

UNICEF Executive Board Informal Consultation

Assessment of ways to enhance results-
based budgeting and assessment of the
resource allocation system

23 January 2017



Background to the related Executive Board decision

Decision 2013/20:

‘an assessment of ways to enhance results-based budgeting (RBB) and assessment of the resource allocation system” (decision 2013/20).

ASSESSMENT OF RESULTS-BASED BUDGETING IN UNICEF

The context of results-based budgeting in UNICEF

Factors shaping RBB in UNICEF include the organization's decentralized structure and its sole reliance on voluntary contributions.

Further, the relative proportion of non-earmarked (core) resources and earmarked (non-core) resources plays an important role in shaping the context of RBB in the organization.

RBB is more applicable at the level of the country programme, i.e. the level of implementation, where most funds are earmarked by donors.

Assessment of actions towards results-based budgeting

1. Development of guidance and tools
2. Strengthened oversight and leadership
3. Strengthening results, indicators, milestones, scorecards and reporting
4. Example of progress: in 2016, 32 of 34 new Country Programme Documents (CPDs) were independently assessed to be satisfactory or highly satisfactory on the basis of core RBM criteria.

Assessment of actions towards results-based budgeting

5. Investment in technology key to improving planning for results including:

VISION is the UNICEF enterprise resource planning tool that assists offices to align budget plans and allocations to results.

InSight, the performance management system within *VISION*, enables the organization to streamline programme and operations performance management.

The Results Assessment Module (RAM) facilitates entry and analysis of information related to the status of results and related indicators.

The development of *inSight* and the ***Transparency Portal*** have enabled UNICEF to dramatically improve its ranking in the annual Aid Transparency Index for 2016 to third place out of the 46 organizations that were assessed.

Aligning resources to results

The Integrated Results and Resources Framework (IRRF)

At the country level, costing of UNICEF's contribution to results as part of the UNDAF.

Standardized mechanisms for costing of inputs

Use of the Integrated Budget Costing System - an enterprise resource planning tool

Development of a new budget management tool

Comprehensive learning package

Areas that require further improvement

- Consolidating the range of guidance on value for money into a coherent guidance note that may be used at all levels of the organization
- Continuing the roll-out of the comprehensive RBM learning package, especially the module on RBB, to staff at all levels of the organization
- Expediting the development and roll-out of the new budget management tool

ASSESSMENT OF
THE REGULAR RESOURCE ALLOCATION
SYSTEM TO COUNTRY PROGRAMMES

The context

“Core resources, because of their untied nature, continue to be the bedrock of the operational activities for development of the United Nations system.”
(United Nations General Assembly resolution A/RES/69/238)

RR as a share of total resources declined from 38 per cent in 2006 to a low of 23 per cent in 2015.

Of the RR provided for programming, **95 per cent goes directly to support countries** and the remaining 5 per cent supports the Global and Regional Programme. On average, 85 per cent of the RR that goes directly to support countries is allocated through the RR formula.

The benefits of regular resources

The key benefits include:

- Flexibility to allocate funds to the children who are in the greatest need;
- Provision of timely and flexible funding that enables country offices to immediately scale up action for children when disaster strikes;
- Facilitation of investments in areas with long-term benefits for children, such as improved technology, disaggregated data and innovative programmes and products; and
- Support for the normative role of UNICEF in all country contexts, including as a knowledge leader and a voice for children

Features of the regular resources allocation system

The Executive Board has defined the main parameters:

- Countries with a UNICEF-supported country programme receives an allocation on the basis of three core criteria (E/ICEF/1997/P/L.17):
 - under-five mortality rate (U5MR);
 - gross national income (GNI) per capita; and
 - child population.
- A minimum allocation \$850,000 (decision 2013/20);
- Abrupt changes in allocations avoided by limiting them to a maximum of 10 per cent compared to the previous year's level;
- Multi-country programmes receive combined lump sums

Analysis of the components of the RR formula - **Under-five mortality**

The U5MR has several advantages as a barometer of child well-being:

1. measures an 'outcome' of the development process rather than an 'input';
2. recognized as the result of a wide variety of inputs; and
3. less susceptible to the fallacy of the average than other measures of well-being.

Major demographic changes occurred since 1997

Despite these changes, the evidence suggests that U5MR is still a very applicable variable, particularly because it plays an important role in focusing the formula on children who are in the greatest need and countries with high levels of deprivation.

Analysis of the components of the RR formula - **Child population**

Child population criterion and associated weighting are as valid as when they were adjusted in 1997.

In 2016, for example, 82 countries had a child population size of under 10 million, amounting to 13 per cent of all children. This value is close to the rate when the formula was adjusted in 1997, which was 16 per cent of all children.

Analysis of the components of the regular resources formula – **Income**

There are limitations to GNI per capita as a measure of development.

Most important, deprivations and inequalities often persist even as average GNI per capita increases.

However, there are severe data gaps in relation to other measures that could substitute for GNI, including the Multidimensional Poverty Index (MPI) and Gini coefficient (of income inequality), etc.

Despite the limitations, GNI per capita is an easily understood indicator that is closely correlated with non-monetary measures of the quality of life, such as life expectancy at birth and enrolment rates in school.

Analysis of the components of the RR formula – **Minimum allocation**

The minimum allocation has been increased several times since 1997, from \$600,000 (decision 1997/18) to \$750,000 (decision 2008/15) to \$850,000 (decision 2013/20).

It allows UNICEF to contribute to programme activities, including advocating for child rights, monitoring the situation of children, public finance for children, building partnerships for children, etc.

Periodic adjustment to the minimum allocation has proved helpful in keeping up with inflation and the related costs of doing business, and to carry out normative functions

Provision for multi-country and area programme allocations

Decision 1997/18 authorizes a fixed allocation for the multi-country programmes of 3 per cent of the RR to country programmes each year.

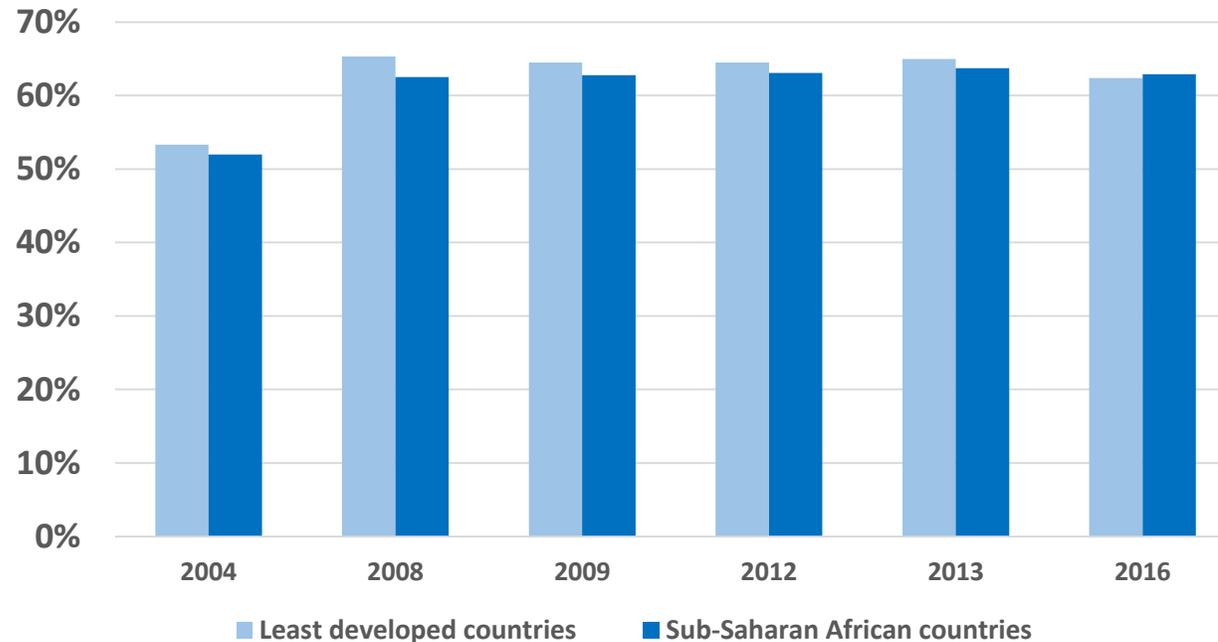
RR allocation to multi-county programmes has increased over the years, from \$6 million in 2006 to \$14 million in 2016.

In proportional terms, however, the allocation to these programmes has stayed below 3 per cent – due mainly to the fact that yearly increases to these programmes did not keep pace with the growth in the level of RR.

UNICEF is rectifying the situation through phased adjustment of annual increases, with the aim of reaching the 3 per cent target in 2021.

Is the formula benefiting the countries that are most in need?

Allocation to LDCs and SSA



In addition, fairly strong targeting:

- In 2016, 50 per cent of RR allocated to country programmes went to countries that are home to 43 per cent of children.
- 86 per cent of RR allocated to country programmes went to countries that are home to 75 per cent of all children.

Conclusions

- Strong targeting of RR to countries with children in greatest need.
- UNICEF consistently meets the Executive Board requirement on allocations to Least Developed Countries and Sub-Saharan Africa.
- U5MR and child population are still relevant criteria
- As an alternative to GNI, the multidimensional child poverty rate has potential, but data is not available for more than 30% of countries with a UNICEF programme.
- The minimum allocation is important for normative work in all country contexts, especially in support of the universal agenda of 2030 Agenda
- UNICEF needs to continuously monitor the application of the formula as rapid demographic and socioeconomic shifts continue to occur.