

**The road map to an integrated budget:  
cost classification and results-based budgeting  
Joint informal note of UNDP, UNFPA and UNICEF for information**

**First regular session 2011**

The Executive Boards of the United Nations Development Programme (UNDP), the United Nations Population Fund (UNFPA) and the United Nations Children's Fund (UNICEF) in decisions 2010/32 (UNDP/UNFPA) and 2010/20 (UNICEF) requested the three organizations to “prepare an informal mock-up document to illustrate the format of the 2012-2013 budget ... that will ensure comprehensive, transparent linkages to the institutional and management results frameworks of the respective strategic plans, for discussion at the first regular session 2011”.

In the same decisions, the Executive Boards requested UNDP, UNFPA and UNICEF to provide “additional written information, prior to the first regular session 2011, in the form of an informal note on the differences in the categorization of costs into cost classifications”.

The present document addresses both requests: Part A contains an informal mock-up of the 2012-2013 budget, and provides a proposal for the results-based budget model, which links resources to the institutional and management results frameworks of the respective strategic plans. Part A also illustrates the format of key budget tables impacted by the new cost classification and results-based budgeting model. Part B contains the informal note on the differences in the categorization of costs into cost classifications, for the information of the Executive Board.

## **Part A. Informal mock-up illustrating the formats of key budget tables impacted by the new cost classification and results-based budgeting model**

### **I. Background**

1. The present document is informally submitted to the Executive Boards in direct response to the requests made in the decisions noted above. It contains a mock-up of the key tables that are affected by the new cost classification and results-based budgeting models.
2. In addition, annex 1 to Part A contains an explanatory note on the proposed results-based budget model, which strengthens the linkage between results and resources, and the linkages to the institutional and management results frameworks of the strategic plans of the organizations. This explanatory note was already informally presented, discussed and favourably received at the Executive Board joint informal consultation of UNDP, UNFPA and UNICEF on 3 December 2010.
3. Annex 2 to Part A presents the key tables containing the UNDP figures for 2010-2011, for illustrative purposes only.

### **II. Contents of the mock-up document**

4. In order to present a simplified and streamlined structure and contents, this document contains only the formats of key tables impacted by the new cost classification and results-based budgeting frameworks.
5. The tables included in this document are part of the harmonized elements of the budget documents for 2012-2013. The other harmonized tables contained in the current biennial budget documents of the respective organizations will continue to be included in the budget documents. In addition, organizations may include in their respective budget documents other tables deemed necessary to provide an accurate and comprehensive representation of the budget proposals.
6. Section III contains the new proposed format for the tables impacted by the new frameworks, with the understanding that other tables will remain largely unchanged. The new tables are:
  - (a) Resource plan
  - (b) Results and resources framework for 2012-2013
  - (c) 2010-2011 resource plan: current plan vs. actual/estimated expenses

### III. Harmonized key budget tables impacted by the new cost classification and/or results-based budgeting frameworks

#### Resource plan

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

	2010-2011					2012-2013				
	Regular resources	Other resources	Trust Funds	Total resources	%	Regular resources	Other resources	Trust Funds	Total resources	%
<b>1. Resources available</b>										
Opening balance										
Income										
Contributions	-	-	-	-						
Other income and reimbursements a/	-	-	-	-						
Total Income	-	-	-	-		-	-	-	-	
Trust funds b/	-	-	-	-		-	-	-	-	
<b>Total available</b>	-	-	-	-		-	-	-	-	
<b>2. Use of resources</b>										
<b>A. Development activities</b>										
A.1 Programmes	-	-	-	-		-	-	-	-	
A.2 Development effectiveness	-	-	-	-		-	-	-	-	
<b>Subtotal development activities (A.1 + A.2)</b>	-	-	-	-		-	-	-	-	
<b>B. United Nations development co-ordination</b>	-	-	-	-		-	-	-	-	
<b>C. Management activities</b>										
C.1 Management activities										
C.1.1 Recurring costs	-	-	-	-		-	-	-	-	
C.1.2 Non-recurring costs	-	-	-	-		-	-	-	-	
<b>Subtotal management activities (C1)</b>	-	-	-	-		-	-	-	-	
<b>D. Special purpose activities</b>										
D.1 Capital Investments	-	-	-	-		-	-	-	-	
D.2 Non-agency specific operations	-	-	-	-		-	-	-	-	
<b>Sub-total Special purpose activities (D.1+D.2)</b>	-	-	-	-		-	-	-	-	
<b>Total use of resources (A+B+C+D)</b>										
<b>3. Balance of resources</b>										

#### Notes:

1. New cost classification categories will impact the allocation of resources. The 2010-2011 figures will be restated under the corresponding reclassifications, and explanations illustrating the cross-walk between the prior and current cost classification frameworks will be provided as appropriate.

2. Organizations may include additional columns to this harmonized table, for example, in the case of UNICEF, to show allocations for trust funds.

## B. Results and resources framework for 2012-2013

**Table 2**

### Development effectiveness resources

Strategic Plan (SP) Output	Indicator of performance	Baseline	Target	Agency-specific Functional Clusters	2012-2013 Indicative resources	
					RR	OR
SP Output(s)					\$	\$
					\$	\$
					\$	\$
	<b>Total Development Effectiveness Resources:</b>				<b>\$</b>	<b>\$</b>

### United Nations Development Coordination resources

SP Output	Indicator of performance	Baseline	Target	Agency-specific Functional Clusters	2012-2013 Indicative resources	
					RR	OR
<b>Total UN Development Coordination resources:</b>				<b>\$</b>	<b>\$</b>	

### Management resources

Recurrent costs						
SP Output	Indicator of performance	Baseline	Target	Harmonized Functional Clusters	2012-2013 Indicative resources	
					RR	OR
SP Output				Leadership and corporate direction	\$	\$
				Corporate oversight and assurance (internal audit, investigations and corporate evaluations)	\$	\$
SP Output				Corporate financial, information & communication technology and administrative management	\$	\$
				Corporate human resources management	\$	\$
				Corporate external relations and partnerships, communications and resource mobilization	\$	\$
SP Output				Staff and premises security	\$	\$
				Field/country office oversight, management and operations support	\$	\$
<b>Total Management recurrent resources:</b>				<b>\$</b>	<b>\$</b>	
Non-Recurrent costs						
SP Output	Indicator of performance	Baseline	Target	Agency-specific Functional Clusters	2012-2013 Indicative resources	
					RR	OR
SP Output					\$	\$
SP Output					\$	\$
SP Output					\$	\$
SP Output					\$	\$
<b>Total Management non-recurrent resources:</b>				<b>\$</b>	<b>\$</b>	

### Special Purpose resources

Capital investments						
SP Output	Indicator of performance	Baseline	Target	Agency-specific Functional Clusters	2012-2013 Indicative resources	
					RR	OR
SP Output					\$	\$
<b>Total Capital Investment resources:</b>				<b>\$</b>	<b>\$</b>	
Non-agency specific operations						
SP Output	Indicator of performance	Baseline	Target	Agency-specific Functional Clusters	Indicative resources	
					RR	OR
<b>Total Non-agency specific operations:</b>				<b>\$</b>	<b>\$</b>	

**Notes:**

1. The functional clusters contained in the table under “Management resources – Recurrent costs” will be harmonized, with minor exceptions, due to different structures and business models of the organizations. They are described in Part B: Informal note on the differences in the categorization of costs into cost classifications.
2. The current table, with resource allocation for the 16 results-based budgeting functions, will be replaced with the proposed new results-based budgeting framework. Annex I contains the explanatory note of the new results-based budgeting framework.

**Description of activities and resources, by strategic plan output**

7. In addition to the Results and Resources framework table above, this section of the budget document will contain the accompanying narrative that provides the context of the results and resources proposed for the biennium. The narrative will be provided for each cost classification element in the Results and Resources framework table, and by each strategic plan output. For each strategic plan output, the narrative will discuss performance targets, challenges and major planned activities for 2012-2013, including any new initiative, as well as resource proposals.

Example:

**Management – recurrent costs**

*Strategic plan output: xxxx*

*Estimated resources: \$xxx (RR), \$xxx (OR)*

Narrative

*Strategic plan output: xxxx*

*Estimated resources: \$xxx (RR), \$xxx (OR)*

Narrative

8. Annex 1 to Part A provides further information on the overall proposed results-based budget model.

## C. 2010-2011 resource plan: current plan vs. actual/estimated expenses

**Table 3**  
(in millions of United States dollars)

1. Resources available	2010-2011 Resource plan				2010 (Actual) - 2011 (Estimated)			
	Regular resources	Other resources	Total resources	% of total	Regular resources	Other resources	Total resources	% of total
Opening Balance a/								
Income								
Contribution								
Other								
Total income								
<b>Total available</b>								
<b>2. Use of resources</b>								
A. Programmes								
B. Biennial support budget								
C. Security								
D. XXX								
E. XXX								
F. XXX								
<b>Total use of resources</b> (A+B+C+D+E+F)								
<b>3. Balance of resources (1-2)</b>								
	-	-	-					

9. In response to Executive Board requests, a new table will be provided that includes planned vs. actual/estimated expenses for the current biennium. Because the budget is submitted before the end of a biennium, actual expenditure will include data from the first year of the current biennium, and projected estimates for the second year of the current biennium. The actual expenditure for the second year of the current biennium will be provided in the report of the head of each organization in the annual financial review for that year.

10. For 2010-2011 the planned vs. actual expenses will be provided based on the existing cost elements – i.e., approved 2010-2011 resource plan, as shown above. For 2012-2013 onwards, the information will be provided based on the new cost classification.

## Annex 1 to Part A

### **The road map to an integrated budget: cost classification and results-based budgeting Proposed results-based budget model: draft explanatory note**

(Presented at the Joint Informal Consultation of the Executive Boards of UNDP/UNFPA and of UNICEF Friday 3 December 2010. The related tables originally found in this note are presented in Part A of this document, Section III.)

## **I. Background**

1. As an integral part of the roadmap to an integrated budget, UNDP, UNFPA and UNICEF committed to draft a joint report including, *inter alia*, a proposal for strengthening the results-based budgeting methodology in relation to two key aspects:

(a) Improved results focus and enhanced linkages with the management results framework of the strategic plan;

(b) Improved linkages between resources and results.

2. The joint report was submitted to the Executive Boards at the second regular session in September 2010, and included a high-level proposal for results-based budgeting (RBB). In their decisions 2010/32 (UNDP/UNFPA) and 2010/20 (UNICEF), the Executive Boards, taking note of the report, requested the organizations to prepare an informal mock-up that would ensure "...comprehensive, transparent linkages to the institutional and management results frameworks of the respective strategic plans, for discussion at the first regular session of 2011..."

3. This annex contains a more detailed results-based budgeting proposal which accompanies the mock-up. (For reference, please see the Results and Resources framework in Part A, Section III.)

## **II. Proposal**

4. The proposed RBB framework is for the 2012-2013 budget and beyond. The proposal covers the cost classification categories approved by the Executive Boards, namely:

(a) Development activities: i) programmes; ii) development effectiveness

(b) Management: i) recurring costs; ii) non-recurring costs

(c) United Nations development coordination

(d) Special purpose: i) capital investments; ii) non-agency specific operations

5. The proposed model aims to address the requests from the Executive Boards as follows:

- (a) The linkage with the management (institutional) results of the strategic plan is strengthened by using the strategic plan management (institutional) outputs<sup>1</sup> as the entry point for RBB. The respective strategic plans of the three organizations starting 2014 will contain the single, overarching results framework of the organizations, and the budgets will constitute the funding vehicles to enable the achievement of those results;
- (b) The link between resources and management (institutional) results is strengthened through functional clusters, which will be established based on the organizational units of each agency.

**Explanatory notes regarding the proposed RBB model:**

6. In understanding and assessing the proposed RBB methodology, it is helpful to consider a number of fundamental features of the model, including:

*(a) Linkage of the RBB proposal to the cost classification categories approved by the Executive Boards*

The reason for using the approved costs categories as a basis for RBB is twofold:

- (i) Each classification category groups together certain costing elements that aim to deliver high-level types of results. As such, there is a results-based element already embedded in the cost classification model;
- (ii) The cost classification model covers the entire results chain of each organization, including Development Activities, Management, Special Purpose and UN Development Coordination. As such, the cost classification model provides a solid basis for RBB.

*(b) Simple explanation of the RBB model*

The columns labelled “strategic plan output”, “indicator of performance”, and “baseline and target” refer to the information that will in the future be coming directly from the strategic plan of each organization.

As such, the results of the strategic plan will be the single, overarching results framework for the organizations, as opposed to the multiple results frameworks that currently coexist (special purpose results, biennial support budget results, donor-specific results frameworks). This will enable the organizations and the Executive Boards to focus on a number of key strategic areas regarding planning, monitoring, and reporting on results.

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<sup>1</sup> In the case of UNDP and UNFPA, the upcoming mid-term review of the strategic plans will provide an opportunity to review the management outputs in line with the proposed RBB model. In the case of UNICEF, consideration of management outputs will be based on the strategic plan for 2014-2017.



The columns labelled “functional clusters” and “indicative resources” constitute the information contained in the budget.

Agencies allocate resources directly to organizational units that carry out activities to deliver intended outputs. As functional clusters group together a number of organizational units that deliver certain outputs, they constitute the link between results and resources.

*(c) Treatment of programme resources in the proposed model*

Programme results are a critical element of an integrated RBB model. Programme resources, particularly core resources, are for the time being, legislated, approved and distributed to programme countries based on the programme funding frameworks and criteria of each organization, and country programmes approved by the Executive Boards. With regard to non-core programme resources, the financial and resource mobilization architecture is unique to each organization and more complex. It is therefore proposed for 2012-2013 to continue presenting the programme resources picture as currently presented in the respective strategic plans of the organizations.

In the context of the preparation of the strategic plans beginning in 2014, the respective Executive Boards may wish to introduce a discussion on the financial presentation of programme resources in line with the concept of the integrated budget starting in 2014.

*(d) Comparison of the functional clusters and the 16 RBB functions in the biennial support budget*

In general terms, functional clusters and the 16 RBB functions are similar concepts. While the 16 functions were not designed to be directly mapped to the individual units of each agency, the functional clusters are envisaged to relate to the organizational structure of each agency, particularly with respect to the “recurrent management” activities, which form the bulk of the budget. This will enable tracking of actual expenditure for each functional cluster and will strengthen accountability towards the results that each cluster is expected to deliver.

Moreover, an important difference between the current 16 functions and the proposed functional clusters relates to the placement of these functions within the logic of the model itself. That is, the 16 BSB functions constituted the entry point for RBB: within each function was a series of results, targets and indicators, linked to (but not the same as) the management results, targets and indicators of the strategic plan. Some of the results and targets in the current BSB formulation were not as strategic and “high-level” as envisaged in the proposed model.

The proposed model, on the other hand, foresees that the entry point for RBB will be the results of the strategic plan. These strategic plan outputs will, in turn, be linked to functional clusters as a way to allocate budget resources across the organizations for the achievement of the results.

As such, the model greatly strengthens the linkage between strategic planning and budgeting, by combining the two into a single, consolidated framework.

(e) *Functional cluster harmonization*

The functional clusters for the recurrent management budget will be harmonized to the greatest extent possible. This means that the costing elements contained in each functional cluster will be largely the same for the three organizations (allowing for differences in business models where appropriate). The “development effectiveness” category is linked to the focus areas of the strategic plans of the respective organizations, and delivery modalities; as a result, the substantive content of this category will be, in some cases, organization-specific.

Because non-recurring management costs, UN development coordination and special purpose costs are biennial and organization-specific by their own nature, the elements included in these categories will not be harmonized.

(f) *Strategic plan output harmonization*

The strategic plan outputs and indicators of performance will not be harmonized. This is because the strategic positioning of each organization and the respective mandates are what makes each organization unique. Aiming to harmonize these elements would not be conducive to a true and meaningful analysis of the strategic challenges and opportunities of each organization.

(g) *Example of how a completed functional cluster will be linked to a strategic plan output, indicators of performance, baselines and targets*

Selecting indicators that are representative of an organization’s performance is a very important task that requires much reflection and consultations. As such, the definition of outputs, indicators, baselines and targets for any given functional cluster will be a rather complex task that will be undertaken in the context of the development or reviews of the strategic plans.

However, in order to illustrate how the model would conceptually function, figure I below provides a sample completed functional cluster for illustrative purposes only.

**Figure: Sample completed RBB model for a functional cluster**

Management resources						
Recurrent costs						
SP Output	Indicator of performance	Baseline	Target	Functional Clusters	2012-2013 Indicative resources (in \$m)	
					RR	OR
Staff security strengthened through compliance with minimum operating security standards	Percentage of evaluated country offices that are compliant with minimum operating security standards	66%	80%	Staff and premises security	7.6	-

(h) *Information on actual past expenditure against each functional cluster and actual results achieved against each strategic plan output*

Going forward, information on actual expenditure against each functional cluster will be included in the budget document. Such data may be presented as a separate table rather than being included in the RBB model. Because the budget is submitted before the end of a biennium, actual

expenditure will include data from the first year of the biennium, and projected estimates for the second year of the biennium.

It is important to note that, because the 2012-2013 budget will reflect the new cost classifications approved by the Executive Board, information on actual 2010-2011 expenditure by functional cluster will not be available. Information on actual expenditure relating to the 2012-2013 biennium will therefore be provided with the beginning of the integrated budget in 2014. The new cost classifications will be reflected in the financial statements and annual financial reviews from 2013 onwards.

Regarding actual results achieved for each strategic plan output, this information will be provided in each organization's annual report, as is the case today. Because there will no longer be "budget-specific" results, the annual reports will capture the results information for each organization.

(i) *Information on other resources (OR)*

Each functional cluster will contain projected figures for regular resources and for other resources, including trust funds where applicable.

## Annex 2 to Part A. Key tables containing UNDP 2010-2011 figures, for illustrative purposes only

	2010-2011						2012-2013					
	Regular resources	Regular (Other income utilization) resources	Bilateral/Multilateral resources	subtotal Donor resources	Local resources	Total resources	Regular resources	Regular (Other income utilization) resources	Bilateral/Multilateral resources	subtotal Donor resources	Local resources	Total resources
<b>1. Resources available</b>												
Opening balance	279.8	-	2,946.1	3,225.9	680.9	3,906.8						
Income												
Contributions	2,350.0	-	4,955.9	7,305.9	2,216.7	9,522.6						
Other b/	-	75.1	49.5	124.6	22.2	146.8						
Reimbursement for services to other United Nations organizations	-	-	40.9	40.9	-	40.9						
<b>Total available</b>	<b>2,629.8</b>	<b>75.1</b>	<b>7,992.4</b>	<b>10,697.3</b>	<b>2,919.8</b>	<b>13,617.1</b>						
<b>2. Use of resources</b>												
<b>Development activities</b>												
A.1 Programmes	1,518.2	-	5,947.2	7,465.4	2,413.1	9,878.5						
A.2 Development effectiveness	248.1	-	164.1	412.2	33.2	445.4						
<b>Subtotal development activities (A.1 + A.2)</b>	<b>1,766.3</b>	<b>-</b>	<b>6,111.3</b>	<b>7,877.6</b>	<b>2,446.3</b>	<b>10,323.9</b>						
<b>United Nations development coordination activities</b>												
B.1 Country Offices support	174.9	-	84.2	259.1	7.0	266.1						
B.2 Headquarters support (Development Operations Coordination Office)	3.6	0.3	1.9	5.8	-	5.8						
<b>Subtotal United Nations development coordination activities (B.1 + B.2)</b>	<b>178.5</b>	<b>0.3</b>	<b>86.1</b>	<b>264.9</b>	<b>7.0</b>	<b>271.9</b>						
<b>Management activities</b>												
C.1 Recurring	514.5	68.1	218.4	801.0	45.8	846.8						
C.2 Non-recurring	19.7	-	2.8	22.5	0.7	23.2						
<b>Subtotal management activities (C.1 + C.2)</b>	<b>534.2</b>	<b>68.1</b>	<b>221.2</b>	<b>823.5</b>	<b>46.5</b>	<b>870.0</b>						
<b>Special purpose activities</b>												
<b>Capital investments</b>												
D.1 Headquarters telephone system replacement	4.0	-	-	4.0	-	4.0						
D.2 Atlas Human Resource module upgrade	1.1	-	-	1.1	-	1.1						
<b>Subtotal Capital investments (D.1 + D.2)</b>	<b>5.1</b>	<b>-</b>	<b>-</b>	<b>5.1</b>	<b>-</b>	<b>5.1</b>						
<b>Services to United Nations organizations</b>												
E.1 United Nations Volunteers	34.8	6.1	18.3	59.2	-	59.2						
E.2 United Nations Capital Development Fund	8.9	0.6	-	9.5	-	9.5						
E.3 Reimbursable services to other United Nations organizations	-	-	40.9	40.9	-	40.9						
<b>Subtotal services for other United Nations organizations (E.1 + E.2 + E.3)</b>	<b>43.7</b>	<b>6.7</b>	<b>59.2</b>	<b>109.6</b>	<b>-</b>	<b>109.6</b>						
<b>Subtotal special purpose activities (D + E)</b>	<b>48.8</b>	<b>6.7</b>	<b>59.2</b>	<b>114.7</b>	<b>-</b>	<b>114.7</b>						
<b>Total use of resources (A+B+C+D+E)</b>	<b>2,527.8</b>	<b>75.1</b>	<b>6,477.8</b>	<b>9,080.7</b>	<b>2,499.8</b>	<b>11,580.5</b>						
<b>3. Balance of resources</b>	<b>102.0</b>	<b>-</b>	<b>1,514.6</b>	<b>1,616.6</b>	<b>420.0</b>	<b>2,036.6</b>						

a/ The mock-up of the UNDP 2010-2011 resource plan is presented in the format per cost classification categories approved in decisions 2010/32 (UNDP/UNFPA) and 2010/20 (UNICEF). The allocation of resources to cost classification categories is notional.

b/ Includes interest and miscellaneous income, and income to the biennium budget (comprising government local office cost contributions, accounting linkage to offset tax reimbursements and UNV income to the biennial budget)

**Table 2. Mock-up of UNDP Results Framework and Proposed Budget Estimates**  
(in millions of dollars, nominal)

<b>Development Effectiveness</b>							
Revised Strategic Plan Output	Indicator of performance	Baseline	Target	Agency-specific Functional Clusters	2010-2011 estimated resources		
					RR	OR	Total
TBD				Programme policy support	TBD	TBD	TBD
TBD				Programme implementation support	TBD	TBD	TBD
<b>Total Development Effectiveness Resources</b>					<b>176.3</b>	<b>197.3</b>	<b>373.6</b>

  

<b>Management Resources</b>							
<b>Recurrent Costs</b>							
Revised Strategic Plan Output	Indicator of performance	Baseline	Target	Harmonized Functional Clusters	2010-2011 estimated resources		
					RR	OR	Total
Effective leadership and direction provided to advance the mandate and mission of UNDP				Leadership and corporate direction	8.2	4.2	12.4
Country office oversight, management and support improved to effectively respond to development challenges				Field/Country offices oversight, management, and operations support	287.9	89.9	377.8
UNDP human resources effectively managed to attract, develop and retain a talented and diversified workforce				Corporate human resources management	67.3	50.6	117.9
New and strategic partnerships developed and communications focus enhanced for more strategic positioning of UNDP				Corporate external relations and partnerships, communications and resources mobilization	32.3	19.8	52.1
Programmatic needs supported by effective and efficient financial, ICT, procurement and administrative policies, procedures and systems				Corporate financial, ICT and administrative management	67.5	66.8	134.3
Security for staff and premises and a safer environment for programme delivery ensured				Staff and premises security	62.6	26.5	89.1
Independent corporate oversight and reasonable assurance provided on the effectiveness and adequacy of internal controls and efficient use of UNDP resources				Corporate oversight and Assurance (internal audit, investigations and corporate evaluations)	56.8	6.4	63.2
<b>Total Management Recurrent Resources</b>					<b>582.6</b>	<b>264.2</b>	<b>846.8</b>
<b>Non-Recurrent Costs</b>							
Revised Strategic Plan Output	Indicator of performance	Baseline	Target	Agency-specific Functional Clusters	2010-2011 estimated resources		
					RR	OR	Total
TBD				TBD	19.7	3.5	23.2
<b>Total Management Non-Recurrent Resources</b>					<b>19.7</b>	<b>3.5</b>	<b>23.2</b>

  

<b>Special Purpose Resources</b>							
Revised Strategic Plan Output	Indicator of performance	Baseline	Target	Agency-specific Functional Clusters	2010-2011 estimated resources		
					RR	OR	Total
TBD				Capital Investments	5.1	0	5.1
TBD				Services to United Nations organizations	50.4	59.2	109.6
<b>Total Special Purpose Resources</b>					<b>55.5</b>	<b>59.2</b>	<b>114.7</b>

  

<b>United Nations Development Coordination Resources</b>							
Revised Strategic Plan Output	Indicator of performance	Baseline	Target	Agency-specific Functional Clusters	2010-2011 estimated resources		
					RR	OR	Total
TBD				Country offices support	142.9	61.2	204.1
TBD				Headquarters support	3.9	1.9	5.8
<b>Total UN Development Coordination Resources</b>					<b>146.8</b>	<b>63.1</b>	<b>209.9</b>

  

<b>Grand Total</b>					<b>980.9</b>	<b>587.3</b>	<b>1568.2</b>
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**Summary Table 1 - Mock-up comparison of UNDP 2010-2011 Resource Plan with Actuals/Estimates**  
(in millions of dollars, nominal)

	2010-2011 (Planned)						2010-2011 (2010-Actuals / 2011-Estimates)						
	Regular (Other income utilization)		Bilateral/Multilateral	subtotal Donor	Local	Total	Regular (Other income utilization)		Bilateral/Multilateral	subtotal Donor	Local	Total	
	resources	resources	resources	resources	resources	resources	resources	resources	resources	resources	resources	resources	
<b>1. Resources available</b>													
Opening balance	279.8	-	2,946.1	3,225.9	680.9	3,906.8							
Income													
Contributions	2,350.0	-	4,955.9	7,305.9	2,216.7	9,522.6							
Other a/	-	75.1	49.5	124.6	22.2	146.8							
Reimbursement for services to other United Nations organizations	-	-	40.9	40.9	-	40.9							
<b>Total available</b>	<b>2,629.8</b>	<b>75.1</b>	<b>7,992.4</b>	<b>10,697.3</b>	<b>2,919.8</b>	<b>13,617.1</b>							
<b>2. Use of resources</b>													
<b>Development activities</b>													
A.1 Programmes	1,518.2	-	5,947.2	7,465.4	2,413.1	9,878.5							
A.2 Development effectiveness	191.1	-	100.5	291.6	18.8	310.4							
<b>Subtotal development activities (A.1 + A.2)</b>	<b>1,709.3</b>	<b>-</b>	<b>6,047.7</b>	<b>7,757.0</b>	<b>2,431.9</b>	<b>10,188.9</b>							
<b>United Nations development coordination activities</b>													
B.1 United Nations development coordination	194.9	-	94.2	289.1	12.0	301.1							
B.2 United Nations Development Operations Coordination Office	3.6	0.3	1.9	5.8	-	5.8							
<b>Subtotal United Nations development coordination activities (B.1 + B.2)</b>	<b>198.5</b>	<b>0.3</b>	<b>96.1</b>	<b>294.9</b>	<b>12.0</b>	<b>306.9</b>							
<b>Management activities</b>													
C.1 Harmonized management activities (functions 1 - 16)	498.8	68.1	254.6	821.5	47.6	869.1							
<b>Subtotal management activities (C.1)</b>	<b>498.8</b>	<b>68.1</b>	<b>254.6</b>	<b>821.5</b>	<b>47.6</b>	<b>869.1</b>							
<b>Special purpose activities</b>													
Non-UNDP operations administered by UNDP													
D.1 United Nations Volunteers	34.8	6.1	18.3	59.2	-	59.2							
D.2 United Nations Capital Development Fund	8.9	0.6	-	9.5	-	9.5							
D.3 Reimbursable services to other United Nations organizations	-	-	40.9	40.9	-	40.9							
<b>Subtotal non-UNDP operations administered by UNDP (D.1 + D.2 + D.3)</b>	<b>43.7</b>	<b>6.7</b>	<b>59.2</b>	<b>109.6</b>	<b>-</b>	<b>109.6</b>							
General Assembly mandated costs													
E.1 United Nations mandated security costs	58.0	-	16.7	74.7	8.3	83.0							
E.2 International Public Sector Accounting Standards (IPSAS)	9.5	-	3.5	13.0	-	13.0							
E.3 United Nations human resources contractual reform	2.2	-	-	2.2	-	2.2							
E.4 United Nations system for Administration of Justice	2.7	-	-	2.7	-	2.7							
<b>Subtotal General Assembly mandated costs (E.1 + E.2 + E.3 + E.4)</b>	<b>72.4</b>	<b>-</b>	<b>20.2</b>	<b>92.6</b>	<b>8.3</b>	<b>100.9</b>							
Capital investments													
F.1 Headquarters telephone system replacement	4.0	-	-	4.0	-	4.0							
F.2 Atlas Human Resource module upgrade	1.1	-	-	1.1	-	1.1							
<b>Subtotal Capital investments (F.1 + F.2)</b>	<b>5.1</b>	<b>-</b>	<b>-</b>	<b>5.1</b>	<b>-</b>	<b>5.1</b>							
<b>Subtotal special purpose activities (D + E + F)</b>	<b>121.2</b>	<b>6.7</b>	<b>79.4</b>	<b>207.3</b>	<b>8.3</b>	<b>215.6</b>							
<b>Total use of resources (A+B+C+D+E+F)</b>	<b>2,527.8</b>	<b>75.1</b>	<b>6,477.8</b>	<b>9,080.7</b>	<b>2,499.8</b>	<b>11,580.5</b>							
<b>3. Balance of resources</b>	<b>102.0</b>	<b>-</b>	<b>1,514.6</b>	<b>1,616.6</b>	<b>420.0</b>	<b>2,036.6</b>							

a/ Includes interest and miscellaneous income, and income to the biennium budget (comprising government local office cost contributions, accounting linkage to offset tax reimbursements and UNV income to the biennial budget)

## **Part B. Joint UNDP/UNFPA/UNICEF informal note for information on differences in the categorization of costs into cost classifications**

1. The Executive Boards of UNDP/UNFPA and UNICEF, in decisions 2010/32 (UNDP/UNFPA) and 2010/20 (UNICEF) endorsed the cost definitions and classifications as proposed in “Joint report of UNDP, UNFPA and UNICEF on the road map to an integrated budget: cost classification and results-based budgeting” for application effective in the 2012-2013 biennium, with the following amendments: (a) development activities: (i) programmes and (ii) development effectiveness; (b) United Nations development coordination; (c) management: (i) recurring costs and (ii) non-recurring costs; and (d) special purpose: (i) capital investments and (ii) services for other United Nations organizations.

2. As outlined in the joint report, while the cost classification categorizations among the organizations were largely harmonized, some differences remained. In this regard, the Executive Boards in the above-mentioned decisions requested the organizations to provide additional written information, prior to the first regular session of 2011, in the form of an informal note on the differences in the categorization of costs into cost classifications. This note is prepared in response to this request.

3. The annex to Part B outlines the areas where differences remain, primarily due to the organizations’ business models and mandates.

4. The joint report had also identified some areas where further review and consultations were required to determine the categorization of costs into cost classifications. The paragraphs below summarize the progress and further harmonization achieved in these areas:

(a) In the joint report, UNDP indicated that it would assess the proposal to reclassify costs of Deputy Representative and Deputy Country Director (programmes) and communication staff at country level, currently classified as “management”, to “development effectiveness”. Based on further consultations, UNDP has agreed to classify these costs as “development effectiveness”, in line with the action of UNFPA and UNICEF, which will reclassify similar costs, currently labelled “programme support”, as “development effectiveness”.

(b) In the joint report, UNFPA and UNICEF had indicated that further review will be undertaken to identify activities and associated costs related to United Nations development coordination. In this regard, costs associated with other United Nations coordination activities (for example, cluster leads and activities related to United Nations coherence) could be classified as United Nations development coordination.

## Annex to Part B

### Differences in the categorization of costs into cost classifications

Activities and associated Costs	Rationale for UNDP/UNFPA/UNICEF categorization of costs into cost classifications
<p>➤ Programme Development and Implementation as well as programme policy advisory services at country level.</p>	<p>UNDP classifies these activities and related costs as <i>Development Effectiveness</i> (within the broad classification of <i>Development</i>).</p> <p>UNFPA and UNICEF classify these activities and related costs as <i>Programme</i> (within the broad classification of <i>Development</i>).</p> <p>Rationale: The classification of programme development and implementation as well as programme policy advisory services at country level is a function of the respective business models of the organizations.</p> <p>It is important to note that these activities and related costs will be consistently classified under the broad classification of <i>development</i> by all three organizations.</p>
<p>➤ Deputy Regional Directors located in regional offices.</p>	<p>UNDP classifies the costs of the Deputy Regional Directors as <i>Management</i>.</p> <p>Rationale: The Deputy Regional Directors located in regional offices are responsible for heading the regional centres and perform predominantly management functions covering regional operations.</p> <p>UNFPA and UNICEF classify such costs as <i>Development Effectiveness</i>.</p> <p>Rationale: The Deputy Regional Directors located in regional offices are primarily responsible for the coordination of activities and provision of policy advice and technical support needed to achieve the objectives of programmes and projects in the focus areas.</p> <p>In all three organizations, costs related to leadership, management and oversight activities of regional offices are classified as <i>Management</i>. In the case of UNFPA and UNICEF these functions are performed by the Regional Directors located in regional offices. In UNDP these functions are performed by the Deputy Regional Directors located in regional offices.</p>



<b>Activities and associated Costs</b>	<b>Rationale for UNDP/UNFPA/UNICEF categorization of costs into cost classifications</b>
<p>➤ Centralized Procurement.</p>	<p>UNDP classifies these activities and related costs as “management”.</p> <p>Rationale: The role of centralized procurement in UNDP is primarily related to procurement policy advice and corporate procurement oversight and as such is classified as “management”.</p> <p>UNFPA and UNICEF classify these activities and related costs as “development effectiveness”.</p> <p>Rationale: The primary role of centralized procurement is to procure programme supplies (e.g., reproductive health commodities, vaccines etc.) and contribute to building national capacity to support the effective delivery of programmatic results in the substantive areas of the respective mandates and as such is classified as “development effectiveness”.</p>
<p>➤ Leadership and operational support for Headquarters programme and technical policy formulation units and related costs.</p>	<p>UNDP classifies the costs of posts related to leadership and operations functions within programme and technical policy formulation units at Headquarters as “management”.</p> <p>Rationale: The predominant activities of these posts relate to management, oversight and operations. As such they are classified as “management”.</p> <p>UNFPA and UNICEF classify whole units at headquarters responsible for programme and technical policy formulation and guidance as “development effectiveness”.</p> <p>Rationale: The operational support to the programme and technical units is not included within these units but these services are provided centrally by units already classified as “management” (e.g., human resources and IT services provided through the Division of Human Resources and Division of Information Technology/Division of Management Services).</p> <p>As such the approach for the three organizations in this area is largely harmonized.</p>