

Background on Road Map to an Integrated Budget

Sep 2009/Jan 2010: Executive Boards request greater harmonization of budgets and single integrated budget as of 2014

Jan 2010: Road Map presented to Executive Boards

June 2010: Informal Briefing on

- **Proposed cost definitions and classification**
- **Results of review of results based budgeting models and methodologies**

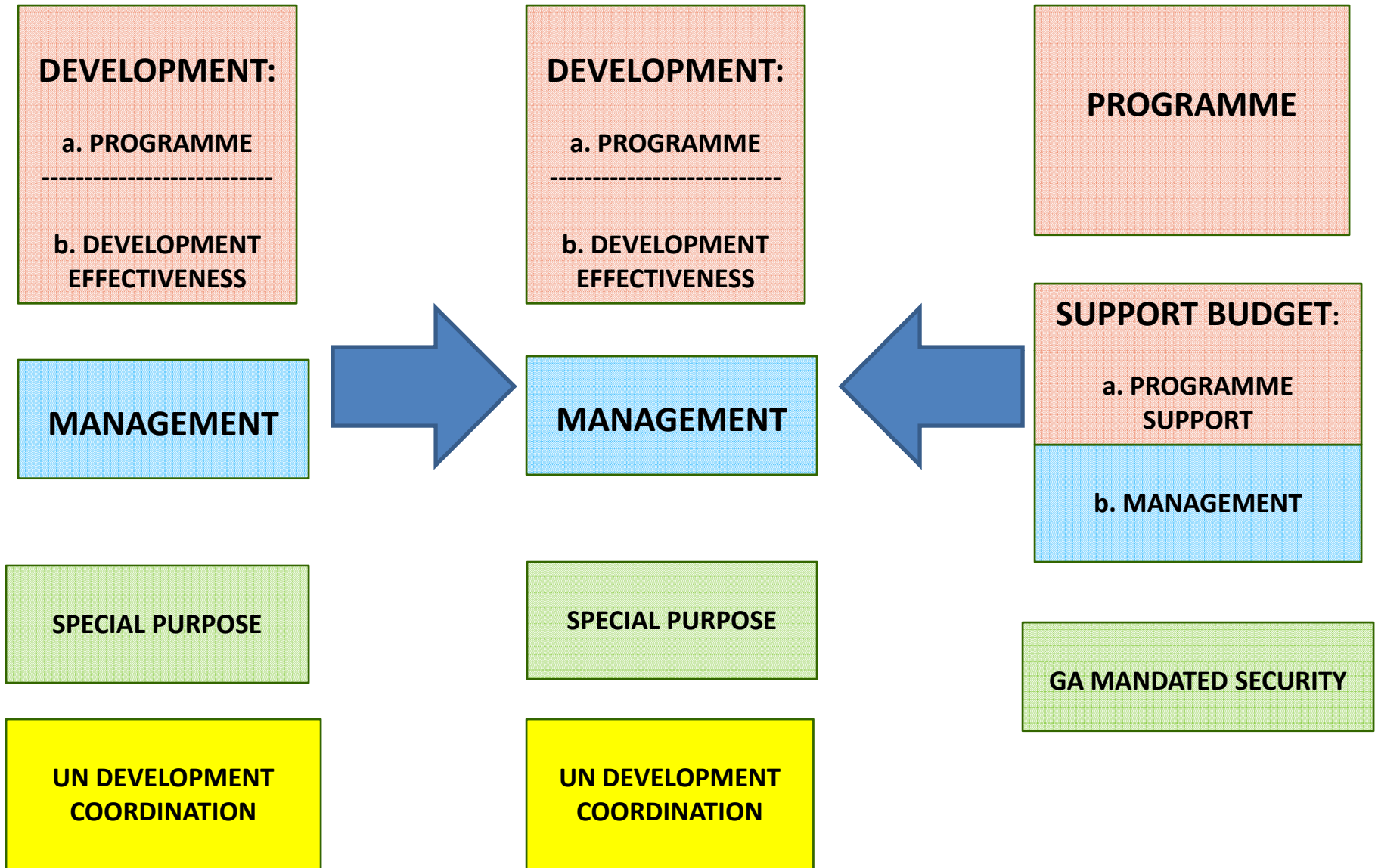
I. Principles of Cost Classification

- (a) Support strategic decision-making;
- (b) Provide basis for reasonable comparison
- (c) Develop an approach that is practical, transparent and simple
- (d) Align cost classification with strategic plans
- (e) Facilitate measurement of organizational efficiency.

UNDP 2010-11*

Joint Proposal

UNICEF/UNFPA 2010-11**



(*) UNDP/UNFPA EB decision 2009/22 on the Methodology & Approach to the UNDP BSB 2010-2011

(**) 1997 Harmonized cost classification. (DP/1997/10 and Add.1, E/ICEF/1997/AB/L.3 and Add.1)

Proposed Definitions: Development

- **Programmes** : Activities/inputs that can be traced to specific programme components or projects, which contribute to delivery of development results contained in Country/Regional/Global programme documents or other programming arrangements.
- **Development Effectiveness**: Activities/inputs of a policy advisory, technical and implementation nature needed to achieve the objectives of programmes and projects in the agencies' focus areas.

Proposed Definitions: Management

- **Management:** Activities/inputs that promote the identity, direction and well-being of an organization and compliance with statutory obligations.
- These will typically include the following functions: executive direction, representation, external relations and partnerships, corporate communications, legal, oversight, audit, corporate evaluation, information technology, finance, administration, security, and human resources.

Proposed Definitions: Special Purpose and UN Development Coordination

- ***Special Purpose*** : costs of a cross-cutting nature that are either (a) mandated by the General Assembly, (b) involve material capital investments, or (c) do not represent a cost related to management activities of the organizations.
 - General Assembly-mandated activities
 - Capital Investments
 - Non-agency operations administered by the agencies
- ***United Nations Development Coordination*** : Activities supporting the coordination of development activities of the United Nations system.

II. Results-Based Budgeting

Executive Board requested:

1. Improved results focus and enhanced linkages with the management results of the strategic plan
2. Improved linkages between budget resources and results

A. Improved linkages with management results of the Strategic Plans (SPs)

Challenges/Issues

- BSB results and SP results not fully aligned
 - Different timing and synchronization of SP and BSB results frameworks
 - BSB results more encompassing than management / institutional results frameworks
- Some donors request performance frameworks separate from BSB/SP results, leading to separate discussions and approvals

Proposals

- The SPs will be the single, overarching results framework
- Upcoming mid-term review of the SPs (UNDP & UNFPA) provides opportunity to align results and improve performance indicators
- Budgets fully linked with Strategic Plan results framework

B. Improved linkages between resources and results

Comparative Results-Based Budgeting practices indicated:

- There is no widely recognized benchmark for linking management results to resources
- Resources allocated globally to cost categories based on previous budgets, expenditure patterns or organizational strategic priorities, not on the costing of detailed results/outputs

Today

Strategic Plan

SP Management / Institutional Result Framework

- Results
- Indicators
- Targets

Biennial Support Budget 2010-2011

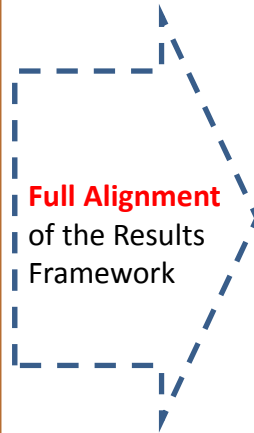
BSB functions and associated budgets
 BSB results
 BSB indicators of performance (out of which some from SP)

Proposal for 2012-2013 period

Strategic Plan

SP Management / Institutional Result Framework

- Results
- Indicators
- Targets



Biennial Support Budget 2012-2013

Management Total \$XXX,XXX,XXX
 Strategic initiatives are costed and linked to selected results

SP Result 1	Indicator Target	Strategic Initiative
		\$ XXX, XXX
SP Result 2	Indicator Target	

Special Purpose Total \$XXX,XXX,XXX
 One cost allocation (budget) per Special Purpose project

IPSAS Implementation	\$ XXX, XXX
Contractual Reform	\$ XXX, XXX

C. Proposed vision for an integrated framework in 2014

Strategic Plan 2014-2017

Integrated Budget starting 2014

