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Programme, the United Nations
Population Fund and the
United Nations Office for
Project Services**

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Financial, budgetary and administrative matters

**UNDP integrated resources plan and integrated budget
estimates, 2022-2025**

Report of the Administrator

**Report of the Advisory Committee on Administrative and
Budgetary Questions**

I. Introduction

1. The Advisory Committee on Administrative and Budgetary Questions has considered the report on the integrated resources plan and integrated budget estimates, 2022–2025 ([DP/2021/29](#)) for the United Nations Development Programme (UNDP). During its consideration of the report, the Committee was provided with additional information and clarifications, concluding with written responses dated 16 July 2021.



II. Integrated resources plan

Table 1
Integrated resources plan
(In thousands of United States dollars)

(in thousands of United States dollars)							
		2018-2021 initial estimate	2018-2021 updated estimates as at 30 June 2021	Variance	2022-2025 estimates	Variance 2022-2025 estimates compared with 2018-2021 initial estimates	Variance 2022-2025 estimates compared with 2018-2021 updated estimates
	Opening balance	4 285.1	4 285.1	0	4 796.7	511.6	511.6
Income and adjustments	Contributions	20 909.0	19 703.1	(1 205.9)	21 632.0	1 928.9	1 929.0
	Other, incl. reimbursements and cost recovery	1 841.2	1 704.2	(137.0)	1 836.3	(4.9)	132.1
	Total estimates	27 025.4	25 692.4	(1 333.0)	28 265.0	1 239.6	3 253.2
	Less actual or estimated expenditures	24 027.6	20 895.8	(3 131.8)	24 149.0	1 214.0	3 353.2
	Balance of resources	3 007.8	4 796.7	1 788.9	4 116.0	1 108.2	(680.7)

2. As summarized in table 1 above, the integrated resources plan for the period 2022-2025, which represents the totality of the resources for all UNDP activities, amounts to \$28,265,000,000, and reflects an increase of \$2,572,600,000 (10.0 per cent) as compared with the updated estimate of \$25,692,400,000 for 2018-2021 (see also DP/2021/29, sections A and B, and annex I, figures 1a and 1b). **The Advisory Committee considers that the presentation of the integrated resources plan should include the evolution of expenditures (actual and projected) by object or categories of expenditures against planning estimates and justification for projected resource requirements, and trusts that the UNDP Administrator will present this information in future budget submissions to enable a more efficient and transparent consideration of the budget. The Committee requests the Administrator to ensure that updated versions of table 1 above, in the same format, will be included as a matter of routine in all future reports on the integrated resources plan and integrated budget estimates, as well as in all future midterm reports. The Committee requests, furthermore, that similar tables, showing the resources in a synthesized and “at-a-glance” manner, be included as a matter of routine in all future reports (i.e., not in the form of annexes) with respect to: (a) the integrated budget (regular resources); and (b) the institutional component of the integrated budget (see also para. 9 below).**

3. As also indicated in the budget document, as well as in table 1 above, for 2022-2025, an amount of \$21,632,000,000 of donor contributions is projected, comprising \$3,060,000,000 regular and \$18,572,000,000 of other resources, representing an increase of \$1,928,900,000 or 2.7 per cent annualized increase from the latest projected contributions for 2021, while total expenditure is estimated at \$24,149,000,000, an increase of \$3,253,200,000, or 3.9 per cent annualized increase from the latest projected expenditures for 2021.

4. Upon enquiry, the Advisory Committee was provided with a table showing information on the four-year strategic plans 2014-2017 and 2018-2021, as follows:

Table 2
Four-year strategic plans 2014-2017 to 2018-2021
In millions of United States dollars)

	2014-2017 (planned DP/2013/41)				2014-2017 (estimates DP/2017/39)			
	Regular (non- earmarked)	Other	Cost recovery	Total	Regular (non- earmarked)	Other	Cost recovery	Total
Contribution	3 600.0	15 759.0	-	19 359.0	2 715.2	15 562.3	-	18 277.5
Institutional Expenditure	1 510.4	-	1 469.3	2 969.7	1 167.2	-	1 635.0	2 802.2
Programmatic Expenditure	2 240.4	17 421.6	-	19 662.0	1 738.3	15 649.3	-	17 387.5
	2018-2021 (planned DP/2017/39)				2018-2021 (estimates DP/2021/29)			
	Regular (non- earmarked)	Other	Cost recovery	Total	Regular (non- earmarked)	Other	Cost recovery	Total
Contribution	2 710.0	18 199.0	-	20 909.0	2 633.3	17 069.8	-	19 703.1
Institutional expenditure	1 093.9	-	1 634.4	2 728.3	995.1	-	1 428.9	2 421.1
Programmatic expenditure	1 793.0	19 506.3	-	21 299.3	1 761.3	16 710.2	-	18 471.7

5. Upon enquiry, the Advisory Committee was informed that UNDP relies entirely on voluntary contributions from Member States, multilateral organizations, the private sector and other sources, in the form of unrestricted regular (core) resources and contributions which are earmarked for a specific theme, programme or project. The integrated budget document for 2022-2025 forms an integral complement to the UNDP strategic plan, 2022-2025, in line with the harmonized approach agreed within the context of the joint road map to an integrated budget for UNDP, the United Nations Population Fund (UNFPA), the United Nations Children's Fund (UNICEF) and the United Nations Entity for Gender Equality and the Empowerment of Women (UN-Women). Furthermore, the four-year budgeting approach, agreed by the Executive Board in decision 2012/27, ensures a more efficient and effective approach in that the overall alignment of planning and resources frameworks are considered by the Executive Board at the same time, as opposed to the previous approach whereby the Board reviewed distinct four-year programming arrangements and two-year institutional budgets at different points in time. **The Advisory Committee notes that the projected contributions were overestimated for 2014-2017 and 2018-2021, and that the contributions which were actually received were significantly lower. The Committee reiterates its previous request that UNDP budget assumptions be more realistic. The Committee encourages UNDP to continue to strengthen its fundraising efforts to broaden and deepen its donor base, and to provide detailed information on its four-year strategic plan in the context of the next midterm review (see also DP/2017/40, para. 3).**

III. Integrated budget (regular resources) for the period 2022–2025

6. An overview of the integrated budget, which represents UNDP regular resources for funding the programmatic and institutional components for the period 2022-2025, is provided in section V and table 1a of the budget document. The totality of the integrated budget is estimated at \$3,410,400,000, or a decrease of 28.4 per cent when compared to the updated estimates of \$2,655,300,000 for 2018-2021, and comprises:

(a) \$2,197,600,000 for the programmatic component; and (b) \$1,043,800,000 for the institutional component.

A. Institutional component of the integrated budget

7. An overview of the institutional component of the integrated budget is provided in section V.C and table 1a of the budget document. The institutional component is estimated at \$1,193,800,000, comprising regular resources of \$1,043,800,000 and other resources of \$150,000,000, and reflects a decrease of 19.7 per cent when compared to the updated estimate of \$995,100,000 for 2018-2021. The allocations within the institutional component are as follows:

- (a) \$687.4 million for recurring management activities;
- (b) \$48 million for non-recurring management activities;
- (c) \$89.7 million for independent oversight and assurance activities;
- (d) \$179.0 million for development effectiveness costs;
- (e) \$179.0 million for development effectiveness;
- (f) \$132.7 million for operational and administrative support to programme projects; and
- (g) \$57.0 million for a special-purpose allocation (\$10.1 million for the United Nations Capital Development Fund, and \$46.9 million for the United Nations Volunteers programme).

Furthermore, following prior practice, UNDP requests exceptional authority to disburse up to \$30 million in regular resources for security measures, which would be limited to new and emerging security mandates.

8. Upon enquiry, the Advisory Committee was provided with a comparative table showing actual and projected expenditure from 2018 to 2021, as follows:

Table 3
Actual and projected expenditure from 2018 to 2021

Category of expenditures	2018 actuals	2019 actuals	2020 actuals	2021 projections
Posts	195.5	194.5	186.4	190.8
Other staff costs	0.4	0.3	0.2	0.2
Consultants	5.2	6.2	8.3	8.5
Travel	5.9	6.9	1.9	1.9
Operating expenses	33.1	28.1	28.9	29.6
Furniture/equipment	1.6	4.7	4.5	4.6
Reimbursements/contributions	0.7	4.4	6.9	7.1
Provision for strategic investments	4.4	7.0	5.5	11.2
		-		
Total expenditures	246.7	252.0	242.5	253.9

9. The Advisory Committee notes that the evolution of resources, with explanations of the estimated and actual figures, should be presented in the appropriate format to enable an analysis of the variances with respect to the

expenses, and points out that the various tables presented in the budget report and in its annexes do not appear to be cohesive or comprehensive, and do not appear to be aimed at ensuring transparency and clarity of the overall resources. The Committee reiterates its previous requests that both the text and the tables related to the proposals need to be expanded, including table 4b to the budget document, to include the following detailed information: (a) a breakdown of expenditures; (b) an analysis of variances, comparing expenditures against planning estimates, with percentages; (c) detailed staffing plans and tables; and (d) explanatory information on major items of expenditure. The Committee expects that the aforementioned information will be presented in all future budget submissions, starting with the next midterm review. Furthermore, the Committee reiterates that UNDP budget assumptions should in future be realistic in order to keep any variances at a minimum (see also DP/217/40, paras. 7 and 8).

B. Cost recovery

10. As indicated in section VI of the budget report, cost-recovery income relates to: (a) general management services charges on bilateral, multilateral and programme-country government resources; and (b) other cost-recovery-related income for direct services provided to United Nations organizations. As also indicated in table 1 above, cost recovery for 2022-2025 would amount to \$1,836,300,000, representing an increase of \$132,100,000 compared with the updated estimates for 2018-2021.

11. As indicated in the budget report, in compliance with Executive Board decisions and UNDP financial regulations and rules, differentiated cost-recovery rates are applied by UNDP. The effective average rate of cost recovery during 2018-2020) ranged between 6.2 per cent and 6.4 per cent, and during 2022-2025, is projected to be at the midpoint of this range, i.e., 6.3 per cent, and estimated to yield indirect cost-recovery revenue of \$1.1 billion over that period (see also para. 20 below).

12. Upon enquiry, the Advisory Committee was informed that the UNDP/UNFPA Executive Board does not cover UNICEF and UN-Women, as the latter two agencies have their own Executive Boards. Also upon enquiry, the Committee was provided with the approved rates for UNDP and UNFPA, as per Executive Board decision 2020/12, the joint cost-recovery policy paper (DP/FPA-ICEF-UNW/2020/1 and the rates for UN-Women and UNICEF, as follows:

Table 4
Approved cost-recovery rates for UNDP, UNFPA, UN-Women and UNICEF

Overview of the differentiated cost-recovery rates, by agency

<i>Contribution type</i>	<i>UNDP</i>	<i>UNFPA</i>	<i>UN-Women</i>	<i>UNICEF</i>
Non-thematic contributions	8%	8%	8%	8%
Thematic contributions	7%	7%	7%	7%
Various umbrella agreements (formal existing inter-institutional agreements)	Based on the respective umbrella agreement			
National Committee ^a and programme country (private sector) contributions	5% ^b	Not preferential rate ^c		5%

<i>Contribution type</i>	<i>UNDP</i>	<i>UNFPA</i>	<i>UN-Women</i>	<i>UNICEF</i>
Programme Government cost-sharing contributions	Minimum of 3%	5%	5%	5%
South-South contributions	3%-5%	5%	5%	5%

^a National Committees are independent non-governmental organizations, unique to UNICEF, which mobilize resources and advocate on the organization's behalf. The 5 per cent rate is applicable only to thematic contributions raised by the National Committees.

^b For UNDP, the 5 per cent relates to contributions from individuals (i.e. private citizens).

^c UNFPA and UN-Women apply the rate of the respective contribution type for both public and private sector contributions. For UN-Women, this also includes funds mobilized by the National Committees on behalf of the organization.

Abbreviations: UNDP: United Nations Development Programme; UNFPA: United Nations Population Fund; UNICEF: United Nations Children's Fund; UN-Women: United Nations Entity for Gender Equality and the Empowerment of Women.

13. The Advisory Committee recalls its previous comments that cost-recovery rates differ among UNDP, UNFPA, UNICEF and UN-Women, in particular as they pertain to national committees and programme countries. The Committee is of the view that a consistent approach to cost recovery is needed for all funds and programmes, and that the rates should not differ among the funds or programmes for the same countries where their activities take place. The Committee reiterates that in accordance with General Assembly resolution 67/226 of 21 December 2012 on the quadrennial comprehensive policy review of operational activities for development of the United Nations system, the financing of all non-programme costs will be based on full cost recovery, proportionally from core and non-core funding sources, and that an update on the alignment of the cost-recovery methodology with resolution 67/226 and the results of the independent and external assessment involving UNDP, UNFPA, UNICEF and UN-Women will be provided to the Executive Board, as well as in the next budget report (see also DP/2017/40, paras. 13-18). Furthermore, the Committee is of the view that the alignment of the cost-recovery methodology among UNDP, UNFPA, UNICEF and UN-Women should be coordinated by the respective Executive Boards under the auspices of the United Nations System Chief Executives Board for Coordination.

C. Staffing

14. Upon enquiry, the Advisory Committee was provided with a table of all UNDP staff, showing that as at 31 July 2021, the following incumbency of a total of 20,697 persons: (a) 7,605 international and national staff; (b) 10,473 individuals employed under service contracts; (c) 2,154 United Nations Volunteers; (d) 268 interns; and (e) 197 individuals employed under personnel service agreements (see annex to the present report). **The Advisory Committee requests that the aforementioned table be presented in future budget reports, starting with the next midterm review, and will include a column showing comparative data.**

15. Section D of the budget report indicates that as in the past, the integrated budget for 2022-2025 also incorporates a strategy for financing personnel costs at grade P-5 and below in a manner that more accurately reflects the results framework. The number of positions at D-1 level and above would remain below those of the approved integrated budget for 2018-2021, as also indicated in annex I, table 4d to the budget report, for a total of 234 positions (258 positions in 2018-2021), as follows: (a) 10 Under-Secretary-General and Assistant Secretary-General positions

(unchanged from 2018-2021); (b) 59 D-2 positions (71 D-2 positions in 2018-2021); and (c) 164 D-1 positions (177 D-1 positions in 2018-2021).

16. Upon enquiry, the Advisory Committee was informed that between 2012 and 2021, the number of UNDP international and national staff has decreased from 8,088 to 7,611, while the number of individuals employed under service contracts increased from 8,695 to 10,473, and the number of United Nations Volunteers increased from 1,149 to 2,154, as follows:

Table 5
Evolution of incumbency, 2012 to 2021

Year	Staff	Service contract	United Nations Volunteer	Grand total
2012	8 088	8 695	1 149	17 932
2013	7 904	8 618	1 135	17 657
2014	7 597	9 755	1 194	18 546
2015	7 506	9 546	1 290	18 342
2016	7 341	9 234	1 239	17 814
2017	7 339	9 287	1 318	17 944
2018	7 173	9 458	1 496	18 127
2019	7 163	9 638	1 891	18 692
2020	7 730	10 135	2 284	20 329
2021	7 611	10 473	2 154	20 238

17. Upon enquiry, the Advisory Committee was informed that the service contract modality is used for the procurement of services of an individual to perform deliverable, time-bound and non-staff tasks aimed at delivering clear and quantifiable outputs which must be clearly identified in the contract and directly linked to payment. The Committee was furthermore informed that UNDP is replacing the service contractor modality. **The Advisory Committee recalls its previous comments with respect to the high percentage of non-staff personnel working for UNDP and that efforts should be made to reduce the reliance on such personnel (DP/2017/40, para. 11). The Committee expresses concern that the replacement of the service contractor modality was only briefly referenced in the additional information provided to it, and that no details thereon were provided in the report of the Administrator as to what this new approach might entail. The Committee considers that any replacement of the service contractor modality would be a fundamental structural change to the staffing modalities of UNDP, which requires the approval of the Executive Board. The Committee therefore recommends that the Administrator present for approval to the Executive Board, at the time of its consideration of the present report during the second regular session 2021, a detailed analysis and justification of the proposal to replace the service contractor modality. Furthermore, the Advisory Committee requests that the related details be presented in the next midterm report for consideration by the Committee.**

D. Other matters

Resident coordinator system

18. As indicated in paragraph 28 of the budget report, the integrated resources plan for 2022-2025 include \$48 million for United Nations development coordination activities, and following the reform of the United Nations resident coordinator system in 2019, the amount allocated for 2022-2025 relates exclusively to the UNDP contribution to the resident coordinator system. Upon enquiry, the Advisory Committee was informed that UNDP staff were seconded to the Secretariat as resident coordinators during the establishment of the system as of 1 January 2019, and that UNDP did not replace these but filled the new positions competitively. The Committee was furthermore informed that UNDP has been the principal provider of operational services to the resident coordinator system, including for human resources, finance, procurement, general operations and administrative services. In 2019, UNDP administered \$204 million of the resources of the United Nations Special-Purpose Trust Fund, and in 2020, upon transition of contract management of the resident coordinators, UNDP administered a related budget of \$131 million. The Committee was also informed that there appears to be some overlap or duplication of the functions of the resident coordinator system and those of UNDP. The Committee was also informed that there are currently 123 co-locations, or shared premises, of the UNDP representatives and the resident coordinators. **The Advisory Committee recalls its comments in the context of its latest report on the midterm review on the period 2018-2021, that the levels of country representatives of UNDP will be closely monitored, and that an update thereon will be provided in the next budget report. The Committee trusts that the aforementioned information, as well as information on any efficiencies with respect to the co-location, will be provided to the Executive Board at the time of its consideration of the present report.**

19. Upon enquiry, the Advisory Committee was informed that the 2019-2020 efficiency report was finalized, and the key results have been incorporated in the Secretary-General's report on the review of the functioning of the resident coordinator system. According to the report, the annual efficiency gains of the United Nations system increased by 57 per cent between 2019 and 2020 to \$101 million, representing 32 per cent of the estimated efficiency savings of \$310 million by 2020. The Task Team on Efficiency Reporting is due to start meeting to identify a common methodology and the scope of data for the 2021 efficiency report.

20. Upon enquiry, the Advisory Committee was informed that UNDP has been continuously supporting initiatives related to the Business Innovations Group (BIG) with resources and expertise. UNDP developed and launched the online Business Operations Strategy (BOS) platform as a contribution to the reform of the United Nations development system, and seconded a dedicated D1-level staff member to the BIG project team and a staff member to be part of inter-agency support to the Development Coordination Office (DCO) for the roll-out of the common back office. UNDP is actively participating in the BIG reference group and various task teams (including for the BOS/common back office, common premises, efficiency reporting, etc.) and is contributing extensively to the key discussions and documents emerging from the BIG. Progress to date on the respective initiatives under the BIG and the UNDP contributions are:

(a) **Business Operations Strategy.** Version 2.0 of the BOS is near completion, with 129 of 131 countries having finalized the BOS 2.0. UNDP has made great contributions to this progress by leading 55 countries in developing the BOS 2.0. UNDP developed and is still maintaining a dedicated BOS digital platform as a contribution to the reform of the United Nations development system, which has enabled a reduction of the time needed for development of the BOS by country offices from an average of six months to eight weeks.

As the top location-dependent service provider that is providing 1,346 services under the BOS worldwide, in the next stage of its development, UNDP will prioritize supporting its country offices in implementing and utilizing agreed common services under the BOS. To advance the implementation, UNDP has shared its best practices on green energy and common mobility as high-impact common services through the DCO network within the United Nations system;

(b) **Common back office.** Of the 30 countries targeted for 2021, seven countries (Brazil, Kenya, Kuwait, Serbia, Sudan, United Republic of Tanzania, Viet Nam) are part of the phase 1 roll-out plan, with Serbia expected to be the first country with a live common back office in place. UNDP reached out to all country offices included in phase 1 to better understand their needs and concerns. UNDP is actively supporting the Serbia country office on the roll-out, including in shaping the common back office business case, staffing and governance structure. Besides supporting the roll-out, UNDP is leading a legal task team and developing the common back office memorandum of understanding and service-level agreement;

(c) **Common premises.** Currently 23 per cent of the total United Nations premises are common premises, accommodating 45 per cent of United Nations personnel and 54 per cent of United Nations offices. UNDP is sharing 79 per cent of all its premises that are feasible to be shared with other United Nations agencies and is managing 72 per cent of such premises. The DCO is currently developing a proposal for a revolving capital fund for the establishment of common premises;

(d) **Enabling principles (mutual recognition, client satisfaction, costing and pricing principles).** UNDP was one of the first entities to have signed agreements for all three principles.

21. The Advisory Committee notes the efforts of UNDP and the progress in the Business Innovations Group, and trusts that detailed information, including quantifiable savings and efficiency gains, will be included in future budget submissions.

Innovation, digitization, development financing and partnership, and investments in the business model

22. Upon enquiry, the Advisory Committee was informed that UNDP is investing in enabling capacities and approaches that can scale up development impact, and that it is supporting countries in cultivating and applying these enablers, while also embedding them in the UNDP way of working, with a focus on strategic innovation, digitalization, development financing, partnerships and a more agile and anticipatory approach.

Implementation of the recommendations of the Advisory Committee

23. Upon enquiry, the Advisory Committee was informed that UNDP considers that all recent recommendations of the Committee have been implemented. However, with respect to its recommendation that UNDP set clear criteria in determining the countries to which the 8 per cent cost recovery rate does not apply, and that exemptions should be limited to the extent possible (DP/2017/40 para 15), the Committee considers that this information has not been provided in the present budget report and that, therefore, the recommendation is considered to be not yet implemented. **The Advisory Committee expects that all recommendations of the Board of Auditors will be implemented expeditiously, and that the implementation will be reported in the next midterm report. The Committee requests that the UNDP Administrator also provide an update thereon in the context of the Committee's consideration, during the fourth quarter of 2021, of the financial report and audited financial statements for the year ended 31 December 2020 and the related report of the Board of Auditors (A/76/5/Add.1).**

Annex.

Incumbency of all categories of UNDP staff, as at 31 July 2021

Headcount		DS Classification		
By Emp Type/Category		HQ	CO	Grand Total
Staff		1,370	6,235	7,605
IP		919	1,675	2,594
ADM		1		1
ASG		9		9
D2		21	37	58
D1		58	109	167
P7		3	2	5
P6		17	11	28
P5		148	370	518
P4		282	575	857
P3		241	397	638
P2		131	169	300
P1		7	5	12
USG		1		1
NO		2	1,641	1,643
NOE			1	1
NOD			48	48
NOC			416	416
NOB			901	901
NOA		2	275	277
GS		449	2,919	3,368
G7		181	516	697
G6		207	1,006	1,213
G5		39	631	670
G4		10	193	203
G3		12	302	314
G2			260	260
G1			10	10
GNX			1	1
Service Contract		35	10,438	10,473
SC		35	10,438	10,473
SB1		5	1,604	1,609
SB2		7	1,667	1,674
SB3		16	3,603	3,619
SB4		6	2,865	2,871
SB5		1	698	699
			1	1
UN Volunteer		21	2,133	2,154
Internship Programme			268	268
Personnel Service Agreement		94	103	197
IPSA		94	81	175
IB		94	81	175
NPSA			22	22
NB2			9	9
NB5			3	3
NB4			6	6
NB1			1	1
NB3			3	3
Grand Total		1,520	19,177	20,697