

## **C 2013/3 – Medium Term Plan 2014-17 and Programme of Work and Budget 2014-15**

### **Information Note no. 4 – May 2013**

#### ***Progression of budgetary requirements from 2012-13 to 2014-15***

*Summary: As requested by the Council, this note provides further detail on specific elements of the PWB 2012-13 net appropriation figures and their treatment in 2014-15, in particular IPA resources, along with an explanation of the higher priority areas for 2014-15 and their proposed funding and a summary of the progression of the net appropriation budgetary proposal from 2012-13 to 2014-15.*

#### **I. Introduction**

1. At its session of April 2013, the Council “requested that the Secretariat provide a new evaluation of the baseline calculations for the proposed budget increases in the PWB 2014-15, taking into account the budgetary impact of the IPA in the PWB 2012-13”.<sup>1</sup>
2. The budgetary proposal presented in the PWB 2014-15 describes its progression from the 2012-13 net appropriation budget of USD 1,005.6 million, which, as recalled by the Finance Committee at its 148th session in March 2013, included USD 8.6 million for one-time IPA investment costs. This treatment is consistent with the practice established in previous PWB documents of comparing the budgetary requirements proposed for the next biennium with the net appropriation budget of the previous biennium, which is equivalent to a “baseline” as indicated by the Finance Committee.
3. Therefore, in responding to the request of the Council, the sections below provide: in section II, further detail on specific elements of the PWB 2012-13 net appropriation figures and their treatment in 2014-15, in particular IPA resources; in section III, an explanation of the higher priority areas and their proposed funding; and in section IV, a summary of the resulting 2014-15 net appropriation budgetary proposal. The Annex presents an overall view in tabular format of the progression of the net appropriation budget from 2012-13 to 2014-15.

#### **II. Elements of 2012-13 budget and treatment in 2014-15, taking into account the budgetary impact of the IPA**

4. The net appropriation budget voted by Conference in 2012-13 of USD 1,005.6 million included a target for efficiency gains, one-time savings and use of unspent 2010-11 balance, as well as IPA recurring costs and IPA one-time investment costs, as shown in Table 1 and explained further below.

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<sup>1</sup> CL 146/REP paragraph 9m)

Table 1: 2012-13 net appropriation work programme

<b>2012 -13 Net Appropriation Work Programme</b>		<b>USD 000</b>
<b>2012-13 net appropriation budget</b>		
1	2012-13 programme of work	1,040,100
2	Further efficiency gains and savings	(26,300)
3	Use of unspent 2010-11 balance	(8,200)
4	<i>Total further efficiency gains, one-time savings and use of unspent 2010-11 balance (CR 5/2011, 1a) (sum of rows 2 and 3)</i>	<i>(34,500)</i>
<b>2012-13 net appropriation budget (CR 5/2011, paragraph 1a) (sum of rows 1 and 4)</b>		<b>1,005,600</b>
<b>IPA resources voted as part of Conference Resolution 5/2011</b>		
5	<i>IPA net recurring costs (CR 5/2011, para 1b), consisting of:</i>	<i>22,400</i>
6	IPA recurring costs (C 2011/3, Table 4 with cost increases)	33,000
7	IPA recurring savings (C 2011/3, Table 4 and C 2013/3, Table 5)	(10,600)
8	<i>IPA one-time investment costs (CR 5/2011, para b), funded by:</i>	<i>16,800</i>
9	Unspent 2010-11 balance (CL 144/3, para 35)	8,200
10	2012-13 net appropriation budget (CL 144/3, para 35)	8,600

**2012-13 net appropriation budget (Table 1, Rows 1 – 4)**

5. The programme of work approved by Conference included a target of USD 34.5 million for efficiency gains, one-time savings and use of unspent 2010-11 balance (Table 1, row 4). Efficiency savings of USD 26.3 million were identified and reported in 2012-13 (row 2); and a one-time carry-over from 2010-11 of USD 8.2 million (row 3) was also authorized<sup>2</sup> to meet the full target of USD 34.5 million.

6. The PWB 2014-15 provides further detail on the efficiency gains and savings of USD 26.3 million that were identified and reported during 2012-13.<sup>3</sup>

**IPA resources voted as part of Conference Resolution 5/2011 (Table 1, Rows 5-10)**

7. The 2012-13 net appropriation budget voted by Conference included resources for the implementation of the Immediate Plan of Action (IPA).

IPA recurring costs

8. As shown in rows 5-7, USD 22.4 million of IPA resources in the PWB 2012-13 are for the funding of *net* recurring costs,<sup>4</sup> which include USD 33.0 million in recurrent costs and USD 10.6 million in recurrent savings. As these elements of the IPA are recurrent, they have been carried forward into the PWB 2014-15 where both the costs and the savings have been incorporated into the overall programme of work. Further detail on the IPA efficiency gains and savings of USD 10.55 million incorporated in the PWB 2014-15 is shown in document C 2013/3, Table 5.

<sup>2</sup> Resolution 5/2011 paragraph 2

<sup>3</sup> C 2013/3, table 5 following paragraph 257

<sup>4</sup> CR 5/2011 paragraph 1b)

### IPA one-time investment costs

9. As shown in row 8 of Table 1, USD 16.8 million was voted in 2012-13 for one-time IPA investment costs.<sup>5</sup> The manner in which these resources are treated in the PWB 2014-15 is explained further below:

*Row 9:* the IPA investment costs are partially funded from the one-time carry-over from 2010-11 of USD 8.2 million, as authorized by Conference.<sup>6</sup> In 2014-15, this source of funding is no longer available, which also coincides with the completion of the related one-time activities.

*Row 10:* the funding source for the other part of the one-time IPA activities (USD 8.6 million) is the 2012-13 Budgetary Appropriations Resolution of USD 1,005.6 million. The Director-General has proposed to re-allocate these resources to higher priority areas in 2014-15, as further explained below.

### **III. Higher priority areas and their funding**

10. Within the PWB 2014-15, higher priority areas are identified which require incremental resources of USD 31.5 million. These are shown in Table 2 below and further elaborated in Information Note no. 2 – April 2013.

*Table 2: Higher priority areas requiring incremental resources in 2014-15*

<b><i>Higher priority areas requiring incremental resources in 2014-15 (C 2013/3, paragraph 173)</i></b>	<b>USD 000</b>
Technical Cooperation Programme (para 173a)	15,800
Strengthening Communication Function (OCC) (para 173b)	3,000
Strengthening Partnerships, Advocacy and Capacity Development Function (OPC) (para 173b)	4,000
Reinforcing SO3 <i>Reduce rural poverty</i> relating to social protection (para 173c)	5,000
Increasing budget of Office of Evaluation to reach 0.8% of net appropriation (para 173d)	1,100
Transitional resources for a Director-General Elect (para 173f)	200
Other areas (para 173e)	2,400
<b>Total reallocation of resources to higher priority areas</b>	<b>31,500</b>

11. The Director-General's aim is to fund these higher priority areas to the extent possible through the reallocation of funds within the current (2012-13) budget level and through additional efficiency savings. In this regard, he has identified USD 21.5 million, as shown in Table 3 and further explained below.

*Table 3: Elements of 2012-13 budget identified for reallocation*

<b><i>Elements of 2012-13 budget identified for reallocation to higher priority areas in 2014-15 (C 2013/3, paragraph 174)</i></b>	<b>USD 000</b>
1 One-time IPA resources funded from net appropriation	8,600
2 Multidisciplinary Fund	1,300
3 Abolition of the Office of the ADG, NR Department	1,600
4 Efficiency savings	10,000
<b>5 Total reallocated elements</b>	<b>21,500</b>

<sup>5</sup> CR 5/2011 paragraph 1b

<sup>6</sup> CR 5/2011 paragraph 2.

12. Three elements within the 2012-13 net appropriation budget were identified where resources could be reallocated for 2014-15 (rows 1 – 3), namely:

- a) USD 8.6 million in one-time IPA resources (referred to also in Section II above);
- b) USD 1.3 million from the Multidisciplinary Fund (MDF) which was budgeted at USD 11.3 million in 2012-13 and is proposed at the level of USD 10.0 million in 2014-15;
- c) USD 1.6 million as a result of the abolition of the existing office of the ADG/NR in the 2014-15 proposal.

13. In the PWB 2014-15 proposal, the Director-General is seeking approval to re-allocate the above resources totaling USD 11.5 million, which are part of the 2012-13 net appropriation budget, to the higher priority areas.

14. Finally, as shown in row 4, biennial efficiency savings for 2014-15 are forecasted at USD 10 million, with department/office budgets adjusted downwards accordingly. These savings are also re-directed to the higher priority areas.

#### IV. Summary of budgetary elements

15. Table 4 below provides an overview of the 2014-15 budgetary proposal. The first part of the table summarizes the elements that have been described in the sections above, namely starting from the 2012-13 net appropriation budget level of USD 1,005.6 million, higher priority areas requiring resources of USD 31.5 million are identified, and areas for re-allocation of USD 21.5 million are found, resulting in a 2014-15 net appropriation budget proposal of USD 1,015.6 million, before cost increase.

16. As recalled by the Finance Committee at its March 2013 session,<sup>7</sup> the 2012-13 net appropriation budget level of USD 1,005.6 million includes USD 8.6 million for one-time IPA investment costs. As described in Section III above, these resources are part of the USD 21.5 million proposed for re-allocation to higher priority areas.

*Table 4: Elements of 2014-15 budget (at 2012-13 budget rate)*

<b><i>Elements of 2014-15 budget</i></b>	<b>USD 000</b>
2012-13 net appropriation budget level	1,005,600
Higher priority areas requiring incremental resources	31,500
Areas identified for re-allocation	(21,500)
<b>2014-15 net appropriation budget (before cost increases)</b>	<b>1,015,600</b>
Estimated cost increases (Information Note no. 3)	39,600
<b>2014-15 net appropriation budget (after cost increases)</b>	<b>1,055,200</b>

17. Cost increases for 2014-15 are currently estimated at USD 39.6 million, as further described in Information Note no. 3, bringing the 2014-15 net appropriation budgetary proposal to USD 1,055.2 million.

18. The Annex presents an overall view in tabular format of the progression of the net appropriation budget from 2012-13 to 2014-15.

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<sup>7</sup> CL 146/3 paragraph 25a)

## Annex

<b>Progression of Net Appropriation Budget from 2012-13 to 2014-15</b>	
<b>Net Appropriation work programme</b>	<b>USD 000</b>
<b>2012-13 net appropriation budget</b>	
2012-13 programme of work	1,040,100
Further efficiency gains and savings	(26,300)
Use of unspent 2010-11 balance	(8,200)
<i>Total further efficiency gains, one-time savings and use of unspent 2010-11 balance (CR 5/2011, 1a)</i>	<i>(34,500)</i>
<b>2012-13 net appropriation budget (CR 5/2011, 1a)</b>	<b>1,005,600</b>
<b>IPA resources voted as part of Conference Resolution 5/2011</b>	
<i>IPA net recurring costs (CR 5/2011, para 1b), consisting of:</i>	<i>22,400</i>
IPA recurring costs (C 2011/3, Table 4 with cost increases)	33,000
IPA recurring savings (C 2011/3, Table 4 and C 2013/3, Table 5)	(10,600)
<i>IPA one-time investment costs (CR 5/2011, para b), funded by:</i>	<i>16,800</i>
Unspent 2010-11 balance (CL 144/3, para 35)	8,200
2012-13 net appropriation budget (CL 144/3, para 35)	8,600
<b>Higher priority areas requiring incremental resources in 2014-15 (C 2013/3, paragraph 173)</b>	
Technical Cooperation Programme (para 173a)	15,800
Strengthening Communication Function (OCC) (para 173b)	3,000
Strengthening Partnerships, Advocacy and Capacity Development Function (OPC) (para 173b)	4,000
Reinforcing SO3 <i>Reduce rural poverty</i> relating to social protection (para 173c)	5,000
Increasing budget of Office of Evaluation to reach 0.8% of net appropriation (para 173d)	1,100
Transitional resources for a Director-General Elect (para 173f)	200
Other areas (para 173e)	2,400
<b>Total reallocation of resources to higher priority areas</b>	<b>31,500</b>
<b>Elements of 2012-13 budget identified for reallocation to higher priority areas in 2014-15 (C 2013/3, paragraph 174)</b>	
Efficiency savings	(10,000)
Multidisciplinary Fund	(1,300)
One-time IPA resources funded from net appropriation	(8,600)
Abolition of the Office of the ADG, NR Department	(1,600)
<b>Total reallocated elements</b>	<b>(21,500)</b>
<b>Elements of 2014-15 budget (before cost increases)</b>	
2012-13 net appropriation budget	1,005,600
Higher priority areas requiring incremental resources	31,500
Areas identified for re-allocation	(21,500)
<b>2014-15 net appropriation budget (before cost increases)</b>	<b>1,015,600</b>
<b>Elements of 2014-15 budget (after cost increases)</b>	
Estimated cost increases (Information Note no. 3, Table 2)	39,600
<b>2014-15 net appropriation budget (after cost increases, at 2012-13 budget rate)</b>	<b>1,055,200</b>