209 EX/4.II
FINANCIAL MANAGEMENT REPORT FOR 2018-2019 (39 C/5) AS AT 31 DECEMBER 2019

Mrs. Magdolna Bona, CFO – June 2020
SUMMARY

2. IBF Overview: Budget, Resources and Expenditure
3. Implementation Against the IBF
4. Special Account for Management costs
5. 2020 – COVID-19 and Financial Risks for 40 C/5

Documents addressing aspects of programme and performance management submitted to the Executive Board’s 209th session

  - INF – additional information (in kind contribution, additional appropriations, etc)
  - INF2 – Management Cost Account


- **209 EX/5.II.A - Resource mobilization strategy for 2020-2021 - Update on resource mobilization strategy, targets and potential donor groups**

- **209 EX/5.II.C - Structured financing dialogues (SDF) - Informed dialogue on the resourcing of UNESCO’s Programme and Budget, update on the resources mobilized and funding gap (2018-2019)**
  - INF – update on filling of the funding Gap for 2018-2019
  - INF – status of implementation of the differential rates policy
# Overview of Budget (IBF) vs Expenditure, and Other Authorized Expenditures 2018-2019 (budgetary basis)

<table>
<thead>
<tr>
<th>(USD millions)</th>
<th>Original Budget</th>
<th>Final Budget After Adjustments</th>
<th>Expenditure</th>
<th>Balance</th>
<th>Expenditure vs Final Budget After Adjustments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Integrated Budget Framework</td>
<td>1,153.3</td>
<td>1,173.6</td>
<td>1,089.8</td>
<td>83.7</td>
<td>93%</td>
</tr>
<tr>
<td>Carry over of 38 C/5 unspent Regular Programme Budget</td>
<td>16.5</td>
<td>16.5</td>
<td>11.5</td>
<td>5.0</td>
<td>70%</td>
</tr>
</tbody>
</table>

The above figures represent the status after taking into account the offsetting related to management costs recovery and to the estimated internal charge back for revenue-generating funds.
The figures represent the status before taking into account the offsetting related to management costs recovery and to the estimated internal charge back for revenue-generating funds.
3. Implementation Against the IBF

2018-2019 Adjusted IBF and Expenditure by Funding Source

<table>
<thead>
<tr>
<th></th>
<th>For Programme</th>
<th>For Premises</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018 In-kind contributions (USD million)</td>
<td>17.0</td>
<td>11.2</td>
<td>28.2</td>
</tr>
<tr>
<td>2019 In-kind contributions (USD million)</td>
<td>28.9</td>
<td>12.5</td>
<td>41.3</td>
</tr>
<tr>
<td>Total</td>
<td>45.8</td>
<td>23.6</td>
<td>69.5</td>
</tr>
</tbody>
</table>
3. Implementation Against the IBF

2018-2019 Adjusted IBF and Expenditure, by Sector/Bureau

- General Policy and Direction: Adjusted Budget 55, Expenditures 53
- ED: Adjusted Budget 389, Expenditures 344
- SC: Adjusted Budget 170, Expenditures 149
- IOC: Adjusted Budget 28, Expenditures 25
- SHS: Adjusted Budget 64, Expenditures 52
- CLT: Adjusted Budget 122, Expenditures 126
- CI: Adjusted Budget 51, Expenditures 50
- UIS: Adjusted Budget 21, Expenditures 15
- Mgt of Field Offices: Adjusted Budget 93, Expenditures 94
- Prg.-related services: Adjusted Budget 61, Expenditures 62
- PP & FEL: Adjusted Budget 13, Expenditures 13
- Corporate services: Adjusted Budget 129, Expenditures 129
- Others: Adjusted Budget 15, Expenditures 15

All values are in USD million.

June, 2020
3. Implementation Against the IBF

2018-2019 IBF Expenditure by category of expenditure (excl. Cat I. Institutes of $149.7M)

- Staff (International & National): 427.5 USD millions, 44%
- Temporary Staff: 54.6 USD millions, 6%
- Staff Mission Costs: 22.3 USD millions, 2%
- Consultants & Expert Costs: 75.9 USD millions, 8%
- Supplies, Consumables & other Running Costs: 84.4 USD millions, 9%
- Contracted Services: 200.4 USD millions, 20%
- Ext. Training, Grants: 64.1 USD millions, 6%
- Other Expenses: 49.5 USD millions, 5%
2018-2019 IBF Expenditure by HQ/FO, and by source of funds *(excl. Cat I. Institutes of $149.7M)*

**TOTAL 574.0 HQ (59%)**

- Headquarters RP: 323.7 (56%)
- Headquarters Voluntary contrib.: 250.3 (44%)

**TOTAL 404.7 Field (41%)**

- Field offices RP: 186.9 (46%)
- Field offices Voluntary contrib.: 217.8 (54%)

*Graph showing distribution of expenditure by HQ and FO, with a breakdown of sources.*
## 4. Special Account for Management Costs

### in USD million

<table>
<thead>
<tr>
<th>Management Services 39 C/5</th>
<th>Original budget</th>
<th>Final budget</th>
<th>Total Expenditures</th>
<th>Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Costs to be funded by RP Budget</td>
<td>Costs to be funded by VC</td>
<td>Costs funded by RP Budget</td>
<td>Costs funded by VC</td>
</tr>
<tr>
<td><strong>PART I - GENERAL POLICY AND DIRECTION</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>PART I.B Direction</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Directorate &amp; Executive Office of DG</td>
<td>5.3</td>
<td>3.2</td>
<td>5.5</td>
<td>3.3</td>
</tr>
<tr>
<td>Internal Oversight</td>
<td>4.4</td>
<td>2.6</td>
<td>4.5</td>
<td>2.6</td>
</tr>
<tr>
<td>International Standards and Legal Affairs</td>
<td>2.8</td>
<td>1.7</td>
<td>2.8</td>
<td>1.7</td>
</tr>
<tr>
<td>Ethics Programme</td>
<td>0.7</td>
<td>0.4</td>
<td>0.7</td>
<td>0.4</td>
</tr>
<tr>
<td><strong>PART II.B - Programme-related services</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Strategic planning</td>
<td>7.4</td>
<td>4.4</td>
<td>7.6</td>
<td>4.4</td>
</tr>
<tr>
<td><strong>PART III - CORPORATE SERVICES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Human resources management</td>
<td>9.9</td>
<td>5.9</td>
<td>10.1</td>
<td>5.9</td>
</tr>
<tr>
<td>Financial Management</td>
<td>10.7</td>
<td>6.3</td>
<td>9.9</td>
<td>6.3</td>
</tr>
<tr>
<td>ICT Infrastructure and Operations (IOP)</td>
<td>4.6</td>
<td>2.7</td>
<td>4.6</td>
<td>2.7</td>
</tr>
<tr>
<td>Administration and Management</td>
<td>0.0</td>
<td>0.0</td>
<td>1.0</td>
<td>0.0</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>45.9</td>
<td>27.2</td>
<td>46.7</td>
<td>27.4</td>
</tr>
</tbody>
</table>

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$73.2M

$74.1M
4. Special Account for Management costs

Special Account for Management costs - From January 2018 to December 2019

- Higher income from VC compared with the original budget mainly due to $8M interest income

- Various requirements to be set aside within the reserve:
  - Used for supplementing the 39 C/5 RP
  - Distributed to Field Office
  - 18 month value of the 2020-2021 management costs (VC portion)
  - 1% implementation risk reserve
  - Additional budget given under the management services (ref: 40 C/Resolution 101, para 10.c)

Residual reserve balance (31 December 2019): $6.9M

Proposal shall be provided to the Executive Board at its 210th session for the usage of the residual balance
5. 2020 – COVID-19 and Financial Risks for 40 C/5

## TOP ORGANIZATIONAL RISK

<table>
<thead>
<tr>
<th>Risk Number/Rang</th>
<th>Short risk name</th>
<th>Risk description</th>
<th>Intitulé abrégé du risque</th>
<th>Description du risque</th>
<th>Risk coordinator/Co-coordinator/Co-gestionnaire du risque</th>
<th>Co-risk coordinator/Co-gestionnaire du risque</th>
<th>Impact</th>
<th>Likelihood</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Funding requirements</td>
<td>Unstable funding year on year and untimely financial contributions might impact UNESCO’s ability to fulfill its mandate and to deliver its programmes and operations as adopted by the Member States.</td>
<td>Besoins de ressources financières</td>
<td>L'inconstance des financements d'une année sur l'autre et les retards dans le paiement des contributions peuvent compromettre la capacité de l'UNESCO de s'acquitter de son mandat et d'exécuter ses programmes et opérations adoptés par les États membres.</td>
<td>BSP</td>
<td>ADM/EFM</td>
<td>4</td>
<td>3</td>
</tr>
</tbody>
</table>

- **50% + staff costs, other fixed running/operating costs**
- **Crisis impacts MS ability to pay assessed contributions**
- **Liquidity problems under RP – low WCF, no reserves**
- **Crisis results in delays, extensions needed**
- **Donors redirect funding to other priorities**
- **Staff costs, and other fixed costs**
Thank you for your attention