

Integrated Budget 2018-2021 – Frequently Asked Questions (FAQ)

25 January 2018

Highlights

- The reductions in resources has affected **all components of the Integrated Budget**, including the Institutional Budget and Global and Regional Interventions (GRI), not just country ceilings.
- The drivers for the relative increases in the Institutional Budget are **predominantly driven by the decrease in overall income**, as well as Executive Board decisions and/or audit recommendations.
- There is **no real increase of HQ posts** (the 2018-2021 budget includes **transfer of existing posts** from GRI to Institutional Budget, details in question 5)
- As additional regular resources become available, UNFPA honored its commitment to prioritize and provide additional resources to programmes as can be seen in the table below:

Additional regular resources provided	2017	2018	Total	% of total
Country programmes	10.6	14.6	25.2	74.7%
Emergency Fund	1.0	2.5	3.5	10.4%
Humanitarian Response Reserve	5.0		5.0	14.8%
Institutional Budget	0.1		0.1	0.3%
GRI	(0.1)		(0.1)	-0.2%
Total	16.6	17.1	33.7	100.0%

1) Has UNFPA only reduced programmes as a result of income reductions?

No. The reductions have affected all components of the Integrated Budget, not just country ceilings.

The institutional budget includes decrease of \$66 million during 2014-2017 and further \$56 million for 2018-2021, thus totaling \$122 million in reductions compared to the originally approved budget.

Similarly, the GRI allocation includes a decrease of \$35.8 million during 2014-2017, and a further \$20 million for 2018-2021, thus totaling \$55.8 million reductions compared to the original.

The decrease in country ceilings is **predominantly driven by, and commensurate with, the reduction of income** foreseen for the period.

The US defunding in 2017 did affect the country programmes. However, that is just a portion of the total income gap (2017 gap at the beginning of the year was \$181m) UNFPA faced compared to the Strategic Plan targets for 2014-2017. That total gap was closed by reductions in all integrated budget components, including the Institutional Budget and GRI as explained above.

The table below provides an overview of the impact of the reduction in contributions on the respective integrated budget component and clarifies what impacted the percentages:

Changes in programme allocations are primarily driven by the loss of contributions:

Integrated budget components	2014-2017 midterm review		2018-2021 Approved budget		Impact of US regular resources contribution loss (\$120m estimated)	Impact of remaining income loss (basis 2014-2017 midterm review)	Assuming no GRI transfer for 2018-2021
	Mill \$	% of use of resources	Mill \$	% of use of resources	% of use of resources	% of use of resources	% of use of resources
Use of resources							
Country programmes	3,066.3	78.0%	2,704.1	75.4%	76.2%	78.3%	78.3%
Global and regional interventions	213.8	5.4%	153.9	4.3%	4.2%	3.8%	4.8%
Emergency fund	14.0	0.4%	20.0	0.6%	0.5%	0.5%	0.5%
Institutional budget	636.1	16.2%	708.4	19.8%	19.1%	17.4%	16.5%
Total use of resources	3,930.2	100.0%	3,586.4	100.0%	100.0%	100.0%	100.0%

The relative proportion of country programmes at the 2014-2017 mid-term review (78%) and 2018-2021 assuming no income reduction (78.3%) are practically the same (noting a slight improvement). **That shows that the reductions in programme are driven by the loss of contributions, and not by the changes in the institutional budget.**

2) What is included in the institutional budget and is it equal with headquarters?

The Institutional budget is the foundation of the organization, and enables UNFPA to exist as an organization. **It safeguards our universal presence around the world.** The institutional budget covers essential structures and functions that need to exist irrespective of the volume of programmes such as leadership, representation, independent assurance, strategic, technical and programme direction, operations and fiduciary functions, corporate communication, resource mobilization, external relations, corporate security, UN Coordination, etc. It funds essential structures at headquarters, regional and country levels. **Over half of the institutional budget is in the field.**

3) Why have you not reduced the institutional budget proportionally as the programmes?

The institutional budget, given its nature described above, is the foundation of the organization, and funds essential structures and functions that need to exist irrespective of the volume of programmes.

If UNFPA were to reduce the institutional budget allocation proportionally, it would have had to close some of its country offices, as the reductions required would render the universal presence financially unsustainable. It would also have prevented the HQ and regional level from providing necessary support to the country offices, as well as from discharging their fiduciary and statutory responsibilities.

In addition, while the regular resources have reduced, the organization has seen an increasing trend of other resource income to the organization which are predominantly programmatic. Thus the impact on programmes, when considering both regular and other resources is mitigated. As an example, the country office realignments resulted in shifts of staff costs away from regular resources (core) funding to other resources (non-core) funding. This partially alleviated the impact of the reductions of regular resources programme ceilings due to the income decline.

4) Does the increase in the institutional budget account for the \$362 million decrease in country programmes?

No, of the institutional budget nominal increase (\$72.3 million), \$40 million is the GRI reclassification. GRI reclassification is not a real increase for the organization and does not affect the country programmes. The remaining \$32.3 million increase in the institutional budget is predominantly driven by the need to invest in ICT transformation (mostly one-time cost).

Thus, the \$362 million reductions in programmes are almost entirely due to the reduction of income. Assuming the same level of income as in 2014-2017 mid-term review, and without effect of the GRI transfer, the institutional budget would be 16.5% of total use of resources, compared to 16.2% at mid-term review (ref. table in Question 1).

5) Has UNFPA increased HQ posts over the years?

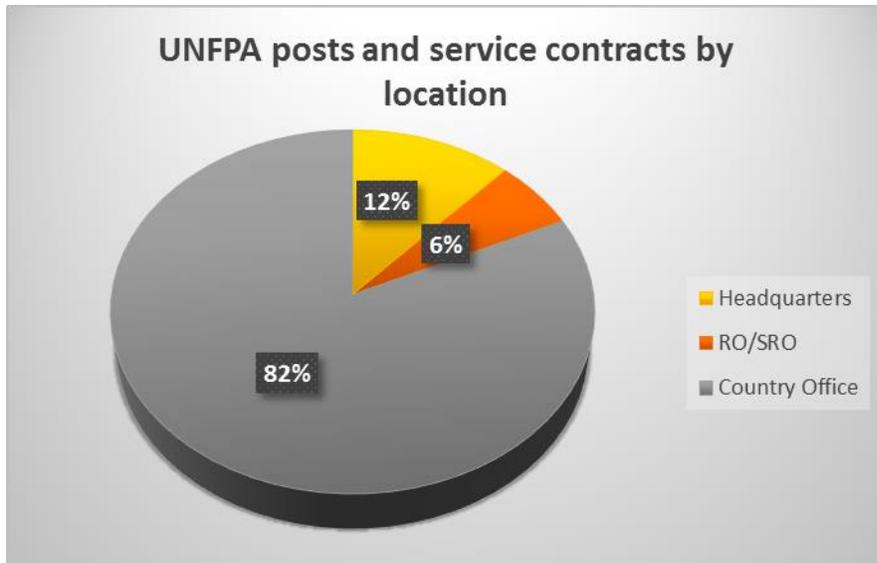
No, there is no real increase of HQ posts, while country offices posts and service contracts increased by almost 11% over the last three years. Throughout adverse income trends, UNFPA has maintained its priority and focus on country offices. UNFPA is making significant investments in country office presence, increasing by 357 posts and service contracts over the last 3 years, the vast majority funded from other resources.

UNFPA posts and service contracts

Year	Headquarters	Regional/ Sub-Regional Offices	Country Offices	Total
2015	532	260	3,343	4,135
2016	530	277	3,489	4,296
2017	529	280	3,560	4,369
2018	534	280	3,700	4,514
<i>Variance 2018/2015</i>	<i>2</i>	<i>20</i>	<i>357</i>	<i>379</i>
<i>Percentage variance</i>	<i>0.4%</i>	<i>7.7%</i>	<i>10.7%</i>	<i>9.2%</i>

Note: Service contracts fully integrated in UNFPA ERP in 2016; for comparability the same number of service contracts assumed in 2015 as in 2016

UNFPA upholds its commitment to focus on the field, with only 12% of total posts and service contracts in the headquarters, and 88% in the field, as can be seen from the below chart:



UNFPA has the highest ratio of national professional to international professional officer in the UN - this shows our commitment to empower, build and benefit from national capacity. Furthermore, UNFPA is making significant investments into national capacity: of the 357 additional posts in country offices since 2015, 92% are national positions.

6) But we see an increase in the institutional budget posts, particularly HQ, for 2018-2021. How is that possible?

The 41 posts (32 in HQ and 9 in ROs) that show as “increase” in the Institutional Budget, are **all existing posts** that were previously classified as programme and included in GRI. They have moved to the institutional budget for 2018-2021, and were correspondingly reduced from GRI (**overall integrated-budget neutral effect**). There is no impact on country programmes as a result of the GRI reclassification.

7) Has UNFPA protected HQ posts when it had to institute austerity measures?

No, quite the opposite. Austerity measures did affect all offices in UNFPA, through reduction in resources and/or recruitment freeze of vacant positions. However, the protection was at the country level, not at headquarters. In fact, 5.4% of all HQ offices positions are frozen, compared with only 2.4% of all country offices.

Moreover, in the Institutional budget, which is the foundation of the organization, enabling universal presence around the world, UNFPA made a very concerted effort to mitigate the impact of the income loss by protecting that essential country presence.

Of the total 33 institutional budget posts frozen, 20 are in headquarters (6% of HQ posts), 5 in regional offices (4% of RO posts) and 8 in country offices (1% of CO posts). In financial terms, 68% of the institutional budget reduction is due to post freezes is in headquarters.

8) How will you ensure country programmes are prioritized if more resources become available?

UNFPA has already demonstrated its commitment to prioritize country programmes.

As more income became available during 2017, UNFPA provided additional regular resources: \$10.6 million for country programmes and \$1 million for the Emergency Fund.

UNFPA increased the institutional budget by only \$0.11m and reduced GRI by \$0.07m.

UNFPA was also able to provide initial funding for the Humanitarian Response Reserve (\$5 million), for the first time.

Furthermore, in 2018 UNFPA provided additional regular resources for programmes (compared to the approved integrated budget): \$14.6m for country programmes and \$2.5m for Emergency Fund.

UNFPA is committed to continue with the prioritizing country offices and country programmes. Any additional regular resources will be prioritized for the country programmes.