

UNICEF STRATEGIC PLAN: Updated Financial Estimates 2019 - 2022

Executive Board Informal
20 August 2019

unicef 
for every child

Key messages

2018 Overview

- ✓ 2018 financial overview of actual performance indicates slightly higher than plan income for both Regular Resources and Other Resources for 2018. It also indicates slightly lower expenditure than plan for both Regular Resources and Other Resources
- ✓ The percentage of Regular Resources is 23% and Other resources is 77%, indicating that the proportion of earmarked resources is increasing.
- ✓ The total available cash balance at the end of 2018 was \$2.52 billion: \$532 million of regular resources and \$1.99 billion of other resources (regular and emergency).
- ✓ After-service employee benefits liabilities are estimated at \$1.4b and as at year end 2018, 53% of this liability is funded.

Board Decisions

- ✓ UNICEF is implementing the key Executive Board decisions related to the implications of GA resolution 72/279 and UNICEF Integrated Budget 2018 -2021

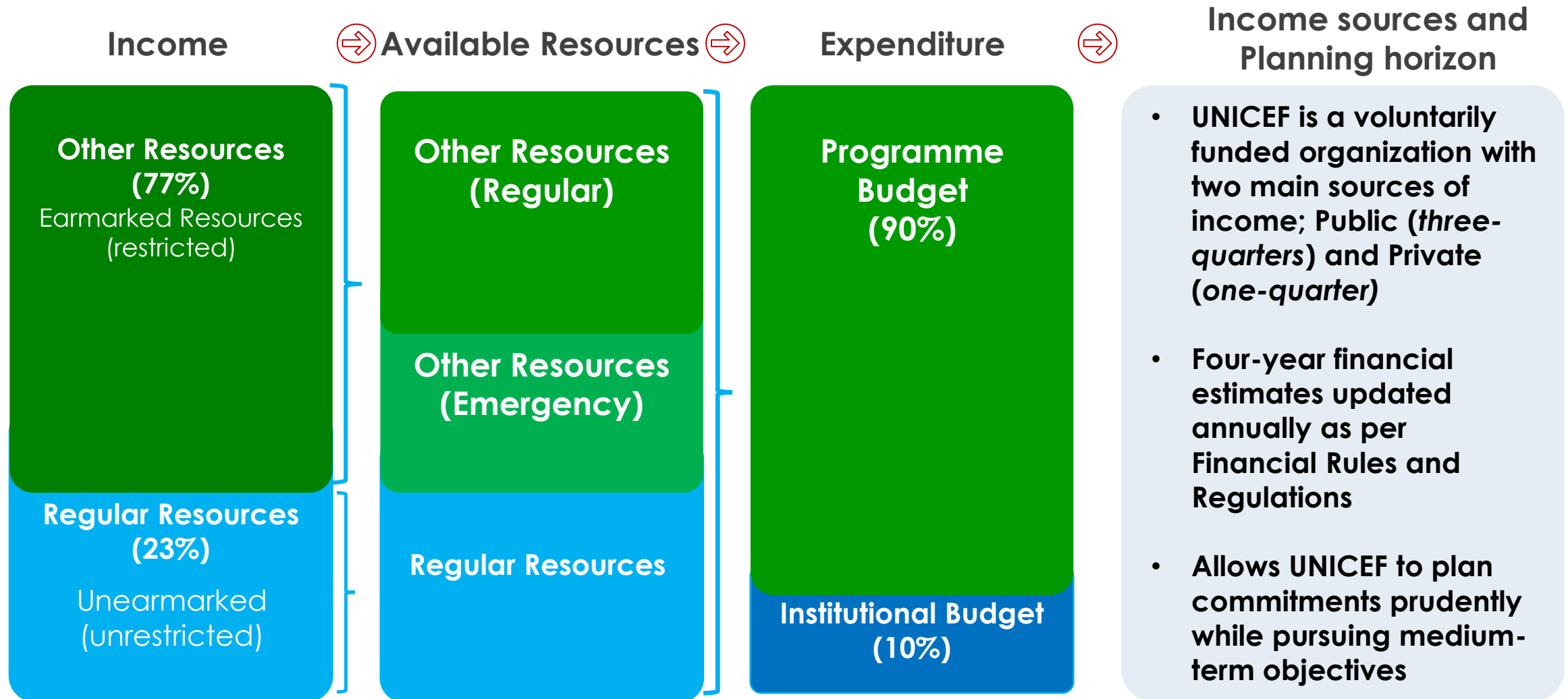
2019 – 2022 Projections

- ✓ Estimated financial projections for 2019 – 2022 Integrated Resources Plan are shared with Executive Board for information.
- ✓ At the Mid Term Review (MTR) of Integrated Resources Plan and Integrated Budget, in conjunction with review of the Strategic Plan, there will be an opportunity to reflect further on Executive Board decisions, including on the Secretary General's report, broader UN reform.
- ✓ In 2020 and 2021, total resources income is projected to increase by 3, and 7 per cent, respectively.
- ✓ Funded reserves are projected to cover 74% of staff liabilities by 2022.

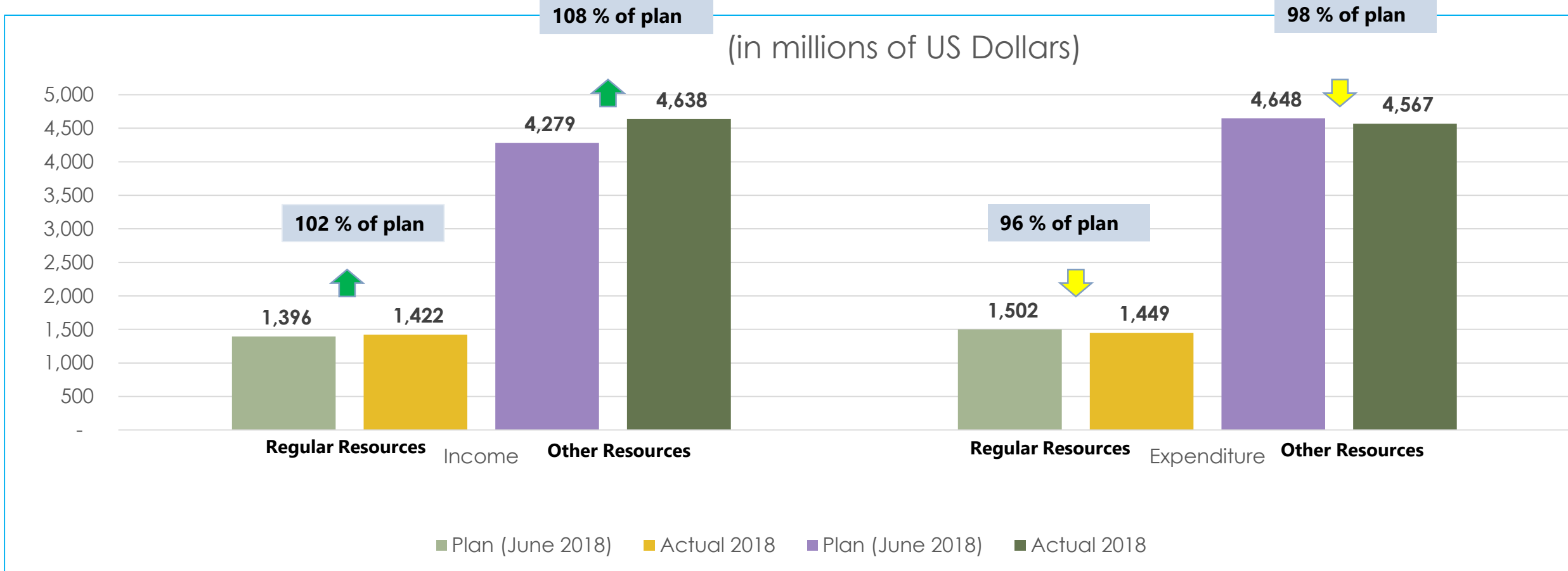
2020 Programme expenditure regular resource level

- ✓ UNICEF is seeking board approval for preparation of programme expenditure submissions to the Executive Board for Regular Resources in 2020 subject to availability of funds, based on the financial estimates presented

Background of Financial Planning Framework



2018 Financial Overview Plan versus Actual



- **Regular Resources income of \$1.42 billion is slightly above the June 2018 projections presented to the EB in the second regular session of 2018.**
- **Increase in Other Resources income is attributed primarily to funding received for support of large and protracted crises, such as those in Yemen, DRC, South Sudan, Afghanistan, Iraq, Bangladesh and the Syrian Arab Republic and Syrian refugee-hosting countries.**
- **Expenditure was slightly below plan for both regular resources and other resources**

Historical income trend 2008 - 2018



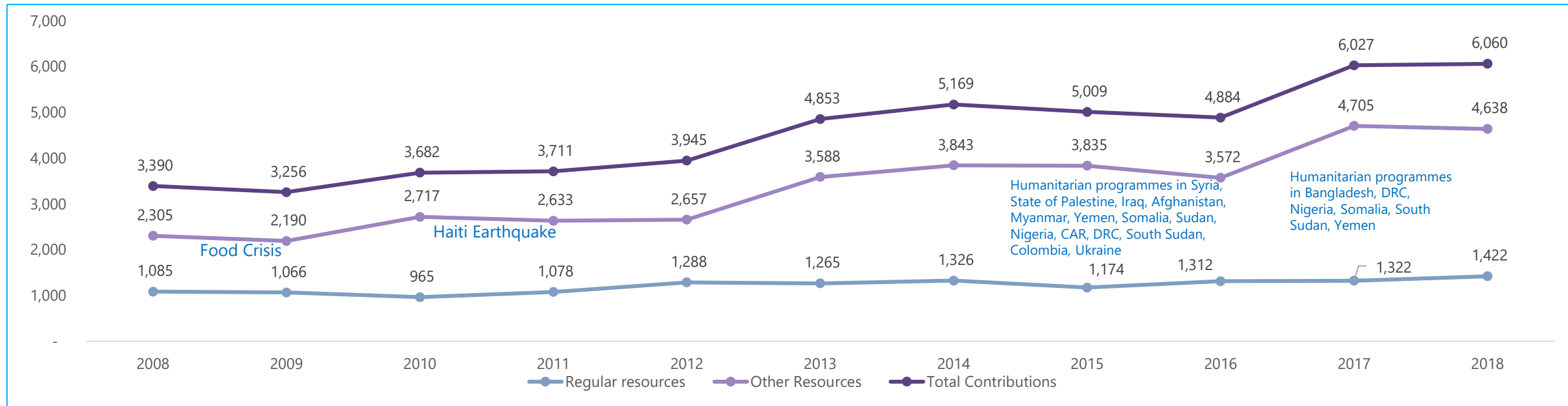
Regular Resources growth

\$34 million average annual growth



Other Resources growth

\$233 million a year – 7x higher than regular resources



- Total income almost doubled from \$3.4bn to \$6.1bn over last 10 years.
- Growth in income largely driven from increase in ORE funding.
- RR has been between \$1.35bn and \$1.45bn over last 5 years with 2015 dip resulting largely from adverse exchange-rates impact.

Historical expenditure trend 2008 - 2018



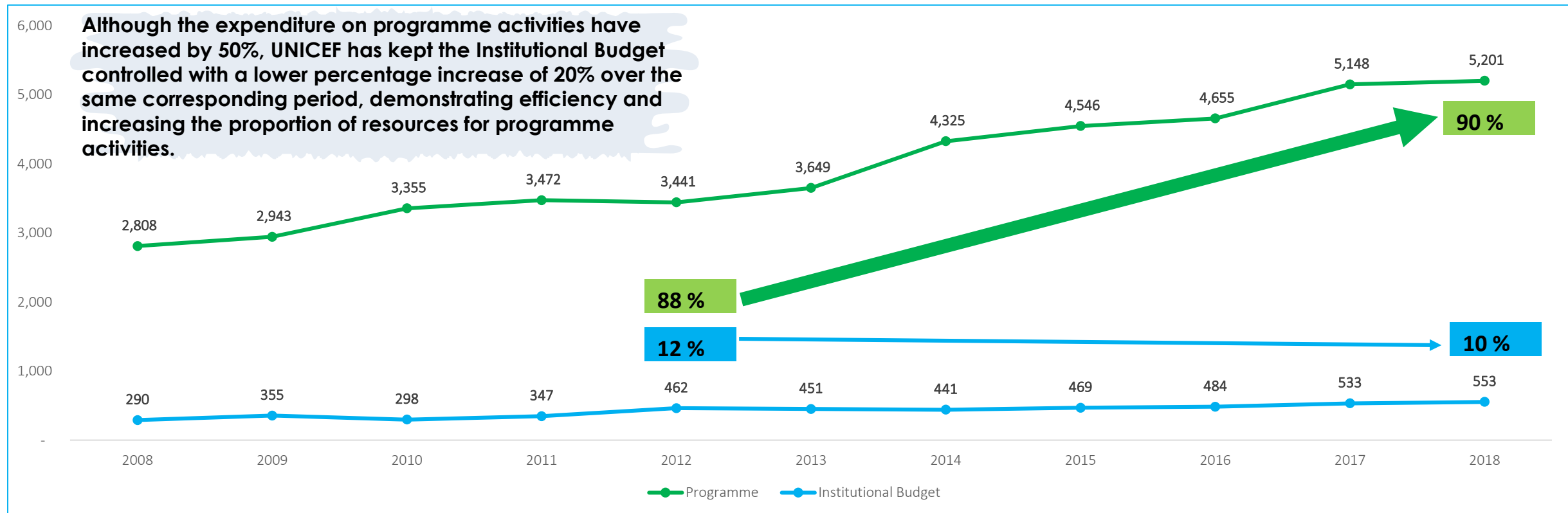
Programme activities growth

\$1.76 billion (51%) growth since 2012



Institutional budget growth

\$91 million (19%) growth since 2012



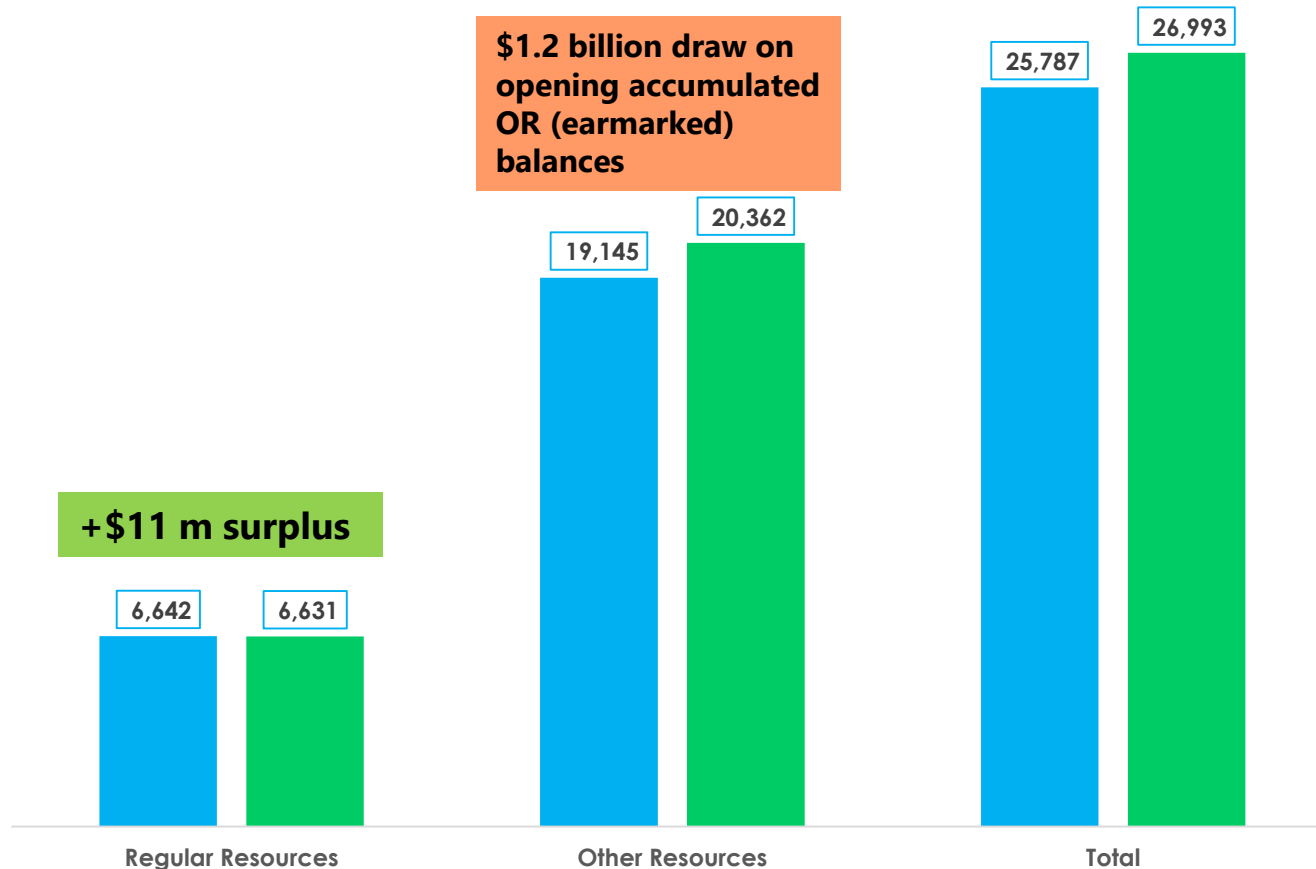
Projected Income and Expenditures: 2019-2022 Integrated Resources Plan estimates (June 2019)

Total Income and Expenditure Projections 2019 – 2022
(in millions of US dollars)

■ Income ■ Expenditure

\$1.2 billion draw on opening accumulated OR (earmarked) balances

+\$11 m surplus



2019 – 2022 Overall Income and Expenditure projections: Total projected Income projections are at \$25.8 billion for the period while expenditures are estimated at \$27.0 billion.

Other Resources Income and Expenditures: Accelerated delivery of programme activities and results through earmarked funds, would result in a draw-down of \$1.2 billion from accumulated programme resources balances from prior years of \$1.4 billion at the beginning of 2019, hence the difference between the projected income and expenditure levels for earmarked resources;

Regular Resources Income and Expenditures: Regular Resources expenditure will match planned income, thus maintaining a recommended level of Regular Resources reserve.

Income Estimates

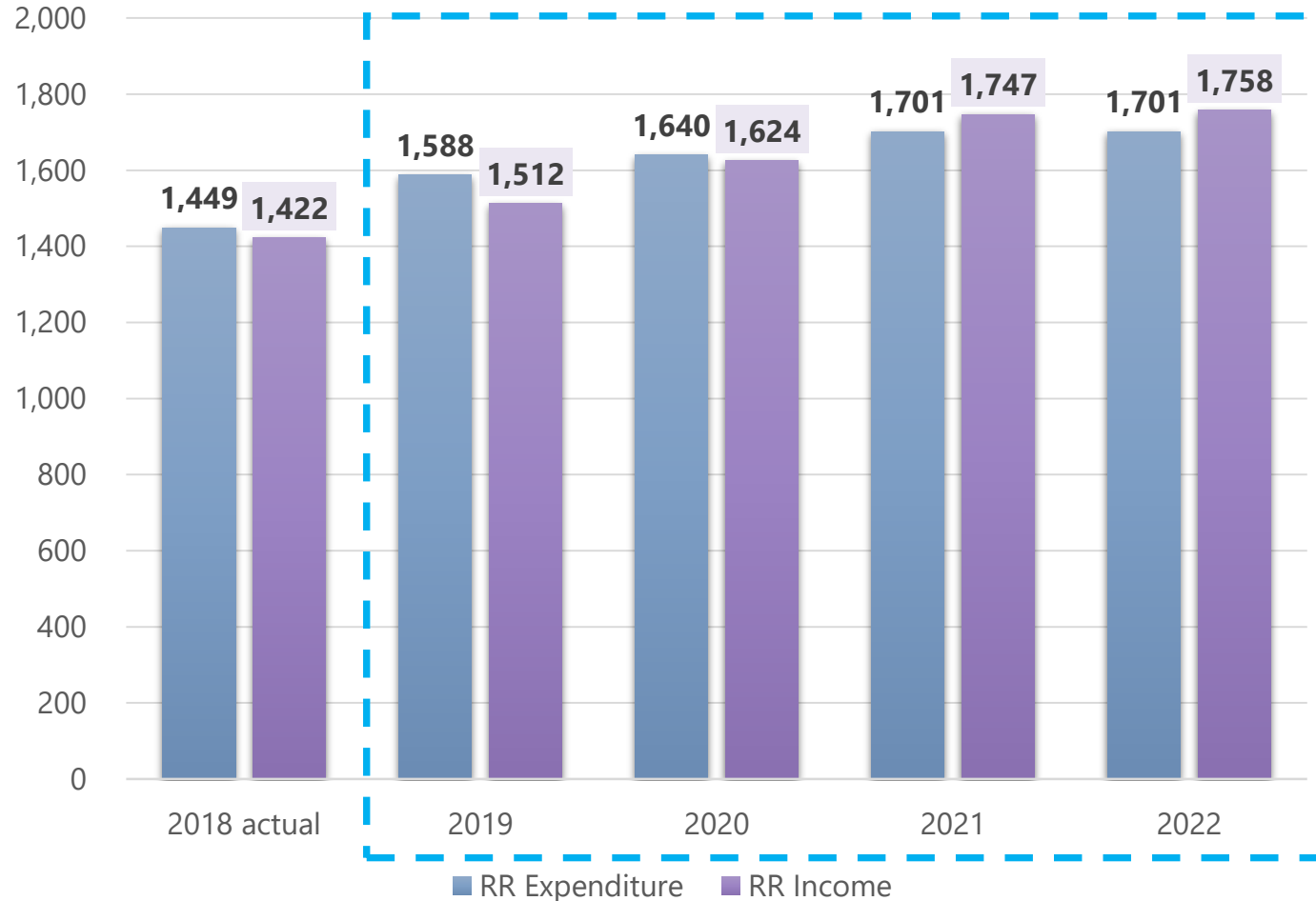
1. **2022 Income Estimates have been added to the update**
2. **The outlook for the fundraising market is more competitive and challenging especially for regular resources. The financial estimates for income;**
 - Total resources income is forecast to increase by 1 per cent in 2019 compared with 2018 actual.
 - In 2020 and 2021, total resources income is projected to increase by 3, and 7 per cent, respectively.
 - Other resources income is projected to decline by 1 per cent in 2019 compared with 2018.
 - Other resources income is estimated to increase in the years 2020 and 2021 by 1 and 6 per cent, respectively.

Expenditure Estimates

1. **2022 Expenditure Estimates have been added to the update**
2. **No changes to the Institutional Budget in the estimates**
3. **Within the current envelop of resources approved in the institutional budget;**
 - UNICEF has included an indicative provision of an additional \$13 million in its institutional budget to meet the cost-sharing requirement set out in the resolution;
 - In support of the evaluation function UNICEF has doubled its supplementary funding from regular resources in 2019.
 - OIAI investigation capacity was further strengthened by additional positions,
4. **Other resources expenditure projected to increase by \$0.88 billion compared to the approved amount in the Integrated Budget 2018 - 2021**

Projected Income and Expenditures: 2019-2022 Regular Resources estimates (June 2019)

Regular Resources estimates 2019 – 2022 (in millions of US dollars)



2019 – 2022 Overall Income and Expenditure projections: Total projected Regular Resources Income projections are at \$6.64 billion, with annual estimates of between \$1.51 billion – \$1.76 billion for the period while expenditures are estimated at 6.63 billion, with annual estimates between \$1.59 – \$1.70 billion.

Regular Resources Income and Expenditures: Overall over the 4 year period regular resources expenditure will match planned income, thus maintaining a recommended level of Regular Resources reserve.

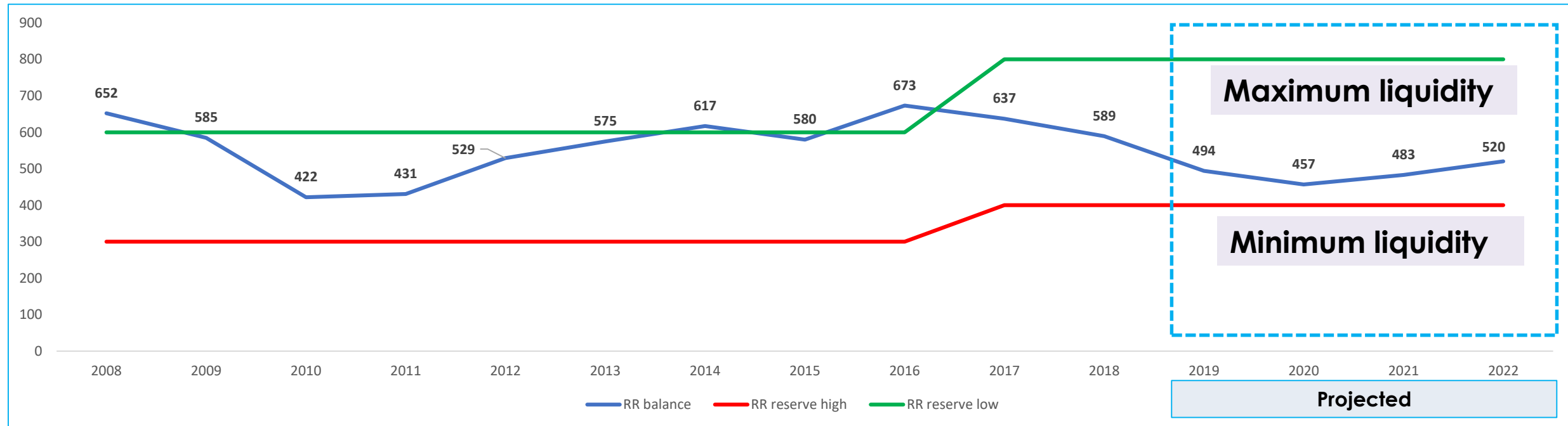
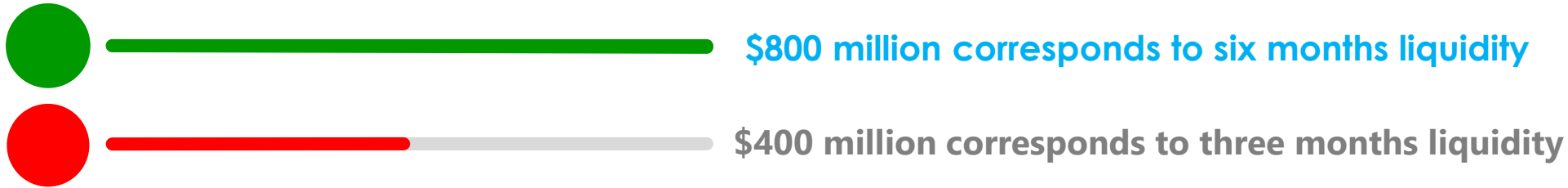
Executive Board decision recommended on approval of the preparation of programme expenditure submissions subject to availability of funds.

Yearly phasing of estimated Regular Resources expenditures for Programmes

	2019	2020	2021	2022	Beyond 2022	Total Recommendations
1. Country programmes approved in prior years	887	801	566	357	67	2,678
2. New country programmes to be submitted to 2019 Executive Board Sessions		132	139	139	277	687
3. New country programmes to be prepared for submission to 2020 Executive Board sessions	0	0	275	275	825	1,375
4. New country programmes to be prepared for submission to future Executive Board sessions				210	2,034	2,244

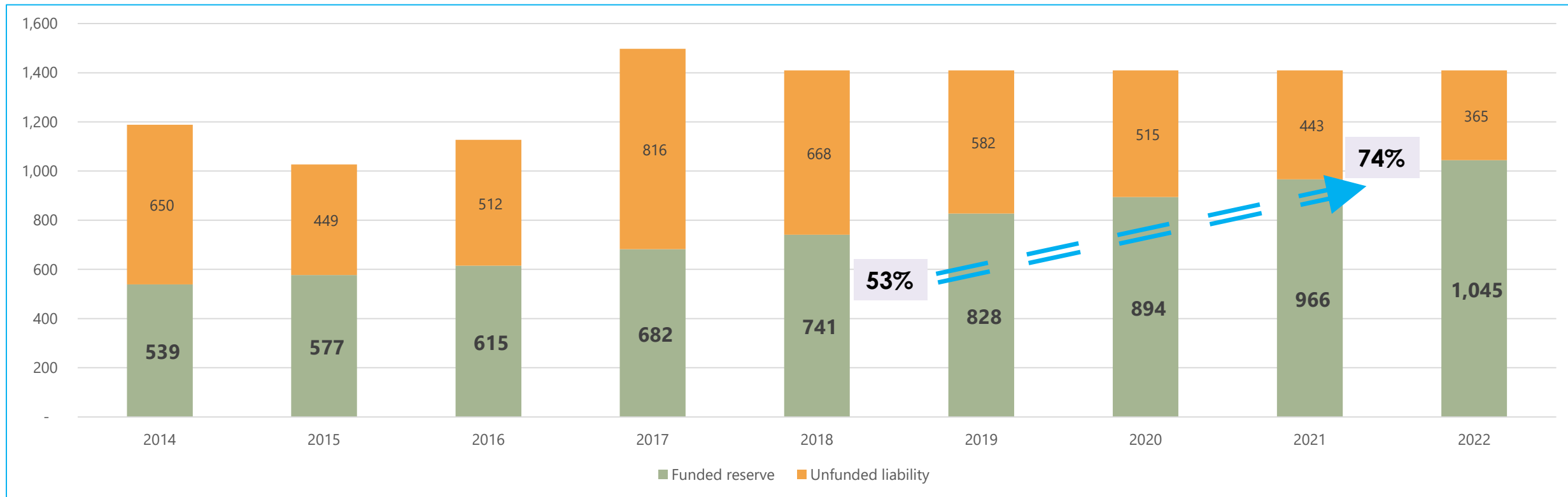
Based on the above yearly phasing, UNICEF recommends that the Board approves the preparation of programme expenditure submissions to the Executive Board of up to \$1.38 billion from regular resources in 2020, subject to availability of resources and the continued validity of these planned financial estimates.

Liquidity trend, historical and projected for regular resources (in millions of US dollars)



- The shift of the RR reserve borders in 2018 reflects increases in the approved 2018-2021 Integrated Budget;
- UNICEF will maintain an RR reserve balance within the recommended range of three to six months.

Progress on funding of staff liabilities*



- The staff liability reserve covers **53 per cent** of the liabilities as at end 2018. The funded reserves are projected to cover **74%** of these liabilities by 2022. UNICEF will continue to monitor the effectiveness of and make appropriate adjustments to the strategy as financial variables change.
- Subject to the availability of resources and the continued validity of these planned financial estimates, UNICEF intends to accelerate funding of these liabilities by transferring additional resources over the period 2019-2022 from regular resources fund balance.

* Staff liabilities include After-Service Health Insurance, Medical Insurance Plan and Separation and Termination liabilities.

Proposed Executive Board Decisions for the 2nd Regular Sessions related to the financial estimates 2019 – 2022 Update

Financial Estimates 2019 - 2022

Take note of the planned financial estimates for 2019–2022;

Preparation of programme expenditure submissions

Approve the preparation of programme expenditure submissions to the Executive Board of up to \$ 1.38 billion from regular resources in 2020; and

Funding of Staff Liabilities

Take note of the progress of funding UNICEF's reserve for staff liabilities and request UNICEF to continue provide annual updates.

Executive Board Decisions implementation update

EB decision 2017/14

- Continue to ensure sufficient resources for effective evaluation and audit functions, recalling Executive Board decisions 2017/9 and 2017/10, respectively; and to include in its first revision of the integrated budget a separate budget item for the Office of Internal Audit and Investigations, as decided by the Board in its decision 2017/10, paragraph 14.
- Update:
 - In the financial estimates document, further information related to the Oversight functions is included in paragraph 8 and 9 of the financial estimates.
 - Additional resources for effective evaluation function have been allocated with the objective of meeting the 1% of the programme expenditure.
 - During 2018 the OIAI investigation capacity was further strengthened by additional 4 positions, bringing the total number of authorized posts to 41 as of 31 December 2018.
 - UNICEF has a separate budget item for the Office of Internal Audit and Investigations (OIAI) in the integrated budget (E/ICEF/2017/AB/L.4, pp. 13/25).

EB Decision 2018/7 (GA resolution 72/279)

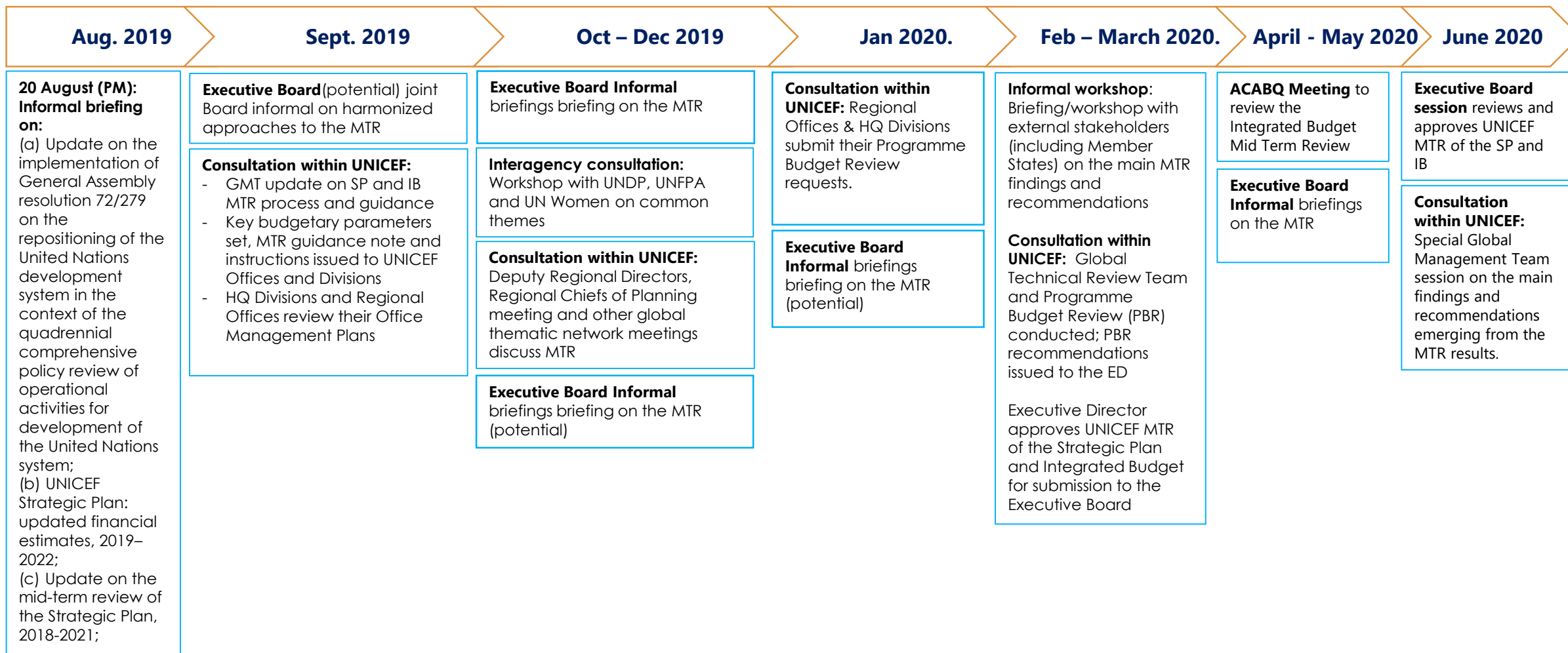
- Requests UNICEF, in accordance with resolution 72/279, to provide its contribution to the adequate, predictable and sustainable funding of the resident coordinator system, in line with the forthcoming implementation plan for the inception of the reinvigorated resident coordinator system to be presented to the General Assembly, on an annual basis starting 1 January 2019;
- Update:
 - General Assembly resolution 72/279 requests the doubling of the current United Nations Development Group cost-sharing arrangement among United Nations development system entities.
 - In line with this decision, UNICEF has doubled its contribution in 2019.
 - Further discussions among the United Nations Development System entities are planned in the coming months to develop and formalize a revised cost-sharing framework, which is expected to be in place effective 2019.

Roadmap for the Medium Term Review of the Integrated Budget 2018 -2021

SECOND REGULAR SESSION OF EXECUTIVE BOARD

FIRST REGULAR SESSION OF EB

ANNUAL SESSION OF THE EB



A photograph of two young girls, likely of African descent, wearing white headscarves and smiling broadly. They are positioned in front of a light-colored, textured wall. The girl on the left is looking towards the camera, while the girl on the right is looking slightly away. The overall mood is joyful and positive.

THANK YOU