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### United Nations Children's Fund

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### Biennial support budget for 2002-2003

#### *Summary*

The Executive Director is presenting the biennial support budget for 2002-2003 within the harmonized format agreed upon by the United Nations Development Programme, the United Nations Population Fund and UNICEF.

The proposed gross biennial support budget totals \$566.2 million and reflects a 3.8 per cent increase over the 2000-2001 support budget. The net budget for 2002-2003 is proposed to be \$477.9 million, reflecting zero growth over the comparable figures for 2000-2001.

The formal decision to be made on the basis of the present document is the adoption of the draft resolution relating to the budget proposal contained in chapter III, paragraph 130.

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\* E/ICEF/2001/12.



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## Abbreviations

ACABQ	Advisory Committee on Administrative and Budgetary Questions
acquis.	acquisition
admin.	administration
Admin.	Administrative
AIDS	acquired immune deficiency syndrome
ASG	Assistant Secretary-General
categ.	category
CEE	Central and Eastern Europe
CIS	Commonwealth of Independent States
CPMPs	country programme management plans
dec.	decrease
devel.	development
DFAM	Division of Financial and Administrative Management
DHR	Division of Human Resources
DOC	Division of Communication
DPP	Division of Policy and Planning
ECD	early childhood development
EMOPS	Office of Emergency Programmes
EPP	Evaluation, Policy and Planning (Division)
FLS	Financial and Logistics System
GAVI	Global Alliance for Vaccines and Immunization
GRO	regional Office for Europe in Geneva
GS	General Service
hard.	hardware
HIV	human immunodeficiency virus
HQ	headquarters
HR	human resources
ICSC	International Civil Service Commission
IMIS	Integrated Management Information System (United Nations)
Inc.	increase
incl.	including
IP	international Professional

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IRC	Innocenti Research Centre
IT	information technology
ITD	Information Technology Division
Maint.	Maintenance
MTCT	mother-to-child transmission (of HIV/AIDS)
MTSP	medium-term strategic plan
N/A	not applicable
Nat.	National
NO	national officer
NP	national Professional
NY	New York
OED	Office of the Executive Director
OIA	Office of Internal Audit
OMPs	office management plans
org.	organization
oth.	other
PFO	Programme Funding Office
Prof.	Professional
PROMS	Programme Manager System
PSD	Private Sector Division
RO	regional office
SAP	Systems, Applications and Products
SITA	<i>Société internationale de télécommunications aéronautiques</i>
soft.	software
UN	United Nations
UNDP	United Nations Development Programme
UNFPA	United Nations Population Fund
USG	Under-Secretary-General
VSAT	Very Small Aperture Terminal



Figure A  
**Use of total resources, 2002-2003**

## **I. Executive summary**

1. The Executive Director presents in this document the estimates for the 2002-2003 biennial support budget within the format contained in the report on the "Harmonization of budgets: UNDP, UNFPA and UNICEF" (E/ICEF/1999/AB/L.2). As approved for harmonization, the organization will limit the information in the biennial support budget document to the summary level so that Executive Board members can focus on strategic financial decision-making. However, should more detailed information be required, it will be made available upon request.

2. The support budget document is an integral part of the multi-year funding framework. Within this framework, the medium-term strategic plan (MTSP) for 2002-2005 closely guided the preparation of the support budget. The support budget is prepared to support both regular resources and other resources programmes. The financial framework given in paragraphs 3-10 below shows a resource growth of 30 per cent for programmes in the next biennium 2002-2003 as compared to the projection made in 1999 for 2000-2001; the gross biennial support budget will grow at 3.8 per cent, and a lower proportion (19.6 per cent) of total resources will fund the support budget. The budget strategy, contained in paragraphs 11-16 below, shows how UNICEF aligns the support budget to the MTSP priorities.

### **A. Financial framework**

3. Total resources, as presented in table 1, consist of UNICEF income (regular resources and other resources) and the trust funds, with the separation of the trust funds from UNICEF income.





4. The resource projection made in 1999 for 2000-2001 has been revised upward by 15 per cent from \$2,234 million to \$2,566 million.

Table 2. Revised resource projection, 2000-2001  
(In millions of United States dollars)

	Planned for 2000-2001	Revised projection for 2000-2001
Regular resources	1 234 <u>a/</u>	1 108
Other resources	886	1 191
Subtotal, income	2 120	2 299
Trust funds and reimbursements	114	267
Total resources	2 234	2 566

a/ Comprises column 1 of table 1 under resources available, less opening balance, plus adjustment for taxes of \$15.8 million.

From the revised base of 2000-2001, the resource projections for 2002-2003 have been made as shown in the following chart. It shows that starting in 2000-2001, other resources have surpassed regular resources. The trust funds have more than doubled since 1998. By 2002-2003, total resources are projected to increase by 70 per cent over 1996-1997, i.e., from \$1,688 million to \$2,868 million.



5. For the biennium 2002-2003, income from the private sector for both regular resources and other resources is projected at \$805 million, i.e., 11 per cent over \$725 million planned for 2000-2001. Annex IV shows the private sector annual income and expenditure estimates for 2001-2003.

6. In accordance with the recommendation of the Advisory Committee on Administrative and Budgetary Questions (ACABQ), the term "special account" has been revised to "trust funds". In the resource plan, table 1, under the trust funds column, there are two lines. One is to show fees for "reimbursement for services", which includes fees for procurement services and administration of the trust account related to the Global Alliance for Vaccines and Immunization (GAVI). The other is the remaining "trust funds", which are for activities that are consistent with the UNICEF mandate but outside the programme approved by the Executive Board for UNICEF. In 2000, UNICEF joined GAVI. The trust funds projected for 2002-2003 include funds from GAVI, the Oil-for-Food programme in Iraq and projects funded by the World Bank.

7. As regular resources are not increasing, UNICEF has been particularly careful to cap the net support budget funded from regular resources. As total resources grow by 70 per cent over the four bienniums from 1996-1997 to 2002-2003 (see paragraph 4 above), the gross support budget grows only at 7.4 per cent. At \$477.9 million, the net support budget for 2002-2003 has been maintained at a similar level since 1996-1997. A comparison of the gross and net support budgets since 1996-1997 is presented below:

Table 3. Comparison of the gross and net support budgets since 1996-1997  
(In millions of United States dollars)

	1996-1997	1998-1999	2000-2001	2002-2003
Gross support budget	527.1	527.5	545.5	566.2
Biennial percentage change		0.1%	3.4%	3.8%
Cumulative percentage change since 1996			3.5%	7.4%
Net support budget	479.9	478.9	477.7	477.9

8. As other resources increase, recovery charges also increase and are projected to be \$61.5 million for 2002-2003, an increase from \$40 million planned for 2000-2001. The actual recovery from other resources (including fees from the administration of trust funds) is projected to be \$55 million for 2000-2001. The projected \$61.5 million are based on 5 per cent for other resources and 3 per cent for trust funds such as Oil-for-Food. UNICEF will review its recovery policy in 2002 after the United Nations Joint Inspection Unit completes a system-wide study on the subject.

9. In accordance with the recommendation of ACABQ, the amount needed to refund staff members for income taxes levied by Member States will be charged to income, with the same amount credited to the biennial budget. The net budget for 2000-2001 has been reduced by an estimated \$15.8 million. The same amount is included for 2002-2003 as income to the budget.

10. In summary, the resource plan shown in table 1 has three sections indicating the following:

(a) **Resources available:** Total resources available will increase by 26 per cent from \$2,646 million in 2000-2001 to \$3,352 million in 2002-2003;

(b) **Use of resources:** Out of the total resources, 80.4 per cent will be for programmes and 19.6 per cent for the support budget (13 per cent for programme support and 6.6 per cent for management and administration). Total resources for programmes will increase by 30 per cent, from \$1,708 million projected for 2000-2001 to \$2,229 million in 2002-2003. The proportion of resources for the support budget will reduce from 23.3 per cent in 2000-2001 to 19.6 per cent in 2002-2003;

(c) **Biennial support budget:** This section reconciles the biennial support budget, both the net and gross budget estimates that are being presented to the Executive Board for approval. Estimated income and adjustments to the gross budget will increase to \$88.3 million for 2002-2003 from \$67.8 million due to increases in recovery costs as explained in paragraph 8 above.

## **B. Objectives and strategy**

11. The MTSP is the UNICEF organizational business plan for the period 2002-2005. It provides the framework for UNICEF work for the next four years and, therefore, drives the preparation of the present support budget for the biennium 2002-2003. The MTSP describes the organizational priorities of UNICEF over the next four years. UNICEF has identified five priority areas where it can make the biggest impact on the lives of children in support of the Millennium Declaration, the international development targets and the draft outcome document for the Special Session on Children. These organizational priorities are:

(a) Girls' education;

(b) Integrated early childhood development (ECD);

(c) Immunization Plus;

(d) Fighting HIV/AIDS;

(e) Improved protection of children from violence, exploitation, abuse and discrimination.

12. UNICEF will pursue these organizational priorities not only through programmes of cooperation, but through alliances, partnerships, advocacy, monitoring, research and policy analysis at all levels. UNICEF will use its global presence, its country programme capacity and its voice to help change the world for children. In pursuing these priorities, UNICEF will put children at the heart of every agenda and find effective ways to ensure that children's voices are heard. Following the principle of mainstreaming emergency operations, the five organizational priorities will be pursued in both regular and emergency programmes.

13. These organizational priorities have been selected not only because of their world-wide importance and potential impact on children's lives, but also because UNICEF has a comparative advantage in these areas. The UNICEF comparative advantage arises not only from its mandate as the world's premier organization for children, but from years of experience and accumulated expertise. This is

particularly the case in immunization plus, where UNICEF has been a leading agency for two decades. Other elements of the UNICEF comparative advantage include its global presence; a mandate from the General Assembly as the world's voice for children; designated responsibility from the Secretary-General to be the lead agency in the United Nations Girls' Education Initiative; a clear responsibility among the co-sponsors of the Joint United Nations Programme on HIV/AIDS for issues touching on children; and its unique position as an agency whose practical experience runs the gamut from project implementation at the community level to national and international formulation of legal, economic and social policy, as well as a lead position in ensuring that essential supplies, such as vaccines, are made readily available to children.

14. Taking into account the MTSP priorities and the broad strategies to achieve them in the context of stagnant regular resources, the UNICEF biennial support budget for 2002-2003 has been prepared in accordance with the following principles to attain a no-growth net budget:

- (a) To ensure that the plan guides the budget and, therefore, focus resources and activities towards the achievement of the priority areas identified in the MTSP;
- (b) To achieve improved performance and results while containing the support budget costs;
- (c) To sustain the centrality and strength of field offices to carry out the programmes, and strengthen oversight and programme support from the regional offices.

15. In order to achieve these objectives, UNICEF undertook the following strategies and processes to review programmes and budgets in an integrated manner:

- (a) All offices were provided with clear guidance on the preparation and review of their office management plans (OMPs) and country programme management plans (CPMPs), with the participation of staff, to prioritize the required staffing structure and financial resources within the affordable budget ceilings. Regional and headquarters offices were given indicative ceilings to contain growth, and the process of the integrated programme and budget review was used systematically at country, regional and headquarters levels to ensure that management plans provided a four-year strategic vision in support of the MTSP as well as set clear and measurable goals and targets covering the biennium 2002-2003;
- (b) Headquarters location offices and divisions were asked to maintain their budgets at the same nominal level of 2000-2001, which not only required reductions to cover the mandatory increases due to inflation, but also tough choices on which priority areas to fund and offset them with reductions elsewhere. Field and regional offices were allowed to maintain their existing capacity with inflationary increases only, and were asked to undertake a prioritization exercise to find savings to fund priority areas in support of the MTSP.

16. Through discussions of the strategic options, the following areas emerged for budgetary increases and savings for the next biennium, as shown in table 4 (a more detailed explanation is provided in the relevant sections of this document):

- (a) On the MTSP priority areas:

- (i) Enhance the technical excellence of the headquarters programme group to provide global leadership in the formulation of programme policy and guidance, managing strategic information, and strengthening evaluation and emergency support capacities;
- (ii) Reinforce the primacy of country programmes in UNICEF work by strengthening the regional offices' direct programme support and oversight role to the country offices;
- (iii) Align programme focus and capacity at the country level;
- (iv) Improve the content and dissemination of information concerning women and children;
- (v) Focus strategic supply procurement in the areas of UNICEF comparative advantage, such as vaccines and essential drugs;
- (b) On institutional support:
  - (i) Improve the safety and security of staff in field offices;
  - (ii) Strengthen essential operational functions;
  - (iii) Strengthen human resources in the areas of competency development in MTSP priority areas` and succession planning, with an emphasis on young professionals;
  - (iv) Safeguard information technology (IT) investments through improved security and archiving projects;
  - (v) Continue improvements in global connectivity, stabilize systems interfaces and improve systems integration through the review of business processes;
- (c) Savings were achieved from:
  - (i) Efficiency gains and reductions through prioritization in headquarters OMPs;
  - (ii) Establishment of common operations services in regional and country offices and with the Private Sector Division (PSD) at headquarters locations;
  - (iii) Reorganization in Supply Division, including deployments from Copenhagen headquarters to regional and country offices, to improve supply planning and advisory capacity in the regions;
  - (iv) Reduction in staff and operating costs.



### **C. Summary of proposals**

17. The gross support budget for 2002-2003 is proposed to be \$566.2 million. As shown in table 5, this reflects a volume increase of \$9.4 million and a cost increase of \$11.3 million due to inflation and exchange rate factors. The net support budget, after deducting estimated income to the budget, will be \$477.9 million, which is at a similar level as the biennium 2000-2001.



Figure C  
Gross budget estimates by appropriation line, 2002-2003

18. UNICEF has consistently followed the principle to sustain and strengthen field offices to carry out the programmes. This can be seen from the tables below. The gross support budget for 2002-2003 for headquarters is at the similar level of 1996-1997, and for the field, increased by 15.6 per cent. The overall increase is 7 per cent in total. Taking inflationary increases into account, this amounts to a sizeable reduction in the headquarters budget. Therefore, the percentage of the support budget allocation for headquarters is reduced from 51 per cent in 1996-1997 to 48 per cent in 2002-2003.

Table 6. Gross support budget appropriations  
(In millions of United States dollars)

	1996-1997	1998-1999	2000-2001	2002-2003	Increase: 2002-2003 over 1996-1997
Country offices	203	216	224	237	16.7%
Regional offices	53	54	55	59	11.3%
Subtotal, field offices	256	270	279	296	15.6%
Headquarters	271	257	266	270	0%
Total	527	527	546	566	7%
Country offices	39%	41%	41%	42%	
Regional offices	10%	10%	10%	10%	
Subtotal, field offices	49%	51%	51%	52%	
Headquarters	51%	49%	49%	48%	
Total	100%	100%	100%	100%	

19. The increase of posts at headquarters is mostly of a cost-neutral nature, i.e., the conversion of temporary staff to regular posts and the transfer of posts from PSD to merge the common services with shared costs. The former is necessary as investment in IT projects became recurrent maintenance functions. The latter is to increase transparency and effectiveness, which will eventually lead to efficiency savings.

20. The increase of posts in the field is in two areas: for programme support activities in MTSP priority areas; and essential operational support functions.

21. As shown in table 7, the total number of posts charged to the support budget is proposed to increase by 56 posts (an increase of 69 international Professional posts and reduction of 1 national Professional and 12 General Service posts). This increase includes 11 posts transferred from PSD and 25 conversions from temporary staff and consultants in the Information Technology Division (ITD). In line with the strategy of strengthening human resources, particularly at the entry level of Professional posts, the proposal includes 46 new posts at the P-2 and P-3 levels. The total number of posts is now proposed to be 2,523, at the similar level of 1996-1997 of 2,529. The ratio of international Professional posts in the support budget has increased from 27 per cent in 1996-1997 to 34 per cent in 2002-2003.

22. The total increase of 69 international Professional posts includes changes in posts up to the P-5 level made by the Executive Director in the current biennium, with necessary offsets within the total appropriations, as per authority delegated by the Executive Board. This has also allowed the Executive Director to make changes to meet organizational needs when posts became vacant. There were 25 Professional posts established mostly in the field with abolishment of 21 Professional posts. A list is provided in annex V.

Figure D  
**Regular resources posts by appropriation line, 2002-2003**

Figure E  
**Regular resources posts by category, 2002-2003**

Figure F

**Regular resources posts by category and appropriation line, 2002-2003**

## II. Proposals for the 2002-2003 biennial support budget

### A. General

23. Summary table I provides a financial overview of the proposed budget estimates by main organizational units within each appropriation line, with major changes explained in paragraphs 29-129 below. The central costs under each appropriation line include, as in the past, reimbursement for the common services provided by the United Nations, termination indemnity, war risk insurance, global training, refunds to staff members for income taxes levied by Member States, after service health insurance costs and general operating costs for New York headquarters.

24. At the fifty-fifth session of the General Assembly, the Secretary-General proposed a package of measures to strengthen the safety and security of all United Nations staff at the country level. The Fifth Committee decided that this should be budgeted in the United Nations regular budget, but recovered through cost-sharing among organizations. Under the leadership of the United Nations, a comprehensive proposal in this regard has been developed in collaboration with the funds and programmes and the specialized agencies. The UNICEF share of \$6.7 million has been included in the budget under field central costs for the biennium 2002-2003, which is in addition to existing costs for measures relating to staff security infrastructure and entitlements.

25. Summary table II provides a financial overview of the proposed budget estimates by main expenditure category within each appropriation line. Figure G provides an overview of the proposed budget estimates by main expenditure category. Apart from the inflationary increases in the post costs of the field, at headquarters, the increases in posts and consultants categories are due mainly to the creation of posts and reclassification of functions carried out by temporary assistance and contractors in ITD. It also reflects the cost of posts transferred from PSD, which is deducted in the reimbursement category. More detailed explanations are provided in the narratives of affected offices and divisions.

26. Summary table III provides comparative information between the current and the proposed biennium on the total number of posts per organizational unit. Table 8 complements this information by highlighting the proposed changes in the number of posts financed from the support budget for each of the main components of the appropriation line. The first part of the table covers increases and decreases that are being proposed against the 2000-2001 approved base, while the second part summarizes changes in the overall grade structure as a result of confirmed reclassifications of the grade level of existing posts and functions. The average grade level of international Professional posts is lowered from 4.3 in the current biennium to 4.2 in the next biennium.

27. Summary tables IV (a) and (b) provide a financial overview, in the same format as summary tables I and II, pertaining to the support activities in other resources. These other resources pertain to support costs for activities in GAVI (for 2002-2003 only) and the procurement services shown separately under other resources relating to programmes and other resources relating to reimbursement, respectively.

28. For the biennium 2002-2003, the vacancy rate of 6 per cent for international Professional posts has been maintained. The exchange rate and post adjustment multiplier are as of 1 September 2001, and the annual average inflation rate is projected at 3 and 5 per cent for headquarters and the field, respectively.

Figure G  
**Expenditures by category, 2002-2003**







## B. Programme support

29. The programme support component of the budget comprises two sub-components: (a) programme support — country and regional offices; and (b) programme support — headquarters. As can be seen from table 5, programme support costs account for two thirds of the support budget. Staff resources assigned to this component, as shown in table 7, constitute 78.5 per cent of the total staff resources, of which 68.6 per cent are assigned to country and regional offices and 9.9 per cent to programme support divisions at headquarters.

### 1. Country and regional offices

30. In the field, UNICEF has 126 country and area offices and 7 regional offices supporting programme cooperation in 162 countries and territories. The designation “area” office refers to an office serving more than one country. Country/area offices are headed by a UNICEF representative who is responsible for all UNICEF activities undertaken in the country(ies) concerned. The seven regional offices provide programme support and oversight functions.

31. As can be seen from table 5, country and regional offices have a nominal budget increase of \$16.5 million, or 5.9 per cent, bringing the total budget for the biennium 2002-2003 to \$295.7 million, or 52 per cent of the total support budget. Through a systematic review of CPMPs, required resources have been reallocated to meet the priority needs, while minimizing any real growth. In the reallocation of resources, priority attention has also been given to increase the number of international posts in order to maintain the international character of the organization, increase the number of entry-level Professional positions to attract young professionals, and strengthen IT capacity.

32. Key areas requiring increases are proposed to ensure the minimum capacity in regional offices for the development and support of regional emphases in the MTSP priority areas; to strengthen secured global connectivity through the use of *Société internationale de télécommunications aéronautiques* (SITA) or Very Small Aperture Terminal (VSAT) whenever possible; and a provision for the UNICEF share of the cost to strengthen the safety and security of all United Nations staff at the country level (see paragraph 24 above).

33. The total number of posts in the country and regional offices is proposed to increase from 1,715 to 1,730 in the support budget. A brief explanation of the changes in each region is provided below. A regional comparison of the total programme and support resources between 2000-2001 and 2002-2003 is given in table 9. Annex III provides estimated programme resources and support budget for each country.

#### West and Central Africa region

34. The region will work on areas of particular emphasis within each MTSP priority. On education, particular emphasis will be on issues of quality, especially for girls. ECD will be addressed through the promotion of an integrated approach to include health, nutrition, care, water and sanitation. As the region second most affected by HIV/AIDS, emphasis will be on prevention through behavioural changes, the prevention of mother-to-child transmission (MTCT) of HIV/AIDS, and

care for orphans and other affected children. In addition, social and economic policy analysis and advice will ensure that children's rights are reflected in processes such as the Common Country Assessment/United Nations Development Assistance Framework, sector-wide approaches and poverty reduction strategies.

35. In the regional office, the areas of HIV/AIDS, child protection and ECD are proposed to be reinforced with additional Professional posts, 4 under the support budget and 11 project posts under other resources, subject to funding.

36. Emergency planning and response is proposed to be strengthened with a senior Professional post to lead the team in providing support to country offices, monitoring emerging crises and preparing high-risk country offices for emergency responses. To strengthen supply planning, in-country logistics and procurement services in the region, a P-5 post of regional supply planning officer has been established, with the budget for this transferred from the Supply Division in Copenhagen (see paragraph 93 (a) below). The IT capacity is proposed to be strengthened to deal with the increased complexity of IT and telecommunications in the region. In addition, the Common Services Unit serving the regional and country offices in Abidjan is proposed to be strengthened to take into account the expansion of these offices.

37. In the countries of the region, the smaller offices of Equatorial Guinea, Gabon and Sao Tome and Principe are proposed to be combined to have a common management structure, with the representative based in Gabon for cost-efficiency and effectiveness of programmes in all these countries. The communication and advocacy function is proposed to be strengthened with international Professional positions in Benin, Gabon and Liberia. In the area of IT, the region proposes to have a minimum of one dedicated IT Professional post in every country to ensure global connectivity and management of systems. The crucial area of operations management is also proposed to be strengthened with the upgrading of the operations officer posts in Burkina Faso, the Democratic Republic of the Congo, Ghana and Sierra Leone, and in the zonal offices in Nigeria.

38. The total number of posts proposed for the regional and country offices in the West and Central Africa region under the support budget is 381, comprised of 98 international Professional, 56 national Professional and 227 General Service posts. This represents an addition of 10 international Professional, 5 national Professional and 2 General Service posts. The efficiency savings and the strength of the United States dollar have allowed the strengthening of the West and Central Africa regional capacity with a total budget of \$56.5 million for 2002-2003, which is \$1.4 million lower than the last biennium.

#### **Eastern and Southern Africa region**

39. Within the MTSP priorities, as the region most affected by HIV/AIDS, its main emphasis will be on all HIV/AIDS areas relating to prevention, care and protection. Malaria prevention and control, nutrition, and water and sanitation will form important components of integrated ECD. In addition, strengthening of emergency preparedness and response is a cross-cutting strategy to ensure success in all organizational priorities.

40. The management approach of the regional office has been modified, with a task-based work plan and greater coordination and teamwork to meet the new needs

of the office without a significant increase in resources. To strengthen key MTSP priority areas, 12 project posts are proposed under other resources, subject to funding. In the operational management area, one human resources officer and a General Service post are proposed to be added to allow the regional advisers in operations, human resources and IT more time for advice and support of the country offices in the region. In addition, the supply function has been streamlined and strengthened in the consolidated Supply Section serving all the offices based in Nairobi, Kenya, i.e., Operation Lifeline Sudan, Somalia Support Centre, Kenya country office and the regional office.

41. The region has had more emergencies over the past decade than any other region. Priority attention has been given to address this by mainstreaming emergency preparedness and response into the country programme planning and the annual contingency planning exercises.

42. Communication and advocacy capacity is proposed to be strengthened by either the upgrading of existing posts or the creation of additional Professional posts in the offices of Burundi, Eritrea, Ethiopia, South Africa and the United Republic of Tanzania.

43. The regional procurement centre in South Africa is proposed to be strengthened with one international Professional and two General Service posts, with the budget transferred from the Supply Division in Copenhagen (see paragraph 93 (b) below). Following the standard International Civil Service Commission (ICSC) classification criteria and established policy, particularly for the classification of posts of representatives, the posts of the representatives of the Burundi and Somalia offices are proposed to be upgraded to the D-1 level. In addition, the Burundi office is establishing one international Professional security officer post, which was funded earlier by other resources.

44. In total, the number of posts proposed under the support budget is 360, comprised of 102 international Professional, 48 national Professional and 210 General Service posts. This represents an addition of five international Professional, two national Professional and three General Service posts. The total budget for the region for 2002-2003 is proposed to increase by \$2.7 million, from \$54.7 million to \$57.4 million.

#### **The Americas and the Caribbean region**

45. In the Americas and the Caribbean Region, MTSP priority areas will have a regional emphasis on adolescent development and participation as a cross-cutting strategy to achieve children's rights. Similarly, disparity reduction will be a major programming theme across all of the five organizational priorities, reinforced by socio-economic policy analysis and data collection. Emergency preparedness and response will be an important focus of programming.

46. The regional office took the opportunity of its move from Santa Fé de Bogotá, Colombia, to Panama City, Panama, in 2000 to review its programme structure and adjust the staffing accordingly. The result was to establish six entry-level international Professional posts in sectoral programme areas and strengthen operations and communication sections.

47. The region had a major programming exercise, with 19 out of the 25 country offices submitting new country programmes starting in 2002. This provided the

region with the opportunity, using the country programme management review mechanism, to align operational structures to match programme needs across the region.

48. Efficiency gains were found by combining the operations of the offices of the southern cone group, i.e. Argentina, Chile and Uruguay. The redistribution of resources permitted the Uruguay country office to have a biennial support budget, including a P-4 assistant representative post. The functioning of a combined operations centre for three offices is being closely monitored for possible replication for cost-efficiency in other parts of the organization.

49. To improve the balance between national and international Professionals in order to maintain the international character of the organization, three national Professional posts have been converted to international Professional posts in the offices of Bolivia and Brazil. The offices of Cuba and Paraguay are also proposed to be strengthened with the establishment of second international Professional posts.

50. Operations and IT capacity are strengthened in the offices of Barbados, Cuba, Guatemala and Guyana, with offsetting reductions in the offices of Belize, Colombia and Panama.

51. The total number of posts in the region funded under the support budget is proposed at 229, comprised of 61 international Professional, 41 national Professional and 127 General Service posts. This represents an addition of 12 international Professional posts, and a reduction of 6 national Professional and 12 General Service posts. The total budget for the region for 2002-2003 is proposed to increase by \$0.4 million, from \$43.4 million to \$43.8 million.

#### **East Asia and the Pacific region**

52. The East Asia and the Pacific region will emphasize particular regional issues within the five organizational priorities, for example, a focus on quality in girls' education, health system strengthening, the introduction of new vaccines, the prevention of HIV/sexually transmitted infections, support to orphans and other affected children, trafficking of children and women, and monitoring systems for child protection. Emergency preparedness, water, sanitation and hygiene, nutrition, safe motherhood, and socio-economic analysis of disparities and trends will be additional priorities in the regional context.

53. In the regional office, the post of the regional adviser for HIV/AIDS is proposed to be converted from other resources to the support budget in view of the regional priority in the HIV/AIDS areas mentioned above. New regional adviser posts in economic and social policy analysis and monitoring and evaluation are proposed for establishment to strengthen these functions, with offsets from existing regional office staffing. In addition, IT capacity is proposed to be upgraded to accommodate larger data flows and the provision of fixed antennae and satellite phones to better support country offices in the region.

54. Following the development of a new two-year country programme for East Timor for 2001 and 2002, endorsed by the United Nations Transitional Administration, UNICEF assistance has shifted from an emergency focus to one of rehabilitation and development. While the next country programme will be submitted to the Executive Board in 2002, a new biennial support budget has been allocated for the East Timor office, which includes a P-5 level post of special

representative, two P-3 level operations and communication officer posts and five General Service posts accounting for 69 per cent, or \$1.59 million out of a total of \$2.3 million increase in the support budget of the region.

55. Following the standard ICSC classification criteria and established policy, particularly for the classification of posts of representatives, the proposed upgrades of the representative posts to the D-1 level in Cambodia and the P-5 level in Mongolia reflect the increase in the volume and complexity of these country programmes.

56. Operational support is also proposed to be enhanced in Cambodia, China, Indonesia and the Pacific Islands, and the communication function was strengthened in Viet Nam. Efficiency savings have been found in the Lao People's Democratic Republic and Myanmar offices, with a reduction in rental for the Indonesia country office.

57. The total number of posts proposed for the region funded under the support budget is 211, comprised of 60 international Professional, 19 national Professional and 132 General Service posts. This represents an increase of six international Professional posts, and a decrease of three national Professional and nine General Service posts. The total budget for 2002-2003 is proposed to increase by \$2.3 million, from \$31.95 million to \$34.27 million.

### **South Asia region**

58. The organizational priorities match very well with the regional situation and priorities in South Asia. The South Asia region will also pursue two regional priorities: maternal mortality reduction, focusing on the underlying causes; and improvement of water quality, and environmental sanitation and hygiene practices.

59. The regional office aims to improve the quality of oversight of country offices and programmes by strengthening technical support to country teams and improving the capacity in human resources, operations and IT areas. Additional strategic technical capacity in programme advisory services and emergency preparedness and response capacity is proposed through other resources funding.

60. It is proposed that the regional IT officer be supported by an additional international Professional post to support system implementation and the expanded use of databases and reporting. In operations, two national Professional posts are proposed to be added in human resources and administration and finance areas. One national Professional programme officer post is proposed to be added in the Health and Nutrition Section, while abolishing a P-5 nutrition adviser post to partially offset the creation of the above-mentioned posts.

61. In the Afghanistan, Nepal and Sri Lanka offices, increases are proposed in field security costs, whereas in the Maldives office, operational costs have increased. IT capacity and emergency preparedness are proposed to be strengthened in most country offices. To strengthen operational management in Sri Lanka, the operations officer post has been internationalized. In the Pakistan office, one international finance post is proposed for establishment for a stronger financial oversight of provincial offices, and the human resources function in the Bangladesh office has been strengthened with the addition of a national Professional post.

62. For the region, the total number of posts funded under the support budget is proposed at 243, comprised of 44 international Professional, 31 national Professional and 168 General Service posts. This represents an addition of 2 international Professional and 2 national Professional posts, and a reduction of 10 General Service posts. The total budget for 2002-2003 is proposed to increase by \$2.09 million, from \$29.25 million to \$31.34 million.

### **Middle East and North Africa region**

63. UNICEF will work in the region on several areas of particular emphasis structured around the five organizational priorities. The education priority includes girls and other disadvantaged groups. Under immunization plus, the focus will be on health system strengthening and new vaccines. Integrated ECD programmes will focus on promoting community and parental involvement. HIV/AIDS efforts will address denial and prevention, focusing on adolescents. Child protection will target the reform of legal systems and national policies. Emergency preparedness and response, maternal mortality and adolescent issues are added to the region specific priorities.

64. In the regional office, to strengthen monitoring and evaluation, a P-5 regional adviser post is proposed for establishment. Similarly, the Communication Section is proposed to be strengthened with one additional international Professional post to focus on media relations, research and co-productions, and managing advocacy through goodwill ambassadors. Reductions have been found by proposing the abolishment of the social policy post and geographic desk post, with functions shared within the programme and advisory clusters.

65. In the area of operations, the capacity of the regional office to provide support to country offices is proposed to be strengthened in supply planning and management, human resources, IT and telecommunications by the establishment of a P-5 regional supply officer post, a P-3 IT officer post and a junior Professional human resources officer post. The P-5 supply post is funded by transfer of resources from the Supply Division, Copenhagen (see paragraph 93 (a) below).

66. A Common Services Unit has been established to serve both the Jordan country office and the regional office, and maximize cost-effectiveness and efficiency in the areas of administration, finance and human resources. Efficiency gains have been found by consolidating existing posts in both offices to form this unit.

67. In the country offices, priority attention has been given to improve the ratio between international and national Professional posts as far as possible. This has been done in conjunction with the review of posts funded from the support budget such as communication, operations and IT. This effort also helped the region to ensure at least two international Professional posts in most country offices.

68. Communication and IT functions are proposed to be strengthened within available resources by reviewing the competencies and staffing structure. The installation of SITA or VSAT has been a priority to ensure secured global communication and the effective use of management information systems.

69. One international Professional operations officer post is proposed to be added to the Djibouti office, and increases in shared field security costs are proposed to be provided for the offices of Algeria, Sudan, Yemen and the Palestinian Territory.

70. For the region, the total number of posts funded under the support budget is proposed at 180, comprised of 46 international Professional, 28 national Professional and 106 General Service posts. This represents an addition of five international Professional posts, and a decrease of two national Professional and two General Service posts. The total budget for 2002-2003 is proposed to increase by \$1.4 million, from \$31.1 million to \$32.5 million.

**Central and Eastern Europe, the Commonwealth of Independent States and the Baltic States region**

71. Within the MTSP priorities, the region will promote adolescent development and participation. The region will also pursue other regional emphasis areas: salt iodization; access to quality ECD opportunities; universal access to quality education for all children; reducing HIV infection among young people and ensuring that all pregnant women have access to services for the prevention of MTCT of HIV/AIDS; the reform of social protection policies to promote family care and social inclusion of minorities and those with disabilities; and the development of national data collection systems to track exploitation, violence and abuse.

72. In order to sustain and develop the achievements, the regional office has to strengthen its capacity to engage with all of the important actors and partners across the region. The regional office proposed, therefore, to add one planning officer post. A P-5 regional health adviser post has been abolished in favour of a new Professional post for education and ECD. Other resources will be used to promote the social marketing of iodized salt in order to attain the regional goal of universal salt iodization for the elimination of iodine deficiency disorders. The Communication Section is proposed to increase by one new P-3 communication officer post to expand communication, advocacy, and partnership and alliance-building for children's rights. This will be offset by the abolishment of a P-3 administrative and accounts officer post that is no longer needed.

73. An assistant representative post at the P-4 level is proposed for establishment for the Ukraine office, which was previously funded from the programme budget. The area office in Sarajevo, Bosnia and Herzegovina, is proposed to move to Belgrade, Federal Republic of Yugoslavia, for efficiency and effectiveness, with the necessary change of status of these offices, including an addition of one P-3 operations officer post.

74. The region has accommodated additional requirements in the support budgets for smaller programme countries (Belarus, Romania and Ukraine) to cover an increase in operating and telecommunication costs.

75. The communication function in the region is proposed to be enhanced through the creation of two additional posts in Tajikistan and Uzbekistan. Three other communication officer posts are also proposed to be established in Belarus, Russian Federation and Ukraine, with offsets from other posts within the regional support budget.

76. For the region, the total number of posts funded under the support budget is proposed at 126, comprised of 41 international Professional, 19 national Professional and 66 General Service posts. This represents an addition of three international Professional and two national Professional posts. The total budget for 2002-2003 is proposed to increase by \$1.1 million, from \$22.3 million to \$23.4 million.







## 2. Headquarters

77. Headquarters provides overall strategic direction and guidance, with responsibility for strategic planning, advocacy and oversight for the organization as a whole. Headquarters also provides leadership in developing the global UNICEF perspective by integrating the experiences and contributions of all parts of the UNICEF system; and by ensuring that the global perspective informs planning, policy development and guidelines for management and quality assurance. The current accountabilities of each office and division are described in “The organization of the United Nations Children’s Fund”(E/ICEF/Organization/Rev.3).

### **Headquarters programme support**

78. Following the common definition of programme support in the report on the “Harmonization of budgets: UNDP, UNFPA and UNICEF” and the reorganization of the programme group (see table 10), the divisions and sections in programme support at headquarters are Programme Division, the Office of Emergency Programmes (EMOPS), the Innocenti Research Centre (IRC), Supply Division, and the Programme Guidance and Quality Assurance Section of the Division of Policy and Planning (DPP).

79. For headquarters programme support, the total budget has been reduced from \$79.6 million in 2000-2001 to \$77.5 million in 2002-2003. In terms of posts, in order to meet the challenges of programme excellence and the MTSP priorities in the face of reduced budget ceilings for headquarters divisions, the programme group was reorganized. The reorganization took into account the following key considerations:

(a) To give more independence and a higher profile to the evaluation function to ensure UNICEF accountability and establish a credible system of results-based programming and management, which is one of the key requirements identified in the MTSP;

(b) To follow the principles agreed upon in an organization-wide consultation to mainstream programming in unstable situations/emergencies and avoid “verticalizing” emergency programming;

(c) To ensure a closer linkage between global policy and programme guidance, and the quality assurance functions of the organization;

(d) To plan budgetary and structural adjustments within the envelope of reduced financial resources.

80. Based upon the above principles, the former Programme Division and the Evaluation, Policy and Planning (EPP) Division have been reorganized and renamed as Programme Division, DPP, and the Evaluation Office, each reporting to the Deputy Executive Director for Programme and Strategic Planning.

81. With this organization, as summarized in table 10 below, the total number of posts in the support budget for the programme group is reduced from 170 to 163, and the support budget will total \$44.7 million, at a similar level as in 2000-2001.

### **Programme Division**

82. The Programme Division provides global leadership in the formulation and advocacy of programme policies and strategies based on country programme experiences and in collaboration with the United Nations funds and programmes and other partners. Programme Division's OMP goals for 2002-2003 will ensure technical leadership in all of the MTSP organizational priority areas, with an emphasis on achieving results at the country level; strengthened capacity in field support and inter-agency collaboration; and monitoring and analysis of up-to-date statistical information on programme expenditure and cross-regional trends.

83. In order to accomplish the above accountabilities, Programme Division has undergone reorientation and restructuring by focusing its work in its technical clusters with the organizational priorities; transferring the Programme Guidance and Quality Assurance Section to DPP; and adding the Humanitarian Response Unit from EMOPS to its Inter-agency and Field Support Section.

84. Close horizontal collaboration will be institutionalized within the programme group while maintaining clear lines of responsibility, especially in communication with field locations. The transfer of the Humanitarian Response Unit from EMOPS will ensure that the Field Support and Inter-agency Section of Programme Division will be the focal point at headquarters for all programmatic interventions, including the effective humanitarian response to children and women in unstable/emergency environments.

85. Apart from the deployment of posts to DPP and from EMOPS, Programme Division will have a net reduction of three Professional posts (one P-5, one P-4 and one P-3) and one General Service post, and one reclassification from the P-4 to the P-2 level. In addition, within this reduced level of posts, offsets have been found to

propose the creation of a D-1 level post to head the HIV/AIDS Section and a P-4 level immunization officer post to meet the minimum capacity requirements in accordance with the organizational priorities.

#### **Office of Emergency Programmes**

86. Key areas of concentration of EMOPS in New York and Geneva will be on humanitarian policy and advocacy, emergency preparedness and capacity-building, and improving staff security and crisis management. The OMP of EMOPS advances the principles of mainstreaming programming in unstable situations/emergencies and avoids “verticalizing” emergency programming. Therefore, in the reorganized programme group, the Humanitarian Response Unit in EMOPS has been consolidated within the Field Support and Inter-agency Collaboration Section of Programme Division. At the same time, the intra-divisional coordination mechanism has been institutionalized to improve emergency response and support to field offices.

87. With the reorganization, three Professional posts (one each at the P-5, P-4 and P-3 levels) and one General Service post from the Humanitarian Response Unit will be deployed to the Field Support and Inter-agency Collaboration Section of Programme Division, while reducing one Professional post at the P-2 level and one General Service post. In addition, one P-5 international Professional post has been deployed to EMOPS, Geneva, as the chief, Inter-Agency Support Branch and Coordinator in the Inter-Agency Standing Committee/Executive Committee for Humanitarian Affairs secretariat. UNICEF also hosts the post of staff security officer located in the United Nations Security Coordinator’s Office, with cost-sharing between agencies.

88. The Operations Centre, which is funded mainly from the support budget with partial funding from other resources, will continue to operate 24 hours a day, 7 days a week, and works in close coordination with the United Nations.

89. EMOPS will, therefore, have seven Professional and nine General Service posts at New York headquarters, and five Professional and two General Service posts in the regional Office for Europe in Geneva (GRO).

#### **Innocenti Research Centre**

90. IRC is located in Florence, Italy, and, as a part of the programme group of UNICEF, continues to serve as an international knowledge base and training centre contributing to UNICEF research and global programme policy formulation functions. IRC continues to be funded primarily from other resources, with the exception of the post of the director from the support budget. The current IRC programme covers a period until the end of 2002, and a new programme covering the period 2003-2005 will be submitted to the Executive Board in September 2002.

#### **Supply Division**

91. UNICEF purchased \$502 million worth of supplies in 2000, \$288 million of which were procured through its Supply Division in Copenhagen, and \$214 million by field offices. This includes supplies procured under procurement services and Oil-for-Food programme for Iraq. The volume of procurement is expected to increase with the addition of procurement for GAVI.

92. Supply Division will continue to focus on the timely procurement and delivery of quality supplies and related services, value for money and oversight of the supply function. The division will also enhance its strategic role, particularly in areas of vaccines/immunization supplies and pharmaceuticals/micronutrients, in collaboration with Programme Division, the World Health Organization and industry.

93. The budget ceiling of the Supply Division for 2002-2003 was reduced from \$28.7 million to \$25.8 million. Within this ceiling, Supply Division has made the necessary post changes to reinforce its mandate and has also achieved efficiency savings to accommodate the following:

(a) Strengthening of supply planning and forecasting functions in the field by transferring one each P-5 level supply planning officer posts to the Middle East and North Africa and West and Central Africa regions;

(b) Transferring one P-4 contracts officer and two General Service posts to strengthen the regional procurement centre in Pretoria, South Africa;

(c) Transferring one P-4 logistics and emergency officer post for the coordination of emergency preparedness and response from New York headquarters as part of the emergency coordination team of the Supply Division;

(d) Transferring the budgeting of one P-4 systems analyst post to work within ITD.

94. Supply Division is funded from the support budget, GAVI funds and income from procurement services. In total, as indicated in summary table III, Supply Division has a decrease from a total of 162 existing posts to 158 posts. The increase in support budget posts is offset by a reduction in procurement services posts. In terms of the total budget, the ceiling of Supply Division has been further adjusted to \$24.8 million after the necessary transfer of funds to accommodate the deployments mentioned under paragraph 93 above.

### **C. Management and administration of the organization**

95. The offices and divisions grouped under the management and administration budget are the Office of the Executive Director (OED), the Evaluation Office, DPP, the Programme Funding Office (PFO), the Office of the Secretary of the Executive Board, the Office of Internal Audit (OIA), the Office of United Nations Affairs and External Relations, GRO, the Office for Japan, the Division of Communication (DOC), the Division of Human Resources (DHR), the Division of Financial and Administrative Management (DFAM) and ITD.

96. In accordance with the strategy of maintaining the budgets of headquarters offices and divisions at the same nominal level of 2000-2001, reductions and efficiency gains were found, wherever possible, to cover core activities. Offices and divisions with major changes and growth in priority areas are covered individually below. The total proposed budget for management and administration is \$193.1 million, which is an increase of \$6.3 million or 3.4 per cent over the 2000-2001 approved budget.

97. DHR, DFAM and ITD provide services to PSD. While the incumbents of posts are working in different functional divisions/offices in the management and

administration of the organization, funding was made from the PSD budget. In order to ensure a transparent structure showing total staffing to meet the accountability of functional divisions/offices, all posts in these offices funded by PSD have been transferred to the post tables of the respective offices with reimbursement from PSD.

#### **Office of the Executive Director**

98. The leadership, direction, advocacy and oversight functions of the Executive Director are achieved through the work of OED, advisory structures such as the Global Management Team and various divisions and offices. For the biennium 2002-2003, one additional P-2 level post is proposed in order to regularize the functions performed through temporary assistance in managing the mail of OED, the drafting of responses, and ensuring editorial and format quality of the correspondence signed by the Executive Director. With this addition, OED will have a total of 12 Professionals, including three deputies at the Assistant Secretary-General level, and seven General Service staff.

#### **Evaluation Office**

99. Following the principles explained under headquarters programme support (see paragraph 79 (a) above), the Evaluation Office will ensure clarity as to the nature of the evaluation function, promoting its strategic use at all levels, developing tools and other forms of methodological support, and systematizing the dissemination of evaluation findings. A central part of the work of the office will be the implementation of a multi-year evaluation plan, including thematic evaluations related to each of the organizational priorities of the MTSP. The provision of funds has also been made in the regular resources programme budget to conduct these evaluations.

100. In terms of staffing, the Evaluation Office will have four Professional and three General Service posts deployed from the former EPP Division, which is a net increase of one General Service post from the current biennium.

#### **Division of Policy and Planning**

101. The new structure of DPP consolidates the programme knowledge acquisition, policy-making, guidance and quality assurance functions. The division is composed of a Global Policy Section, a Strategic Information Section, a Programme Guidance and Quality Assurance Section and a Strategic Planning Unit. The division will provide leadership and advocacy in social and economic policies in favour of children, monitor the situation of children, strengthen the information base, support implementation of MTSP-wide strategic planning capacity, and institutionalize up-to-date programme guidance and quality standards.

102. The Global Policy and Strategic Information sections have been strengthened, while the Programme Guidance and Quality Assurance Section is deployed from Programme Division. The Strategic Planning Unit is delineated as a separate unit reporting to the director of the division in recognition of its pivotal role.

103. Apart from the addition of posts to move the Programme Guidance and Quality Assurance Section from Programme Division, DPP will have:

- (a) Abolishment of two P-5 and one P-4 level posts;

(b) Establishment of one P-4 and one P-2 level posts in the Strategic Information Section;

(c) A net reduction of one General Service post;

(d) Three Professional post reclassifications: two in the Strategic Information Section (one P-5 is proposed at the D-1 level, and one from the P-3 to the P-4 level), and one P-5 is proposed at the D-1 level in the Global Policy Section. The head of the global policy is proposed at the D-1 level in order to obtain high-level capacity to strengthen the role of influencing global socio-economic and human rights policies for the benefit of children. The chief of strategic information is proposed for reclassification at the D-1 level commensurate with the need to enhance the leadership role of the organization in monitoring the situation of children and developing information in support of key priorities of the MTSP.

### **Office of Internal Audit**

104. OIA has made significant advances in audit methodology, the use of computer-aided audit tools and risk-based audit reporting during the current biennium. During the period of the MTSP, the scope of the audits of OIA will include considerations of auditee's defined accountabilities and their fulfilment, which will contribute to the awareness of senior management of organizational performance and improve the potential of UNICEF to realize the MTSP priorities.

105. OIA has organized the structure of the division to be effective, while finding needed efficiency gains to remain within a no-growth budget. One P-5 level post currently funded by PSD has been technically added to the budget of OIA, which is reimbursed from PSD as explained in paragraph 97 above. The total number of 20 posts has remained the same, with the budget of \$6.6 million as in the last biennium.

### **Regional Office for Europe in Geneva**

106. GRO is the focal point for managing relations with 37 National Committees for UNICEF and works with PSD, PFO and other strategic partners to promote resource mobilization and advocacy in support of the MTSP.

107. Geneva hosts the Regional Office for Central and Eastern Europe (CEE), the Commonwealth of Independent States (CIS) and the Baltic States, EMOPS, PSD and GRO. A common Operations Unit is formed to provide human resources, financial and IT services to all the above offices. A cost centre within GRO has been established for the next biennium. To increase transparency, seven posts (three Professional and four General Service) currently funded from PSD are transferred to this unit as explained in paragraph 97 above.

108. The common Operations Unit has been strengthened in the administration and IT areas with the establishment of three P-2 Professional and two General Service posts, and the abolishment of four General Service posts, or a net increase of one post.

109. The contributions management functions have been shifted from PFO to GRO for the National Committees. In order to accomplish this additional responsibility, the office proposes to establish a P-3 funds monitoring officer post and one General Service post.

110. The total budget, excluding the Emergency Section, has reduced from \$13.6 million to \$12.7 million due to gains in the exchange rate and reimbursement from PSD.

### **Office for Japan**

111. In collaboration with PFO, GRO and PSD, the Office for Japan has expanded its role in resource mobilization in Japan. Corporate priority has been given for regular resources mobilization in Japan, which requires increased interaction and service functions at the programme level with government officials, and higher-level advocacy towards the political establishments. The image of UNICEF is being strengthened in Japan by forging a united front and teamwork with the Japan Committee for UNICEF, the Parliamentary League for UNICEF and goodwill ambassadors.

112. The establishment of one P-4 level Professional and one General Service post is proposed for the Office for Japan, together with one conversion from national Professional to international Professional. In total, the number of posts will increase from seven to nine, with four international Professional, one national Professional and four General Service posts. The total budget has increased from \$3.4 million to \$3.6 million.

### **Division of Communication**

113. As part of its effort to promote the five organizational priorities, UNICEF will use information, communication and advocacy to influence the actions of others. UNICEF will disseminate information widely through communication efforts. DOC plays an important role to advance the results in this area.

114. The OMP of DOC enables it to align with the MTSP priorities and focus resources for divisional priorities within the reduced budget ceiling. DOC is also taking the lead in developing a communication strategy, in close collaboration with other headquarters divisions and regional offices. In order to institutionalize key priority areas of corporate brand positioning, web development and management, and other strategies to reposition DOC, it has made a necessary shift in resources by taking several cost-cutting measures in non-priority areas as well as finding efficiency savings.

115. Major changes and choices made to find the savings are:

- (a) The elimination of non-core programme publications and an emphasis on editorial and content development capacity over production and distribution capacity, with a focus on delivering core communication products, such as *The State of the World's Children* report and the *UNICEF Annual Report*;

- (b) The consolidation of the administrative and budgetary function in one unit, and combining the photo and design units;

- (c) The reduction in operating expenses in travel, consultancies and equipment.

116. In total, DOC has a net reduction of one Professional and three General Service posts, reducing the total number of posts from 67 to 63 for the next biennium and the total support budget from \$18.9 million to \$18.7 million.



### **Division of Human Resources**

117. The OMP for the next biennium advances the strategic goal of DHR to provide high-quality human resources services to staff in a responsive, timely, sensitive and equitable manner, and provide global leadership on the management and development of the human resources function.

118. DHR has reorganized to find the reductions required and to strengthen its staffing to give priority attention to competency development in the areas of MTSP priority, succession planning, and recruitment and training of young professionals.

119. In terms of staffing, within the Director's Office, a P-5 level senior human resources officer post is proposed for abolishment, with the strengthening of the Planning and Operations Unit by an additional General Service staff and one reclassification from the P-2 to the P-3 level. The Career Development Section proposes to establish two posts, one new P-4 level post and one General Service post deployed internally, while the Organizational Learning and Staff Development Section proposes to establish a P-4 level post offset by the abolishment of a P-3 level post. The division has a net increase of one General Service post, which brings the total number of posts to 83 for the next biennium. The budget of DHR also reflects the reimbursement from PSD as explained in paragraph 97 above.

### **Division of Financial and Administrative Management**

120. DFAM has undergone major changes and a reduction of 18 posts, i.e., from 132 to 114 posts, in the last two bienniums to take into account the decentralization and integration of the budget process, and the introduction of new systems, i.e., the Programme Manager System (PROMS), the United Nations Integrated Management Information System (IMIS) and the Financial and Logistics System (FLS). Further work needs to be done to integrate systems seamlessly.

121. The OMP of DFAM envisages its priorities as contributing to the strengthening of field offices; improving financial systems, processes and quality of financial management information; and exercising primary responsibility and leadership for all matters affecting the financial well-being of UNICEF.

122. To meet the above-mentioned goals, DFAM has a minimal increase of two Professional posts (P-4 and P-3), one of which is a transfer from ITD, for improvements in business processes and systems integration, and one P-2 level post for post management, with an offsetting General Service post. In addition, DFAM has two new P-2 level posts in contributions management, funded from trust funds for the Iraq Oil-for-Food programme and GAVI.

### **Information Technology Division**

123. In the past two budget cycles, UNICEF made a strategic decision to invest in IT to create the enabling environment for better business processes and effectiveness. For the next biennium, the top priority in IT has been to protect the investments and stabilize the systems, improve integration between the systems, build staffing capacity, and contain the growth of maintenance costs in an environment of increasing demand and usage. The major changes affecting the budget are the following:

- (a) Additional investment in the mission-critical areas of IT security, archiving and upgrading of FLS as described below;
- (b) Funding of mandatory maintenance costs for major IT investments made in the previous bienniums;
- (c) Creation of posts for key functions in investment areas that will continue as recurrent costs in the future and are currently performed by temporary assistants and consultants;
- (d) Strengthen wireless and emergency telecommunications capacity in line with UNICEF core corporate commitments for emergencies.

124. The proposed IT budget in table 11, with a total of \$50.0 million for the biennium 2002-2003, includes \$3.7 million for the three projects described below, \$4.4 million for the acquisition of hardware and software in the field, and \$41.9 million for the production and recurrent maintenance at headquarters. The distribution of \$41.9 million is approximately as follows:

(a) \$13.4 million for the central-level systems development, integration and maintenance cost for PROMS, FLS and IMIS;

(b) \$13.8 million for infrastructure and applications operations to ensure that all systems are integrated globally and that information is automatically transferred across them. This also includes the cost of the global help desk to provide users with technical support and advice. The global span of UNICEF operations and time differences demand that IT support from headquarters must be available at all times in a prompt manner. On average, the global help desk receives between 1,500 to 2,000 calls per month. With the increasing stabilization of new systems, the resolution time of queries has been decreasing from approximately 10 days to less than 3 days;

(c) \$5.1 million for technical architecture, global network connectivity and telecommunications through the use of SITA and VSAT by most offices in the field;

(d) \$6.3 million for software licences for the whole of the organization;

(e) \$3.3 million for overall planning and management of global IT operations.

### **New projects**

125. **IT security.** In order to enable a stronger global security in IT, this project will cover an overall IT security solution across the organization covering policy, awareness, training and enforcement. The project will ensure integrity and protection of organizational data, and prevent access violations to applications and the network environment at a total cost of \$1.4 million for the biennium, which includes three posts.

126. **Archiving.** The volume of electronic data for financial systems used by the organization has been increasing at a fast pace, which requires that a proper archiving mechanism is instituted, with a common set of principles, rules and procedures. The organizational financial system "Systems, Applications and Products"(SAP) data must be archived by mid-2002 as it is designed to keep a maximum of three years of data on line. The project will develop procedures that would allow UNICEF to archive and enable retrieval of old data from multiple applications in a single comprehensive platform. It is expected to cost UNICEF \$2.3 million in consultancies, equipment, software and other operating costs, including the PSD share.

127. **FLS upgrade.** An upgrade of SAP to support FLS to the latest version for the public sector (4.6.x) is required to improve overall productivity and the integrity of the system. The upgrade will allow UNICEF to enhance the use of FLS in several areas, such as the record-keeping of donor contributions through the much enhanced Funds Management module; use of outstanding budgetary obligations as a standard functionality; and an improved travel module and various other modules, including better screens for data entry and reports. The total budget required for this project is

\$2.9 million, but the support budget of \$850,000, including the PSD share, is requested for a phased implementation, with the remaining funds to be raised as other resources together with other projects such as SAP/human resources and IT systems, which could not be accommodated within the support budget.

128. In summary, it is proposed to transfer one post of business analyst to DFAM (see paragraph 122 above) and one post of systems analyst from Supply Division (see paragraph 93 (d) above); convert 25 full-time consultancy and temporary staff functions (19 Professional and 6 General Service) to regular posts; and upgrade 2 Professional posts in ITD at New York headquarters. With 3 new Professional posts for the new projects, a total of 28 new posts (22 Professional and 6 General Service) are proposed.

129. In addition, 3 Professional posts currently funded by PSD have been added to the budget of ITD, which is reimbursed from PSD as explained in paragraph 97 above. Therefore, the total in the post tables for the next biennium for ITD is 105 as against 74 during the last biennium.

### III. Draft appropriations decision

130. In light of the above, the Executive Director *recommends* that the Executive Board adopt the following draft decision:

*The Executive Board,*

*Having considered* the biennial support budget for 2002-2003, as contained in document E/ICEF/2001/AB/L.10,

1. *Approves* gross appropriations in the amount of \$566,169,000 for purposes indicated below and *resolves* that the income estimates of \$88,300,000 shall be used to offset the gross appropriations, resulting in estimated net appropriations of \$477,869,000:

#### **Biennial support budget for 2002-2003**

(In thousands of United States dollars)

Programme support:

Country and regional offices	295 653.4
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Headquarters	77 462.9
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<b>Subtotal</b>	<b>373 116.3</b>
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Management and administration of the organization	193 052.7
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Total gross appropriations	566 169.0
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<b>Less:</b> Estimated income to the budget	88 300.0
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Estimated net appropriations	<b>477 869.0</b>
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2. *Authorizes* the Executive Director to redeploy resources between appropriation lines up to a maximum of 5 per cent of the appropriation to which the resources are redeployed.



















## Annex I

### Terminology

Terms upon which common agreement has been reached and their corresponding definitions are given below.

#### **Appropriation line — definition similar to those included in the Financial Regulations of UNDP, UNFPA and UNICEF**

1. A subdivision of the appropriation for which a specific amount is shown in the appropriation decision and within which the executive head of an organization is authorized to make transfers without prior approval.

#### **Biennial support budget**

2. The budget of an organization covering programme support and management and administration of the organization.

#### **Cost (increase/decrease) — Administrative Committee on Coordination definition**

3. Any increase or decrease in the cost of a resource input in the budget period compared with that in the previous budget period, arising from changes in costs, prices and exchange rates.

#### **Gross budget**

4. For voluntary-funded organizations, the budget in which staff costs are estimated on a net basis (i.e., exclusive of staff assessment) and all other costs are estimated on a gross basis, e.g. inclusive of income tax payments for staff, total local office costs and costs of services to be rendered.

#### **Management and administration of organization**

5. Organizational units whose primary function is the maintenance of the identity, direction and well-being of an organization. This will typically include units that carry out the functions of executive direction, organizational policy and evaluation, external relations, information, administration and audit.

#### **Net budget**

6. For voluntary-funded organizations, the budget which reflects estimates of payments to be received which offset, in whole or in part, the related gross budget estimates.

#### **Other resources**

7. Resources of a voluntarily-funded organization, other than regular resources, which are received for a specific programme purpose consistent with the mandate of the organization and for the provision of specific services to third parties.

**Other resources relating to programmes**

8. Resources of a voluntarily-funded organization, other than regular resources, which are received for a specific programme purpose that is consistent with the mandate of the organization. These will include voluntary contributions, other governmental or intergovernmental payments, and donations from non-governmental sources.

**Other resources relating to reimbursements**

9. Resources of a voluntarily-funded organization that are received from third parties to cover the cost of providing specific services not related to carrying out programmes entrusted to it for implementation.

**Programme(s)**

10. (a) Those activities associated directly with the preparation, implementation and monitoring and evaluation of the organization's development cooperation activities;

(b) For the purpose of related financial information, direct inputs needed to achieve the objectives of a specific project or programme for development cooperation. This may typically include experts, support personnel, supplies and equipment, subcontracts, cash assistance and individual or group training.

**Programme support**

11. Organizational units whose primary function is the development, formulation, delivery and evaluation of an organization's programmes. This will typically include units that provide backstopping of programmes either on a technical, thematic, geographic, logistical or administrative basis.

**Regular resources**

12. Resources of a voluntarily-funded organization that are co-mingled and untied. These will include pledges of voluntary contributions, other governmental or intergovernmental payments, donations from non-governmental sources, and related interest earnings and miscellaneous income.

**Various cost adjustments**

13. Cost increases/decreases attributable to changes in rates or conditions not tied to currency or annual inflation adjustments.

**Volume (increase/decrease)**

14. Any increase or decrease in resource requirements attributable to changes in the level or nature of activities carried out by an organization during the current budget period and those proposed for the forthcoming budget period. Volume is expressed using the same cost factors applicable for the approved appropriations to permit direct comparison of these changes relative to the level of activities approved for the current budget period.

## **Annex II**

### **Methodology**

1. The methodology involves several sequential steps in calculating estimates. These calculations are effected separately for each year of a biennium. Essentially, the methodology is to take the approved appropriations for the first year of the current biennium and add the volume and cost adjustments, which results in the estimates required for the first year of the proposed biennium. Similarly, the approved appropriations for the second year of the current biennium are updated to result in the estimates required for the second year of the proposed biennium. It should be borne in mind that, normally, the time during which estimates are prepared for the proposed biennial support budget is during the first months of the second year of the current biennium. A description of each sequential step follows.

#### **I. Volume adjustments**

2. First, using the approved appropriations as a base, the real increases or decreases in requirements are calculated and designated as volume changes. Volume changes, as defined, represent the controllable elements in the estimates, subject to the executive head's assessment of what the organization requires to perform the task with which it is entrusted. Such volume changes are calculated at the same price levels as the approved appropriations in order to facilitate comparison with the currently approved base.

#### **II. Various cost adjustments**

3. To the approved appropriations and volume changes are added cost increases or decreases attributable to changes in rates or conditions not tied to currency or annual inflation adjustments. Except for within-grade increments, they reflect only known changes that have occurred in the two years since the preparation of the last biennial support budget. Such cost factors include, for example, ICSC decisions on a variety of staff entitlements (e.g. dependency allowance, education grant), and changes in the average step of posts by grade level. These adjustments may also include estimates to cover within-grade increments for staff if the experience of the organization so warrants. Normally, but not exclusively, such cost adjustments apply to staff costs. An example of this type of cost adjustment for operating expenses would be a change in rate per square foot on relocation of premises.

#### **III. Currency adjustments**

4. Currency adjustments are then calculated, by year, on the total of approved appropriations, volume and various cost adjustments. These currency adjustments would normally be the difference between the United Nations operational rate of exchange in effect on, for example, 1 April of the year preceding the current biennium and, for example, on 1 April of the second year of the current biennium, i.e., the time of preparation of the proposed biennial support budget. This factor is of particular importance given the extent of the field offices of the organization, where

operating costs vary greatly with the strength or otherwise of the United States dollar.

#### IV. Inflation adjustment

5. Finally, to complete the picture and develop the final estimate of requirements for the next biennium, the organization must adjust or estimate, as appropriate, inflation over a four-year period. These adjustments are calculated, by year, on the total of approved appropriations, volume and various cost adjustments, as adjusted for currency as follows:

(a) **For the first year of the current biennium to the first year of the proposed biennium.** The existing estimates already embody earlier estimates of inflation. Therefore, the inflation adjustment for this transition includes:

- (i) The difference between the application of earlier estimates and the actual inflation for the first year of the current biennium;
- (ii) The difference between the application of earlier estimates and the revised inflation projection for the second year of the current biennium;
- (iii) The inflation projection for the first year of the proposed biennium;

(b) **For the second year of the current biennium to the second year of the proposed biennium:**

- (i) Same as (a) (i)-(iii) above;
- (ii) The inflation projection for the second year of the proposed biennium.

6. In order to arrive at these estimates of inflation, four inflation factors for each location are adopted for each year:

(a) The first inflation factor pertains to the estimated movement of post adjustment for international Professional staff;

(b) The second inflation factor pertains to international travel and common staff costs for international Professional staff (this is the same for all locations);

(c) The third factor encompasses salaries and common staff costs for local staff, i.e., in the national Professional category and General Service and other categories, which may vary significantly from location to location;

(d) The fourth factor relates to all other costs, such as operating expenses.

7. Within this general framework, New York headquarters and GRO are treated separately from field offices. For these two locations, the rates used are the same as those used by the United Nations unless specific contractual commitments differ.

8. Apart from a limited number of cost elements, such as international travel and the common staff costs of international staff, the inflation factors for field offices must be location-specific. Estimates are compared with past experience and current global patterns and/or information that is available and published before being applied to the budget estimates.





*Notes*

- <sup>a</sup> Regular resources reflect the estimated planning levels and estimated proceeds from cards sales.
- <sup>b</sup> Estimates for other resources are extrapolated using 1999-2000 estimated expenditures and recent indicators. The estimates include trust funds.
- <sup>c</sup> Programme budget for regular resources includes proceeds from cards sales.
- <sup>d</sup> Proposed budget for other resources includes trust funds.
- <sup>e</sup> Included in the multi-country programme above.
- <sup>f</sup> Programme support budget for the Innocenti Research Centre is excluded from total programme support for headquarters in this table.
- <sup>g</sup> Comprising net support budget proposal from regular resources of \$477.9 million and \$65.5 million recovery funded from other resources and trust funds (see table 1).