UNICEF STRATEGIC PLAN:
updated financial estimates, 2024–2027

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UNICEF Executive Board – Informal briefing – 20 August 2024
Item 10: UNICEF Strategic Plan: updated financial estimates, 2024-2027
Reference document: E/ICEF/2024/AB/L.8
Key messages on the updated financial estimates, 2024-2027

• UNICEF has updated its financial estimates considering the evolving global economy, which is rebounding from the COVID-19 pandemic amidst widespread and unexpectedly severe slowdowns, unprecedented inflation levels, tightening financial conditions across most regions, and ongoing conflicts and humanitarian crises worldwide. A conservative financial outlook has been adopted for the period 2024–2027, while closely monitoring developments.

• Total annual income for the period 2024–2027 is projected to decline by 2 per cent in 2024 compared with the actual income in 2023, mainly due to reductions in flexible thematic humanitarian funding for the Ukraine crisis coupled with a gradual decrease in the ACT-A funding. Annual income is projected to remain at a similar level in 2025 and is forecast to slightly increase by 1 per cent in 2026 and 2 per cent in 2027, year on year.
Key messages on the updated financial estimates, 2024-2027 (contd.)

• **Regular resources have become even more critical** to meet the needs and rights of all children since they allow UNICEF to reach children at scale through its country programmes, facilitate sustainability of impact, and enable innovation and rapid response to in-country or regional situations, including emergencies.

• **UNICEF regularly monitors income projections and planned expenditure and will make the adjustments to expenditure plans if required**, while keeping the Executive Board informed.
Total income increased from $4.85bn to $8.92bn over the past 10 years; growth in income is mainly driven from increases in OR (earmarked) funding.

On the other hand, regular resource income has not grown significantly from 2013-2023, ranging between $1.27bn and $1.57bn. In 2023, $1.27bn received from Private and Public donors and $0.30bn from Other Income.
Programme expenditure growth has outpaced growth in the Institutional Budget with proportion of resource spent on the Institutional Budget progressively decreasing from 11% to 8%, a result of continuous efforts to develop and implement operational efficiency initiatives.
The difference between total projected income of $35.06bn and expenditure of $36.90bn **will be funded from the balance accumulated in prior years**, when actual income surpassed planned amounts. As a result, both RR and OR fund balances will be gradually reduced.

UNICEF regularly reviews income and expenditure projections and in line with Executive Board decision 2020/22, **UNICEF will maintain prudent liquidity levels** in regular resources over the period of the Strategic Plan.
Progress on funding staff liabilities

The funded reserves are **projected to cover 92% of these liabilities by 2025**, that exceeds the UNICEF funding strategy target of 80% coverage by 2025, primarily due to a reduction in liabilities resulting from recent actuarial valuations conducted by the United Nations.

The staff liability reserve covers 95% of the liabilities as at the end of 2023.

In millions of United States dollars

<table>
<thead>
<tr>
<th>Year</th>
<th>Funded reserve</th>
<th>Unfunded liability</th>
</tr>
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<tbody>
<tr>
<td>2014</td>
<td>539</td>
<td>615</td>
</tr>
<tr>
<td>2015</td>
<td>577</td>
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</tr>
<tr>
<td>2027</td>
<td>1,280</td>
<td>100%</td>
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</tbody>
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UNICEF will continue to monitor the effectiveness of, and make appropriate adjustments to, the strategy as financial variables change.
As a result of higher than planned interest rates and cost recovery in 2023 and 2024:

- **UNICEF has increased RR allocations to country programmes by $220 million during the period 2023-2025**

  Enhanced RR Funding has enabled continued progress toward planned results in country programmes facing a downturn in Other Resources.

- **UNICEF is in a position to increase the Emergency Programme Fund (EPF) by $20 million each year in 2024 and 2025**

  This will address the immediate needs of critical emergency funding in multiple countries.
Emergency Programme Fund (EPF)

- **UNICEF Emergency Programme Fund (EPF)** loan mechanism fast-tracks resources to affected countries within 48 hours of a crisis.

- The EPF remains the **fastest, most reliable and most adaptable source of emergency funds** for UNICEF - an integral component of its emergency response capacity.

- In 2023, UNICEF provided **$87.9 million** to **29 countries** through EPF, a **22 per cent increase** compared with 2022.

- UNICEF can no longer guarantee that sufficient funds will be available to meet the most urgent needs of children in the early hours of a crisis, wherever it may strike. With large-scale emergencies dominating the humanitarian landscape, the continuing demand for resources is enormous.

- UNICEF thus proposes to **increase the EPF ceiling from $75 million to $95 million per annum**, which is less than 7 per cent of projected regular resources in 2024 and less than 4 per cent of 2024 emergency income.
Proposed Executive Board decision for the second regular session related to the financial estimates 2024-2027: Update

**Financial Estimates 2024–2027**

- Approve the integrated resources framework of planned financial estimates for the period 2024–2027.

**Preparation of programme expenditure submissions**

- Approve the preparation of country programme expenditure submissions to the Executive Board of up to $920 million from regular resources in 2025, subject to the availability of resources and the continued validity of these planned financial estimates.

**Emergency Programme Fund (EPF) ceiling**

- Approve an increase in the ceiling of the EPF to $95 million, effective 2024, to increase the ability of UNICEF to provide an effective, predictable and timely response to the needs of children and women affected by humanitarian emergencies.

**Funding of Staff Liabilities**

- Request UNICEF to provide annual updates to the Executive Board on the progress of funding its reserves for staff liabilities.
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