost-sharing services as well as general operating costs (\$0.4 million). Investments are required to mitigate risk by providing legal support and advice regarding the high volume of procurement activities and other matters. The functions will provide mainstreamed legal support and advice in all phases of procurement operations (\$0.5 million). The proposal also seeks to strengthen oversight of financial data management as well as programme budgeting (\$0.3 million, fully offset through reductions, below). Furthermore, an increase in regional coordination and communications support is partially offset by adjustment to the cost classification in a country office, resulting in a minor net increase (\$0.2 million).

### ***Reductions, savings and efficiencies – volume decreases***

80. UNFPA has identified reductions in the amount of \$5.8 million in the institutional budget, which are reflected as volume decreases. The key areas are:

81. In country offices where UNFPA is proposing risk-based strengthening of key leadership positions (paragraphs 60 and 64), the investments are partially offset by changes in local positions whose functions change and become more focused on direct programme implementation. As such, they are not considered part of the institutional budget, and thus reflect a reduction of \$2.4 million.

82. As part of the regular review of optimized office structures, UNFPA identified positions that can be aligned to cluster functions either within units or across offices for closer integration of programme oversight and operations management. This results in a reduction of approximately 1.9 million.

83. In a continuous effort to identify savings and efficiencies, UNFPA has reviewed activities that can be reduced or curtailed (\$1.3 million). These include reductions in existing mainstream media and publications activities, as well as reductions in translation costs of formal documents (\$0.9 million). The remainder relates to the general operating efficiencies (\$0.4 million).

84. The \$0.3 million reduction in the UNFPA share of funding the resident coordinator system is a technical one, to align the budgetary provision with the agreed doubled share in the signed MOU with DCO. UNFPA remains committed to honour its full share of the resident coordinator system costs.

Table 6. Summary of increases and decreases

*(in millions of dollars)*

|  | Total          | % increase /<br>(decrease) |
|--|----------------|----------------------------|
| <b>I. 2018-2021 Revised institutional budget</b>                               | <b>708.2</b>   |                            |
| <b>II. Increases and decreases due to costs</b>                                |                |                            |
| (i) Staff costs including after service health insurance                       | 15.0           | 2.1%                       |
| <b>Net total increases due to costs</b>  | <b>15.0</b>    | <b>2.1%</b>                |
| <b>III. a. Proposed investments</b>  |                |                            |
| (i) Risk-based country office strengthening                                    | 7.1            | 1.0%                       |
| (ii) Scaling partnerships and leveraging post-Nairobi momentum                 | 5.9            | 0.8%                       |
| (iii) Strengthened programming for results                                     | 2.0            | 0.3%                       |
| (iv) Independent oversight and assurance                                       | 1.8            | 0.3%                       |
| (v) Strengthened field operations support                                      | 1.4            | 0.2%                       |
| (vi) Strengthened and decentralized human resources management                 | 1.0            | 0.1%                       |
| (vii) Strengthened coordination of prevention of sexual exploitation and abuse | 0.5            | 0.1%                       |
| (viii) Other investments   | 1.4            | 0.2%                       |
| <b>Total proposed investments</b>  | <b>21.2</b>    | <b>3.0%</b>                |
| <b>b. Proposed reductions</b>  |                |                            |
| (i) Risk-based country office alignment  | (2.4)          | -0.3%                      |
| (ii) Position realignments   | (1.9)          | -0.3%                      |
| (iii) Savings and efficiencies   | (1.3)          | -0.2%                      |
| (iv) Resident coordinator cost sharing   | (0.3)          | 0.0%                       |
| <b>Total proposed reductions</b>   | <b>(5.8)</b>   | <b>-0.8%</b>               |
| <b>IV. Net volume increases/(decreases) (III.a + III.b.)</b>                   | <b>15.4</b>    | <b>2.2%</b>                |
| <b>V. Total 2018-2021 midterm review institutional budget</b>                  | <b>738.6</b>   |                            |
| <b>VI. Estimated income to the institutional budget</b>                        | <b>(169.2)</b> |                            |
| <b>VII. 2018-2021 net midterm review institutional budget (V + VI)</b>         | <b>569.4</b>   |                            |

### Summary of post changes

85. Table 7 below provides an overview of the proposed post changes. UNFPA remains a predominantly field-focused organization, with more than 75 per cent of institutional budget positions based outside of New York.

Table 7. Summary of post changes

|                                | Budget 2018-2021 (DP/FPA/2018/8) |             |             |              |              |                |               | Changes: increase and (decrease) |    |            |            |            |              | 2018-2021 midterm review |             |             |              |              |                |               |
|--------------------------------|----------------------------------|-------------|-------------|--------------|--------------|----------------|---------------|----------------------------------|----|------------|------------|------------|--------------|--------------------------|-------------|-------------|--------------|--------------|----------------|---------------|
|                                | USG / ASG                        | D2          | D1          | Other IP     | All other    | Total          | % of total    | USG / ASG                        | D2 | D1         | Other IP   | All other  | Total        | USG / ASG                | D2          | D1          | Other IP     | All other    | Total          | % of total    |
| Field                          |                                  | 6.0         | 44.0        | 176.0        | 531.0        | <b>757.0</b>   | 71.4%         |                                  |    | 4.0        | 2.0        | (7.0)      | <b>(1.0)</b> |                          | 6.0         | 48.0        | 178.0        | 524.0        | <b>756.0</b>   | 70.5%         |
| Headquarters - other locations |                                  | 1.0         | 4.0         | 24.0         | 13.0         | <b>42.0</b>    | 4.0%          |                                  |    |            | (4.0)      | 14.0       | <b>10.0</b>  |                          | 1.0         | 4.0         | 20.0         | 27.0         | <b>52.0</b>    | 4.8%          |
| Headquarters - NYC             | 3.0                              | 7.0         | 20.0        | 146.5        | 85.0         | <b>261.5</b>   | 24.7%         |                                  |    |            | 9.5        | (6.0)      | <b>3.5</b>   | 3.0                      | 7.0         | 20.0        | 156.0        | 79.0         | <b>265.0</b>   | 24.7%         |
| <b>Total</b>                   | <b>3.0</b>                       | <b>14.0</b> | <b>68.0</b> | <b>346.5</b> | <b>629.0</b> | <b>1,060.5</b> | <b>100.0%</b> |                                  |    | <b>4.0</b> | <b>7.5</b> | <b>1.0</b> | <b>12.5</b>  | <b>3.0</b>               | <b>14.0</b> | <b>72.0</b> | <b>354.0</b> | <b>630.0</b> | <b>1,073.0</b> | <b>100.0%</b> |

Note: IP= international professional

86. UNFPA proposes changes to posts that are attributable to aligning with priorities described in the previous sections.

87. In the field, strategic positioning is strengthened for country office direction and representation to leverage and engage with government representatives as well as to provide coordinated activities with other development entities within the United Nations resident coordinator system. Moreover, a high-level representative is needed to manage the complexities of the development and humanitarian nexus. The proposed changes are:

- (a) An increase of 4 D1 posts in country offices (Annex 1, Summary Table 2 provides details);
- (b) A net increase of 2 ‘other international’ posts for programme oversight and coordination;
- (c) A net reduction of 7 ‘all other’ posts, primarily as a result of changes in local positions whose functions have changed and become more focused on direct programme implementation as well as positions that can be aligned to cluster functions for closer integration of programme oversight and operations management.

88. As highlighted in paragraph 67, as part of the proposed strengthened human resources function, UNFPA will deploy human resources positions from New York to other field locations, thus positioning them closer to the clients they serve (net 9 positions). In addition, one humanitarian position is added in Geneva. The result is a net increase of 10 posts in headquarters-other locations.

89. UNFPA proposes a net increase of 3.5 posts at the New York headquarters location. They are the result of:

- (a) An increase of 2.5 positions for the additional strengthening of the independent oversight and assurance functions within the Office of Audit and Investigation Services (OAIS) and the Evaluation Office. Additionally, OAIS is strengthened through continued funding for two positions originally planned until 2020 (thus not adding to the post count).
- (b) An increase of 2 positions to strengthen resource mobilization function;
- (c) An increase of 1 position in legal function;
- (d) A net increase of 1 position for the strengthened human resources function;
- (e) A decrease of 1 position in corporate financial management function;
- (f) A decrease of 1 position in corporate technical function;
- (g) A decrease of 1 position in humanitarian function.

## **E. Cost recovery**

90. UNFPA current cost recovery policy was approved by the Executive Board in decision 2013/9, with an effective date of 1 January 2014. The Executive Board is currently reviewing this cost recovery policy in coordination with the other United Nations funds and programmes that share a harmonized cost recovery model. The Executive Board is expected to approve the revised cost recovery policy in the second regular session 2020. UNFPA will implement any changes resulting from the revision in the integrated budget for 2022-2025.

## **F. United Nations reform**

91. UNFPA remains fully committed to the United Nations reform process in all streams, including operations reform. UNFPA is an early signatory of the mutual recognition agreement, and has a unique role as a long-time service recipient, having pioneered outsourcing a number of common back office functions to other United Nations entities (primarily UNDP) for a number of years, to realize efficiencies. As a number of concurrent United Nations reform initiatives are in the operationalization phase and still to be implemented, no significant effects are likely to materialize in this budget cycle. Therefore, UNFPA has not been able to include anticipated changes (upwards or downwards) impacting its institutional or programme budgets at this point.

#### IV. Elements of a decision

92. The Executive Board may wish to:
- (a) *Welcome* the midterm review of the UNFPA integrated budget, 2018-2021 (DP/FPA/2020/5), aligned with the midterm review of the UNFPA Strategic Plan, 2018-2021 (DP/FPA/2020/4 (Part 1));
  - (b) *Take note* of the results framework and resource requirements reflected in the revised estimates for the UNFPA integrated budget, 2018-2021, including linkages of results and resources, as contained in document DP/FPA/2020/5;
  - (c) *Approve* the presentation of activities and associated costs reflected in document DP/FPA/2020/5;
  - (d) *Approve* revised gross estimates for the institutional budget 2018-2021 in the amount of \$738.6 million, noting that these estimates include \$169.2 million for indirect cost recovery from other resources;
  - (e) *Approve* a revised ceiling for global and regional interventions 2018-2021 in the amount of \$162.7 million of the projected regular resources, noting that this amount cannot be exceeded without approval of the Executive Board;
  - (f) *Recall* Executive Board decision 2015/3, *approve* a revised amount of \$29.5 million of regular resources for the UNFPA emergency fund, and *reaffirm* the existing authorization for the UNFPA Executive Director to increase the emergency fund by up to \$2 million beyond the ceiling in a given year if the number and extent of the emergencies so warrant.
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