UNICEF STRATEGIC PLAN: updated financial estimates, 2020–2023

Thomas Asare, Comptroller, UNICEF
Based on the latest available information, UNICEF has adopted a prudent financial outlook in preparing its financial framework for 2020–2023, while closely monitoring developments.

Total income is forecast to decrease by 1% in 2020 compared with the actuals in 2019. It is projected to decrease by 4% in 2021, forecasted to remain static in 2022 and then projected to grow by 3% in 2023.

Regular resources have become even more critical to meet the needs of all children – they allow UNICEF to reach children at scale, facilitate sustainability of impact and enable innovation and rapid response.

In view of the impact of COVID-19 on the global economy, UNICEF has re-prioritized and recalibrated its budget process to address the anticipated impacts of the pandemic for the remaining current Strategic Plan period. This is being monitored continuously and will inform the Strategic Plan & Integrated Budget, 2022-2025.
Total income doubled from $3bn to $6bn over the last decade. Income growth is largely driven from increases in OR (earmarked) funding. RR has ranged between $1.3bn and $1.4bn over the last 8 years.

While expenditure on programme activities has increased by 56% since 2012, UNICEF has controlled the Institutional Budget with a lower percentage increase (29%), demonstrating efficiency and increasing the proportion of resources for programme activities from 88% in 2012 to 90% in 2019.
Projected income and expenditure: 2020-2023

Total income and expenditure projections, 2020-2023
(in millions of United States dollars)

- Income
- Expenditure

<table>
<thead>
<tr>
<th>Regular Resources</th>
<th>Other Resources</th>
<th>Total</th>
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</thead>
<tbody>
<tr>
<td>5,287</td>
<td>19,388</td>
<td>24,675</td>
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<tr>
<td>5,404</td>
<td>20,656</td>
<td>26,060</td>
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</tbody>
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2020-2023 overall income and expenditure projections:

- Total projected income is $24.7 bn. and total projected expenditure is $26.1 bn. The difference between total income and expenditure will be funded from the balance accumulated in prior years (mainly OR), when actual income surpassed planned amounts.

- As per Executive Board decision, UNICEF is requested to maintain RR cash balance equivalent to 10% of projected RR income.

- In the past six years, UNICEF has adopted best practice of maintaining a minimum of three months of projected RR expenditure as RR cash balance. The current projected balance as at December 2023 is still 66% above the mandatory UNICEF Executive Board decision requirement and equivalent to two months of projected RR expenditure.
Staff liability reserve covers 55% of the liabilities as at end 2019.

Funded reserves are projected to cover 76% of these liabilities by 2023.

UNICEF will continue to monitor the effectiveness of the strategy and make appropriate adjustments as financial variables change.
Operational Guidelines of the Working Capital Fund – For information

Decision 2020/13
(ref. E/ICEF/2020/AB/L.5)

PRINCIPLES
- Maximize impact to beneficiaries
- Ensure best use of funds to enhance stability of funding for country offices
- Appropriate risk management
- Enhance transparency to all stakeholders
- Funding request based on need and validation by management

FUNDING MECHANISM
- Funded from a portion of UNICEF annual treasury income
- Subject to affordability within projected financial framework

RISK MITIGATION
- Allocating resources based on degree of probability of repayment:
  - High probability forecast = Advance 100% of forecast requirement
  - Medium probability = Advance 75% of forecast requirement
- Maximum of 2 years repayment period and RR used as internal collateral

REPORTING
- UNICEF will report to the Executive Board annually on the status of the revolving Working Capital Fund in the “UNICEF Strategic Plan: updated financial estimates” document. The report will include details of all advances and repayments.
Thank you.