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**Report on the midterm review of the UNICEF
integrated budget, 2018–2021***Summary*

Pursuant to decision 2017/14, the midterm review of the integrated budget 2018–2021 is being presented to the Executive Board.

As an integral part of the UNICEF Strategic Plan, 2018–2021 ([E/ICEF/2017/17/Rev.1](#)), the UNICEF integrated budget 2018–2021 should be considered in conjunction with the report on the midterm review of the Strategic Plan, 2018–2021 and annual report for 2019 of the Executive Director of UNICEF ([E/ICEF/2020/8](#)) and its addenda.

A draft decision on the revised integrated resource plan, institutional budget and Global and Regional Programme is included in section VIII.

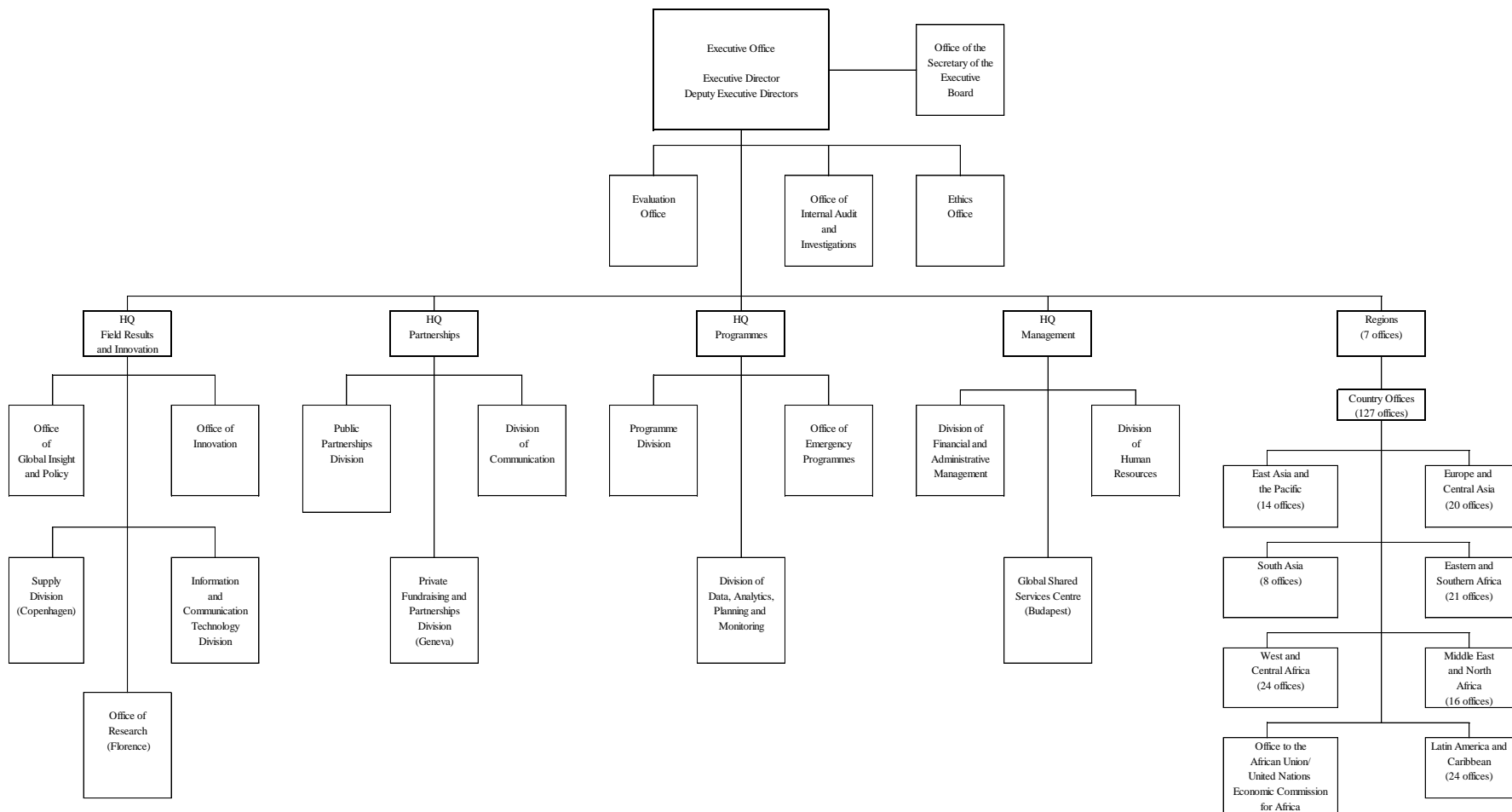
* [E/ICEF/2020/6](#).



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Figure I
Organizational structure of UNICEF, 2020–2021



I. Overview

1. This document presents the midterm review of the UNICEF integrated budget, 2018–2021, which is an integral part of the report on the midterm review of the UNICEF Strategic Plan, 2018–2021 and annual report for 2019 of the Executive Director of UNICEF ([E/ICEF/2020/8](#)) and its addenda.
2. UNICEF has revised its integrated resource plan for the period 2018–2021 to consider actual income and expenditures for 2018, provisional estimates for 2019 and revised estimates for 2020–2021. Within the framework of the revised plan and taking into account the projected increase in total income of 9 per cent, from \$22.8 billion to \$24.8 billion, UNICEF proposes increasing the planned expenditure for programmes by 10 per cent to \$22.3 billion, as compared to the initial plan of \$20.3 billion. At the same time, UNICEF proposes maintaining the institutional budget at the initially approved level of \$2.5 billion for the period 2018–2021 with \$1.02 billion funding from regular resources (RR), \$1.30 billion from cost recovery and \$134.0 million from other resources (OR). Compared to the initially approved integrated resource plan, the proportion of total resources utilized for the institutional budget in the revised plan will decrease from 10.2 to 9.5 per cent.
3. From the resources available for programmes, UNICEF proposes increasing the approved budget for the Global and Regional Programme from \$220.0 million to \$243.5 million from RR, and increasing the approved ceiling of \$810.2 million to \$930.1 for OR, subject to the receipt of contributions.

II. Introduction

4. The Strategic Plan, 2018–2021 contains a single results framework for UNICEF, comprising 5 Goal Areas, 2 cross-cutting priorities, 25 results areas, 8 change strategies and 4 organizational performance focus areas. The integrated results and resources framework indicates how the resources available to UNICEF are linked to the Strategic Plan Goal Areas and the organization's efforts to improve effectiveness and efficiency.
5. UNICEF uses an integrated resource plan for the presentation of budgetary information, defined cost-classification categories, as well as cost-recovery methodologies and approaches to cost attribution that have been approved for harmonized use by the Executive Boards of UNICEF, the United Nations Development Programme (UNDP), the United Nations Population Fund (UNFPA) and the United Nations Entity for Gender Equality and the Empowerment of Women (UN-Women).

III. Integrated resource plan

6. This section provides information on the revised integrated resource plan for 2018–2021 compared to the approved integrated resource plan for 2018–2021. The revised plan is based on 2018 and 2019 actual expenditures and 2020–2021 revised estimates.

A. Comparison of approved and revised integrated resource plan, 2018–2021

7. Total income in the revised plan is projected to exceed the approved plan by 9 per cent, at \$24.8 billion as compared to the approved plan of \$22.8 billion. This is largely due to a projected increase of 16 per cent in OR income in response to emergencies and humanitarian crises. The proportion of RR to total income is projected to decrease from 27.6 per cent in the approved plan to 22.8 per cent in the revised plan.

8. With the projected increase in income, total planned use of resources is expected to increase by 8 per cent, from \$24.0 billion to \$25.9 billion. This increase in planned use of resources is primarily for programmes, with an increase of 10 per cent, from \$20.3 billion (approved plan) to \$22.3 billion (revised plan).

9. While increasing the use of resources for programmes, resources for the institutional budget have been maintained at the initially approved level and resources for private sector fundraising have been reduced.

10. Given the estimated increase in total resources available and the use of these additional resources for programmes, the proportion of total resources used for programmes increases from 84.6 to 86.1 per cent, and planned use of total resources for the institutional budget decreases from 10.2 to 9.5 per cent.

B. Integrated resource plan, 2018–2021

11. Table 1 provides information on the total available resources and the use of resources for all cost classification categories for 2018–2021. The table presents the integrated resource plan, 2018–2021, as approved by the Board (in document [E/ICEF/2017/AB/L.4](#)) and the proposed revised integrated resource plan, 2018–2021.

C. Resources available

12. Total resources available in the originally approved plan were projected to be \$24.5 billion, comprising \$6.8 billion in RR and \$17.7 billion in OR. The revised plan projects total available resources of \$26.8 billion, of which \$6.2 billion is RR and \$20.6 billion is OR. The 9 per cent growth (\$2.2 billion) in total available resources is comprised of a decrease of 8 per cent (\$0.6 billion) in RR, offset by an increase of 16 per cent in OR (\$2.8 billion).

13. The decline in RR is due to a challenging environment in the private sector fundraising (PSFR) climate globally, which continued to contract in 2019, and to increased earmarking of public sector resources. While data indicate that UNICEF is faring better than other organizations, this challenging situation is foreseen to continue in 2020. UNICEF is also assessing the impact of the coronavirus disease 2019 (COVID-19) pandemic on current and future fundraising efforts, and is pivoting to revised strategies to limit any potential downturn in resource mobilization results.

14. The ratio of RR to UNICEF total overall income has also decreased by 2 per cent in 2019, from 23 to 21 per cent. This relative decline in the ratio between RR and OR indicates a concerning trend away from meeting the funding compact commitment target of core resources representing 30 per cent of overall income. Regular resources from the public sector constituted only 11 per cent of total public sector income in 2019.

15. To address this shortfall in RR income, UNICEF has reduced planned RR expenditure to remain within affordable levels. Adjustments have been made to investment funds for PSFR and country programme RR allotments. In addition, RR funding for the institutional budget has been reduced, with a larger proportion of the institutional budget funded from cost recovery generated through increases in OR programme expenditures.

16. Considering lower RR income projections, and in order to minimize the impact on the planned results of the UNICEF Strategic Plan, 2018–2021, the RR fund level will be maintained at a two-month equivalent of planned expenditure. This balance of available resources, also referred to as “working capital”, is considered prudent to ensure the continuity of programmes and other activities. The working capital will include in its balance the revolving Working Capital Fund proposed in the annex to of this document. Cash and other net assets represent available resources. Each year, UNICEF ensures that the cash balance complies with the minimum liquidity requirement. This has been the case to date and compliance is actively monitored throughout the budgeted period

17. In the current environment, RR becomes even more critical to meet the needs and rights of all children – it allows UNICEF to reach children at scale through its country programmes, it facilitates sustainability of impact and enables innovation and rapid response to in-country or regional situations, including emergencies. These core resources allow UNICEF to allocate funding to where it is most needed to achieve the goals of the Strategic Plan and the Sustainable Development Goals. Increased RR from the public sector is central to the funding compact. UNICEF has developed new strategies to accelerate RR mobilization, which include an organization-wide effort to increase visibility and recognition of the critical role of RR, and more targeted approaches to rally more partners around RR, thereby diversifying the funding base.

D. Use of resources

18. The approved plan projected total use of resources for 2018–2021 of \$24.0 billion, comprising \$6.4 billion RR and \$17.6 billion OR (including cost recovery). The revised plan, 2018–2021, forecasts total use of resources of \$25.9 billion, representing an increase of \$1.9 billion (8 per cent) compared to the approved plan.

19. Of the \$25.9 billion, UNICEF proposes utilizing \$23.0 billion for development activities (an increase of 10 per cent), \$58.0 million for United Nations development coordination activities (an increase of 18 per cent), \$1.6 billion for management activities (an increase of 1 per cent), and \$1.2 billion for special purpose activities (a decrease of 7 per cent). Compared with the approved plan, the proportion of total resources utilized for development activities in the revised plan is proposed to increase from 87.6 to 88.7 per cent. The proportion of total resources utilized for management activities is proposed to decrease from 6.7 to 6.3 per cent.

20. Within development activities, UNICEF proposes increasing the amount and proportion of resources available for programmes, from \$20.3 billion (84.6 per cent) to \$22.3 billion (86.1 per cent) from 2018 to 2021.

21. From the resources available for programmes, UNICEF proposes to increase the approved budget for the Global and Regional Programme, 2018–2021, from \$220.0 million funded from RR to \$243.5 million, and the approved ceiling of \$810.2 million funded from OR to \$930.1 million, subject to the receipt of OR contributions.

22. UNICEF proposes maintaining the institutional budget at the same level as approved, \$2.5 billion for 2018–2021. The institutional budget comprises the

following resource requirements: \$690.6 million for development effectiveness; \$58.0 million for United Nations development coordination; \$ 1.6 billion for management; and \$80 million for capital investments within special purpose.

23. Compared to the approved budget, 2018–2021, the proportion of total resources utilized for the institutional budget is projected to decrease from 10.2 to 9.5 per cent.

24. Of the \$2.5 billion institutional budget, \$1.0 billion is proposed to be funded from RR, \$1.30 billion from cost recovery from OR and \$134.0 million from OR. Compared to the approved budget 2018–2021, the proportion of management activities funded from cost recovery in the revised budget will increase from 70.9 per cent to 76.5 per cent. The proportion of total resources for programme activities in the revised budget increased to 86.1 per cent as compared to initial plan of 84.6 per cent.

25. Consistent with the approved plan, UNICEF is including in the integrated budget and total use of resources, under special purpose activities, budgetary provisions for (a) PSFR; and (b) other amounts, including procurement services.

26. The resource requirements proposed under PSFR comprise the direct costs and investment costs supporting the fundraising and advocacy activities of the National Committees for UNICEF and the UNICEF country offices. The appropriation for these resource requirements is presented for approval to the Executive Board on an annual basis, in conjunction with the Private Fundraising and Partnerships workplan and budget.

27. The authority to incur financial commitments for services provided by UNICEF, such as procurement services, is provided in financial regulation 5.2 on the administration and defrayal of costs of special accounts on behalf of others.

E. Sufficiency of reserves

28. UNICEF maintains reserves to fund its employee benefits liabilities, comprising after-service health insurance (ASHI) and end-of-service entitlements. UNICEF carries out full actuarial valuation of these liabilities on a biennial basis. At 31 December 2017, the actuarial value of these liabilities was \$1.5 billion and accumulated reserves totalled \$0.6 billion. The valuation as of 31 December 2018 was carried out on a roll-forward basis; the actuarial liability was \$1.4 billion and accumulated reserves \$0.7 billion. Formal actuarial valuation was conducted in 2019. As at 31 December 2019, the actuarial liability was \$1.5 billion and accumulated reserves \$0.8 billion. The accumulated reserves are projected to increase to \$1.0 billion by 31 December 2021.

29. UNICEF continues to periodically monitor its longer-term strategy to fund the reserves. This includes the accumulation of funds from payroll charges to the budgetary authorities and funding sources and, if year-end fund balances permit, an appropriate annual transfer of resources. In addition, UNICEF and several other United Nations agencies, including UNDP and UNFPA, have outsourced the management of ASHI investments to two investment managers, which has contributed \$17.3 million over 2018–2019 towards funding for the UNICEF ASHI reserve. UNICEF continues to actively fund the reserves, although it is important to note that changes in the funding deficit are mostly contingent on the results of the periodic actuarial valuation due to the sensitivity of the organization's liability to this exercise.

Table 1
Integrated resource plan, 2018–2021 (in millions of United States dollars)

	Approved, 2018–2021							Revised, 2018–2021						
	Other resources						Trust funds	Other resources						Trust funds
	Regular resources		Programmes	Cost recovery	Total resources			Regular resources		Programmes	Cost recovery	Total resources		
	\$m	%			\$m	\$m		\$m	%			\$m	\$m	
1. Resources available														
Opening balance	562.3		1 235.9	-	1 798.2		727.0	636.7		1 372.6	-	2 009.2		1 085.9
Income														
Contributions	5 801.9		16 512.5	-	22 314.4		-	4 947.5		19 178.7	-	24 126.2		-
Other income	500.0		-	-	500.0		-	707.5		-	-	707.5		-
Total income	6 301.9		16 512.5	-	22 814.4		-	5 655.0		19 178.7	-	24 833.7		-
Tax reimbursement adjustment	(80.0)		-	-	(80.0)		-	(80.0)		-	-	(80.0)		-
Trust fund receipts			-	-	-		7 148.0			-	-	-		6 637.2
Total available	6 784.1		17 748.4	-	24 532.6		7 875.0	6 211.7		20 551.2	-	26 762.9		7 723.1
2. Use of resources														
A. Development														
A.1 Programmes	4 360.0	67.9%	15 917.3	-	20 277.3	84.6%	7 116.0	3 987.2	66.9%	18 322.2	-	22 309.4	86.1%	6 827.9
Country programmes	4 140.0	64.5%	15 107.1	-	19 247.1	80.3%	-	3 743.7	62.8%	17 392.1	-	21 135.8	81.6%	-
Global Programme	220.0	3.4%	810.2	-	1 030.2	4.3%	-	243.5	4.1%	930.1	-	1 173.6	4.5%	-
A.2 Development effectiveness	589.0	9.2%	133.0	-	721.9	3.0%	-	586.2	9.8%	104.4	-	690.6	2.7%	-
Subtotal	4 949.0	77.1%	16 050.3	-	20 999.3	87.6%	7 116.0	4 573.4	76.7%	18 426.6	-	23 000.0	88.7%	6 827.9
B. United Nations development coordination	23.3	0.4%	25.9	-	49.3	0.2%	-	35.1	0.6%	23.0	-	58.0	0.2%	-
C. Management	459.9	7.2%	6.4	1 138.0	1 604.3	6.7%		376.1	6.3%	6.6	1 244.2	1 626.9	6.3%	

		Approved, 2018–2021							Revised, 2018–2021						
		Other resources							Other resources						
		Regular resources		Programmes	Cost recovery	Total resources		Trust funds	Regular resources		Programmes	Cost recovery	Total resources		Trust funds
		\$m	%	\$m	\$m	\$m	%	\$m	\$m	%	\$m	\$m	\$m	%	\$m
D. Special purpose															
D.1	Capital investments	23.0	0.4%	-	57.0	80.0	0.3%	-	27.1	0.5%	-	52.9	80.0	0.3%	-
D.2	Private sector fundraising	725.1	11.3%	273.0	-	998.2	4.2%	-	637.3	10.7%	202.6	-	839.9	3.2%	-
D.3	Other	240.0	3.7%	-	-	240.0	1.0%	-	311.5	5.2%	-	-	311.5	1.2%	-
Subtotal		988.1	15.4%	273.0	57.0	1 318.2	5.5%	-	975.9	16.4%	202.6	52.9	1 231.4	4.8%	-
Institutional budget (A.2+B+C+D.1)		1 095.2	17.1%	165.3	1 195.0	2 455.5	10.2%	-	1 024.5	17.2%	134.0	1 297.0	2 455.5	9.5%	
Integrated budget (A+B+C+D)		6 420.3	100.0%	16 355.6	1 195.0	23 971.0	100.0%	7 116.0	5 960.5	100.0%	18 658.7	1 297.0	25 916.2	100.0%	6 827.9
3. Closing balance of resources		363.8		197.8		561.6		759.0	251.2		595.5		846.7		895.2

IV. Integrated results and resources framework

30. The UNICEF Strategic Plan, 2018–2021 remains the primary results framework for assessing results achieved by UNICEF. Table 1 of this document provides information on the use of resources, by cost classification category. Table 2 identifies how total resources available to the organization were initially planned and subsequently revised for each of the Goal Areas and results.

31. In the past two years, substantive changes have been made in realigning headquarters functions, confirming field office responsibilities, strengthening regional office capacities, simplifying work processes, implementing matrix management, leveraging technology and innovation, and improving management of human resources. These developments are noted in the results and cluster comments below, and additional details on the results achieved and progress against planned targets are provided in the report on the midterm review of the Strategic Plan, 2018–2021 and annual report for 2019 of the Executive Director of UNICEF ([E/ICEF/2020/8](#)) and its addenda.

Table 2

Integrated results and resources framework, 2018–2021 (in millions of United States dollars)

Goals	Functional cluster	Original 2018–2021				Revised 2018–2021			
		Regular resources	Other resources		Total resources	Regular resources	Other resources		Total resources
			Programme	Cost recovery			Programme	Cost recovery	
		\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Programmes		4 360.0	15 917.3		20 277.3	3 987.2	18 322.2		22 309.4
Goal Area 1 – Every child survives and thrives		1 744.0	6 366.9		8 110.9	1 594.9	7 328.9		8 923.8
Goal Area 2 – Every child learns		872.0	3 183.5		4 055.5	797.4	3 664.4		4 461.9
Goal Area 3 – Every child is protected from violence and exploitation		523.2	1 910.1		2 433.3	478.5	2 198.7		2 677.1
Goal Area 4 – Every child lives in a safe and clean environment*		845.8	3 088.0		3 933.8	773.5	3 554.5		4 328.0
Goal Area 5 – Every child has an equitable chance in life		375.0	1 368.9		1 743.8	342.9	1 575.7		1 918.6
Organizational effectiveness and efficiency									
1. Higher quality programmes through results-based management		589.0	133.0		721.9	586.2	104.4		690.6
	Technical excellence in policy and programmes	500.2	124.2		624.3	503.1	95.1		598.2
	Technical excellence in procurement and management of supplies	53.5	8.8		62.3	53.4	7.5		61.0
	Technical excellence in humanitarian action	35.3			35.3	29.7	1.8		31.4
2. Improved management of financial and human resources in pursuit of results		459.9	6.4	1 138.0	1 604.3	376.1	6.6	1 244.2	1 626.9
	Leadership and corporate direction	10.7	1.9	26.5	39.1	8.6	2.1	35.2	46.0
	Corporate oversight and assurance	13.8		34.1	47.8	13.6	0.3	45.5	59.5
	Corporate financial, information and communications technology and administrative management	70.4	0.6	174.1	245.1	56.8	0.6	187.1	244.5

* The text of Goal Area 4 listed in the integrated results and resources framework, 2018–2021 ([E/ICEF/2017/AB/L.4](#)) was “Every child *survives* in a safe and clean environment”. The Goal Area in this table has been updated to reflect the final agreed text of the Goal Area, as stated in the UNICEF Strategic Plan, 2018–2021.

Goals	Functional cluster	Original 2018–2021				Revised 2018–2021			
		Other resources			Total resources	Other resources			Total resources
		Regular resources	Programme	Cost recovery		Regular resources	Programme	Cost recovery	
		\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
	Staff and premises security	8.1		20.0	28.1	7.2		23.5	30.7
	Corporate external relations and partnerships, communication and resource mobilization	71.8		177.6	249.4	58.7		191.4	250.0
	Corporate human resources management	27.1	3.8	67.1	98.0	19.3	3.5	74.4	97.2
	Field/country office oversight, management and operations support	258.1		638.6	896.7	211.9		687.0	898.9
3. Coordination of the United Nations development system									
	United Nations coherence and cluster coordination	23.3	25.9		49.3	35.1	23.0		58.0
Special purpose		988.1	273.0	57.0	1 318.2	975.9	202.6	52.9	1 231.4
	Capital investments	23.0		57.0	80.0	27.1		52.9	80.0
	Private sector fundraising	725.1	273.0		998.2	637.3	202.6		839.9
	Other, including procurement services	240.0			240.0	311.5			311.5
Total use of resources		6 420.3	16 355.6	1 195.0	23 970.9	5 960.5	18 658.7	1 297.0	25 916.2

Note: Due to rounding, the totals may differ slightly from the sum of the columns.

A. Planned use of resources for Strategic Plan goals

32. As described above, the proportions by the five Goal Areas will remain as presented to the Executive Board at the start of the Strategic Plan: “Every child survives and thrives” will continue to receive 40 per cent of total programme investment; “Every child learns”, 20 per cent; “Every child is protected from violence and exploitation”, 12 per cent; “Every child lives in a safe and clean environment”, 19 per cent; and “Every child has an equitable chance in life”, 9 per cent.

B. Country programmes

33. Of the \$22.3 billion available for programmes during 2018–2021 in the revised plan, UNICEF proposes channelling \$21.1 billion, or 95 per cent, through country programmes, in accordance with the original approved plan.

34. Regular resources are allocated to individual country programmes according to the modified system for allocation of RR for programmes approved by the Executive Board, with an emphasis on three core criteria: (a) the under-five mortality rate; (b) gross national income per capita; and (c) the child population.

35. The Executive Board approves indicative budgets for OR (regular) when approving country programme documents or equivalent, while OR (emergency) are programmed according to need.

C. Global and Regional Programme

36. UNICEF proposes to increase the Global and Regional Programme budget to \$1.2 billion, funded \$243.5 million from RR and \$930.1 million from OR. The Global and Regional Programme contributes to each of the outcome areas of the Strategic Plan by: (a) creating and disseminating global and regional public goods, including monitoring and analysing the situation of children for global accountability; (b) contributing to, and strengthening relevant global and regional policy and coordination systems; and (c) contributing to the relevant global evidence base and normative guidelines. The Global and Regional Programme is integrated within the Strategic Plan and related results and resources framework. Global and regional programme resources are implemented by each of the seven UNICEF regional offices as well as relevant headquarters divisions and offices, including Programme; Data Analytics, Planning and Monitoring; Global Insight and Policy; Information and Communication Technology; Supply; Evaluation; Emergency Programmes; and Communication.

D. Allocation of resources to organizational effectiveness and efficiency results

37. Resources for the organizational effectiveness and efficiency results are allocated in accordance with the harmonized cost classification and results-based budgeting presented at the Executive Board’s first regular session of 2011 and approved in decision 2011/6.

38. Resources allocated to organizational units are grouped into functional clusters, which provide the link between results and resources. The functional clusters for management activities are harmonized among UNDP, UNFPA and UNICEF. Development effectiveness activities are more closely associated with the programme outcomes and delivery modalities of each of the agencies.

39. Within UNICEF, resources for development effectiveness are allocated to three functional clusters that focus on technical excellence: policy and programmes; humanitarian action; and procurement and management of supplies.

40. The paragraphs below provide a summary update, by organizational effectiveness and efficiency result and functional cluster.

Result 1: Higher quality programmes through results-based management

Cluster: Technical excellence in policy and programmes

Resources: \$598.2 million

41. Comprising the Programme Division, the Division of Data Analytics, Planning and Monitoring, the Office of Global Insight and Policy, and the technical advisers in the regional offices, this cluster is responsible for programme policy, guidance tools, technical support and quality assurance for the achievement of the seven programme outcomes of the Strategic Plan, including programmatic elements of the Gender Action Plan. The cluster draws on research results, lessons learned from evidence-based interventions and insights from practical programming experience.

42. The Programme Division has been consolidating and scaling up past advances (e.g., in child health, immunization, polio, stunting and wasting, sanitation, safe water, child protection, and education quality and learning), accelerating work on existing priorities (e.g., early childhood development, social protection, leveraging domestic resources, reducing open defecation rates, addressing harmful practices, ending violence, responding to public health emergencies and promoting gender equality), and at the same time advancing innovative programming and multisectoral approaches (e.g. early childhood development, adolescent programming, urbanization, migration, climate change adaptation). In addition, three priority work areas require further attention to accelerate the delivery of results: systems strengthening, adolescent development and knowledge management.

43. The Division of Data, Analytics, Planning and Monitoring was established in August 2019 following the New York headquarters repositioning and realignment exercise, to streamline decision-making, facilitate organizational learning and improve the effectiveness of UNICEF and its partners.

44. The Office of Global Insight and Policy was also established in August 2019 following the repositioning and realignment exercise, to serve as an internal think tank, providing UNICEF with intelligence on a range of issues with implications for children and its work, equipping the organization to more effectively shape the global discourse, and preparing it for the future by scanning the horizon for frontier issues and ways of working.

Cluster: Technical excellence in procurement and management of supplies

Resources: \$61.0 million

45. The strategic priorities of the Supply Division continue to be providing timely and effective service delivery, including for emergencies, programmes and procurement services partners; creating healthy markets and sustainable national supply chain systems; and providing supply financing solutions (for both countries and suppliers).

46. To support and accelerate the achievement of results, strategies have been developed on the science of delivery; products and markets; services; the humanitarian-development continuum; national systems strengthening; financing and domestic resource mobilization; monitoring the supply community; optimizing UNICEF supply; and strengthening organizational excellence.

Cluster: Technical excellence in humanitarian action

Resources: \$31.4 million

47. In 2019, UNICEF initiated a humanitarian review process to promote institutional change in designing and delivering integrated humanitarian programmes. The review identified barriers to the delivery of principled, timely and quality humanitarian action by UNICEF. Recommendations are anticipated on several issues: how to address the need to adapt human resources, ensure humanitarian access, ensure accountability to affected populations, strengthen partnerships with international actors, enhance localization, conduct coherent advocacy, enhance consistent humanitarian-development linkages in programming, address donor conditionalities, and expand the use of innovation and technology in humanitarian action.

48. Three key areas were highlighted for improvement: increasing humanitarian capacity and leadership, strengthening corporate commitment to humanitarian response, and ensuring accountability for achieving humanitarian results. UNICEF also revised the Core Commitments for Children in Humanitarian Action to equip UNICEF and partners with new organizational, programmatic and operational commitments.

49. The Office of Emergency Programmes disbursed a total of \$58.8 million in global humanitarian thematic funds and \$135.2 million from the Emergency Programme Fund in 2018 and 2019 to support the early response to 52 crises.

50. The report on the midterm review of the UNICEF Strategic Plan, 2018–2021 found that fragile situations present significant risks to meeting the Strategic Plan targets across all Goal Areas and to the achievement of the Sustainable Development Goals. In areas targeted for acceleration in Goal Area 1, for instance, 34 per cent of children are in fragile contexts that require humanitarian action. Accelerating socioeconomic progress and access to basic social services in these settings require strategies that engage Governments, the United Nations system, civil society and the private sector to invest in institution-building, monitoring and preparedness against shocks. At the same time, the capacity and coordination of humanitarian actors also needs to be enhanced to improve the quality and coverage of humanitarian action.

Result 2: Improved management of financial and human resources in pursuit of results

Cluster: Leadership and corporate direction

Resources: \$46.0 million

51. The Office of the Executive Director provides leadership focused on strengthening accountability for results, creating efficiencies, championing global partnerships, improving the quality and reach of programming, and increasing the resources available for child-focused investments.

52. In 2019, UNICEF invested considerable efforts to build a positive work culture. In response to the report of the Independent Task Force on Workplace Gender-Discrimination, Sexual Harassment, Harassment and Abuse of Authority, the

organization took measures to embed its core values of care, respect, integrity, trust and accountability across work and behaviours, to strengthen people management and take a more people-centric approach to human resources, and to maintain incentives and accountabilities to deter inappropriate behaviours and hold staff accountable for their actions.

Cluster:	Corporate oversight and assurance
Resources:	\$9.5 million – Evaluation Office
	\$50.0 million – Office of Internal Audit and Investigations

53. In line with the revised evaluation policy of UNICEF, the Evaluation Office oversees the corporate evaluation function, including implementation of evaluation activities by decentralized organizational units.

54. For the period under review, with additional resources available through the Global and Regional Programme framework, as well as through a dedicated evaluation pooled fund, the Evaluation Office was able to support the implementation of the revised evaluation policy and strengthen evaluation capacity at country and regional levels.

55. The Office of Internal Audit and Investigations continued to review and strengthen the UNICEF internal control framework, contributed to improved organizational management of fraud risks and, through assessment and capacity-building activities, to reducing the occurrence of fraud and loss and further promoted transparency. UNICEF issued 28 internal audit reports in 2019, generating 353 agreed actions to strengthen governance, risk management and control. A joint audit report on a UNICEF-led, six-agency audit of the United Nations Delivering as One programme in one country (which generated 27 agreed actions) and two advisory reports were also issued. The organization managed 498 investigations cases, a 120 per cent increase over 2018, and closed 287, a 209 per cent increase in closures over 2018. The number of matters reported for investigation continued to rise.

Cluster:	Corporate financial, information and communication technology and administrative management
Resources:	\$244.5 million

56. The Division of Financial and Administrative Management during 2018–2021 continues to focus on the preparation, reporting and interpretation of comprehensive financial and administrative information for external and internal stakeholders. The information will help to promote the efficient and effective use of resources; instil cost consciousness and inform decision-making based on value for money; facilitate improved governance, risk management and compliance activities; and ensure the provision of timely and appropriate advice on effectiveness and efficiency improvement initiatives, including with respect to structural changes.

57. As part of the four-year information and communications technology (ICT)-enabled investment portfolio, roll-out and implementation of ICT-enabled projects was supported. Key activities included enterprise content management; a new programme management tool (e-Tools); a new customer relationship fundraising platform using Salesforce; improved resilience and performance of VISION (enterprise resource planning); a state-of-the-art case management tool (Service Gateway); establishment of the first UNICEF Cryptocurrency Fund; and roll-out and implementation of an organization-wide digital communication strategy to over 100 countries.

58. The UNICEF ICT function is adjusting its strategy to realign its resources to a business partnership-driven service organization. This change has mainly been propelled by new demands on the ICT function to expand its activities beyond support for back office core business systems, to also provide externally focused ICT-enabled solutions for programme effectiveness, as well as to support and stimulate efficiency gains across the organization.

Cluster: Staff and premises security

Resources: \$30.7 million

59. The Office of Emergency Programmes coordinates UNICEF global security activities in close consultation with the United Nations Department of Safety and Security and other United Nations security management entities. Key activities include monitoring and assessing global threats and risks, providing guidance on security risk management, and developing policies and procedures aimed at creating an enabling environment for successful programme delivery, while maintaining the safety and security of UNICEF staff and assets. The Operations Centre supports this function for staff at all locations.

60. The UNICEF Office of the Security Coordinator continued to provide strategic security advice and analysis to senior management throughout 2018 and 2019 in countries experiencing complex emergencies.

61. Through participation in key inter-agency forums and Inter-Agency Security Management Network missions, the Office of the Security Coordinator continued to engage with the United Nations Security Management System to influence policy, processes and training to ensure that security directives align with the UNICEF mission.

Cluster: Corporate external relations and partnerships, communication and resource mobilization

Resources: \$250.0 million

62. The Public Partnerships Division continued to strengthen engagement with the public sector. Supporting activities include communicating and advocating for organizational priorities, including donor visibility and the critical importance of RR, supporting quality improvements in reporting to donors on the use of resources and organizational performance, developing approaches and frameworks for South-South or horizontal cooperation and for relationships with emerging donors, and exploring possibilities for public-private partnerships to mobilize resources and build capacity in programme countries.

63. UNICEF has developed new strategies to accelerate the mobilization of RR, including an organization-wide approach to increased visibility and recognition of the critical role of RR, alongside more targeted strategies to rally additional partners around RR and to diversify the organization's funding base. Acceleration of results requires quality, flexible funding to innovate, build and leverage partnerships, build capacity, generate data and enhance its use. It is also necessary to bridge gaps in humanitarian funding with stringent donor conditionalities attached, which prevent the implementation of activities that may yield durable solutions.

64. The Division of Communication continues to support the UNICEF Strategic Plan 2018–2021 results through change strategy 3, as well as through implementation of the Global Communication and Advocacy Strategy, 2019–2021.

65. To support organizational efforts aimed at culture change, as well as to accelerate the delivery of results and support resource mobilization activity, strengthening internal communication and support to fundraising were integrated into the division's workplan for 2018–2021.

66. The Private Fundraising and Partnerships (PFP) Division is responsible for the strategic framework for UNICEF engagement with the National Committees. Included in this functional cluster are the continued reinforcement of the relationship with the National Committees as well as private sector strategy development and implementation. The resources supporting specific National Committee fundraising activities are included under special purpose.

Cluster:	Corporate human resources management
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Resources:	\$97.2 million
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67. The Division of Human Resources continues to address the evolving structural changes and consequent impact on staffing profiles anticipated across the organization, including the impact of countries graduating to middle-income status, effectiveness and efficiency initiatives, the requirement to reform the conditions of service and the systems that support human resources management in the United Nations system, and the maintenance of staff well-being, especially in critical incidents. The Division is pursuing key human resources initiatives that focus on outcomes and results, with the aim of achieving organizational excellence by transforming the function from an operational partner to a strategic player.

68. Recruitment activities are prioritized by leveraging more efficient and effective approaches to recruitment, including the use of direct selection based on generic vacancy announcements, and use of the New and Emerging Talent Initiative and the Junior Professional Officer programme. Other activities include career development and learning, the establishment of a corporate framework for staff well-being and the provision of timely psychosocial support to staff members.

Cluster:	Field/country office oversight, management and operations support
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Resources:	\$898.9 million
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69. Senior staff in each country and region contribute to the delivery of this result through representation and cooperation with national and local leaders, partner organizations, experts from other agencies and regional intergovernmental groups advocating for children's rights, and through the effective and efficient use of resources made available to support programme delivery.

70. UNICEF is reviewing its business model to strengthen its decentralized structure and adapt to the evolution of public and private partnerships, financial resource streams, work modalities, technologies and other contextual factors. The review addresses the increasing extent to which UNICEF programmes are funded through earmarked resources that demand fiduciary duties on internal controls, risk management and fraud mitigation, and, in some cases, donor assessments, verifications and audits. A review of the business model is ongoing.

71. The UNICEF Global Shared Services Centre continued to drive efficiency and business modernization, reduce organizational risk and deliver value for money. In 2019, the Centre generated cumulative savings of over \$79 million, including \$2.3 million through handling increased volumes of transactions without using additional resources. By the end of 2019, 53 per cent of offices had fully implemented the Business Operations Strategy, against a target of 50 per cent, with \$11.5 million in savings against a target of \$6 million; and 49 per cent of UNICEF offices were co-located with other agencies, nearly achieving the 50 per cent target for common premises.

Result 3: Coordination of the United Nations development system

Cluster: United Nations coherence and cluster coordination

Resources: \$58.0 million

72. The Office of Emergency Programmes is responsible for the coordination of partners for the humanitarian clusters for water, sanitation and hygiene, nutrition and education, along with the Child Protection Area of Responsibility at the global level. In addition, EMOPS is responsible for establishing inter-agency humanitarian partnerships, developing humanitarian policies, and providing operational support and building capacity for timely and predictable responses to crises.

73. The Office continues to strengthen its engagement with United Nations partners, especially through the Inter-Agency Standing Committee and directly with the International Organization for Migration, the Office of the United Nations High Commissioner for Human Rights, the Office of the United Nations High Commissioner for Refugees, the World Food Programme (WFP) and the World Health Organization, to improve the coherence of United Nations system-wide actions and strengthen results for children.

74. UNICEF has doubled its cost-share contribution to the development coordination system for 2019–2021 and transferred its contribution in late 2018 to allow for critical early investments by the Development Coordination Office into the system. UNICEF also collected the 1 per cent coordination levy payments from Member States in the amount of \$3.4 million, leading the way among United Nations entities.

E. Special purpose

75. The approved special purpose resource requirements totalled \$1.32 billion, comprising capital investments of \$80 million, PSFR activities of \$998.2 million, and other amounts, including \$240.0 million for the management of procurement services. The revised plan proposes \$1.23 billion for special purpose activities, a total decrease of \$86.2 million, including a decrease of \$158.3 million in PSFR and an increase of \$71.5 million in procurement services.

Cluster: Capital investments

Resources: \$80.0 million

76. A total of \$30.0 million was approved for investment in technology-supported organizational solutions, spanning efficiency gains, better business intelligence, robust repositories of knowledge, and externally facing tools that increase dynamics and interactivity for advocacy and partnering. Implementation of these solutions is under way, covering the areas of knowledge management; human capital management;

web content management; records and case management; enhancements to VISION; and ICT core support technology.

77. A total of \$20.0 million was approved to support compliance with the Minimum Operating Security Standards. The use of these resources will continue to focus on the systematic identification of vulnerable offices; prioritization of security investments or relocation requirements; and reduced capital repair and maintenance costs.

78. A total of \$30 million was approved for eco-efficiency initiatives and capital expenditure linked to premises management. In 2019, UNICEF rolled out more than 23 eco-efficiency and 17 accessibility improvement projects across country and zone offices in all regions. Use of resources is governed through the capital master plan, which prioritizes projects based on organizational needs.

Cluster:	Private sector fundraising
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Resources:	\$839.9 million
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79. Included in special purpose, under PSFR, are the activities and estimated resource requirements of PFP to support the specific PSFR initiatives and research and development projects of the National Committees and UNICEF country offices. The activities related to implementation of the UNICEF Private Fundraising and Partnerships Plan, 2018–2021 and the appropriation for the related resource requirements are presented for approval by the Executive Board on an annual basis.

80. There has been a significant variance in the income target included in the Private Sector Impact Plan, 2018–2021 due to the global fundraising market contraction in 2018, which continued in 2019. UNICEF nonetheless remains the second-largest global PSFR operation, with a sound business model with room for continued innovation and growth.

81. To maximize the power of business to deliver results for children, PFP, working closely with regional offices and other divisions, has initiated the roll-out of a business-for-results approach that aims to build the capacity of UNICEF country offices to effectively engage with the business sector.

82. Advocacy undertaken by UNICEF and the National Committees has led to increased budgets, policy reform, strengthened systems and reduced inequalities at the national and subnational levels. The Private Fundraising and Partnerships Division and the National Committees will continue to work with the regional offices, Programme Division and others to take this work forward globally in a more standardized way.

Cluster:	Other, including procurement services
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Resources:	\$311.5 million
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83. Also included in special purpose, under “other”, are the activities and estimated resource requirements covered by financial regulations 5.1 to 5.3 on special accounts administered by UNICEF and related administration costs. The results and estimated resource requirements are provided for information in the integrated resource plan, 2018–2021 and the integrated results and resources framework, 2018–2021. These activities currently comprise the administration of procurement services and of the Office of the Special Representative of the Secretary-General on Violence against Children.

84. The Supply Division administers procurement services on behalf of Governments and other partners to complement UNICEF programmes in delivering results for children. These services provide partners with economical access to selected products, which allows them to leverage programmatic results.

85. In 2018 and 2019, UNICEF procured over \$7 billion in supplies and services (\$3.4 billion in 2018 and \$3.8 billion in 2019). Supplies delivered in support of emergencies amounted to \$412 million in 2018 and \$346.1 million in 2019.

86. Contributing to change strategy 5 of the UNICEF Strategic Plan, 2018–2021, Supply Division has enabled \$352.2 million in aggregate savings in 2018 and is likely to exceed the 2019 target of \$270 million as well. Five novel products were on the pathway to scale: school furniture; a non-pneumatic anti-shock garment that reduces blood loss in post-partum haemorrhage; the Scaling Pneumonia Response Innovations (SPRINT) Project for proven pneumonia treatments (antibiotics and oxygen); an oxygen-therapy project; and high-performance, multi-purpose tents.

V. Institutional budget

87. The institutional budget for 2018–2021 of \$2.5 billion remains unchanged compared to the original approved institutional budget, with some reallocation between development effectiveness, United Nations development coordination and management components.

88. The structure funded by the institutional budget supports an increase in programme throughput of \$2.0 billion or 10 per cent, from \$20.3 billion in the approved plan, 2018–2021 to \$22.3 billion in the revised plan. This has partly been made possible through efficiency gains achieved through revisions to systems and processes, including maximizing the use of ICT tools, including enterprise resource planning.

89. In addition, efficiency gains and ongoing optimization of structures and processes have enabled a number of important initiatives to be absorbed within the Executive Board approved institutional budget, 2018–2021 envelope. These initiatives include doubling of the UNICEF cost-share contribution to the United Nations development coordination system for 2019 to 2021; significant strengthening of the Office of Internal Audit and Investigations; establishment of the evaluation pooled fund; and the introduction of measures to strengthen the prevention of sexual exploitation and abuse and the response to the findings and recommendations of the Independent Task Force.

90. At the same time, there is a recognition that the current institutional budget funding model needs to be revisited, as it does not allow UNICEF to expand its corporate support structure capacity to strengthen oversight, risk management and technical guidance to adequately accompany the accelerated growth in programme delivery. In preparation for the strategic plan for 2022 to 2025 and the accompanying integrated budget, UNICEF will review the current funding model of the institutional budget and build on the experiences of UNDP, UNFPA and WFP, including by looking at ways to further enhance results-based budgeting.

Overview of post changes

91. The total number of posts included in the institutional budget, 2018–2021 has increased by 72 since 2018, from 3,102 to 3,174 posts, as a result of emerging priorities and increased volume in UNICEF operations, and in response to increasing humanitarian crises. The increase comprises 62 international professional posts and 10 national officer and general service posts. Of the total increase in posts, country

and regional offices account for 28 per cent, and headquarters 72 per cent. The increase in headquarters posts is primarily due to regularization of temporary appointment posts, following Executive Board decision 2017/14 and a recommendation from the Advisory Committee on Administrative and Budgetary Questions (para. 12 of [E/ICEF/2017/AB/L.5](#)) to further reduce reliance on personnel that are not UNICEF staff members. This recommendation was also confirmed by the findings and recommendations of the Independent Task Force.

92. In Executive Board decision 2017/14, authority was given to the Executive Director to establish 10 additional director-level positions, to be funded within the approved institutional budget for the period 2018–2021. This allotment has been almost fully utilized to strengthen leadership and management structures. UNICEF intends to create additional senior-level posts over the next four years, subject to funding availability and in a phased manner, to address increased programme throughput and acceleration, and strengthen technical capacity to address emerging Sustainable Development Goal priorities and increasingly complex fiduciary management activities. Updates will be included in the Executive Director's annual reports to the Executive Board, which are presented at the annual session.

VI. Cost recovery

93. The integrated budget, 2018–2021, has been prepared using the cost recovery methodology and rates approved by the Executive Board in its decision 2013/5. The methodology results in proportional use of RR and OR to fund management and special purpose activities and related costs. Cost-recovery information presented in table 3 below confirms the progress made in this regard.

94. The update to table 3 provides information on the actual implementation and results using the revised cost-recovery methodology during the first half of the budgetary period (2018–2019), as compared to the projections. During the reporting period, 15 per cent of the institutional budget, subject to cost recovery, was funded from RR, with the balance of 85 per cent funded from OR. This proportion is similar to the estimates provided in the approved plan of 19 per cent funded from RR and 81 per cent from OR. In addition, this proportion of 15/85 of use of RR and OR cost recovery, respectively, to fund the institutional budget, is similar to the proportion of total expenditure 24/76 – 24 per cent RR and 76 per cent OR. This confirms that RR do not subsidize the implementation of OR funded programmes.

95. In response to the decisions of the Executive Boards of UNDP, UNFPA, UNICEF and UN-Women: 2018/21 (UNDP/UNFPA), 2018/21 (UNICEF) and 2018/6 (UN-Women), the four agencies presented the joint review of the existing cost definitions and classifications of activities and associated costs ([DP/FPA-ICEF-UNW/2019/1](#)) that further harmonizes the existing cost classifications.

96. In addition, in response to the same decisions, the four agencies submitted a preliminary comprehensive proposal on the cost-recovery policy ([DP/FPA-ICEF-UNW/2020/CRP.1](#)) at the first regular session of their Executive Boards in 2020. The agencies are expected to present a joint comprehensive cost-recovery policy at their respective second regular sessions in 2020.

Table 3
Application of the revised cost-recovery methodology

	Approved, 2018–2021			Actual, 2018–2019		
	Regular resources (RR) \$m	Other resources (OR) \$m	Total resources \$m	Regular resources (RR) \$m	Other resources (OR) \$m	Total resources \$m
Total expenditure	6 420.3	17 550.6	23 971.0	2 973.4	9 300.4	12 273.9
Proportional use of RR and OR to fund integrated budget	27%	73%	100%	24%	76%	100%
Total institutional budget			2 455.5	553.3	597.2	1 150.5
Less: Development effectiveness activities			721.9	277.2	38.7	315.9
Less: United Nations development coordination activities			49.3	15.2	2.0	17.2
Less: Critical cross-cutting functions			202.6			97.4
Total institutional budget subject to cost recovery			1 481.7	260.9	556.5	720.2
Institutional budget — subject to cost recovery	286.7	1 195.0	1 481.7	108.0	612.0	720.0
Proportional use of RR and OR to fund institutional budget	19%	81%	100%	15%	85%	100%
Expenditure (excluding cost recovery)		16 355.6			11 661.9	
Cost recovery		1 195.0			612.0	
Effective cost-recovery rate		7.3%			5.2%	

VII. Reporting on implementation of the integrated budget

97. Given its reliance on voluntary contributions, UNICEF has established regular internal reporting processes that include continuous and rigorous review of the income and expenditure projections that form the basis of the integrated resource plan.

98. UNICEF will continue to report to the Executive Board, at its annual session, on the fulfilment of the results articulated in the Strategic Plan in the annual report of the Executive Director and, at its second regular session, on actual financial performance in the annually revised document UNICEF Strategic Plan: updated financial estimates.

99. Since 2012, summary financial reporting, based on the statement of comparison of budget to actual amounts, and in compliance with International Public Sector Accounting Standards, has also been included in the UNICEF financial statements.

VIII. Draft decision

100. The following draft decision is included for consideration by the Executive Board:

The Executive Board

1. *Takes note* of the midterm review of UNICEF integrated budget, 2018–2021, presented in response to the request of the Executive Board in its decision 2017/14;

2. *Approves* the revised integrated resource plan as the financial framework for the UNICEF Strategic Plan, 2018–2021, based on projections of resources available, utilization and working capital required for liquidity;

3. *Notes and approves* the proposal made by UNICEF for the following budgets:

(a) For the Global and Regional Programme, an increase in the approved budget from regular resources from \$220.0 million to \$243.5 million, subject to the availability of resources, and an increase in the ceiling from other resources from \$810.2 million to \$930.1 million, subject to the receipt of contributions to other resources, for 2018–2021;

(b) An appropriation for the institutional budget for the period 2018–2021 of \$2.3 billion to cover the costs of development effectiveness, United Nations development coordination, management activities and, within special purpose activities, capital investments, noting that the revised projected funding for the appropriation is \$1.0 billion from regular resources and \$1.3 billion from cost recovery from other resources;

(c) In addition to the appropriation of \$2.3 billion, the projected funding for the institutional budget of \$134.0 million from other resources for development effectiveness and United Nations development coordination, subject to the receipt of contributions to other resources;

4. *Notes*, within special purpose activities, the projected utilization of resources for:

(a) The amounts required in accordance with the UNICEF Financial Regulations and Rules to defray the costs of the administration by UNICEF of special accounts on behalf of others, including procurement services and the Office of the Special Representative of the Secretary-General on Violence against Children;

(b) Private sector fundraising, for which budgets will be submitted annually for consideration and approval by the Executive Board at its first regular session;

5. *Requests* the Executive Director to:

(a) Provide actual financial information, following the format of the integrated resource plan, and assess performance against the integrated budget in her annual report to the Executive Board;

(b) Submit to the Executive Board for approval annually at its second regular session an updated integrated resource plan, following review of the financial projections on which the plan is based;

6. *Notes* the information provided on the actual implementation of the revised cost-recovery methodology;

7. *Renews* the authority given to the Executive Director to establish additional senior-level positions on an as needed basis, to be funded from within the approved institutional budget envelope for the planning period, and requests that the Executive Board be informed annually of the number of positions established, in the annual report of the Executive Director;

8. *Notes* that a revolving Working Capital Fund under the regular resources sub-account has been established, and will be funded from allocating a portion of the investment revenue as an internal financing mechanism under the regular resources sub-account;

9. *Approves* that the Executive Director, with the advice of the Comptroller, can advance funds from the revolving Working Capital Fund to offices and divisions for the implementation of country programmes, to ensure the continued financing of projects within established risk-management parameters, on the condition that the funds would be repaid within the period set;

10. *Requests* UNICEF to report annually to the Executive Board on the status of the revolving Working Capital Fund in the document entitled “UNICEF Strategic Plan: updated financial estimates”, which is presented to the Executive Board at the second regular session.
