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UNFPA integrated budget, 2022-2025

Summary

The proposed UNFPA integrated budget for 2022-2025 presents the resources that will contribute to the achievement of the three transformative results for UNFPA. The integrated budget should be considered in conjunction with the UNFPA strategic plan for 2022-2025 (DP/FPA/2021/CPR.3) and its annexes.

The income projections are based on indications from donors and analysis of actual contribution trends and the funding environment. For 2022-2025, UNFPA proposes total contributions estimates of \$5,045.6 million, compared to estimates of \$4,051.8 million and actuals of \$5,059.8 for 2018-2021. As a result, total resources available for 2022-2025 are estimated to reach \$5,497.4 million. This represents an increase compared to estimates for the previous cycle but a slight decrease compared to the actuals.

For 2022-2025, UNFPA proposes to allocate 86.8 per cent of total available resources to development activities, compared to 85.9 per cent during 2018-2021. UNFPA estimates that \$4,331.3 million will be available for programmes during 2022-2025, compared to \$3,507.6 million during 2018-2021. This represents an increase of \$823.7 million, or 23.5 per cent. As a percentage of total resources, resources available for programmes will increase from 82.3 per cent during 2018-2021 to 83.8 per cent for 2022-2025.

The institutional budget is proposed at \$839.9 million. As a share of total resources, this represents a significant decrease from 17.7 per cent during 2018-2021 to 16.2 per cent for 2022-2025.

UNFPA will present the integrated budget proposal to the Advisory Committee on Administrative and Budgetary Questions, whose report will appear in document DP/FPA/2021/12.

Elements of a decision are contained in section III.

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Annexes

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

Annex 1.	Additional information on financials and posts related to the UNFPA integrated budget, 2022-2025
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I. The integrated budget: strategic and financial context

A. Strategic context

1. The UNFPA strategic plan for 2022-2025 (DP/FPA/2021/8) is the second of three strategic plans through which UNFPA plans to achieve ambitious and bold commitments by 2030, namely ending unmet need for family planning, ending preventable maternal deaths and ending gender-based violence and harmful practices such as child marriage and female genital mutilation, and ultimately, to contribute to the 2030 Agenda for Sustainable Development.

2. The strategic plan calls upon partners to complement UNFPA investments and to commit to and join the journey towards delivering on the three transformative results; its overarching goal is to achieve universal access to sexual and reproductive health, the realization of reproductive rights, and the achievement of the Programme of Action of the International Conference of Population and Development. It focuses on catalysing and leveraging innovative, cost-effective and smart interventions that can be scaled up towards building forward better, greener, and more equitable from the COVID-19 pandemic. It highlights the pathways towards building resilient systems and communities that leave no one behind in the development process and that can withstand the increasing uncertainties and turbulence observed in recent years.

3. The strategic plan rests on the strong conviction that the goals of achieving universal sexual and reproductive health and the three transformative results can only be realized with an increased focus on the rights and inclusive participation of women, young people and girls as agents of change, with accelerated specific and joint actions across humanitarian, development and peace programming. Leading the charge in assisting countries to achieve these three transformative results constitutes the most direct contribution of UNFPA to the 2030 Agenda for Sustainable Development.

4. Preparing a strategic plan and an integrated budget with a four-year time horizon is a challenging exercise even in normal times. With the COVID-19 pandemic still raging in Member States across the globe, the development of the strategic plan and the integrated budget for 2022-2025 is marked by pronounced uncertainty about many parameters affecting UNFPA's work: from the concrete social and health conditions facing the people that UNFPA serves to the pandemic's ramifications for health systems and caregivers, financing conditions and the reliability of global supply chains.

5. Mindful of this challenge, UNFPA endeavours with this integrated budget to set the strategic course for four years while staying nimble and realizing that course corrections may well be necessary. In practice, this implies ambitious but prudent planning principles for income and the budget and a business model and a results framework sufficiently flexible to accommodate unforeseen developments.

B. Financial context

6. The present integrated budget proposal comprises all resources contributing to the achievement of the three UNFPA transformative results and complements the organization's strategic plan. The integrated budget resource projections cover a four-year period (2022-2025), corresponding to the full duration of the strategic plan.

7. For the past several years, UNFPA has received a large portion of its contributions as other resources, exceeding fundraising targets. However, contributions are subject to evolving trends and substantial volatility, with the COVID-19 pandemic as one example, rendering the overall financial environment exceedingly difficult to predict.

8. Therefore, the fiscal forecast for UNFPA, based on historical trends, donor intelligence and income scenario analysis, is deliberately conservative. On this basis, UNFPA projects a total of \$5,045.6 million in gross contributions for 2022-2025, which is an increase compared to the targets set for 2018-2021 (\$4,051.8 million), but, in reality, represents a decrease of \$14.2 million (or 0.3 per cent) if compared to the actuals for 2018-2021 of \$5,059.8 million (this figure includes 2018-2020 actual income and 2021 projections as of 1 May 2021). The projected contributions for the next planning cycle consist of \$1,516.4 million in regular resources and \$3,529.2 million in other resources.

9. Amid the worst economic downturn since the great depression and one of the largest debt crises that ever occurred, the income targets, therefore, remain conservative, when compared to the actual income received during 2018-2020. This reflects the careful, realistic approach UNFPA takes in response to the challenging economic and funding environment of a post-pandemic world.

10. UNFPA funding targets for 2024 and 2025 remain ambitious yet prudent, in consideration of a global economic recovery. UNFPA will have to remain ambitious to face a widened needs gap, as the pandemic has had acute adverse impacts on women and girls. Any income raised above the set targets will be used for the support of UNFPA country programmes.

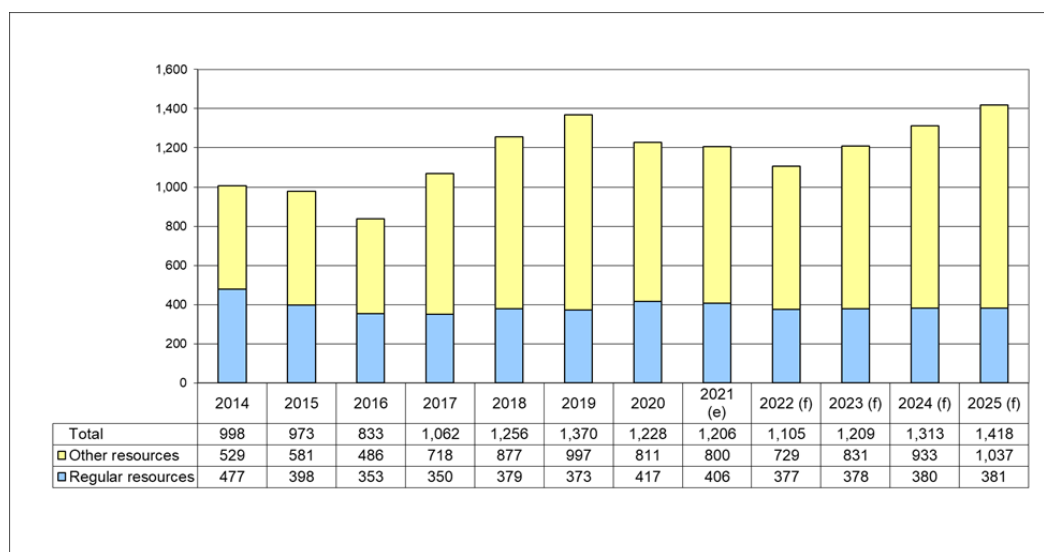
11. UNFPA continues to prioritize regular resources funding and seeks to maintain a balance between regular and other resources, as reiterated in General Assembly resolutions 71/243 and 75/233 on the quadrennial comprehensive policy review, and as reaffirmed in the Secretary-General's Funding Compact.

12. As such, UNFPA continues to advocate with its partners that the preferred contribution modality remains regular resources, as they constitute the bedrock of the Fund's operational activities, and act as seed funding to mobilize additional resources. Investing in UNFPA regular resources has a powerful leveraging effect in the development of national capacities, health institutions, supply networks and competent human resources. UNFPA core resources provide partners and donor countries with unique expertise, its global reach and an extensive field-based development presence in over 150 countries and territories, including in crisis situations. Core resources allow UNFPA to effectively carry out its normative role and provide essential services to those most in need, with high-quality support and standardized approaches;

13. Nevertheless, UNFPA continues to build joint frameworks of collaboration with different partners, international financial institutions, the private sector and new constituencies, to strengthen regional and country-level synergies. UNFPA efforts are also focused on building strong joint programmatic and financing portfolios with a broad range of United Nations entities. In addition, UNFPA is nurturing key donor relationships and continuously seeks to broaden its donor base, especially among non-OECD/DAC and programme countries, which is also central to lowering the financial risk for UNFPA programmes.

Figure 1. Contributions by funding category, 2014-2025

(in millions of dollars)



Source: For 2014-2020, annual financial statements; for 2021, estimate (e); for 2022-2025, forecast (f).
Note: 2020 contribution adjusted for potential revenue reduction from a Member State (accounting timing difference to financial statements). Figures for regular resources contributions exclude interest income.

II. Integrated budget, 2022-2025

A. Integrated resource plan

14. Table 1 shows the integrated resource plan for 2022-2025 in all cost categories, including regular and other resources. 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, 2022-2025

(in millions of dollars)

	Integrated budget, 2018-2021 MTR Annex DP/FPA/2020/5				Integrated budget, 2022-2025					
	Regular resources	Other resources Programme	Cost recovery	Total resources	Percentage of total	Regular resources	Other resources Programme	Cost recovery	Total resources	Percentage of total
1. Resources available										
Opening balance ^{a/}	48.5	458.8	-	507.3		131.8	318.2	-	450.0	
Income										
Contribution-gross	1,451.8	2,600.0	-	4,051.8		1,516.4	3,529.2	-	5,045.6	
Other ^{b/}	29.4	-	-	29.4		25.6	-	-	25.6	
Total income	1,481.2	2,600.0	-	4,081.2		1,542.0	3,529.2	-	5,071.2	
Less tax reimbursement ^{c/}	(23.6)	-	-	(23.6)		(23.8)	-	-	(23.8)	
Total available	1,506.1	3,058.8	-	4,564.9		1,650.0	3,847.4	-	5,497.4	
2. Use of resources										
A. Development activities										
A.1 Programme ^{d/}	922.2	2,770.9	(185.5)	3,507.6	82.3%	1,060.0	3,506.8	(235.5)	4,331.3	83.8%
A.2 Development effectiveness	154.3	-	-	154.3	3.6%	157.9	-	-	157.9	3.1%
Total development	1,076.5	2,770.9	(185.5)	3,661.9	85.9%	1,218.0	3,506.8	(235.5)	4,489.2	86.8%
B. United Nations development coordination	16.3	-	-	16.3	0.4%	17.1	-	-	17.1	0.3%
C. Management activities	380.1	-	185.5	565.6	13.3%	385.4	-	199.2	584.5	11.3%
D. Independent oversight and assurance activities						33.6	-	26.9	60.5	1.2%
E. Special purpose	20.0	-	-	20.0	0.5%	10.4	-	9.4	19.8	0.4%
Total use of resources (A+B+C+D+E)	1,492.9	2,770.9	-	4,263.8	100.0%	1,664.4	3,506.8	-	5,171.2	100.0%
3. Net amounts from/(to) reserves ^{e/}	(13.2)	-	-	(13.2)		14.4	-	-	14.4	
4. Balance of resources (1-2+3)	0.0	287.9	-	288.0		0.0	340.6	0.0	340.6	

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.

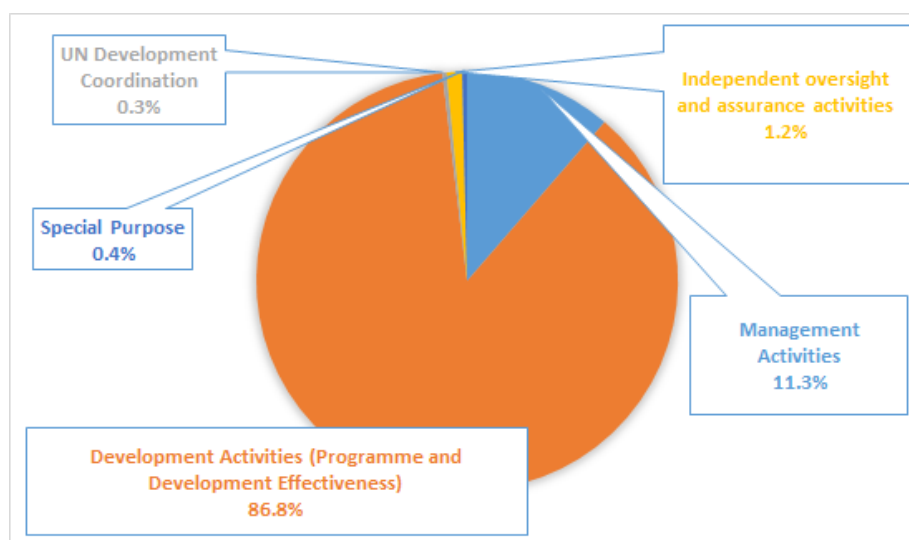
d/ 'Other resources - Programmes' reflects total programme expenses as per financial statements; the cost recovery is offset to enable a comparison with the estimates in the budget document.

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

Note: 2018-2021 figures are restated as per the annex of the midterm review of the integrated budget (DP/FPA/2020/5) to enable comparison with the 2022-2025 proposal.

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

15. The proposed use of resources is illustrated in figure 2, which shows the proportion of resources allocated to development activities, management activities, independent oversight and assurance activities, special purpose activities and United Nations development coordination activities. UNFPA continues to dedicate a large majority of its resources to development activities.

Figure 2. Allocation of available resources, 2022-2025

16. UNFPA proposes to allocate 86.8 per cent of total available resources to development activities for 2022-2025, compared to 85.9 per cent during 2018-2021, an increase of 0.9 percentage points. In nominal terms, resources available for development activities will rise by \$827.3 million to a total of \$4.489.2 million. Resources available for programmes will increase from 82.3 per cent of total resources during 2018-2021 to 83.8 per cent, or \$4.331.3 million, for 2022-2025. This increase in the share of resources dedicated to programmes is driven largely by projected growth in other resources over the coming four years, compared to projections for 2018-2021.

17. UNFPA proposes a significant reduction in the institutional budget share of total resources, from 17.7 per cent to 16.2 per cent. The nominal appropriation proposed increases to \$839.9 million. The share of proposed recurring management costs to the total use of resources is 11.3 per cent, down from 13.1 per cent during 2018-2021. These improvements are enabled by projected income growth and a strategic focus on maximizing resources available to programmes by investing in the institutional budget only very selectively. The newly approved cost recovery policy, which separates out the independent oversight and assurance activities into their own cost classification category, also contributes to the reduction in the management recurring costs ratio. The key drivers of the budget proposal are explained in the later sections of this document.

18. The new cost category ‘independent oversight and assurance activities’, aligned with Executive Board decisions 2019/21 and 2020/12, accounts for 1.2 per cent of the total proposed budget for 2022-2025. It includes additional resources to allow an enhanced focus on investigations and a strengthening of the evaluation function, both important for ensuring robust accountability and transparency. It also responds to the Executive Board decisions on continued increased investments for independent oversight functions.

19. The special-purpose activities, which account for 0.4 per cent of total resources, notably include budgetary provisions for the individual giving programme, which is expected to significantly broaden and diversify the UNFPA donor base. A small amount is also included to cover ERP backstopping, communication and “go live” system stabilization.

20. The United Nations development coordination activities are proposed to increase slightly to \$17.1 million, from \$16.3 million during 2018-2021, at 0.3 per cent of total resources available, in the proposed budget for 2022-2025. The projection reflects the most recent cost estimate of the UNFPA share of the resident coordinator system.

21. Procurement services to third parties, it should be noted, are administered separately from regular resources. Income generated from third-party procurement is offset by direct costs and operating expenses related to procurement services. As a result, they are excluded from the integrated budget presentation.

22. Total available resources for 2022-2025 have been adjusted by \$23.8 million for tax reimbursements to staff who are nationals of one Member State.

B. Integrated budget components

23. The integrated budget comprises all planned resources for development outcomes and organizational effectiveness and efficiency outputs for 2022-2025. For all funding sources, programme design is aligned with the strategic plan. However, allocation mechanisms differ: for other resources, allocation is done in close cooperation with respective donors and stakeholders. For regular resources, allocation mechanisms vary; these are explained below.

Programmes

24. Programmatic interventions are delivered at the 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 increases by \$823.7 million compared to the 2018-2021 integrated budget cycle.

Table 2: Programme resources by component, 2022-2025

(in millions of dollars)

	Integrated budget, 2018-2021 MTR Annex DP/FPA/2020/5				Integrated budget, 2022-2025					
	Regular resources	Other resources Programme	Cost recovery	Total resources	Percentage of total	Regular resources	Other resources Programme	Cost recovery	Total resources	Percentage of total
I. Resources available										
Summary programme										
Country programmes	725.1	2,565.8	(171.8)	3,119.1	73.2%	815.5	3,247.3	(218.1)	3,844.7	74.3%
Global and regional programmes	167.6	205.0	(13.7)	358.9	8.4%	204.5	259.5	(17.4)	446.6	8.6%
Emergency fund	29.5	-	-	29.5	0.7%	40.0	-	-	40.0	0.8%
Total programme	922.2	2,770.9	(185.5)	3,507.6	82.3%	1,060.0	3,506.8	(235.5)	4,331.3	83.8%

Country programmes

25. The largest share of UNFPA resources will be allocated to country programmes for the attainment of the three UNFPA transformative results under the strategic plan. Compared to 2018-2021, UNFPA envisages a funding increase of \$725.6 million for country programmes. Of this increase, \$90.4 million is funded from regular resources and the remaining \$635.2 million from other resources. Any additional income raised above the targets set in the integrated budget will also be available for country programmes.

26. UNFPA has grouped its country programmes into three tiers, based on the distance from the thresholds in achieving the three transformative results ("the three zeros"). Some 56 country programmes are below all three thresholds of the transformative results and are classified into tier I. The 31 country programmes that have reached the threshold of one of the three transformative results are in tier II. Finally, the 32 country programmes that have progressed to reach at least two thresholds of the three transformative results are in tier III. The shift of country classification - from considering both the needs (measured by eight transformative results-related indicators) and ability to finance (measured by GNI per capita adjusted by health inequity), under the 2018-2021 planning cycle - to the current approach will help UNFPA increase its focus on supporting countries that are far from achieving the three zeros and provides the flexibility to reach those left behind more easily.

27. The country classification enables UNFPA to tailor its programme offering through its five modes of engagement - advocacy; policy dialogue and advice; knowledge management; capacity development; service delivery; and coordination, partnerships and South-South and triangular cooperation - to the local context. It also enables UNFPA to prioritize the least developed countries and countries in humanitarian and fragile settings, align support to implement relevant frameworks, e.g., Istanbul Programme of Action (including outcomes of the Fifth United Nations Conference on the Least Developed Countries (LDCs)) and the Vienna Programme of Action in line with the QCPR, and also to empower all UNFPA country offices to respond to requests for upstream, high-level expertise, technical assistance and policy implementation support, including from middle-income countries (MICs).

28. UNFPA will provide targeted technical and programmatic support, guided by country tiers and transformative results, based on disaggregated and geo-data and analysis, and for cost-effective and scaled impacts, strengthen support to the small island developing States (SIDS), and effectively respond to multi-country office reviews and the Samoa Pathway. Country offices will be able to deploy modes of engagement flexibly to better respond to country-specific needs and the availability of regular and other resources.

29. UNFPA will transform its engagement in the countries by focusing on the critical game-changers and development pathways during the next strategic plan period (2022-2025). These include fostering smart solutions and digitalization; scaling up successful innovations; stepping up evidence-driven investment cases for financing to unlock especially domestic resources; human rights-based and gender transformative approaches; leaving no one behind; pivoting preventive interventions to build resilience in all contexts; and supporting programmes that respond to humanitarian and development contexts.

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 are indicative. A resource framework for country programmes will continue to be submitted to the Executive Board for approval.

Global and regional programmes

31. Global and regional programmes were reviewed concurrently with the strategic plan and the integrated budget to ensure alignment and coherence with the outcomes and outputs of the strategic plan for 2022-2025.

32. UNFPA proposes to revise the regular resources ceiling for global and regional programmes from \$167.6 million to \$204.5 million, an increase of \$36.9 million. Of this, \$11.3 million reflects staff cost changes related to the latest salary scale adjustments, inflation, and an increase in the charge for the after-service health insurance liabilities. The remaining increase (\$25.6 million) is a result of investments totalling \$31.8 million and proposed reductions totalling \$6.2 million.

33. Investments in global and regional programmes are proposed in several areas. UNFPA proposes strengthening regional programming in the amount of \$15 million, focusing in particular on countering gender-based violence and bolstering sexual and reproductive health programming in humanitarian contexts. As a result of a cost classification realignment also highlighted in paragraph 84 below, programme posts in regional offices are classified as programme and will be funded from global and regional programmes going forward (\$9.5 million). UNFPA proposes investments in data analytics as well as in supporting youth, peace and security efforts in line with UNFPA comparative advantages, in the amount of \$3.1 million to bolster its capacities in these important domains. UNFPA proposes to invest \$1.5 million in its protection from sexual exploitation and abuse and sexual harassment (PSEAH) function in programmes. A \$1.3 million investment to reinforce efforts towards mobilizing civil society and parliamentarians in support of the ICPD Programme of Action is envisaged. UNFPA will continue contributing to 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 (\$1.4 million)

34. The global and regional programmes ceiling cannot be exceeded without the approval of the Executive Board.

Emergency fund

35. UNFPA proposes to allocate \$40.0 million to the emergency fund for 2022-2025, equivalent to \$10.0 million annually. This allocation equals the maximum set by the Executive Board.¹ Compared to the \$29.5 million allocation in the current budget period, this represents an increase of \$10.5 million (26.2 per cent).

36. With this allocation, UNFPA aims to further strengthen the organization's rapid response capability to provide life-saving assistance in humanitarian crises, noting the sharp increase in humanitarian

¹ The Executive Board in decision 2015/3 authorized an overall maximum annual allocation of \$10 million from regular resources.

needs in recent years. However, the objective of the emergency fund continues to be providing rapid catalytic funding that can generate additional funds and activities, not to become the primary funding vehicle for humanitarian programming.

Institutional budget

37. In addition to the programme resources discussed above, the integrated resource plan includes the following five cost categories that form the institutional budget: development effectiveness; management (recurring and non-recurring); independent oversight and assurance; 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.

38. The institutional budget is the Fund's foundation as an organization and reflects the commitment of UNFPA to maintain a universal presence. This ensures the Fund's mandate and normative agenda, as 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, where it covers the key leadership positions as well as basic office operations support.

Table 3: Institutional Budget, 2022-2025

(in millions of dollars)

I. Resources available	Integrated budget, 2018-2021 MTR Annex DP/FPA/2020/5				Integrated budget, 2022-2025					
	Regular resources	Other resources Programme	Cost recovery	Total resources	Percentage of total	Regular resources	Other resources Programme	Cost recovery	Total resources	Percentage of total
Summary institutional budget										
A.2 Development effectiveness	154.3	-	-	154.3	3.6%	157.9	-	-	157.9	3.1%
B. United Nations development coordination	16.3	-	-	16.3	0.4%	17.1	-	-	17.1	0.3%
C.1 Management recurring costs	375.3	-	183.1	558.4	13.1%	385.4	-	199.2	584.5	11.3%
C.2 Management non-recurring costs	4.8	-	2.4	7.2	0.2%	-	-	-	-	0.0%
D1. Corporate evaluation	-	-	-	-	0.0%	9.2	-	8.0	17.2	0.3%
D2. Audit and investigation	-	-	-	-	0.0%	24.4	-	19.0	43.3	0.8%
E.1 Security risk management measures and individual giving programme	-	-	-	-	0.0%	8.4	-	9.4	17.8	0.3%
E.2 ICT transformation	20.0	-	-	20.0	0.5%	2.0	-	-	2.0	0.0%
Total	570.7	-	185.5	756.2	17.7%	604.4	-	235.5	839.9	16.2%

39. The institutional budget is proposed at \$839.9 million. In relative terms, this represents a decrease from 17.7 per cent to 16.2 per cent of total resources. The nominal increase of \$83.7 million over the midterm review level for the integrated budget, 2018-2021 stems almost exclusively from cost increases (\$81.7 million), with investments net of reductions contributing only \$2 million. Cost increases, new investments in the institutional budget, as well as the reductions and efficiencies that offset their effect, are further elaborated in paragraphs 57-92 and in table 5 below.

C. Integrated results and resources framework

40. The integrated results and resources framework for 2022-2025 reflects the six strategic outputs and the three operational effectiveness and efficiency outputs of the UNFPA strategic plan for 2022-2025. The integrated results and resources framework contained in the strategic plan continues to be the sole, overarching results framework for UNFPA.

41. As in any conceptual framework, the link between results and resources is 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.

42. 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). The link between the programmatic results and resources is based on the analysis of actual expenditures for programme resources by the three transformative results of both regular and other resources, taking into

consideration the strategic focus of the strategic plan for 2022-2025, the strategic shifts of the UNFPA business model toward the normative interventions of advocacy and policy dialogue, data and analysis, capacity development and partners for informed policy work, and delivering context-specific solutions. The final decision of allocations of the regular and other resources for country programmes will be made by the Executive Board during the approval of country programme documents.

43. The actual amounts and proportions will be determined cumulatively by all ongoing programmes over the years. As country programme cycles are not synchronized with the strategic plan cycle, deviations from the overall distribution may differ from year to year. Given the increased uncertainties in the development landscape and the impacts of such megatrends as demographic developments, climate change, urbanization, technological innovation and inequalities, applying adaptive and agile approaches to support Member States to respond to emerging challenges and demands may require further deviations from the planned allocation; any deviation deemed necessary will be conducted in the most effective, efficient and transparent manner possible to maximize impact.

44. Table 4 below shows the high-level allocation of resources to results by the strategic plan outcomes (which is indicative).

Table 4. Integrated results and resources framework, 2022-2025 (indicative)

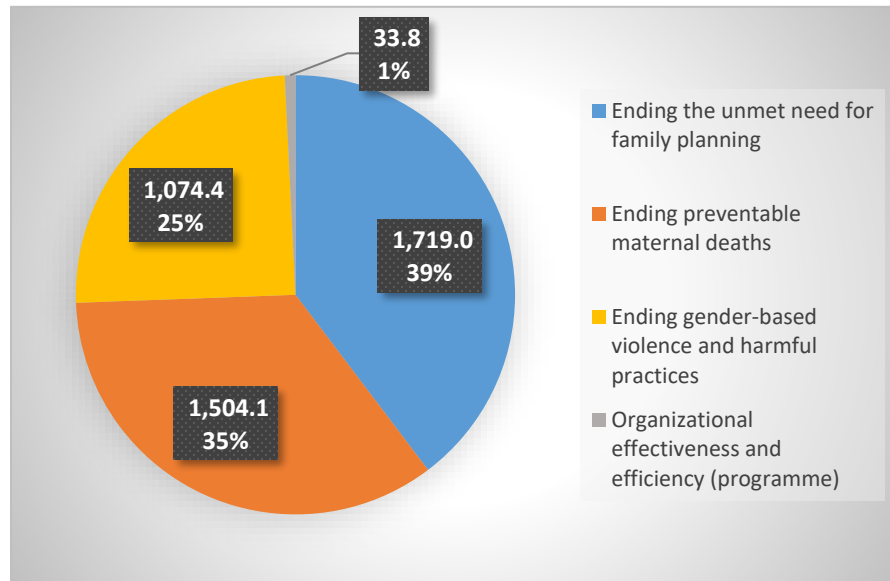
(in millions of dollars)

Output	Cost classification	Functional cluster	Integrated budget, 2022-2025			
			Regular resources	Other resources	Cost recovery	Total
Output 1: Policy and Accountability output. By 2025, improved the integration of sexual and reproductive health and reproductive rights, including family planning as well as gender-based violence and harmful practices, into the laws, policies, plans, and accountability frameworks, in particular those related to universal health coverage	Programme		124.8	293.0	-	417.8
Output 2: Quality Services output. By 2025, strengthened capacity of institutions and systems to provide quality sexual and reproductive health information and services, including family planning, as well as quality, information, services and care for the prevention of and protection from gender-based violence and harmful practices, especially for furthest behind populations	Programme		330.8	1,139.3	-	1,470.1
Output 3: Gender, social norms and non-discrimination. By 2025, strengthened mechanisms and capacities of actors and institutions to address discriminatory gender and sociocultural norms including stereotypes towards gender equality and women's decision making	Programme		109.5	293.0	-	402.5
Output 4: Population change and data. By 2025, strengthened data systems to account for population dynamics and diversity, and other mega trends including climate change, in development policies and programmes, especially those related to sexual and reproductive health including family planning, gender-based violence and harmful practices	Programme		137.5	390.6	-	528.2
Output 5: Humanitarian Output. By 2025, strengthened capacity of critical actors and systems for the preparedness, early action and the provision of life-saving interventions that are timely, integrated, conflict- and climate-sensitive and peace-responsive	Programme		279.0	976.5	-	1,255.5
Output 6: Adolescents and youth output. By 2025, strengthened skills and capabilities of adolescents and youth, in particular adolescent girls, to exercise bodily autonomy, and have opportunities for leadership and participation towards building the human capital	Programme		60.7	162.8	-	223.5
	Programme		8.4	6.4	-	14.8
	Development effectiveness	Technical expertise for effective response to development challenges	11.0	-	-	11.0
OEE1: Improved programming for results		Programme planning, policy and management	147.0	-	-	147.0
	Independent oversight and assurance	Corporate evaluation	9.2	-	8.0	17.2
Total			175.5	6.4	8.0	189.9
	Programme		5.0	7.9	-	12.8
	Independent oversight and assurance	Corporate oversight and assurance (internal and external audit and investigations)	24.4	-	19.0	43.3
		Corporate financial, information and communication technology and administrative management	51.5	-	44.4	95.9
OEE2: Optimized management of resources	Management (recurrent costs)	Field office oversight, management and operations support	221.4	-	82.1	303.6
		Staff and premises security	5.8	-	4.3	10.2
		Corporate human resources management	22.0	-	18.0	40.1
		Special Purpose - ICT Transformation	2.0	-	-	2.0
		Special Purpose - Security risk management	3.4	-	3.8	7.2
Total			335.5	7.9	171.7	515.0
	Programme		4.2	1.9	-	6.1
	United Nations development coordination		17.1	-	-	17.1
	Management	Leadership and corporate direction	29.9	-	16.5	46.4
OEE3: Expanded partnerships for impact	Management (recurrent costs)	Corporate external relations and partnerships, communications and resource mobilization	54.7	-	33.7	88.4
		Special Purpose - Individual giving programme	5.1	-	5.6	10.6
Total			110.9	1.9	55.8	168.6
Total			1,664.3	3,271.3	235.5	5,171.1

45. Figure 3 below reflects indicative allocations of programme resources, targeting the three transformative results as outlined in the strategic plan: (a) ending the unmet need for family planning (39 per cent); (b) ending preventable maternal deaths (35 per cent); and (c) ending gender-based violence and harmful practices (25 per cent).

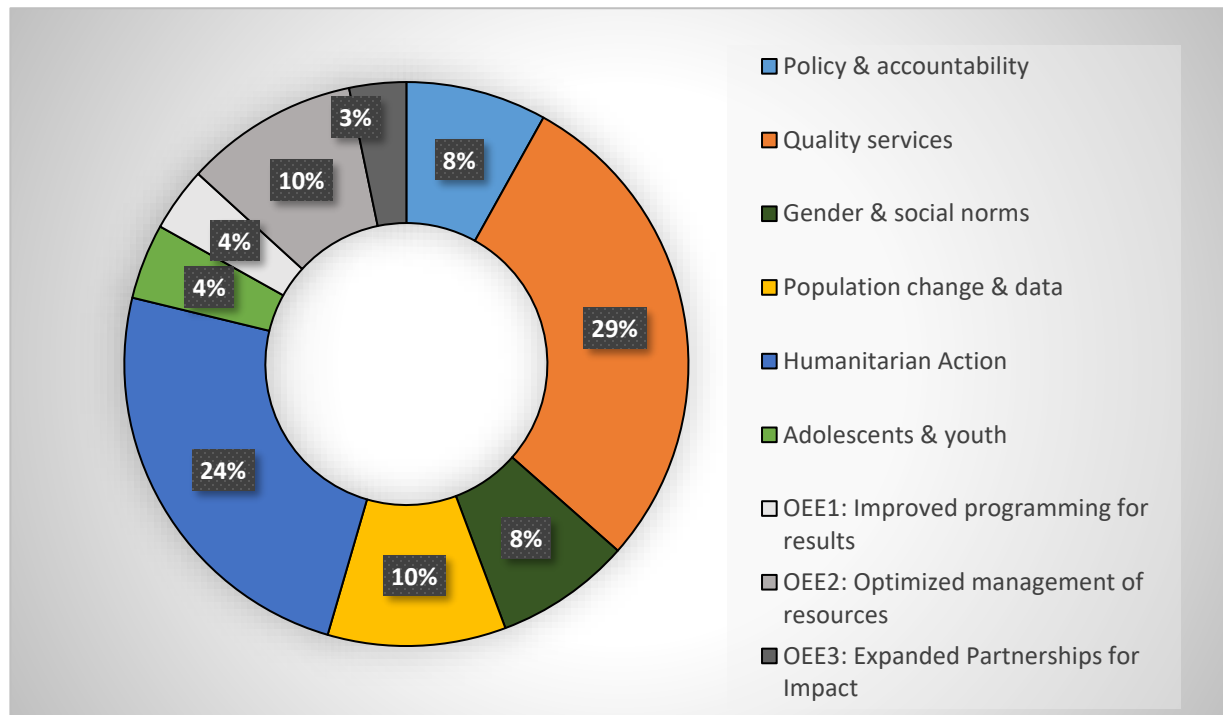
Figure 3. Indicative allocations of programme resources by three transformative results, 2022-2025

(in millions of dollars)



46. At the output level, in alignment with the strategic plan, figure 4 shows indicative allocations of all resources by the six programmatic strategic plan outputs, as well as by the three operational effectiveness and efficiency outputs.

Figure 4. Indicative allocations of total resources by strategic plan outputs, 2022-2025



Allocation of resources to development outcomes and outputs

47. The indicative allocation of resources to the three strategic plan outcomes, as well as six development outputs and three organizational efficiency and effectiveness outputs, is aligned with the priorities of the strategic plan for 2022-2025 and reflects the results that UNFPA seeks to achieve during that four-year period. 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.

48. The resource estimates by the strategic plan outcome reflect UNFPA commitments to achieve the three transformative results by increasing the availability, accessibility and acceptability of services and interventions related to promoting gender equality and the empowerment of women, adolescents and girls, especially those furthest behind. UNFPA will prioritize ending the unmet need for family planning, which indirectly contributes to the reduction of maternal mortality. UNFPA will accelerate the progress toward ending preventable maternal deaths, by enhanced quality service and integration of sexual and reproductive health (SRH) into universal health care. UNFPA will invest in meeting the increased demands for SRH and gender-based violence (GBV) services and information and fulfil its important role in the coordination of GBV responses in humanitarian settings.

49. Based on the strategic ambition, needs-based costing analysis and review of the current trends, it is estimated that the programme resources allocated to the three outcomes in the integrated results and resources framework will receive the following proportional share of overall programme resources (without minor adjustments for programme contributions to organizational effectiveness and efficiency outputs):

- (a) Outcome 1 (reduction in the unmet need for family planning accelerated): 40 per cent;
- (b) Outcome 2 (reduction of prevention maternal deaths accelerated): 35 per cent;
- (c) Outcome 3 (reduction in gender-based violence and harmful practices accelerated): 25 per cent;

50. The programme resource estimates by strategic plan outputs reflect the different settings in which the Fund works, based on the business model. Countries in tier I, which are furthest from achieving the three transformative results, have the highest needs related to sexual and reproductive health and GBV services and are projected to spend more of their programme resources on output 2 (quality services). All countries, based on their local needs and UNSDCF priorities, are expected to invest in output 1 (policy and accountability), output 3 (gender and social norms), output 4 (population change and data), output 5 (humanitarian action) for resilience building and output 6 (adolescents and youth). Countries affected by humanitarian crises will have largely increased demands for investment in output 5 (humanitarian action).

51. It is estimated that the programme resources allocated to the six outputs in the integrated results and resources framework will receive the following proportional share of overall programme resources (without minor adjustments for programme contributions to organizational effectiveness and efficiency outputs):

- (a) Output 1 (Policy and accountability): 9 per cent;
- (b) Output 2 (Quality services): 35 per cent;
- (c) Output 3 (Gender and social norms): 9 per cent;
- (d) Output 4 (Population change and data): 12 per cent;
- (e) Output 5 (Humanitarian action): 30 per cent;
- (f) Output 6 (Adolescents and youth): 5 per cent.

52. Several important elements influence the interpretation of these figures. First, the integrated results and resources framework has been designed as an integrated approach to delivering the three transformative results. The outcomes and outputs of the strategic plan for 2022-2025 are not distinct but interrelated (many-to-many relationship). This particularly affects outcome 2 (reduction of prevention

maternal deaths accelerated), as resources directed to outcome 1 (reduction in the unmet need for family planning accelerated), indirectly contribute to outcome 2. In many cases, UNFPA will promote and provide integrated SRH and GBV services and information; the allocation of resources by the strategic plan outcomes, in such situations, therefore may not reveal the full extent of resources allocated overall towards a specific outcome. At the output level, for example, programming for adolescents and youth are contained in each of the six outputs, not solely in output 6 (adolescents and youth), which rather focuses on youth empowerment and participation.

53. Second, the allocation of resources by the strategic plan for 2022-2025 outcomes and outputs vary, based on both the types of resources and settings of UNFPA intervention. For example, the strategic plan output 1 (policy and accountability) and output 4 (population change and data) will be mainly funded by regular resources, while the other resources tend to be invested in output 2 (quality services) and output 5 (humanitarian action). This implies that any reduction in regular resources over the next four years or changes in the amounts or preferences of other resources by the donors will have large impacts on the relative proportions of resources allocated by strategic plan outcomes and outputs.

54. Third, these are global estimates, informed by priorities set in the strategic plan for 2022-2025, in reference to the allocation patterns of the ongoing country programmes, rather than precise amounts that each country is expected to spend on each outcome and output. 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. The resources to be spent on each of the strategic plan outputs just reflect an indirect contribution of the country programme outputs to the strategic plan outputs, given the many-to-many relationship. Therefore, the allocations of resources to strategic plan outcomes and outputs must be seen as indicative only.

55. Finally, the strategic plan is a call for action to all partners, particularly national Governments, to scale up and accelerate progress. Coordination, partnership and South-South and triangular cooperation is one of the modes of engagement. Furthermore, in line with the QCPR 2020 and United Nations reform, UNFPA will actively participate and substantively contribute to the collaboration, collective actions, and joint programming for system-wide results. The figures in table 4 represent estimates of the UNFPA contribution towards the achievement of these results, based on the projected income available to UNFPA, rather than the sum total necessary to reach the targets. In other words, the indicative resources by outcome and output are not the totality of the resources needed to achieve the three transformative results; rather they are estimates based on the proposed integrated budget, which is income-based.

56. Another way to look at the allocation of resources is by using the country tiers from the business model. Countries in tier I are furthest from achieving the three transformative results and will receive the largest share of resources. At least 60 per cent of the regular resources available for country programmes will be allocated to the 56 programme countries in tier I. The remaining 40 per cent of the regular resources available for country programmes will be invested in tier II and tier III programme countries. Given the increased uncertainty and emerging global crisis, UNFPA will stay adaptive and agile, while ensuring that the resources will be deployed in the countries with the highest need, including LDCs and SIDS. The regular resources allocation system for country programmes is elaborated in detail in annex 4 to the UNFPA strategic plan for 2022-2025.

Allocation of resources to organizational effectiveness and efficiency outputs

57. The organizational effectiveness and efficiency 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 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 organizational effectiveness and efficiency (OEE) results, in support of development outcomes.

Output 1. Improved programming for results

58. Resources allocated to this output for 2022-2025 amount to \$189.9 million (\$14.8 million in programme; \$158.0 million in development effectiveness; and \$17.2 million in independent oversight and assurance). The main areas of investment under this output include the following:

Strengthening field leadership and programme coordination (\$0.9 million)

59. The ability of UNFPA offices in the field to effectively lead and coordinate programming efforts is paramount to ensuring that programmes achieve the desired results. With the integrated budget, UNFPA proposes targeted investments in this capacity, covering notably the programme coordination-focused roles of deputy representatives and assistant representatives at the country office level.

Further strengthening independent oversight capacity (evaluation) (\$1.3 million)

60. UNFPA remains committed to continuously strengthening its independent oversight and assurance functions. For the evaluation function in particular, the proposed budget contains an additional investment in the Evaluation Office and centralized evaluations to further strengthen the organization's ability to deliver high-quality evaluations and disseminate evaluation results and lessons learned throughout the organization. The proposed budget is in line with the quadrennial budgeted evaluation plan for 2022-2025 that UNFPA will propose for adoption in January 2022.

Investing in humanitarian coordination (\$2.6 million)

61. UNFPA's work in humanitarian settings is facing a continuous increase in demand. In 2020, more than 40 per cent of all non-core funds raised were intended to be spent in humanitarian settings. This has resulted in an increased need for coordination and alignment with the strategic plan as well as the inter-agency mechanisms. In order to bolster capacity in this area, the budget foresees an investment in the Geneva-based Humanitarian Office of UNFPA. Inter alia, this includes a strengthened management function, which will define, steer and guide all programme- and coordination-related aspects of the UNFPA corporate GBV lead in humanitarian action at the global level.

Output 2. Optimized management of resources

62. Resources allocated to this output for 2022-2025 amount to \$515.0 million (\$12.8 million in programme; \$43.3 million in independent oversight and assurance; \$449.8 million in management recurring; and \$9.2 million in capital investment / special purpose). The main areas of investment under this output are listed below.

Strengthened field leadership and operational support (\$9.9 million)

63. The UNFPA field-based leadership and operations teams are at the forefront of running efficient programmes, ensuring resources are managed in an optimal fashion, and engaging with United Nations country teams. With the integrated budget, the organization is proposing targeted investments in these capacities, focused on country offices where the complexity of challenges requires especially stringent and professional management. These investments cover the strengthening of leadership functions in country offices (\$5.2 million), as well as operational capacity in country offices (\$3.6 million) and regional offices (\$1.1 million).

Strengthened and decentralized human resource management (\$8.6 million)

64. People are the organization's most important asset. Recognizing this, UNFPA has 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 including disability inclusion, achieving and enabling gender parity in the organization, and exercising duty of care focused on organizational development where it matters most – in the field. To deliver on this strategy, UNFPA proposes continued strengthening of the human resources function to refocus its resources, align its priorities and work closely with staff, managers and teams to improve organizational effectiveness.

65. The investment is particularly targeted in embedding human resources colleagues with the regions, thus positioning them closer to the field offices, where 88 per cent of the UNFPA workforce is located. Whereas six human resources posts were field-based in the old structure, this increased to 15 posts in the midterm review; and the proposed structure for 2022-2025 includes 22 posts in the field, addressing this priority. The investment will help the organization better deliver on corporate initiatives by leveraging

innovative approaches like human resources analytics and insights for workforce planning. Strong governance in human resources is critical and will continue to be embedded in policies and case management functions.

Investment in internal oversight (audit and investigations) (\$4.1 million)

66. UNFPA remains committed to continuously strengthening its independent oversight and assurance functions. The mandate of the investigations function in particular covers all wrongdoing - (a) 'proscribed practices', including harassment and abuse of authority and other breaches; and (b) practices to the detriment of UNFPA by independent contractors, implementing partners, suppliers and any other third parties in contract with UNFPA. This mandate, together with improved reporting tools and outreach activities, has led to an increase in the number of cases as well as the case complexity. In light of these developments, the proposed budget contains an additional investment that strengthens the investigations function with three additional posts and offers additional support to the Director.

Information technology solutions (\$4.1 million)

67. New and more flexible IT solutions hold the promise of more efficient and seamless workflows, saving staff time throughout the organization. However, they also require investments. As part of the budget proposal, UNFPA intends to strengthen three areas in particular: cybersecurity; digital delivery; and revamped customer relationship management.

Support to the reform of back-office operations (\$2.2 million)

68. UNFPA remains committed to reforming back-office operations to ensure stringent management and value for money. In order to help country offices make the right decisions about back-office operations going forward, including in the context of the roll-out of United Nations reform processes such as common back office and business operations strategy, the budget entails an investment in analytical capacity to help drive data-driven decision-making, oversight and control as well as further automate transactional and repetitive processes.

Other

69. In line with previous budget proposals, the UNFPA Executive Director requests the Executive Board to grant her exceptional authority – similar to that in decisions 2008/6, 2012/3, 2013/32 and 2017/24 – to access up to \$5.6 million in regular resources for security measures, in the event that unforeseen requirements arise in connection with United Nations-mandated security costs. UNFPA would limit the use of those funds to new and emerging security mandates, as defined through the United Nations Department of Safety and Security (UNDSS) directives. The amount of \$5.6 million represents approximately 20 per cent of the three largest security cost components for 2022-2025, totalling \$28.0 million as follows: \$14.1 million estimated UNFPA-apportioned share of the costs of UNDSS and funding for residential security measures; \$6.7 million recurring insurance and security costs fund-wide; and \$7.2 million for investments in fund-wide compliance with security risk management measures.

Output 3. Expanded partnerships for impact

70. Resources allocated to this output for 2022-2025 amount to \$168.6 million (\$6.1 million in programme; \$17.1 million in United Nations development coordination, \$134.8 million in management recurring, and \$10.6 million in special purpose). The main areas of investment under this output are listed below.

Individual giving programme (\$10.6 million)

71. Diversifying and expanding the UNFPA donor base has long been a central organizational objective. Given that a seed investment in the individual giving programme has yielded very promising results, with \$3.7 million raised from its inception in late 2018 through May 2021, UNFPA proposes to further bolster this capacity with the vision of raising \$100 million from individuals by 2030.

72. The proposed investment in individual giving over four years will enable work on campaign design and delivery, market research and data (\$6.3 million), as well as donor acquisition and stewardship (\$4.3 million). This investment in the institutional budget is complemented by a separate investment from a private endowment trust in the amount of \$10.0 million.

73. For the individual giving programme, as for any investment, tight monitoring of results will be implemented to ensure the goals are met. Frequent assessments of return on investment and state-of-

the-art fundraising analytics will play a crucial role in guiding the strategy. Revenue expectations from the individual giving programme for 2022-2025, it should be noted, form part of the income projections outlined above.

Corporate partnerships, communication and resource mobilization (\$7.7 million)

74. In a volatile resource environment, UNFPA must strengthen its ability to fundraise, deepen partnerships and communicate the results achieved. To this end, the organization proposes a set of targeted investments. An investment in resource mobilization (\$1.7 million) will focus on maximizing the potential of partnerships with the World Bank and other international financial institutions as well as United Nations pooled funds for the UNFPA mandate. An investment in communications (\$4.1 million) will allow for improved brand protection and crisis management, surge capacity for humanitarian communications and improved outreach. Finally, an investment in corporate partnerships (\$1.9 million) will help rally the private sector worldwide in support of the organization's mandate and its three transformative results.

Innovation and change management (\$4.5 million)

75. To enable UNFPA to be fit for the challenge of achieving the three transformative results in a range of complex contexts, the organization needs to harness the power of change management and innovation. A dedicated change management function will foster the initiatives and culture necessary for UNFPA to be an agile, flexible and adaptive organization that can deliver results. UNFPA also proposes an investment specifically to harness the power of innovation by (a) strengthening the corporate innovation architecture and capabilities; (b) elevating new partnerships and connecting with innovation ecosystems; (c) strengthening and leveraging financing for innovation; and (d) expanding the community and culture for innovation.

Legal, data protection and risk management (\$3.7 million)

76. UNFPA proposes to strengthen legal, data protection and risk management functions in order to limit the organization's exposure to risk and further to improve accountability. The investments proposed will serve to deepen its legal capacity, focusing on employment law for accountability and enforcement; to develop and implement the organization's first data protection policy, with a dedicated data protection officer, in order to comply with partner demands in this area; and to further strengthen the risk management with a dedicated risk officer within the organization.

D. Summary of increases and decreases in the institutional budget

77. Changes to the nominal amounts in the institutional budget component are a combination of cost increases, volume changes (including corporate initiatives and investments), and cost efficiencies and savings. The impact of each of these elements is summarized in table 5 below.

78. Most of the material volume increases have been linked to the organizational effectiveness and efficiency outputs of the strategic plan, 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

79. The integrated budget proposal incorporates a total of \$81.7 million (10.8 per cent) in cost increases for 2022-2025. These include inflation, increases in post costs due to the salary-scale revisions, within-grade salary increments, and other post entitlements determined by the International Civil Service Commission, as well as an increase in resources dedicated to staff training and development (\$74.6 million).

80. UNFPA must continue to exercise its fiduciary responsibility and is required to 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 8 per cent to 10 per cent (\$7.1 million). This amount is included in the total cost increases.

Other investments in the organization – volume increases

81. The main strategic investments described above along the three organizational effectiveness and efficiency outputs appear in table 5 as items (i) through (x). Additional investments (“Other corporate priorities”) that are part of the proposed integrated budget for 2022-2025 but not easily attributed to one of the three organizational effectiveness and efficiency outputs appear as item (xi) in table 5 and are enumerated below.

82. Other corporate priorities (\$6.8 million) include proposals to strengthen the Ethics Office to help with its increasing caseload (\$1.1 million), executive communications and support (\$1.1 million), programme policy (\$0.9 million), corporate security (\$0.9 million), corporate financial and budget support (\$0.8 million), census support (\$0.6 million) and fleet management (\$0.5 million). In light of the organization’s commitment to maintaining a diverse workforce and hiring talent from around the world, the budget proposal also seeks to strengthen diversity at UNFPA (\$0.7 million).

Savings and efficiencies – volume decreases

83. UNFPA has identified reductions in the amount of \$63.9 million in the institutional budget, which are reflected as volume decreases. Key elements are highlighted below:

84. Following the Executive Board’s approval of the joint comprehensive cost recovery policy in (DP/FPA-ICEF-UNW/2020/1), the budget formulation for 2022-2025 entailed a review of cost classification alignment (\$18.7 million). As a result, two sets of changes were implemented. First, the cost of programme support staff in the field, which was previously designated as development effectiveness activities, is now classified as ‘programme’. Second, the cost of drivers in the field, whose work predominantly contributes to programme delivery, is now classified as ‘programme’.

85. The cost for the ICT transformation is reduced by \$18.0 million, compared to the previous integrated budget cycle. The remaining budget of \$2.0 million for this project will cover ERP backstopping, communication and “go live” system stabilization.

86. UNFPA has continued to make significant efforts to reduce costs and impose efficiencies across the entire organization and will continue to do so over the next cycle (2022-2025). The proposed decrease resulting from such efforts is \$9.1 million. These include, among others, reductions in operational expenses, hospitality and other costs.

87. UNFPA is aligning the funding model for its procurement and supply-chain activities. In this context, all costs, including those previously budgeted for in the integrated budget, will now be recovered through procurement fees, ensuring that fees align with the true cost of providing procurement services. From the perspective of the integrated budget, this results in a reduction of \$5.8 million over four years.

88. In the course of the COVID-19 pandemic and under the resulting travel restrictions, UNFPA has been able to deliver services and perform work with less or no travel. While travel is still an important means to achieve the organization’s mandate, UNFPA proposes to leverage this experience going forward and has identified reductions of \$5.7 million to travel for the coming four years that, notwithstanding, will not negatively affect the delivery of results.

89. As part of the budget formulation process, UNFPA has reviewed field office structures and identified savings totalling \$5.4 million from harmonizing roles and clustering functions.

90. Also, as part of the budget formulation process, UNFPA reviewed headquarters administrative support functions, including travel, mail and facilities, and identified savings of \$2.5 million from modernizing and rightsizing those functions.

91. Table 5 below summarizes the costs and volume increases and decreases for 2022-2025.

Table 5. Summary of increases and decreases

(in millions of dollars)

		Total	% increase / (decrease)
I.	Integrated budget, 2018-2021 MTR Annex DP/FPA/2020/5	756.2	
II.	Increases and decreases due to costs		
	(i) Inflation, currency and staff costs including after service health insurance	81.7	10.8%
	Net total increases due to costs	81.7	10.8%
III. a.	Proposed investments		
	(i) Strengthened field leadership and operational support	10.8	1.4%
	(ii) Individual giving programme	10.6	1.4%
	(iii) Strengthened and decentralized human resources management	8.6	1.1%
	(iv) Corporate partnerships, communication and resource mobilization	7.7	1.0%
	(v) Independent oversight	5.4	0.7%
	(vi) Innovation and change management	4.5	0.6%
	(vii) Strengthen information technology solutions	4.1	0.5%
	(viii) Strengthen legal, data protection and risk management	3.7	0.5%
	(ix) Strengthen humanitarian coordination	2.6	0.3%
	(x) Support to the reform of back office operations	2.2	0.3%
	(xi) Other corporate priorities	6.8	0.9%
	Total proposed investments	67.1	8.9%
b.	Proposed reductions		
	(i) Cost classification alignment	(18.7)	-2.5%
	(ii) ICT Transformation	(18.0)	-2.4%
	(iii) General operating efficiencies	(9.1)	-1.2%
	(iv) Align procurement and supply chain funding model	(5.8)	-0.8%
	(v) Travel reductions	(5.7)	-0.7%
	(vi) Field offices alignment	(5.4)	-0.7%
	(vii) Reduced HQ administrative support	(2.5)	-0.3%
	Total proposed reductions	(65.1)	-8.6%
IV.	Net volume increases/(decreases) (III.a + III.b.)	2.0	0.3%
V.	Total 2022-2025 institutional budget	839.9	
VI.	Estimated income to the institutional budget	(235.5)	
VII.	2022-2025 net institutional budget (V + VI)	604.4	

Summary of post changes

92. Table 6 below provides an overview of proposed post changes in the institutional budget for 2022-2025. Owing primarily to cost classification realignments, UNFPA proposes a net reduction of 77 posts.

Table 6. Summary of post changes

	Institutional Budget, 2018-2021 MTR DP/FPA/2020/5							Changes: increase and (decrease)					Institutional Budget 2022-2025							
	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	48.0	178.0	524.0	756.0	70.5%			1.0	(9.0)	(97.0)	(105.0)		6.0	49.0	169.0	427.0	651.0	65.4%
Headquarters - other locations		1.0	4.0	20.0	27.0	52.0	4.8%		1.0	2.0	(1.0)	2.0	2.0		1.0	5.0	22.0	26.0	54.0	5.4%
Headquarters - NYC	3.0	7.0	20.0	156.0	79.0	265.0	24.7%			29.0	(3.0)	26.0	26.0	3.0	7.0	20.0	185.0	76.0	291.0	29.2%
Total	3.0	14.0	72.0	354.0	630.0	1,073.0	100.0%		2.0	22.0	(101.0)	(77.0)	(77.0)	3.0	14.0	74.0	376.0	529.0	996.0	100.0%

93. The bulk of the proposed position changes is due to the cost classification realignment described in paragraph 84. Specifically, the cost of 11 field staff involved with programme support as well as of 91 local drivers that support programme delivery was transferred to programme in accordance with the harmonized cost classification. Those changes result in a reduction of 102 institutional budget posts, mainly in the ‘all other’ category. Although these cost classification realignments affect field staff numbers exclusively, UNFPA continues to be a field-centric organization, with two-thirds of institutional budget posts stationed in the field and over 70 per cent stationed outside of the New York headquarters. This is despite the fact that institutional budget posts inherently include central business functions and therefore skew more towards headquarters locations. The share of personnel stationed in the field is considerably higher in ‘programme’. Overall, 88 per cent of UNFPA staff serve in field duty stations.

94. Other post changes are attributable to the organization-wide review of alignment with the strategic plan, as detailed in previous sections.

95. In the field, UNFPA proposes post changes as follows:

- (a) 1 additional D1 position
- (b) a net reduction by 9 posts of ‘other international professional’ staff
- (c) a net reduction by 97 posts of ‘all other’ staff

96. UNFPA proposes the following post changes at New York headquarters:

- (a) a net increase of 29 posts in the ‘other international professional’ category, in support of the investments highlighted above
- (b) a net reduction by 3 posts of ‘all other’ staff

97. Additional information on post changes is available in annex 1, summary table 2.

E. Cost recovery

98. In decisions 2019/21 and 2020/12, the Executive Board has approved a new joint comprehensive cost recovery policy, effective 1 January 2022 (DP/FPA-ICEF-UNW/2020/1). The present document includes the estimated amounts of cost recovery for 2022-2025 based on the new cost recovery policy. On the basis of the proposed integrated budget for 2022-2025 and the joint comprehensive cost recovery policy, the notional cost recovery rate is 9.5 per cent. Annex 2 presents descriptions of the UNFPA costs under each cost classification category, the calculations and the resulting notional cost recovery rate.

99. UNFPA, together with UNDP, UNICEF and UN-Women, engaged the Executive Boards of all four organizations, and provided detailed information on the actual implementation of the cost recovery policy based on the current approved methodology.

100. UNFPA complied with approved indirect costs recovery rates, with very few exceptions, which have been reported to the Executive Board in the statistical and financial review reports for 2018, 2019 and 2020 [(DP/FPA/2019/4 (Part I/ Add.1); DP/FPA/2020/4 (Part I/ Add.1) and DP/FPA/2021/4 (Part I/Add.1)].

101. An analysis of the implementation of the cost recovery methodology, shown in table 7, shows that the actual effective rate for UNFPA was 7.26 per cent for 2018, 7.25 per cent for 2019, and 7.22 per cent for 2020. This is within the range of the general harmonized rate of 8 per cent, the differentiated rate of 7 per cent for thematic contributions and the 5 per cent preferential rate for government cost-sharing contributions.

Table 7. Effective average indirect cost-recovery rate for UNFPA

<i>Effective average indirect cost-recovery rate</i>	<i>2018</i>	<i>2019</i>	<i>2018-2020 2020 (average)</i>
<i>UNFPA</i>	<i>7.26%</i>	<i>7.25%</i>	<i>7.22%</i>

102. Table 8 indicates the financial impact of differentiated rates compared to the 8 per cent rate, broken down by financial impact in the following categories, where applicable, as: (a) thematic funding; (b) framework/umbrella agreements; and (c) programme government preferential rates. In addition, the impact of the waivers is presented.

Table 8. Financial impact of the differentiated cost-recovery rates, 2018–2020

(in millions of United States dollars)

<i>Financial impact by category</i>	<i>2018</i>	<i>2019</i>	<i>2020</i>	<i>2018-2020 (average)</i>
UNFPA				
Thematic trust funds	1.39	1.51	1.89	1.60
Umbrella agreements	1.33	2.04	2.32	1.90
Preferential rates (programme government and South-South contributions)	1.71	1.28	1.46	1.48
Legacy agreements	0.01	0.00	0.00	0.00
Multilateral agreements with inherited reduced indirect cost	0.00	0.18	0.29	0.16
Waivers	0.36	0.37	0.27	0.33
Total impact	4.80	5.39	6.22	5.47

103. In the context of the continued growth in the proportion of other resources contributions, cost recovery of indirect costs and charging of direct costs to programmes funded from other resources are key to ensuring the financial sustainability of the organization. UNFPA continues to rely on the partnership of

stakeholders to ensure that agreements for programmes funded from other resources always embed the necessary direct costs. Internally, UNFPA will continue to reinforce measures geared at full adherence to cost recovery policy in all proposals funded from other resources.

III. Elements of a decision

104. The Executive Board may wish to:

- (a) *Welcome* the UNFPA integrated budget, 2022-2025 (DP/FPA/2021/9), submitted in conjunction with the UNFPA strategic plan, 2022-2025 (DP/FPA/2021/8);
 - (b) *Take note* of the results and resource requirements in the UNFPA integrated budget estimates for 2022-2025, as contained in DP/FPA/2021/9;
 - (c) *Approve* the presentation of activities and associated costs reflected in DP/FPA/2021/9;
 - (d) *Approve* gross resources in the amount of \$839.9 million, representing the institutional budget estimates for 2022-2025, and *note* that these estimates include an amount of \$260.1 million for indirect cost recovery from other resources;
 - (e) *Approve* \$204.5 million of the projected regular resources as a ceiling for global and regional programmes for 2022-2025, noting that this amount cannot be exceeded without approval by the Executive Board;
 - (f) *Recall* Executive Board decision 2015/3, *approve* an annual amount of \$10 million of regular resources for the 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;
 - (g) *Endorse* the proposal of the Executive Director, similar to decisions 2008/6, 2012/13, 2013/32 and 2017/24 to grant her exceptional authority during 2022-2025 to access up to an additional \$5.6 million in regular resources for security measures, provided these are used for new and emerging security mandates, as defined by the directives of the United Nations Department of Safety and Security, and *request* UNFPA to report to the Executive Board on the use of those funds in its annual statistical and financial review.
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