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Results-based budgeting for the biennial support budgets of the United Nations Children's Fund, the United Nations Development Programme and the United Nations Population Fund

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Part One

Description of the proposed results-based budgeting approach for the United Nations Children’s Fund, United Nations Development Programme and United Nations Population Fund

I. Moving to a results-based budget system

A. Background and introduction

1. The United Nations Children’s Fund (UNICEF), United Nations Development Programme (UNDP) and United Nations Population Fund (UNFPA) have presented their biennial support budgets (BSBs) in a harmonized format since 1999. The agencies (and the United Nations system as a whole) are endeavouring to move to results-based budgeting (RBB), in which resources are requested and allocated based on the results to be achieved rather than by input category or by broad strategic objectives. All are managing their programme resources based on expected results for the programmes and strategies described in their four-year strategic plans. The support budgets of the agencies are driven by the strategic plans because management results are essential for achievement of programme results.

2. The introduction of RBB in the three agencies is part of a larger process spanning the entire United Nations system. The rationale for introducing RBB in the United Nations system is three-fold: (a) as part of the Secretary-General’s reform agenda of increasing transparency, efficiency and accountability of United Nations system organizations; (b) as a key instrument for advancing the process of change towards a results-based management culture; and (c) in response to increased public demand for accountability in the use of resources.

3. In line with the broader United Nations context, the High-Level Committee on Management (HLCM) in 2004 commissioned a concept paper for implementing RBB in the United Nations system. The three agencies led the formulation of the paper, which was approved by the HLCM in 2005 and which served as conceptual and methodological starting point for the present document. Based on the HLCM concept paper, for the biennial support budgets of UNDP, UNFPA and UNICEF, RBB is defined as a results-driven budgeting process wherein resource justification is made for a set of expected results with indicators including baselines and targets to be achieved, presented by key functions.

4. The introduction of RBB is also in line with the encouragement of the Advisory Committee on Administrative and Budgetary Questions and the respective Executive Boards as described below:

(a) The UNDP/UNFPA Executive Board, in its decision 2005/33 which made funds available for the 2006-2007 biennium, welcomed the decision of UNDP to present an aligned, results-based biennial support budget for 2008-2009, harmonized with UNFPA and UNICEF;

(b) For UNFPA, the Advisory Committee recommended implementation of RBB, taking into account lessons learned by other United Nations entities and benefiting from the knowledge of the United Nations Department of Management and Department of Peacekeeping Operations (DP/FPA/2005/14);

(c) The UNICEF Executive Board, in its decision 2006/2 on the 2006-2007 biennial support budget (E/ICEF/2006/AB/L.1), welcomed the continued improvement in results-based management and urged the Executive Director to give high priority to implementing RBB for the next biennium 2008-2009.

5. The BSB represents the operational or management plan for implementing and supporting the strategic plan. The agencies are planning to prepare and present their BSBs for the 2008-2009 biennium to their Executive Boards, based to the extent possible on RBB principles. The move to RBB will be progressive; it is unrealistic to expect that the new approaches will be implemented perfectly in 2008-2009. As lessons are learned from the first biennium, continued improvements will be made in results-based budgeting and management. Given that the UNICEF medium-term strategic plan extends until 2009, two years beyond the UNDP and UNFPA strategic plans, which end in 2007, the shift to RBB by UNICEF will be more gradual. In addition, changing conditions, such as the need to align in 2010 with the implementation of International Public Sector Accounting Standards and ongoing United Nations reform, make it clear that refinements to the RBB approach will continue over several bienniums.

6. The agencies have worked together over the past three years to reach consensus on concepts, approaches and terminology related to this new method for resource requests. The last year has been spent developing the elements of a harmonized RBB approach for the support budgets of the three agencies. The present report is the result of this collaborative effort and consists of: (a) a description and discussion of the conclusions reached by the agencies on the harmonized RBB approach; and (b) a mock-up of the format and structure of a results-based budget that the agencies propose to use in preparing their future BSB requests to their Executive Boards.

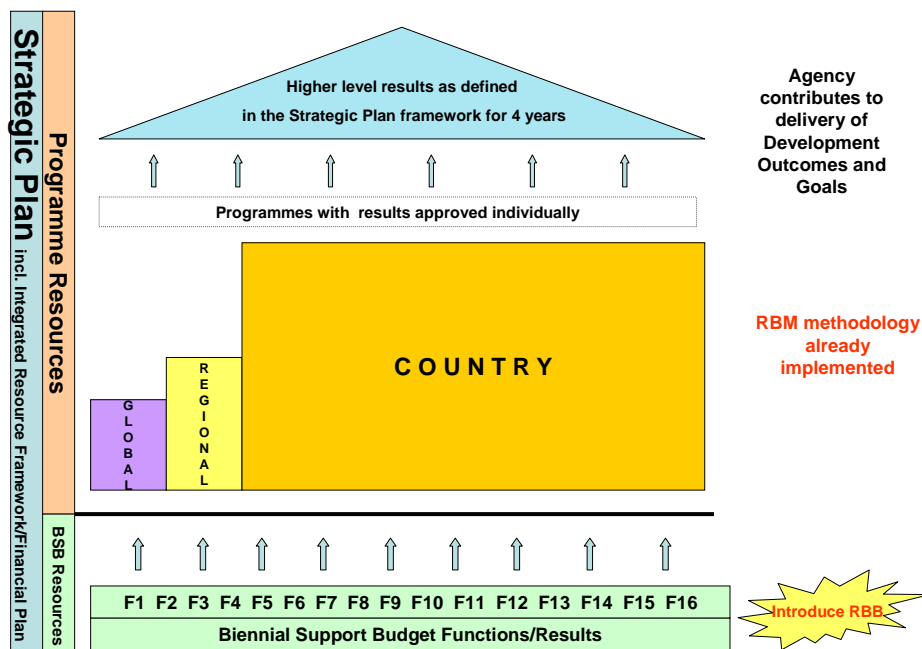
B. Major considerations

7. The shift to a RBB implies changes in the way the budget is structured and presented. Simply stated, resources will be requested and allocated based on what they are expected to produce (results). The key element of the presentation becomes the cost of achieving the result rather than the price of specific inputs allocated to an activity or an organization. RBB must be a tool for managers, i.e., it must be useful in developing the budget because it relates what is to be accomplished to the cost of doing so and therefore guides the monitoring of progress towards the results. Managers and budget experts must determine the inputs needed to produce stated results; the managers are then held responsible for producing the results with the resources they have requested and received. Managers and stakeholders must shift their prime focus from the number of staff at particular grades who will work on an activity to the cost of successfully completing that activity. Implicit in the concept is that managers receive a degree of flexibility in shifting inputs to produce the expected results if they are to be held accountable for those results. While there are limits to the flexibility that can be provided within any public sector entity, national or international, a level of trust must be established between the organization and its stakeholders so that reasonable flexibility can be provided. The keys to an effective results-based management and budgeting system are strong performance management and accountability frameworks, as well as information systems (enterprise resource planning (ERP)) that can capture the data needed for managing performance. Performance management systems should include clear incentives for managerial success in producing the results on which the budgets are based; accountability systems must make clear the ways in which managers are to be held responsible for achieving success.

8. The support budgets of the three agencies have been presented in a harmonized fashion for the past three bienniums, but the agencies' budget processes and coverage differ somewhat. The existing appropriation categories within the BSB (programme support, divided between field and headquarters, and management and administration) are defined in terms of the roles of organizational units within each agency. The category of management and administration has been defined as "*organizational units whose primary function is the maintenance of the identity, direction and well-being of an organization. This will typically include units that carry out the functions of executive direction, organizational policy and evaluation, external relations, information and administration.*" Programme support has been defined as "*organizational units whose primary function is the development, formulation, delivery and evaluation of an organization's programmes. This will typically include units that provide backstopping of programmes either on a technical, thematic, geographic, logistical or administrative basis.*" There have been gray areas between these two subcategories and also between programme and programme support. Each agency has adopted a consistent internal approach to applying the definitions, but the applications have differed somewhat among the three.

9. The agencies agree that the resources that comprise the BSB represent more than support. Rather, they provide the basis on which the core business of the organization is carried out in support of its mission and mandate at all levels within the framework of the strategic plan. The BSB is the set of resources that enables each agency to undertake the programme activities that lead to the achievement of its broad goals and objectives. The strategic plan of each agency will contain management and support areas. The figure below illustrates the linkage of the BSB to the strategic plan.

Figure
Linkage of the biennial support budget with the strategic plan



10. The agencies have agreed that the structure of the new BSB will be based on functions, i.e., the groups of activities carried out, funded with BSB resources, to operate and improve the agencies in order to assure the effective delivery of development results and implementation of their respective mandates. As indicated above, an objective of the RBB exercise is to forge a better linkage between the BSB and the strategic plans of the agencies. The agencies agree that such a linkage exists but it is not programme-specific. Core BSB functions and activities provide a basis on which country, regional and global programmes are planned and delivered. Ensuing chapters of the present report list and describe the common functions carried out by the agencies in supporting their operations and programmes. The agencies agree that these functions reflect what is covered by the BSB and believe, to the extent possible, that they should form the basis for the BSB structure. Because there are differences in operations among the agencies, subfunctions will be agency-specific and will be mainly for internal management purposes.

11. Two important conditions must be placed on the new BSB approach: (a) the transition to a new approach must not create a significant additional workload on agency staff who prepare and submit budget proposals; and (b) the information provided in the budget submission must be useful to the providers as well as to those who are putting the budget together. If both conditions are not present, the submissions are likely to be inaccurate and of little use. There also must be a means of monitoring the performance of the budget against the results indicators that are used. Such means should not impose a great workload on staff and all efforts should be made to assure that the monitoring is not seen as threatening to managers or staff. The agencies' ERP systems will be used to collect and store the initial data and to accept and provide progress updates.

12. The transition to RBB will require a different thought process on the part of those who submit budget proposals. Rather than thinking in terms of funds needed to keep an organization operating (the approach used in traditional, incremental budgeting through which an organization

will continue the same thing from budget period to budget period unless an increased “volume” of resources is requested), managers will focus on the results they want to accomplish within their functions and determine how much it will cost to do so, so that the budget total rather than the specific posts and other inputs will be the “fixed” piece. For the new approach to work in practice, there must be sufficient training and orientation developed to assure that the new approaches are clear to all and that there is continuous improvement of the practical implementation based on the lessons learned.

13. As the system is used, it should lead over time to results-based management of the BSB resources. Managers who have more flexibility to deploy the resources needed to carry out activities can be held more directly accountable for the performance and results of those activities. Authority must accompany accountability; if the flexibility implied by RBM is not given to the managers, they cannot reasonably be held more accountable for results. The agencies’ performance management systems must be modified to recognize managers who are successful in using their authority to achieve meaningful results.

14. As stated at the outset, the full transition to an effective, results-based BSB will require more than one biennium. As the new approach is applied by each of the agencies, changing conditions (such as United Nations reform) and the lessons of actual practice will require modifications in the form and operation of the RBB system. As the agencies and their stakeholders gain experience with the approach, the system will mature and its benefits as a tool for both management and resource allocation will increase.

C. Major elements of the new approach

Functions

15. The BSB will be organized by functions, which are major groupings of activities, carried out using resources appropriated by the Executive Boards. Each major functional area will be structured in terms of what the activities within it are intended to achieve rather than by organizational units. Most functions will be shown in the BSB as a whole; for a few, selected functions, subcategories within functions may also be shown. Internal management requirements of agencies dictate that more detailed information on results be maintained at subcategory levels to permit senior and operational managers to measure programme and staff performance.

16. The agencies agree that the 16 functions listed in the table below and described in Part Two are comprehensive and reflect the activities financed by the BSB. They believe that there must be uniformity among the agencies with regard to these functions if harmonization is to be maintained. There will be similarity between organizations and functions in some areas (agency audit will be undertaken by the audit organization in each agency) as well as additional, agency-specific functions (e.g., the UNDP coordination role). In others, however, it will be possible to get a more complete picture of a function or subcategory by going beyond the organizational or geographical setting (general administrative management for an agency may be carried out not only at headquarters but in field offices as well). The level at which results will be produced is not always the same as the location where the activities are undertaken. For example, results at the field level may result from activity at headquarters (programme guidance) or at regional offices (programme oversight).

Table	
Functions covered by the biennial support budget	
Functions common to all agencies	
1	Executive direction and leadership
2	Representation and advancement of the core mandate
3	Corporate policy and strategy development, planning and guidance
4	Programme guidance, management and oversight
5	Procurement and supply management
6	Emergency management
7	External relations and partnerships
8	Internal and external communication: media and public relations
9	Resource mobilization and fund-raising
10	Financial management
11	Information and communications technology management
12	General administrative management
13	Human resources management
14	Internal audit
15	Corporate evaluation
16	Staff security
Functions carried out by UNDP but not by the other agencies	
17	Coordinating United Nations activities in countries and at headquarters
18	Providing services to other United Nations entities on a fully reimbursable basis

17. After extensive review and discussion, the agencies believe that because the BSB is an integrated set of resources which, as a whole, enables each agency to plan and carry out programmes, the best approach for linking the BSB to the strategic plan is to consider all BSB functions as a whole, eliminating the prior, input-based distinction between programme support and management and administration. They also believe that the coverage of the BSB should not be changed from that of the previous BSB but that each agency should examine its BSB to ensure that the definitions of “programme” and “BSB” be applied consistently. Finally, they believe that the selected functions provide the basis for a strong integration with the management results dimension in the strategic plans.

Indicators

18. A major purpose of adopting an RBB structure for the BSB is to demonstrate how the resources appropriated by the Executive Boards are significant to the programmes carried out by the agencies. In reaching consensus that functions would be the primary grouping used for the new BSB, the agencies determined that it would not be feasible to try to relate BSB activities to specific programme areas, be they programme objectives, sectors, agency goals or the broader Millennium Development Goals. This determination was made because: (a) most resources in the BSB that support programmes are not programme-specific but instead support a variety of programmes, so that trying to trace BSB results to specific programmes would require proportional or other attribution of such activities; and (b) programme objectives and broader goals are likely to change over time whereas the BSB should have a basis that can be tracked from biennium to biennium. It is

important, therefore, that the functions chosen and the indicators for each function or subcategory make clear the contribution the activities within them make to the achievement of the strategic plan.

19. For the results and the indicators to be meaningful and realistic, they must be achievable within the resource levels proposed. They should be developed, to the extent possible, with input from the agency staff in the field and at headquarters who will have to produce the results. Broad participation in the process will increase buy-in to the process and help to avoid unrealistic goals. It is important, however, to assure that results indicators are not “automatically” achievable without effort on the part of the staff involved.

20. Each of the three agencies has its own methods of operating and of carrying out both programme and support functions. While the major functions should be standard for all three, an important question is whether the indicators should be the same for each. The agencies have determined that the best approach is to adopt the indicators that are most relevant to them with respect to priorities defined in each agency’s strategic plan. In those cases where common subfunctions and indicators can be used, they will be. There may be situations, however, where even if common functions or subfunctions exist, the method of operations of different agencies will require the use of different indicators. As agencies review the functions and select which of the subfunctions they will use in the BSB, they will select the indicators for each and the measures they will use to determine success.

21. Indicators selected should, to the maximum extent possible, draw on data that already are collected and maintained within the agencies’ ERPs or which can easily be put into the systems and maintained. If agencies determine that the best results indicators for a given function will require significant work, they might first consider using “second best” indicators that require less additional effort. A certain degree of imprecision may be preferable to an increased workload for already burdened staff. The impact of the external factors, if any, that may affect or prevent the achievement of the set results are taken into consideration and stated both in developing the BSB as well as the strategic plan.

Costing of results

22. To determine how much a result will cost, it is necessary to determine what will be needed to achieve that result in terms of inputs of time, money and people. Planning of that nature is normally done in public sector organizations, such as the three agencies, for programme activities but less often for support and overhead activities. This is because many support activities are seen as continuing over a long term and being less susceptible to review on a results basis. Moving to such a basis requires managers and those who approve budgets to adopt planning approaches similar to those of programme managers. For most, this represents a change but not a major one. Managers build their budgets by anticipating the workloads that will produce the results their organizations must achieve. RBB requires that the results be made specific as the basis for budgeting. Using a functional rather than an organizational basis for describing operating activities may also require more inter-office teamwork in cases where functions cross bureau or division lines.

23. Given that approximately three fourths of the BSB costs in each of the agencies relate to posts, the costing of the staff that will contribute to producing results is critical in costing the plans that will become the results-based budgets. The United Nations system has traditionally used the numbers of posts, by grade, as a basis for setting staffing and budget ceilings. Shifting to RBB will require that this practice be reviewed for two reasons. First, posts do not create results; people do.

Even allowing for vacancy rates, budgeting for results can best be based on the number of people who work on an activity over a period of time (represented as “work years”) rather than on the number of posts allocated to an organization or an activity. Second, implicit in RBB is the idea of managerial flexibility. An activity within a function may have changed resource requirements in the course of a biennium so that a manager might need more or fewer staff to accomplish it; the manager might need to substitute equipment for some staff time, or vice versa. As indicated previously, the degree of managerial flexibility allowed will determine the degree of accountability to which managers can be held. There are greater constraints in national and international public sector organizations regarding the degree to which staff can be moved or removed than is the case in the private sector in most countries. Within the constraints of the United Nations system and the International Civil Service Commission (ICSC) rules, maximum flexibility should be permitted to implement and achieve the set results.

24. It is useful to note how the World Bank, another international organization, goes about costing with regard to staff. The Bank does not have staffing ceilings; rather, the activities are the cost objects and staffing is left to the determination of the managers of the activities. The Bank’s Board does not involve itself in staffing issues, including decisions regarding whether to use international or national professionals in country programme or support activities. The Bank enforces geographic diversity criteria only at its headquarters and actively encourages the use of national professional staff in the interest of economy and efficiency. This is balanced in practice by the strong desire of many countries in which the Bank operates to receive perspectives in addition to those of their own nationals, so international experts are often sought in such areas as technical assistance. The Bank’s approach is consistent with the principles under which United Nations agencies operate and with RBB approaches, honouring the principles of diversity to the extent possible while providing local managers the ability and authority to utilize their resources in the most effective way to produce results.

25. The agencies wish to move in this direction, providing the maximum flexibility possible while remaining in strict compliance with agency and ICSC rules. All favour, in principle, monetizing the costs of posts by setting the total cost of achieving each result and allowing the responsible manager to choose the amount and type of staff and other resources needed to achieve the result most efficiently. The agencies recognize the importance of oversight bodies to information on the total number of posts and the desire to maintain control over the number of senior posts. Therefore, the BSB will continue to include summary data on posts, with detailed information on posts at the D-2 level and above (for UNICEF and UNFPA, it would mean a change from its current approval requirement for posts at the D-1 level and above) and summary information on other international and national/General Service posts.

Coverage

26. Each of the agencies shows gross and net amounts for the BSB. Although the treatment of gross versus net differs among agencies, in all cases the gross in the past has included activities carried out under the existing categories of programme support and management and administration, including activities financed by income beyond the regular budget. In all three agencies, the difference between gross and net is intended principally to finance incremental support costs relating to extrabudgetary, or non-core programmes administered by the agencies. In the cases of UNDP and UNICEF, the extrabudgetary programme funds constitute close to three quarters of the total programmes in each biennium. Each agency charges certain percentages of extrabudgetary programme amounts to recover indirect costs associated with programme

implementation. Agencies also receive trust funds and UNICEF derives significant income from the private sector (largely from National Committees for UNICEF), including the sale of greeting cards. The agencies agree that the costing of functions will comprise both regular and extrabudgetary resources, so as to present a comprehensive, integrated overview of the BSB.

Agency-specific requirements

27. As indicated above, each agency has unique requirements that must be accommodated in the BSB. The most significant of these relate to UNDP, which provides support services to other United Nations organizations and receives income to offset fully the provision of those services. In addition, UNDP is mandated to carry out coordination functions on behalf of the United Nations in countries where it operates. The resident coordinator's time and that of related support staff is devoted to this function.

II. What the new biennial support budget will include

A. General

28. The 2008-2009 BSBs for UNDP, UNFPA and UNICEF will be prepared and presented to the Executive Boards, to the extent possible, in a results-based format. The new budget framework will shift the primary focus from organizations to functions and from inputs to the results those inputs are expected to produce. The agencies emphasize the BSB as the operating budget that permits their programmes to work towards the achievement of each agency's goals and strategic objectives.

29. The framework will provide the Executive Boards better information about the relationship of the BSB to the strategic plan and about what is to be accomplished, thus giving them an enhanced ability, once the budget is implemented, to determine how effectively funds were used. There will, however, be less data provided on specific inputs. Moving from inputs to results will enable readers of the budget to understand the full costs of achieving results in specific support activities.

30. A major objective of shifting to RBB is to provide a better linkage between the BSB and the development results of the agencies. All resources requested in the BSB are intended to enable the achievement of the substantive plans by supporting the provision of development services to recipients and by facilitating and improving the ability of the agencies to operate. Using a results-based approach will provide two important benefits in this regard: (a) it will describe how the resources requested address functions and activities that support the strategic plans; and (b) it will enable the agencies to budget specifically for results of strategic management initiatives that are part of their strategic plans.

31. As was the case with the initial harmonized budget presentation, the agencies believe that use of an actual budget provides a clearer picture of the changes that will be needed than use of a hypothetical model. Therefore, it was agreed to use data based on the 2006-2007 UNDP BSB (DP/2005/31) for the tabular and narrative sections of the mock-up. The structure and format of the budget, including descriptions of functions, will apply to all three agencies. For the future BSB proposals, each agency will follow the common functions and structures, while representing agency-specific objectives, issues, results and indicators, as relevant to individual agency strategic plans and priorities set out therein.

B. Description of the proposal as shown in the mock-up

1. Executive summary

32. As in the past, this portion of the budget presentation will summarize the major thrusts of the BSB, including its relation to the goals and objectives of the agency's strategic plan. It will contain a brief summary of the BSB proposal, providing highlights of strategic and financial context.

2. Strategic and financial context of the 20XX-20XX biennial support budget

33. This portion will cover both the relationship of the BSB to the agency's strategic plan and also the key financial information needed by the Executive Board, including funding modalities and estimated income to the budget. The narrative on strategic framework will describe the specific linkages between the management objectives in the agency's strategic plan and the functions and activities in the BSB.

34. The format of the central financial table, the resource plan (table1), has been modified and simplified. The purpose of doing so is to easily cross-reference the amounts shown on this table with other tables in the BSB. The "use of resources" portion of the table is revised to show the total BSB costs. The total amounts for programmes and support will continue to be shown at the end of this section. In addition, the number of columns is reduced to show "regular resources", "additional resources" and "total resources" for each year, thus combining trust funds and the "other resources" category previously shown separately with amounts from donor countries and programme countries.

35. In addition, there will no longer be a separate portion of the table called the "biennial support budget". Previously, agencies included in this table the total resources used for support activities in this section but excluded extrabudgetary resources from its calculation of gross budget and from a number of the other BSB tables. Because the agencies are now presenting those extrabudgetary resources as part of the gross BSB level, the information covered in this portion of the table is covered in table 3.

3. Proposals for the 20XX-20XX biennial support budget

36. The new table 2 uses a format similar to that employed by UNICEF. In it, the cost increases/decreases are summarized at the beginning of the table, so the focus of the table is on proposed volume changes, which are listed under the results-based functions to which they relate. Accompanying functional narratives will describe the changes in results expected from the increases or decreases proposed.

37. The BSB resources are allocated among 16 functions, which represent the managerial and operational results to be achieved during the biennium. A funding level will be shown for each function. In addition, one or more results indicators will be provided to describe how success will be judged. In this mock-up, more detailed narratives are provided for six of the sixteen functional areas: each agency has selected two functions and those functions indicate which agency has prepared the text. The descriptions for the other functions are indicative. The purpose of doing so is to provide the Executive Boards with a sense of the type of agency-specific information that will be provided in future RBB submissions, recognizing agency-specific organizational needs and requirements. The remaining 10 functions are indicative broad descriptions of issues, key results and indicators. In future bienniums, the Executive Boards will be able to review the success of past efforts to produce results. It is envisaged that there will be annual reporting to the Executive Boards on results (to be contained in the annual report of the agency head) so that when reviewing budgets in the future, the Boards will have the benefit of reviewing performance during the first year of the current biennium.

38. The shift to a results orientation means that the Executive Boards will receive more information in the BSB than previously on what the funds are intended to achieve. This implies less focus by oversight groups on specific inputs because managers require flexibility in the use of inputs if they are to achieve the results. This results in two changes to the BSB: (a) there will be less information on posts, in terms of grades (other than senior grades) and their allocation; and (b) there will be less focus on the specific non-post input elements of the budget. Only those tables that form part of the harmonized RBB format have been included.

C. Other considerations

Gross and net budget estimates

39. Table 3 combines the previous summary tables 1 and 6a (for UNDP) to provide funding levels, by function, for all elements of the gross BSB. It also bridges back to the net by subtracting extrabudgetary resources and income to the budget from the gross total. The proposed summary table 3 indicates the estimated alignment of resources to results in each of three levels (country, regional and global). This table will not be included in the budget until the agencies are able to analyze and predict the expected areas of impact.

Posts

40. RBB requires that managers have flexibility to shift resources to achieve results within their approved budgets. This means that the Executive Boards and senior managers within the agencies will be able to focus on results to be achieved rather than only on the inputs to be used and the organizations that will use them. The Boards, however, retain a responsibility to assure that agencies are managing the deployment of posts, especially senior posts, in a responsible way. The former table 4, on posts, divided posts into three categories: International Professionals; National

Professionals; and General Service. The new table also shows three categories, but displays them in a way more useful to reviewers: “D-2 level and above”, “other International Professionals”; and “all other”. The first category represents the level of posts where the Executive Board will retain an interest in approving each new or reclassified post. The “all other” category includes National Professional and General Service staff. The “other International Professionals” and “all other” categories should be seen as illustrative and based on the best information available at the time the budget is submitted, but subject to change, within approved budget levels, based on management needs. This approach is also reflected in summary table 2, “Proposed changes in senior-level posts”, which will cover changes at the D-2 level and above.

Appropriation basis

41. The elimination of the previous categories of programme support and management and administration means that a different structure must be used for the appropriation. The agencies believe that a single appropriation line, called “biennial support budget”, is appropriate as a basis for appropriations, because the activities financed by BSB resources both produce the strategic management results as defined in each agency’s strategic plan and also contribute to and enable the accomplishment of the agencies’ programmatic accomplishments.

Annex

42. As indicated above, the proposed revised format contains many changes. Annex I “terminology” has been revised to incorporate the changes brought about by the new approach.

Part Two

Budget mock-up

Part Two is a mock-up of the proposed format for the results-based biennial support budget, beginning with the table of contents. It uses figures from the approved UNDP biennial support budget for 2006-2007 ((DP/2005/31), in order to allow a basis for comparison between the old and proposed formats.

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I. Executive summary

1. This section will contain a brief summary of the BSB proposal, providing highlights of the strategic and financial context. Its length will not exceed one page.

II. Strategic and financial context of the 20xx-20xx biennial support budget

A. Strategic framework

2. The BSB is an integral part of the strategic plan. As such, the BSB should be viewed as the budget that the agency will need to achieve the programme outcomes (at the country, regional and global levels) and management results defined in its strategic plan.

3. The narrative in this section describes the way the BSB resources support the strategic plan and any management initiatives contained therein. For the UNDP 2006-2007 proposal, the key areas of focus were: (a) strengthening UNDP leadership for the United Nations development system; (b) enhancing organizational capacity, efficiency, performance accountability and results; (c) cost containment and improving the proportionate share between regular and other resources of UNDP organizational capacities; and (d) strengthening advocacy and outreach.

4. xxx

B. Financial framework

Table 1. **Resource plan**
(In millions of United States dollars)

	2004-2005			2006-2007		
	<i>Regular resources</i>	<i>Additional resources</i>	<i>Total resources</i>	<i>Regular resources</i>	<i>Additional resources</i>	<i>Total resources</i>
1. Resources available						
Opening balance	153.8	1,561.4	1,715.2	133.6	1,444.2	1,577.8
Income						
Contributions	1,700.0	3,907.0	5,607.0	1,900.0	5,600.0	7,500.0
Other <u>a/</u>	-	196.3	196.3	-	197.2	197.2
Reimbursement for services to other UN agencies	-	25.9	25.9	-	25.9	25.9
Total available	1,853.8	5,690.6	7,544.4	2,033.6	7,267.3	9,300.9
2. Use of resources						
A. Programmes	1,121.0	3,751.0	4,872.0	1,190.0	5,664.3	6,854.3
B. Biennial support budget (UNDP Direct)	412.3	294.4	706.7	470.0	348.7	818.7
<i>Support to operational activities of the UN and Support to UN Capital Development Fund:</i>						
C. Support to Coordination	121.6	-	121.6	143.7	-	143.7
UN Development Group Office	2.9	1.1	4.0	3.7	1.8	5.5
United Nations Volunteers	25.5	13.0	38.5	29.9	15.3	45.2
Inter-agency Procurement Services Office	1.0	12.0	13.0	1.1	14.6	15.7
Reimbursable services to other UN agencies	-	25.9	25.9	-	25.9	25.9
Subtotal	151.0	52.0	203.0	178.4	57.6	236.0
D. UN Capital Development Fund	-	-	-	9.4	0.6	10.0
Subtotal Biennial support budget (B+C+D)	563.3	346.4	909.7	657.8	406.9	1,064.7
E. Programme support to Resident Coordination <u>b/</u>	24.0	-	24.0	26.0	-	26.0
F. UN Special Voluntary Fund <u>b/ c/</u>	-	175.0	175.0	-	270.0	270.0
G. United Nations Mandated Security Costs	11.9		11.9	31.2	10.0	41.2
Total use of resources (A+B+C+D+E+F+G)	1,720.2	4,272.4	5,992.6	1,905.0	6,351.2	8,256.2
3. Balance of resources (1-2)	133.6	1,418.2	1,551.8	128.6	916.1	1,044.7

a/ Includes interest and miscellaneous income, and income to the biennial support budget (comprising Government Local Office Cost contributions, Accounting linkage to offset Tax Reimbursements and UNV income to the biennial support budget).

b/ These items are not included in table 3.

c/ Includes financial value of volunteer assignments that are charged directly to agencies and partners.

Figure A

Use of total resources (programmes, biennial support budget, support to United Nations), 20XX-20XX

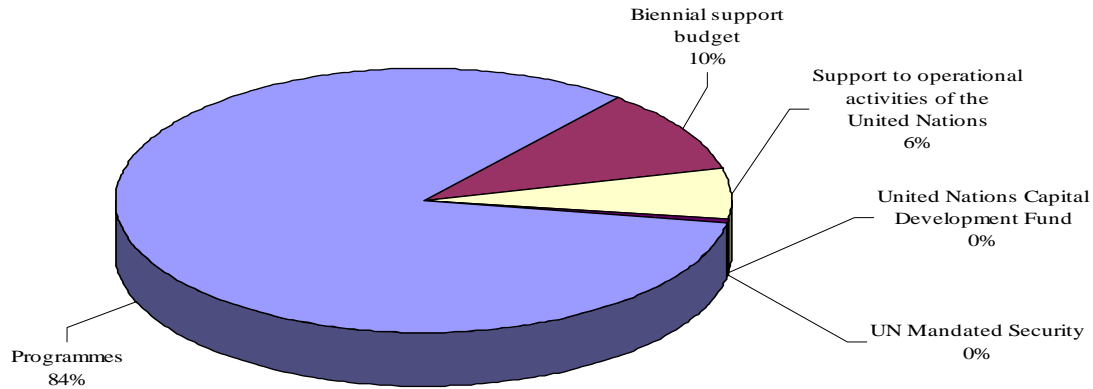
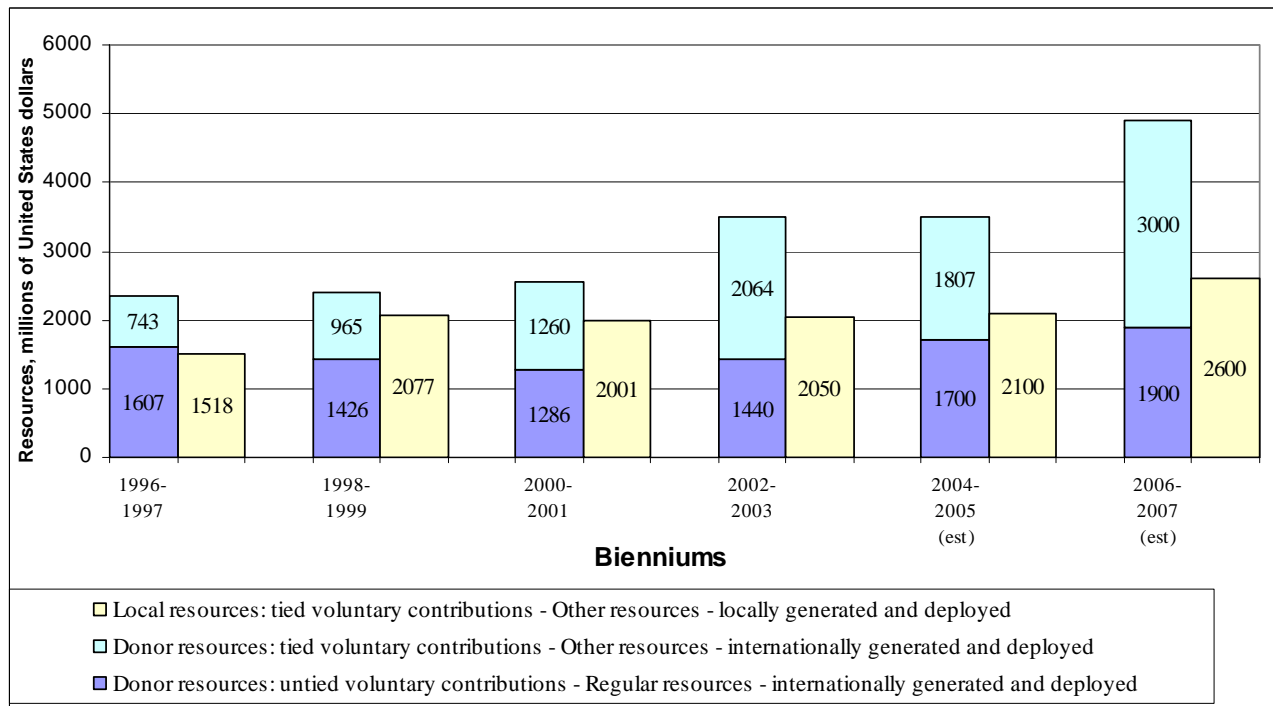


Figure B

Contributions by funding category, 19XX-19XX to 20XX-20XX



5. The financial overview, including the resource plan (table 1) and resource income estimates will be presented, comprising regular and other resources of the organization. This section will also include figure B, Contributions by funding category over the past decade, to show the changing relationships between regular resources, other donor resources and local resources.

6. xxx

7. Funding modalities.

8. xxx

III. Proposals for the 20xx-20xx biennial support budget

A. Summary of proposals.

9. The distribution of resources among the functions of the current biennium is derived through extrapolation for comparability purposes.

10. As indicated in Part One, table 2 will list the functions which contain volume increases, representing the areas of emphasis, or strategic priorities, of the BSB. The details of the increases will be described in the sections on the individual functions. The volume increases shown in the mock-up are those that were included in the UNDP 2006-2007 BSB (DP/2005/31) and reference would be made to each of them in the corresponding functional narrative.

11. An overview of the major impacts of cost and volume increases to the BSB will be provided. The section will also include the overview of post changes.

12. xxx

13. xxx

Table 2. **Summary of main areas of increase/decrease**
(In thousands of United States dollars)

	<i>Total</i>
I. 2004-2005 Net approved appropriation, adjusted for security	563,302.4
II. Increases/decreases due to costs (inflation, currency, staff costs)	85,686.3
III. Increases due to volume	
Direct UNDP	
Programme guidance, management and oversight	11,119.0
Human resources	1,096.6
Information and communication technology	1,883.0
Security	849.5
Subtotal - Direct UNDP	<u>14,948.1</u>
Support to operational activities of the United Nations UNDGO	<u>1,100.0</u>
Total increases due to volume	<u>16,048.1</u>
Total increases	101,734.4
IV. Decreases due to volume	
Proportionality shift	(11,315.7)
Reduction	<u>(4,997.3)</u>
Total decreases	(16,313.0)
V. Net adjustments without UNCDF	85,421.4
Executive Board decision implications: UNCDF	10,022.5
VI. Total adjustments, with UNCDF	95,443.9
VII. Net change in estimated income	
Increase in tax reimbursement offset	(800.0)
Increase in UNV contributions	<u>(100.0)</u>
2006-2007 Net appropriation estimates	<u>657,846.3</u>
VIII. Security	<u>31,243.7</u>

Table 3. **Proposed budget estimates by function and extrabudgetary resources and estimated income to the budget, 2006-2007**

(In millions of United States dollars)

	2004-2005 appropriations readjusted for security	Change		2006-2007 estimates
		Amount	%	
A. Biennial support budget (UNDP Direct)				
Executive direction and leadership	8.0	1.2	15.0%	9.2
Representation and advancement of the core mandate				
Corporate policy and strategy development, planning and guidance	34.4	1.9	5.5%	36.3
Programme guidance, management and oversight	443.9	77.2	17.4%	521.1
Procurement and supply management	5.7	1.3	22.8%	7.0
Emergency management	11.3	(0.4)	-3.5%	10.9
External relations	13.8	2.4	17.4%	16.2
Internal and external communications: Media and public relations	7.4	0.3	4.1%	7.7
Resource mobilization and fundraising	12.9	4.3	33.3%	17.2
Financial management	27.9	3.3	11.8%	31.2
Information and communications technology	39.1	4.7	12.0%	43.8
General administrative management	39.5	2.3	5.8%	41.8
Human resources	39.3	4.6	11.7%	43.9
Internal audit	13.7	0.9	6.6%	14.6
Corporate evaluation	2.8	0.5	17.9%	3.3
Staff security	7.0	7.5	107.1%	14.5
Subtotal	706.7	112.0	15.8%	818.7
B. Support to operational activities of the United Nations				
Support to Coordination	121.6	22.1	18.2%	143.7
United Nations Development Group Office	4.0	1.5	37.5%	5.5
Inter-agency Procurement Services Office	12.9	2.8	21.7%	15.7
United Nations volunteers	38.5	6.7	17.4%	45.2
Reimbursable services to other UN agencies	25.9	0.0	0.0%	25.9
Subtotal	202.9	33.1	16.3%	236.0
C. United Nations Capital Development Fund	0.0	10.0		10.0
Total Gross resources (A+B+C)	909.6	155.1	17.1%	1,064.7
D. Estimated income to the biennial support budget	(70.3)	(0.9)	1.3%	(71.2)
E. Extrabudgetary resources	(276.0)	(59.7)	21.6%	(335.7)
Subtotal offset to the gross biennial support budget (D+E)	(346.3)	(60.6)	17.5%	(406.9)
Total Net resources (A+B+C+D+E)	563.3	94.5	16.8%	657.8

14. Discussion of posts.

Table 4. **Regular resources posts by location**

	2004-2005 Approved posts					Changes				2006-2007 Proposed posts				
	D2 and above	Other IP	All other	Total	% of total	Increase/(decrease)				D2 and above	Other IP	All other	Total	% of total
						D2 and above	Other IP	Other	Total					
Country offices	32	344	2,305	2,681	81.1	1	14	(3)	12	33	358	2,302	2,693	81.9
Regional offices	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Headquarters	33	179	217	429	13.0	2	(7)	(42)	(47)	35	172	175	382	11.6
Support to UN operational activities	2	27	167	196	5.9			(4)	(4)	2	27	163	192	5.8
UN Capital Development Fund						1	12	9	22	1	12	9	22	0.7
Total	67	550	2,689	3,306	100.0	4	19	(40)	(17)	71	569	2,649	3,289	100.0

15. xxx

B. Description of BSB activities and resources by function

16. This section describes each of the functions in which BSB-financed results take place, as well as an overall indicator of results that will be measured and described in subsequent budgets and the overall BSB funding levels for that function, including core resources, extrabudgetary contributions and local resources. External factors that might mitigate or prevent delivery of results would be stated under each of the functions. (Note: Agencies will maintain current data on the achievement of results throughout the biennium; these data will be summarized in the agency heads' annual reports to the Executive Boards. For internal management purposes, the agencies will also track results at the level of subcategories within the functions)

Function 1: Executive direction and leadership (UNFPA example)

17. **Definition and description.** Enabling senior management of an agency to define the executive direction for the organization, based on the longer-term vision and mandate, and to provide effective leadership to the entire agency, driving it towards the defined organizational results in an accountable and transparent manner; enabling managers at all levels to lead their respective staff towards the unit-specific results and to hold each other accountable for achieving those results within the overall executive direction of the agency.

18. **Issues and narrative.** UNFPA will continue to implement its executive direction which is defined in the strategic plan, in the context of its mandate related to the International Conference on Population and Development (ICPD). UNFPA will focus on leading the implementation of United Nations reform, providing leadership to its partners in the areas of the UNFPA mandate and improving the quality of management, as well as accountability of managers at all the levels for achieving the results.

19. **Expected key results:**

Management results (strategic plan)	Indicators	Baselines	Targets
1. UNFPA will have ensured the leadership role on ICPD issues in the context of United Nations reform	Executive Board statements regarding UNFPA role	UNFPA is regarded as the lead agency for ICPD issues	Member States continue to uphold UNFPA leadership role in advancing the ICPD mandate
2. UNFPA will have improved accountability for achieving results at all levels	% of strategic plan management results that achieve or close to achieve the annual targets Decisions/statements of the Executive Board on UNFPA accountability related issues	70% Decisions of EB on accountability issues	80% EB acknowledgement of improved accountability in UNFPA in its statements/decisions

20. **Resources required:**

20XX-20XX: \$XX.X million.

20XX-20XX: \$XX.X million.

Function 2: Representation and advancement of the core mandate

21. **Definition and description.** This function covers field and headquarters activities related to representing the agency in order to advance the core mandate, or major programme goals, of each agency. These activities take place principally in country offices but may also relate to regional or headquarters activities.

22. **Issues and narrative.** Each of the agencies has a defined core mandate and a set of goals and objectives which fall within the broader Millennium Development Goals. A critical role played by senior leaders in each country, at regional offices and at headquarters is to advance the agency's goals through effective representation with local leaders and other counterparts, increasing their acceptance of the role the agency plays in working to achieve the goals. (Note: for UNFPA and UNICEF, this function is part of the regular core mandate; for UNDP, the function lies within support to the United Nations and would therefore be funded there.)

23. **Expected key results:**

Management results (strategic plan)	Indicators	Baselines	Targets
1. Increased acceptance of agency goals and programmes in specific countries.	Support by recipient countries for agency programs, demonstrated by local financial and in-kind contributions.		
Increased acceptance by donors of the agency's contribution to achievement of its core mandate.	Support by donors for agency goals, demonstrated by increased financial contributions and endorsement of policies and programmes.		

24. **Resources required:**

20XX-20XX: (for UNDP, included in support to the United Nations)

20XX-20XX: (for UNDP, included in support to the United Nations)

Function 3: Corporate policy and strategy development, planning and guidance

25. **Definition and description.** This function covers the planning of the agency's goals, business lines and approaches. It includes research activities that support strategic planning and guidance to headquarters and the field which communicates the results of the planning process.

26. **Issues and narrative.** Strategic planning in UNDP is based on the principles of: (a) supporting the achievement of the Millennium Development Goals; (b) responding to country-level demand for UNDP support; (c) implementing the reform agenda of the Secretary-General, in which UNDP plays a critical coordination role; and (d) continual transformation of UNDP to optimize operational effectiveness and efficiency. The 2008-2011 medium-term strategic plan will be prepared during the 2006-2007 biennium and will be based on achieving critical policy, programme and management goals. Central guidance will also be required on a variety of financial and other management-related issues.

27. **Expected key results:**

Management results (strategic plan)	Indicators	Baselines	Targets
1. Timely preparation, review and approval of a medium-term strategic plan that reflects the organization's goals and capacities as well as the objectives and concerns of the Executive Board.	To be based on timeliness and quality of strategic planning and guidance products.		
2. Guidance in specific programme and management areas that responds to the needs of the agency and the United Nations system.			
3. Progress in planning for results-based management of UNDP programmes and support activities; submission of the 2008-2009 BSB in a results-based format.			

28. **Resources required:**
 20XX-20XX: \$XX.X million.
 20XX-20XX: \$XX.X million.

Function 4: Programme guidance, management and oversight

29. **Description and definition.** This function covers the development, approval and implementation of agency programmes at the country, regional and global levels. The activities undertaken within this function include: (a) technical programme guidance; (b) oversight of programmes (for example, of country programmes from regional offices); and (c) overall programme management of country operations to assure that programmes proceed towards their approved results and that corrective actions are taken in cases where activities encounter difficulties within the manageable control of programme managers. The function does not cover operational management of the specific programmes themselves; those costs are an integral part of the programmes.

30. **Issues and narrative.** This function represents a critical core of the work of UNDP country offices but also occurs at headquarters for global programme activities. Programmes are developed by working closely with counterparts in recipient countries to develop specific interventions, within UNDP business lines, that best address country needs. Increases of \$11.1 million are included in this function to permit establishing Country Directors in a number of field offices, the establishment of a Global Service Centre and the expansion of advocacy and outreach support activities. Monitoring and oversight are also carried out for the three levels of programmes (country, regional and global). Monitoring and oversight of country programmes may include active regional or headquarters backstopping of field programmes to respond to needs for corrective actions and to provide advice, information and resources required for successful implementation.

31. **Expected key results:**

Management results (strategic plan)	Indicators	Baselines	Targets
1. Country programme strategies, reflecting recipient country priorities and UNDP capabilities, developed, reviewed and presented to the Executive Board as required.	Programme strategies for country and regional programmes are in place and being implemented for 90% of programmes.		90%
2. Programmes and projects developed and authorized within each country programme.	Project and activity approvals occur within prescribed deadlines of 85% of agency activities.		85%
3. Management at the country and global level is kept aware of the progress of all programmes so that effective agency accountability can be maintained.	Programme reports are submitted within expected timeframe to next level of management in 90% of cases		90%
4. Country, regional and headquarters monitoring and backstopping supports the effective delivery of programmes.	Follow-up and corrective action is taken in 90% of cases where needed.		90%

32. **Resources required:**
 2004-2005: \$XX.X million.
 2006-2007: \$XX.X million.

Function 5: Procurement and supply management

33. **Definition and description.** This function covers the capacity of an organizational knowledge network on supply and procurement issues to ensure value for money, and of provision of central guidance and oversight on the procurement of goods and services.

34. **Issues and narrative.** The success of most agency programmes also depends on the leadership provided in the supply function to ensure value for money. This includes support to countries in determining the supply situation and capacity-building needs, e.g., to ensure essential commodities for children and an efficient procurement of services.

35. **Expected key results:**

Management results (strategic plan)	Indicators	Baselines	Targets
Ensure timely and effective procurement of programme services and goods, consistent with existing regulations.	Percentage of procurement actions completed within approved deadlines; average time (or reduction in time from previous period) for actual procurement of different types (competitive, sole-source).		

36. **Resources required:**
 20XX-20XX: \$XX.X million.
 20XX-20XX: \$XX.X million.

Function 6: Emergency management (UNICEF example)

37. **Definition and description.** This includes development, updating and dissemination of policies, strategies and guidelines for emergency preparedness and response, and establishing and maintaining the core capacity that permits UNICEF to prepare, respond to and monitor programmatically emergencies and crisis situations.

38. **Issues and narrative.** UNICEF will develop, update and disseminate policies, strategies and guidance for emergency preparedness and response in the area of humanitarian assistance; ensure coordination for assigned sectors and areas of responsibilities within the arrangements agreed upon within the Inter-Agency Standing Committee, monitor through an Operations Centre the emergence of crisis situations for meeting related needs; establish and review funding priorities for emergency preparedness, crisis prevention, recovery and emergency response; and establish security policy and globally manage security activities in coordination with the United Nations Security Coordinator and the security focal points of United Nations agencies.

39. **Expected key results:**

Management results (strategic plan)	Indicators	Baselines	Targets
1. Ensure that all country programmes of cooperation have an annually updated emergency preparedness and response plan.	Proportion of annually updated emergency preparedness and response plan.	81%	90%
2. Ensure that all crises requiring emergency deployment of personnel for sector coordination in emergency situations are responded to within one week.	Proportion of emergency deployment of personnel within one week for coordination of sectors for which UNICEF is responsible in a crisis situation.		90%
3. Ensure that at least 50% of the estimated Consolidated Appeal Process (CAP) funding for humanitarian crises is secured within three months of the appeals.	Proportion of CAPs for which at least 50% of the estimated funding has been secured.		80%

40. **Resources required:**

20XX-20XX \$XX.X million

20XX-20XX \$XX.X million

Function 7: External relations and partnerships

41. **Definition and description.** This function covers agency support to and relations with the Executive Board and other oversight bodies. It also involves relations and the building of partnerships with civil society organizations, public and private sector organizations and others (other than activities related directly to specific agency programmes). For UNDP, it excludes those aspects of relations with other United Nations agencies related to the UNDP role in development coordination, which is separate from the regular BSB.

42. **Issues and narrative.** For UNDP in 2006-2007, major efforts in this area are on building new partnerships with civil society and the private sector. Continuing work will be carried out on relations with key constituents and development partners, the Executive Board, programme countries, the United Nations system, the international financial institutions, the European Commission and related institutions.

43. **Expected key results:**

Management results (strategic plan)	Indicators	Baselines	Targets
1. Purposes of relations with oversight, donor and partner organizations are: (a) to gain enhanced understanding and support for UNDP, and its goals and programmes; and (b) to permit the agency to benefit from the perspectives of donors and other development organizations in the planning and implementation of its programmes.	These could include numbers of new partnerships. The real benefits of external relationships are difficult to measure quantitatively.		

44. **Resources required:**
 20XX-20XX: \$XX.X million.
 20XX-20XX: \$XX.X million.

Function 8: Internal and external communication: media and public relations

45. **Definition and description.** This function covers agency efforts to make its mandate and accomplishments known to the global public in both donor and programme countries. This platform function lays a basis for later programme activities, including advocacy for specific policies and programmes.

46. **Issues and narrative.** Effective communication with the public and the press requires context which provides a framework for all public messages. For example, during the 2006-2007 biennium, UNDP will develop and implement a revamped communication strategy to effectively advocate for the Millennium Development Goal agenda and its interim accomplishments.

47. **Expected key results:**

Management results (strategic plan)	Indicators	Baselines	Targets
Issuance of the revamped communication strategy.	Media and public response to the new strategy, measured by surveys or questionnaires.		

48. **Resources required:**
 20XX-20XX: \$XX.X million
 20XX-20XX: \$XX.X million

Function 9: Resource mobilization and fund-raising

49. **Definition and description.** This function covers agency efforts to attract and leverage resources from donor and programme Governments and non-governmental organizations (NGOs), and through partnerships with other public and private organizations.

50. **Issues and narrative.** Results in this area include obtaining enhanced resources from the agency’s donors as well as from non-traditional sources that wish to work with the agency’s development goals.

51. **Expected key results:**

Management results (strategic plan)	Indicators	Baselines	Targets
1. Increases of regular and other resources to meet global and national goals.	Amounts or percentages of increase in given categories of funding, year to year or biennium to biennium.		
2. Participation by non-traditional donors (civil society, private sector, NGOs) in the funding of activities that support the agency’s programme goals.			

52. **Resources required:**
 20XX-20XX: \$XX.X million
 20XX-20XX: \$XX.X million

Function 10: Financial management (UNICEF example)

53. **Definition and description.** Establishing and maintaining systems of financial management and accountability; managing financial and other assets of the agency (funds management); supporting the allocation of agency programme and operating resources to optimize use of expected and/or available funds based on agency priorities (planning and budget); and managing and reporting on financial transactions involving the use of agency resources (accounting, payments, etc.).

54. **Issues and narrative.** UNICEF will continue to safeguard and ensure the transparent, efficient and effective utilization of resources in support of its mission and achievement of the organizational targets. UNICEF will continue to collaborate with other United Nations agencies in moving forward (United Nations) reforms on simplification and harmonization and reduction in transaction costs at global and country levels, and support the adaptation to the changing development assistance environment without compromising on transparency and efficiency.

55. **Expected key results:**

Management results (strategic plan)	Indicators	Baselines	Targets
1. Ensure primary responsibility for financial accountability, policy setting and reporting.	Management and administration, and programme support cost ratio to total regular resources and other resources.	19.7%	18.7%
2. Maintain and improve financial management procedures and systems to optimize use of resources.	Reduce unliquidated cash assistance to implementing partners over nine months. Timely and accurate financial reports and statement.	8% Closure by end-March of preceding year	5% Closure by end-March of preceding year

56. **Resources required:**
 20XX-20XX: \$XX.X million.
 20XX-20XX: \$XX.X million

Function 11: Information and communications technology management

57. **Definition and description.** This function covers the development and management of modern information technology (IT) to serve the needs of the organization worldwide. Results are produced through the provision of a variety of IT services: developing and procuring information systems and equipment that serve the organization’s business needs; assuring that worldwide communication capability (telephone, e-mail, fax, other) is installed and available to permit the effective conduct of the organization’s business and providing technical support to agency staff in:

(a) developing and utilizing systems applications to improve business operations; and (b) assuring that existing systems and equipment are operating successfully.

58. **Issues and narrative.** The major objective within this function is to ensure that technology investments bring the agency’s business functions and processes in line with best practices, principally through the implementation of the agency’s ERP.

59. **Expected key results:**

Management results (strategic plan)	Indicators	Baselines	Targets
1. Implementation of the ERP budgeting module.	Indicators would show whether results 1 and 2 have actually been accomplished, as well as operational measures of operating efficiency (result 3), such as percentage of agency staff who have e-mail connectivity and access to central systems; percentage of “down time” for agency systems (by country and worldwide); average response time for solutions to technical support problems.		
2. Effective utilization of the Prince2-compliant project management approach.			
3. Continuous improvement in the ability of staff to utilize the systems.			

60. **Resources required:**
 20XX-20XX: \$XX.X million.
 20XX-20XX: \$XX.X million.

Function 12: General administrative management.

61. **Definition and description.** This function covers the provision of workplaces and supporting supplies and services that permit agency staff at all locations to carry out the agency’s mission. Costs include the rents and utilities relating to office facilities at headquarters and field offices, supplies and equipment needed for staff to carry out BSB functions and the cost of staff that provide administrative services.

62. **Issues and narrative.** The objective in this function is to assure that facilities, supplies and equipment utilized by agency staff support their efforts to plan and carry out the agencies’ programmes and activities effectively and efficiently. Workplaces must be clean and functional, supplies and equipment must be procured and made available in a timely manner, based on staff needs, and administrative support staff must be attuned to their clients’ requirements.

63. **Expected key results:**

Management results (strategic plan)	Indicators	Baselines	Targets
1. Workplaces are available and supportive of the work of agency staff (to the extent this is within the manageable capacity of the service providers).	Survey results relating to staff satisfaction with workplaces and other administrative services; average time taken in responding to service		
2. Supplies and equipment are provided on time and in usable condition.			

Management results (strategic plan)	Indicators	Baselines	Targets
3. Administrative support staff are responsive to client needs and requirements.	requests for facilities and equipment repairs.		

64. **Resources required:**
 20XX-20XX: \$XX.X million
 20XX-20XX: \$XX.X million

Function 13: Human resources (UNFPA example)

65. **Definition and description.** Recruiting qualified staff internally and externally to fill vacant jobs; deploying and rotating staff to support achievement of agency programmes and objectives; training and educating staff to assure that skills and competencies required for agency functions are available; establishing and managing a system of performance review and evaluation that rewards personal and organizational performance and provides remediation for less than satisfactory performance; and providing adequate counselling for agency staff on issues such as career development and grievances.

66. **Issues and narrative.** UNFPA efforts will concentrate on full implementation of its human resources strategy, as follows:

- (a) Timely staffing of vacant posts with highest calibre personnel through a competitive and transparent recruitment process;
- (b) Retaining the best staff by offering better opportunities for learning and, also with the United Nations Development Group, career and professional growth, as well as lateral and inter-agency mobility. While recognizing the limitations on implementation of the latter, UNFPA will continue working with other United Nations agencies to explore possibilities for promoting inter-agency mobility;
- (c) Ensuring high morale, dedication, and integrity of the staff by acknowledging, encouraging and rewarding excellence in the staff work including offering performance incentives. The Division of Human Resources will work on developing the system of non-financial incentives and linking them with individual performance of staff members. At the same time, particular attention will be paid to addressing poor performance by the staff in the framework of the existing Performance Appraisal and Development (PAD) system. In particular, underperforming staff and their supervisors will be required to agree on management and learning measures that will help the staff concerned develop behavioural and functional competencies and improve performance;
- (d) Implementing the UNFPA policy on rotation will promote development of critical mix of skills among staff, enrich the professional experiences and ensure fairer conditions of service for international staff during their service with UNFPA.
- (e) Wider and more systematic implementation of the work-life balance policy will be promoted at all the levels of the Fund.

67. **Expected key results:**

Management results (strategic plan)	Indicators	Baselines	Targets
UNFPA has motivated and capable staff.	Percentage of staff evaluated as ‘high performers’ and percentage of staff evaluated as ‘under performing’ against competences.	7% high performers 10% under performing	10% high-performers 7% under performing
	Staff satisfaction as per the global staff survey.	76% satisfaction	79% satisfaction

68. **Resources required:**

20XX-20XX: \$XX.X million

20XX-20XX: \$XX.X million

Function 14. Internal audit (UNDP example)

69. **Definition and description.** This function captures the costs of planning, carrying out and follow-up for administrative and programme-related internal audits. The main audit activities comprise: (a) helping managers to assess how effectively their control system ensures that their business objectives are met; (b) making recommendations to improve the effective operation of control systems; and (c) providing reasonable assurance to the UNDP Administrator as to whether the following objectives are met:

- (i) assets and resources are accounted for and safeguarded from losses;
- (ii) conformity of expenditures with the purpose for which funds were appropriated;
- (iii) commitments and liabilities are identified and managed;
- (iv) complete and accurate accounting records;
- (v) economic, efficient, and effective use of resources;
- (vi) compliance with established policies, plans and procedures of UNDP.

70. The scope of audit and investigation work covers also covers such affiliated organizations as: (a) the United Nations Volunteers Programme, the United Nations Capital Development Fund, the Inter-Agency Procurement Services Office and the United Nations Development Fund for Women; (b) directly executed projects; (c) NGO/nationally executed projects; and (d) the United Nations Office of Project Services.

71. **Issues and narrative.** The Office for Audit and Performance Review has developed a three-year strategy for 2007-2009 which presents nine critical strategic objectives. To ensure that this strategy is implemented effectively, the Office has also proposed critical success factors which management and staff need to internalize and respond to. Some of these factors are: (a) effective management of client expectations in terms of deliverables and timings; (b) ability to effectively adapt to United Nations reform; (c) availability of audit resources, both staff and budget, in providing the required level of assurance to UNDP; and (d) timely issuance of audits and investigation reports and timely and systematic implementation and follow-up of audit recommendations by management.

72. **Expected key results:**

Management results (strategic plan)	Indicators	Baselines	Targets
The three-year audit strategy is effectively implemented and UNDP accountability and performance are enhanced.	75 % of key actions in the strategy are implemented		75%
Major audit recommendations fully implemented through identification on a yearly basis of top 15 audit issues.	Operational plan to address the critical audit issues and statements on audit issues		

73. **Resources required:**

20XX-20XX: XX.X million.

20XX-20XX: XX.X million.

Function 15: Corporate evaluation (UNDP example)

74. **Definition and description.** Evaluation is a longstanding and widespread function in UNDP, which is carried out by both the operational programmes of the organization (decentralized evaluations) and by the Evaluation Office. This function captures only corporate, central evaluation as evaluation of operational programmes is an integral part of monitoring and evaluation of programmes. Evaluation is guided by an evaluation policy that was endorsed by the Executive Board in June 2006.

75. **Issues and narrative.** The primarily mandated evaluation activities are, among others, to:

- (a) Undertake strategic and thematic evaluations of the relevance and appropriateness, effectiveness, efficiency and sustainability of UNDP management and programme policies;
- (b) Undertake evaluations of the UNDP contribution to development results through its global, regional and country programmes;
- (c) Promote the use of evaluation findings, lessons and recommendations in policy and programme formulation;
- (d) Develop methodological tools and systems to support results orientation in the organization;
- (e) Maintain dialogue with programme countries and country offices to strengthen the internalization and utilization of evaluation standards both within UNDP and among its partners;
- (f) Lead the development of professional partnerships within the United Nations system as chair and secretariat of the United Nations Evaluation Group (UNEG), and maintain and develop professional partnerships with such other actors as multilateral banks or the Organization for Economic Co-operation and Development/Development Assistance Committee on evaluation-related work.

76. **Selected expected key results:**

Management results (strategic plan)	Indicators	Baselines	Targets
1. Timely completion and use of key selected assessments of development results (ADRs) at the country level.	1.1 Number completed 1.2 Number completed in time to contribute to new country programme development		1.1 Target x ADRs 1.2 Target x ADRs
2. Timely completion of key strategic thematic/ strategic evaluations.	Number completed		Target x strategic/ thematic evaluations
3. Broader and more firmly established professional partnerships in evaluation within the United Nations evaluation community and externally.	3.1 State of organization and management of UNEG 3.2 Proportion of UNEG task forces that produce quality and useful outputs (shared indicator) 3.3 Number of professional external evaluation meetings at which UNDP has presented 3.4 Level of support provided by UNDP to external partners		3.1 Target: establishment of UNEG 'constitution', strengthening of human resource capacity in secretariat 3.2 Target: TBD 3.3 Target: TBD 3.4 Target: funding support for African Evaluation Association

77. **Resources required:**

20XX-20XX: XX.X million.

20XX-20XX: XX.X million.

Function 16: Staff security

78. **Definition and description.** This function covers activities related to assuring a safe, secure environment for agency staff and facilities so that programmes may be planned and implemented effectively. It includes establishing and maintaining policies and systems of security management and accountability, providing an enabling environment for safe programme delivery and contributing to staff safety and security in agency headquarters locations. Note: the costs included in this function are only those incurred directly by the agency in providing security. Funds relating to agency support to the United Nations security management system lie outside the BSB and are described and shown separately on the resource table below

79. **Issues and narrative.** Agency staff who plan and deliver development cooperation programmes and activities must operate in the most secure environment feasible. The agency's security costs include both those mandated by the United Nations and those considered as direct costs. The latter are an integral part of the BSB while the former are shown separately. Current global tensions require significant increases in both categories of expense to assure the safety of staff through compliance with the United Nations Minimum Operational Security Standards (MOSS) and other security programmes.

80. **Expected key results:**

Management results (strategic plan)	Indicators	Baselines	Targets
1. Compliance with MOSS in all countries to which the agency has provided MOSS support.	Compliance with result (1) would be measured (e.g., in UNDP, as of 2005, 103 of 132 countries were compliant).		
2. Provision of threat assessment reviews where requested.			
3. Strengthening facilities including shatter-resistant film on glass and improved perimeter security.	Response time to security incidents; and percentage of upgraded security supplies and equipment delivered within specified timelines.		
4. Procurement and delivery of technical equipment such as x-ray machines and metal detectors.			

81. **Resources required (see also table below):**

20XX-20XX: \$XX.X million.

20XX-20XX: \$XX.X million.

Section 1 – United Nations mandated security costs (UNDP Example)	2004-2005 Approved Appropriations	Volume	Cost	2006-2007 Proposed
1. UNDP share of United Nations Field Security Coordination Programme (implemented by UNDSS)	11 866.0	16 669.9	1 493.5	30 029.4
2. MOSS compliance assessments and investments	0.0	5 000.0	253.1	5 253.1
3. UNDP share of standardized access control project for New York building locations	0.0	5 674.0	287.2	5 961.2
Total UN mandated security costs (Gross)	11 866.0	27 343.9	2 033.8	41 243.7
Other-resource funding	0.0	(10 000.0)	0.0	(10 000.0)
Total UN mandated security costs (Net)	11 866.0	17 343.9	2 033.8	31 243.7
Shifted from BSB to Resource plan	(11 866.0)			
UN Mandated security costs requested in resource plan	0.0			31 243.7
Section 2 - Direct security costs				
1. Security unit	1 916.6	849.5	173.1	2 939.2
2. Malicious Acts Insurance Programme (MAIP)	1 093.1	0.0	1 635.8	2 728.9
3. Recurring security maintenance	522.2	0.0	2 823.2	3 345.4
4. Evacuation, residential security measures, training	2 564.1	131.2	1 819.2	4 514.5
5. Share of Reimbursement to United Nations related to security	900.0	0.0	49.3	949.3
Total direct security costs included in BSB	6 996.0	980.7	6 500.6	14 477.3

IV. Draft appropriation decision

82. It is recommended that the Executive Board adopt the following draft decision:

The Executive Board,

Takes note of the functions, management results, indicators and resource requirements in the report on the biennial support budget as contained in document XX/XXX,

Approves gross resources in the amount of \$XXX representing the total biennial support budget 20XX-20XX and *note* that the income estimates of \$XXX shall be used to offset the gross appropriation, resulting in estimated ‘net’ appropriation of \$XXX,

Resolves that the appropriated amount be used to achieve the results as specified in the functions as presented in document XX/XXX,

Approves the amount of \$XXX from the regular resources for covering the security costs mandated by the United Nations.

Summary Table I. **Regional resource plan**
(In millions of United States dollars)

Use of resources	2004-2005				2006-2007			
	<i>Regular resources</i>	<i>Additional resources</i>	<i>Total resources</i>		<i>Regular resources</i>	<i>Additional resources</i>	<i>Total resources</i>	
	\$	\$	\$	%	\$	\$	\$	%
AFRICA								
A. Programmes	453.0	260.0	713.0		498.0	898.0	1,396.0	
B. Biennial support budget (operating)	108.0	18.6	126.6		130.3	27.8	158.1	
Total Africa	561.0	278.6	839.6	14.0	628.3	925.8	1,554.1	18.8
ARAB STATES								
A. Programmes	75.0	491.7	566.7		79.0	481.3	560.3	
B. Biennial support budget (operating)	33.0	24.6	57.6		37.7	27.4	65.1	
Total Arab States	108.0	516.3	624.3	10.4	116.7	508.7	625.4	7.6
ASIA AND THE PACIFIC								
A. Programmes	348.0	566.7	914.7		352.0	850.0	1,202.0	
B. Biennial support budget (operating)	60.4	27.5	87.9		70.8	34.1	104.9	
Total Asia and the Pacific	408.4	594.2	1,002.6	16.7	422.8	884.1	1,306.9	15.8
LATIN AMERICA AND THE CARIBBEAN								
A. Programmes	46.0	1,976.6	2,022.6		51.0	2,639.0	2,690.0	
B. Biennial support budget (operating)	41.6	56.5	98.1		46.9	66.5	113.4	
Total Latin America and the Caribbean	87.6	2,033.1	2,120.7	35.4	97.9	2,705.5	2,803.4	34.0
EUROPE AND THE COMMONWEALTH OF INDEPENDENT STATES (CIS)								
A. Programmes	73.0	259.8	332.8		78.0	398.0	476.0	
B. Biennial support budget (operating)	41.6	23.2	64.8		47.8	30.8	78.6	
Total Europe and CIS	114.6	283.0	397.6	6.6	125.8	428.8	554.6	6.7
INTERCOUNTRY, GLOBAL AND OTHERS								
A. Programmes	126.0	196.2	322.2		132.0	398.0	530.0	
B. Biennial support budget (operating)	36.9	131.2	168.1		33.2	147.1	180.3	
Total intercountry, global and others	162.9	327.4	490.3	8.2	165.2	545.1	710.3	8.6
CENTRALLY MANAGED SUPPORT								
Biennial support budget (operating)	90.8	12.8	103.6	1.7	103.3	15.0	118.3	1.4
TOTAL UNDP								
A. Programmes	1,121.0	3,751.0	4,872.0	81.3	1,190.0	5,664.3	6,854.3	83.0
B. Biennial support budget (operating)	412.3	294.4	706.7	11.8	470.0	348.7	818.7	9.9
C. Support to operational activities of the UN	175.0	227.0	402.0	6.7	204.4	327.6	532.0	6.4
D. United Nations Capital Development Fund	-	-	-	0.0	9.4	0.6	10.0	0.1
E. UN mandated security costs	11.9	-	11.9	0.2	31.2	10.0	41.2	0.5
GRAND TOTAL USE OF RESOURCES	1,720.2	4,272.4	5,992.6	100.0	1,905.0	6,350.6	8,256.2	100.0

Summary Table II. **Proposed changes in senior posts**

	<i>Senior Posts</i>		
	<i>ASG</i>	<i>D-2</i>	<i>Total</i>
2004-2005 APPROVED POSTS	10	57	67
A. Proposed increases			
XXXXX		1	
XXXXX		1	
Total increases		2	
B. Proposed reclassifications			
XXXXX		1	
XXXXX		1	
Total reclassifications		2	
Total changes (net)		4	
2006-2007 PROPOSED POSTS	10	61	71

Summary Table III. **Estimated area of resource impact**
(In thousands of United States dollars)

	<i>2004-2005</i>		<i>Changes</i>		<i>2006-2007</i>	
	<i>Resource estimate</i>	<i>% of Total</i>	<i>Inc./(dec.)</i>	<i>%</i>	<i>Resource estimate</i>	<i>% of Total</i>
Country level	xxx		xxx		xxx	
Regional level	xxx		xxx		xxx	
Global level	xxx		xxx		xxx	
TOTAL	909.7		154.9		1 064.6	
Income	(70.3)		(0.9)		(71.2)	
Extrabudgetary resources	(276.0)		(59.7)		(335.7)	
Net budget estimates	563.4		94.3		657.7	

Note: Values for country, regional and global levels of results will be added after analysis by agencies.
This table will be included when agencies have analyzed resource impacts.

TERMINOLOGY

(Terms used in the biennial support budget document on which common agreement has been reached and their corresponding definitions given below)

Results based budgeting (RBB): Based on the HLCM Concept paper, for the biennium support budgets of UNDP, UNFPA and UNICEF, RBB is defined as a results-driven budgeting process wherein resource justification is made for a set of expected results with indicators including baseline and targets to be achieved, presented by key functions.

Biennial support budget: The budget of organization covering a set of functions that support the operational activities of the organization, in support of its mission and mandate at all levels within the framework of the strategic plan, over a two-year period.

Appropriation: An authorization by the Executive Board to the Head of the Agency to commit biennial support budget funds during the biennium up to the amounts so approved.

Cost (increase/decrease): Any increase or decrease in the cost of a resource input in the budget period compared with that in the previous budget period, arising from changes in costs, prices and exchange rates.

Function: Group of activities carried out, funded with BSB resources, to operate and improve the agencies in order to assure the effective delivery of development results and implementation of their respective mandates.

Gross budget: For voluntarily funded organisations, the budget in which staff costs are estimated on a net basis (i.e., exclusive of staff assessment) and all other costs are estimated on a gross basis, e.g., inclusive of income tax payments for staff, total local office costs and costs of services to be rendered.

Net budget: For voluntarily funded organisations, the budget which reflects estimates of income to be expected which offsets, in whole or in part, the related gross budget estimates.

Other resources: Resources of a voluntarily funded organization, other than Regular resources, which are received for a specific programme purpose (Other resources relating to programmes) and for the provision of specific services to third parties (Other resources relating to reimbursements).

Additional Resources: This terminology is used in the context of a simplified presentation of the biennial support budget tables. It is defined as resources, other than Regular resources, including other resources and Funds-in Trusts.

Programmes: Direct inputs needed to achieve the objectives of a specific project or programme for development cooperation. This may typically include experts, support personnel, supplies and equipment, subcontracts, cash assistance and individual or group training.

Regular resources: Resources of a voluntarily funded organization that are co-mingled and untied. These will include pledges of voluntary contributions, other governmental or intergovernmental payments, donations from non-governmental sources and related interest earnings and miscellaneous income.

Volume (increase/decrease): Any increase or decrease in resource requirements attributable to changes in the level or nature of activities carried out by an organization during the current budget period and those proposed for the forthcoming budget period. Volume is expressed using the same cost factors applicable for the approved appropriations to permit direct comparison of these changes relative to the level of activities approved for the current budget period.