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FINANCE COMMITTEE

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Financial Planning for IPA Implementation in the 2010-11 Biennium

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EXECUTIVE SUMMARY

- Total expenditure against IPA projects in 2009 was USD 8.21 million, with funding coming from the contribution from Spain, the Regular Programme resources for IEE follow-up, and the IPA Trust Fund.
- The contribution from Spain (USD 2.38 million) and the RP resources for IEE follow-up (USD 0.84 million) were fully expended. Against the IPA Trust Fund of USD 8.07 million (net of 7% project support cost), USD 4.99 million¹ was expended, leaving a balance as at end 2009 of USD 3.08 million. These TF resources are fully required in 2010-11 for IPA activities; management will carry-over the funds, liaising with the relevant donors.
- The IPA programme is a major initiative of the Organization with a biennial budgetary provision of USD 39.61 million approved as part of the 2010-11 appropriation and a further USD 3.08 million remaining from 2009. The total budget of USD 42.69 million has been allocated to the individual IPA projects in 2010-11.
- Future reports to the Finance Committee will include summaries of expenditure committed against these budgets at the individual project level.

GUIDANCE SOUGHT FROM THE FINANCE COMMITTEE

- The Committee is invited to review the report.

¹ The expenditure of the IPA Trust Fund includes actual expenditures and amounts committed before the end of 2009, net of PSC.

IPA Funding and Expenditure

1. This report provides a summary of IPA funding and expenditure as at end 2009, and details funding distribution by project for 2010/11.

2009 FUNDING AND EXPENDITURE

2. Many IPA actions were implemented during 2008-09 without any incremental funding needs beyond the approved 2008-09 Regular Programme budget. The 2007 Conference foresaw USD 4 million in additional resources in the 2008-09 Regular Programme budget of the Organization to fund the implementation of the Resolution on the Follow-up to the IEE including the cost of the CoC-IEE and initial preparatory work on the new Strategic Framework (CR 3/2007).

3. Incremental IPA funding in 2009 was available from three sources – the unspent balance against the USD 4 million of Regular Programme resources for IEE follow-up (amounting to USD 0.84 million); the contribution from Spain (USD 2.38 million), and the IPA Trust Fund (USD 8.63 million). Trust Fund contributions from members are subject to a 7% Project Support Cost (PSC) levy, and the total received, net of PSC, was USD 8.07 million. Funds received from all sources therefore provided a total incremental IPA funding for 2009 of USD 11.29 million (see Table 1).

Table 1 -2009 IPA funding sources and expenditure²

Funding source	USD Millions		
	Available	Expended	Balance
Contribution from Spain	2.38	2.38	0.00
CR 2007 IEE	0.84	0.84	0.00
IPA Trust Fund 2009	8.07	4.99	3.08
Totals	11.29	8.21	3.08

4. The funding provided from the contribution from Spain and funds earmarked for IEE follow-up by CR 3/2007 in 2008/09 were fully utilized by the end of 2009, primarily to fund Governing Body follow-up activities (USD 0.60 million), the Root and Branch review of administrative services (USD 1.98 million) and Culture Change activities (USD 0.48 million). The ability to fully spend these contributions was facilitated by the substantial lead time between the availability or receipt of the funds and the execution of the attendant IPA actions. The balance at the end of 2009, of USD 3.08 million, was entirely in the IPA Trust Fund.

IPA TRUST FUND

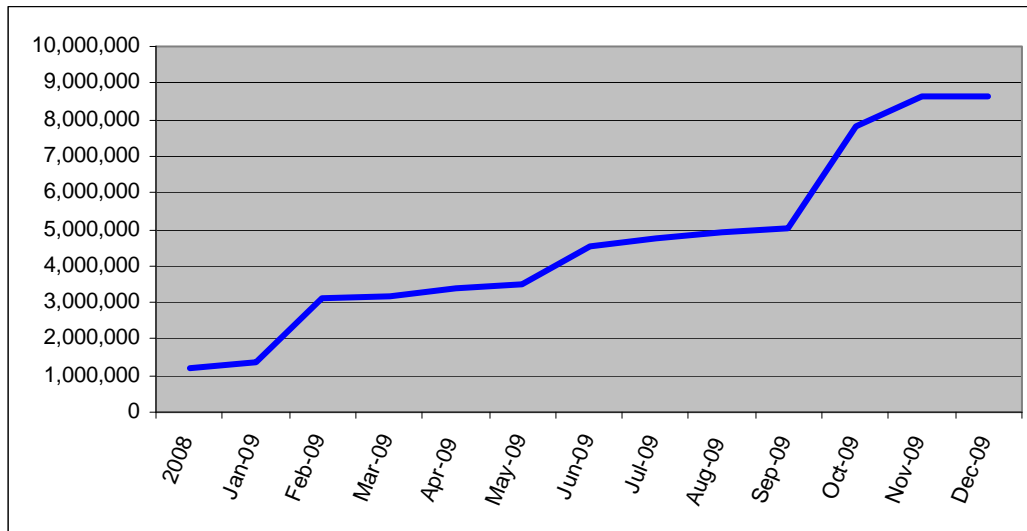
5. As recalled during the course of 2009, the organization is not permitted to incur extra-budgetary expenditure until the associated funds had actually been received. The pattern of IPA Trust Fund receipts is depicted in Chart 1, and it may be noted that a substantial portion was received late in the year. In fact, as at end September 2009, USD 5.01 million had been received, approximately equal to the aggregate amount that was expended against the Trust Fund three months later.

6. The amounts committed against the Trust Fund in 2009 have exceeded the resources available from the 20 donors with whom the organization had signed agreements to the effect that funds must be committed by 31 December 2009. The funds remaining under the IPA Trust Fund are required in full for IPA activities in 2010-11. Two of the donor agreements signed in the latter

² The expenditure of the IPA Trust Fund includes actual expenditures and amounts committed before the end of 2009, net of PSC.

part of 2009 specifically foresee spending in 2010, and management will liaise with the remaining 13 donors who did not indicate timing of expenditure, on the carry-over of the unspent funds into 2010.

Chart 1 - cumulative receipts of IPA Trust Fund amounts in 2009



7. Management outlined to members during 2009 a set of earmarked and high-priority IPA actions that needed to be funded in 2009 from the IPA Trust Fund. The total amount required for each of these actions was estimated by Project leaders at USD 9.83 million³ compared with USD 8.07 eventually received in the IPA Trust Fund in 2009. In preparing the 2010-11 budgetary proposals for the IPA, management made an assumption that the USD 9.83 million funding required to support these earmarked and sequenced IPA actions would be received in full in 2009⁴. Building on that assumption, the PWB 2010-11 included the proposal for the remaining amount, totalling USD 38.6 million (before cost increases). Although the Trust Fund contributions at USD 8.07 million were lower than the amount of USD 9.83 million originally assumed, this shortfall may be considered mostly covered by IPA spending under the Regular Programme in 2009.

8. Table 2 below provides an overview of the original budget estimates and expenditure by IPA project in 2009 against the Trust Fund.

³ USD 10.51 million including 7% Project Support Cost (PSC)

⁴ para 29, CL 137/8

Table 2 – IPA cost estimates compared with expenditure in 2009-2010 and forecasts⁵

IPA Project USD Millions	2009 Estimate	2009 IPA Trust Fund Expenditure
Earmarked projects		
13. Culture Change	0.90	0.25
15. Governing body follow-up	1.30	0.59
16. Management follow-up	0.60	0.69
Sequenced projects		
14. HR – PEMS & PEMS training	2.40	1.42
6. Decentralization	1.20	1.15
14. HR – MIS	0.50	0.00
11b.RBR – MIS design	0.30	0.31
12. Enterprise risk mgt – contract	0.50	0.00
8. Partnerships	0.16	0.03
14. HR – other mgt. training	1.60	0.00
RBR - new role for HR function	0.37	0.00
Plus		
9 - Reform of administration/mgt systems	0.00	0.55
Totals	9.83	4.99
IPA Trust Fund Contribution		8.07
IPA Trust Fund Balance		3.08

2010-11 FUNDING AND EXPENDITURE

Budget Distribution across IPA projects

9. The total cost estimate for the Integrated IPA 2010-11 programme is USD 39.61 million⁶ plus USD 3.08 million carry over from the Trust Fund, to be undertaken in liaison with the concerned donors, for a total of USD 42.69 million.

10. At the beginning of 2010, movements of IPA actions between projects were made to improve alignment and integration of IPA actions with the functional responsibilities of Departments and divisions. The result of this was to realign IPA budgets across projects, within the same overall IPA programme budget approved in the PWB 2010-11(see Table 3). IPA project 6-Decentralization is a good example of the realignment of IPA actions, where USD 4.2 million for upgrading the ICT infrastructure and for information systems functional support for decentralized offices was shifted from Project 6 to Project 11-Oracle. The table also provides an indication of the projects under which the Trust Fund resources are expected to be utilized.

⁵ The expenditure of the IPA Trust Fund includes actual expenditures and amounts committed before the end of 2009, net of PSC.

⁶ ISD 38.6 million (ref C2009/15 – Table 3) plus USD 1.0 million cost increases

Table 3 – IPA Budget Estimates by Project

IPA Project USD Millions	2010-11 PWB Budget	2010-11 Adjusted Budget	Tentative allocation of IPA Trust Fund Carry Over	Total 2010- 11 Adjusted Budget
Project 1. Governing Body Reform	3.82	3.82		3.82
Project 2. Oversight	1.40	2.40	0.13	2.53
Project 3. Reform of Programming, Budgeting and RBM	1.00	1.00		1.00
Project 4. Resource Mobilization and Management	1.40	1.40	0.03	1.43
Project 5. Technical Cooperation Programme	-0.62	-0.62		-0.62
Project 6. Decentralization	4.60	0.40	0.40	0.80
Project 7. Headquarters Structure/Internal Governance	-0.12	0.25		0.25
Project 8. Partnerships	1.18	1.18	0.13	1.31
Project 9. Reform of Administrative and Mgt Systems	1.12	1.31	0.85	2.16
Project 10. FAO Manual	0.00	0.00		0.00
Project 11. IPSAS and Oracle	5.60	9.24		9.24
Project 12. Enterprise Risk Management	1.30	1.30		1.30
Project 13. Culture Change	3.10	2.30		2.30
Project 14. Human Resources	11.67	11.47	1.38	12.85
Project 15. IPA Governing Body Follow-up	0.00	0.00	0.15	0.15
Project 16. IPA Management Follow-up	3.16	3.16		3.16
Plus				0.00
IPA Cost Increases	1.00	1.00		1.00
Total	39.61	39.61	3.08	42.69

11. The total budget of USD 42.69 million is a net budget that includes savings of USD 5.31 million. Project Leaders have identified the nature and impact of these savings which accrue in 2010/11, and adjustments are being made to the 2010/11 allotments elsewhere in the PWB to reflect the impact. Full details will be provided to the October meeting of the Finance Committee.

12. Management will provide regular reports on committed expenditure against these revised IPA project budgets, starting with the second 2010 report to CoC-IEE in June 2010 and to the Finance Committee in October 2010.

Conclusion

13. The Committee is requested to take note of:

- the expenditure in 2009 against the three sources of funding;
- the carry over of the unspent balance from the IPA Trust Fund to 2010 to be undertaken in liaison with the concerned donors;
- the revised budget by IPA project for 2010-11, including the tentative allocations from the Trust Fund.