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UNICEF integrated budget for 2022–2025

Report of the Advisory Committee on Administrative and Budgetary Questions

I. Introduction

1. The Advisory Committee on Administrative and Budgetary Questions has considered an advance version of the UNICEF integrated budget, 2022–2025 (E/ICEF/2021/AB/L.6 and Add.1). During its consideration of the report, the Advisory Committee was provided with additional information and clarification, concluding with written responses received on 30 July 2021.

II. Proposed integrated resource plan for 2022–2025

2. The proposed integrated resource plan provides the resources for the development outcomes and organizational effectiveness and efficiency outputs for 2022–2025, including regular resources and other resources, and is aligned with the four-year Strategic Plan. According to the report, there were two major changes introduced in the integrated budget, 2022–2025: a new cost classification category entitled "independent oversight and assurance activities", which was previously included under "management"; and a revolving Working Capital Fund as an internal financing mechanism under the regular resources sub-account, in accordance with UNICEF Executive Board decision 2020/13, to advance funds to offices and divisions for the implementation of country programmes to ensure the continued financing of projects within established risk-management parameters, on the condition that the funds are repaid within the stipulated period (E/ICEF/2021/AB/L.6, paras. 10 and 11).

3. Table 1 of the report indicates that the total resources projected for UNICEF for 2022–2025 amount to $28.1 billion, of which $6.1 billion would be from regular resources and $22.0 billion from other income, which includes an opening balance of

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$2.3 billion. This reflects an increase of $1.4 billion, or 5 per cent, compared to the total planned resources of $26.7 billion for 2018–2021. **The Advisory Committee trusts that future submissions will contain justifications of budget proposals by comparison with actual expenditure figures, broken down by items of expenditure to enable consideration of the budget (see also para. 10 below).**

4. The total projected income amounts to $25.9 billion for the period 2022–2025, representing a 4 per cent decline in growth in 2022, followed by 3 per cent growth from 2023 through 2025. Upon enquiry, the Advisory Committee was informed that the expected reduction in the development budgets of major government partners in 2021 will impact UNICEF in 2022 and that, thereafter, income levels are projected to recover, based on the following assumptions: (a) development budget stabilization linked to post-COVID-19 economic recovery of major donor economies; and (b) continued support for the humanitarian response, as part of the overall continued upward trend of humanitarian aid, which is likely to be reinforced by COVID-19.

5. For the period 2022–2025, income from regular resources is projected at $5.9 billion, reflecting an increase of $0.2 billion, or 3.5 per cent, compared with $5.7 billion for 2018–2019; and income from other resources is projected at $20.0 billion, an increase of $0.8 billion, or 4 per cent, compared to $19.2 billion for 2018–2021. Over the past few years, the ratio of regular resources to total income reflects a relative decline and for the period 2022–2025 is projected at 22.8 per cent. The report indicates that inadequate core resources hamper the ability of UNICEF to pivot and adapt to the evolving needs of children; to modernize, streamline and innovate; and to further strengthen its protection from sexual exploitation and abuse initiatives (ibid., para. 15). Upon enquiry, the Committee was informed that the main reason for this relative decline was the shift in public sector contributions to the United Nations from non-earmarked funds (flexible funding, or regular resources considered as core resources) to strict requirements from donors to channel their financial contributions towards earmarked programmes. The Committee was informed of the implications of the increasingly less flexible resources, and is concerned that UNICEF is fundamentally shifting from a mandate-supporting organization to a project-based organization.

6. The report indicates that, of the $1,059.7 million requirement for special purpose, $115.0 million is reserved for capital investments and $944.7 million is reserved for private sector fundraising, and other investment costs. The cost estimates are based on the requirements to deliver on the road map to increase revenue with increased investments in markets and human resources (ibid., paras. 79 to 84). Upon enquiry, the Committee was provided a comparison of the actuals and estimates for 2018–2021, and was informed that, while the budget was formulated based on the need to deliver on the ambitious plan, the budget was reduced in line with the decrease in projected revenue to maintain efficiency ratios while maintaining the investment in fundraising at over 90 per cent of the special purpose budget. The Advisory Committee notes the total projected regular resources and other resources including earmarked funds, as well as the investment in fundraising, and trusts that updated information will be provided in future budget submissions, including on the evolution of the earmarked funds, efforts to increase unearmarked contributions and any challenges experienced as regards fundraising.

7. In regard to the use of resources, UNICEF proposes an integrated budget for 2022–2025 of $26.9 billion, comprising $5.8 billion from regular resources and $21.1 billion from other resources; representing an increase of $1 billion, or 3.9 per cent, compared to $25.9 billion for 2018–2021, and comprising $6.0 billion in regular resources and $19.9 billion in other resources. Of the $26.9 billion budget, UNICEF proposes to utilize $24.0 billion for development activities, $40.1 million for United Nations development coordination activities, $1.7 billion for management activities,

$92.7 million for independent oversight and assurance activities, and $1.1 billion for special purpose activities (ibid., para. 19).

8. UNICEF proposes a slight decrease in the Global and Regional Programme budget funded from regular resources, from $243.5 million to $235.0 million, as well as a significant increase to the budget funded from other resources, from $930.1 million to $1,446.7 million, to be implemented by the seven UNICEF regional offices and headquarters divisions and offices (ibid., para. 37). The Committee was informed that the resources will be used to strengthen investments in innovation, country programmes and advocacy, and that other resources had been secured or were highly likely to be secured.

9. Upon enquiry, the Advisory Committee was provided with tables 1 and 2 below showing information on the four-year Strategic Plans for 2014–2017 and 2018–2021. The Committee was informed that: Table 1 presents the original budget for 2014–2017, the revised budget 2014–2017 at the midterm review and the actual income and expenditure; and table 2 presents the original 2018–2021 budget, revised 2018–2021 budget at the midterm review, and the actual income and expenditure for 2018–2020 and projected for 2021. The 2018–2021 actual includes 2018–2020 actuals and 2021 projections. The information in both tables is disaggregated by regular resources (unearmarked), other resources (earmarked) resources, and cost recovery.

Table 1
Integrated budget, 2014–2017
(in millions of United States dollars)

	2014–2017 plan			*2014–2017 midterm review*			*2014–2017 actual*		
	Regular resources	*Other resources*	*Cost recovery*	*Regular resources*	*Other resources*	*Cost recovery*	*Regular resources*	*Other resources*	*Cost recovery*
1. Resources available									
Opening balance	661.5	1 799.7		575.3	1 853.1		575.3	1 853.1	
Income									
Contributions	5 353.0	10 648.0		4 697.7	13 685.7		4 683.1	15 955.2	
Other income and reimbursements	280.0			402.5			450.9		
Total income	**5 633.0**	**10 648.0**		**5 100.2**	**13 685.7**		**5 134.0**	**15 955.2**	
Tax reimbursement adjustment	(96.0)			(76.6)			(77.8)		
Total available	**6 198.5**	**12 447.7**		**5 598.9**	**15 538.8**		**5 631.5**	**17 808.3**	
2. Use of resources									
A. Programmes	4 091.1	10 713.7		3 651.8	13 429.1		3 599.4	15 074.1	
B. Institutional budget	1 155.4	116.3	823.2	1 039.3	116.4	938.8	764.8	116.1	1 046.7
C. PFP, direct/investment costs	454.0	–		410.6	86.0		423.5	61.2	
D. Other	174.2			182.5			207.7		
Total use of resources	**5 874.7**	**10 830.0**	**823.2**	**5 284.1**	**13 631.5**	**938.8**	**4 995.5**	**15 251.3**	**1 046.7**
3. Closing balance of resources	**323.8**	**794.5**		**314.7**	**968.5**		**636.1**	**1 510.4**	

Table 2
Integrated budget, 2018–2021
(in millions of United States dollars)

	2018–2021 plan			*2018–2021 midterm review*			*2018–2021 actual*		
	Regular resources	*Other resources*	*Cost recovery*	*Regular resources*	*Other resources*	*Cost recovery*	*Regular resources*	*Other resources*	*Cost recovery*
1. Resources available									
Opening balance	562.3	1 235.9		636.7	1 372.6		636.7	1 372.6	
Income									
Contributions	5 801.9	16 512.5		4 947.5	19 178.7		5 018.2	20 470.2	
Other income and reimbursements	500.0			707.5			662.2		
Total income	**6 301.9**	**16 512.5**		**5 655.0**	**19 178.7**		**5 680.5**	**20 470.2**	
Tax reimbursement adjustment	(80.0)			(80.0)			(81.3)		
Transfer to Working Capital Fund							(27.0)		
Total available	**6 784.1**	**17 748.4**		**6 211.7**	**20 551.2**		**6 208.8**	**21 842.8**	
2. Use of resources									
A. Programmes	4 360.0	15 917.3		3 987.2	18 322.2		3 913.9	18 329.4	
B. Institutional budget	1 095.2	165.3	1 195.0	1 024.5	134.0	1 297.0	1 003.2	112.6	1 265.0
C. PFP, direct/investment costs	725.1	273.0		637.3	202.6		633.6	196.1	
D. Other	240.0	–		311.5			282.6	–	
Total use of resources	**6 420.3**	**16 355.6**	**1 195.0**	**5 960.5**	**18 658.7**	**1 297.0**	**5 833.3**	**18 638.1**	**1 265.0**
3. Closing balance of resources	**363.8**	**197.8**		**251.2**	**595.5**		**375.5**	**1 939.6**	

10. The Committee notes that total actual resources exceed actual expenditures in the amount of $2,146.5 million for 2014–2017 and that the projected excess for 2018–2021 is $2,315.1 million. **The Advisory Committee is of the view that both the text and the tables related to resource proposals need to be expanded in future budget submissions, starting with the next midterm review of the 2022–2025 plan, to include the following detailed information: (a) a breakdown of expenditures; (b) an analysis of variances, comparing expenditures against planning estimates; (c) detailed staffing plans and tables; and (d) information on items of expenditure. The Committee is also of the view that further explanation is required regarding the level of regular resources as compared with other resources (see paras. 3 and 6).**

A. Institutional component of the integrated budget

11. UNICEF proposes an institutional budget of $2,738.2 million for 2022–2025, comprising $772.5 million for development effectiveness; $40.1 million for United Nations development coordination; $1.7 billion for management; $92.7 million for independent oversight and assurance activities; and $115 million for capital investments within special purpose (ibid., para. 22). The proportion of total resources utilized for the institutional budget is projected at 10.2 per cent or $2,738.2 million; similar to the level approved at the start of the 2018–2021 integrated budget cycle,

but slightly higher than the 9.5 per cent, or $2,455.5 million projected at the midterm review.

12. Of the $2,738.2 million institutional budget for 2022–2025, $1,317.9 million (48 per cent) is proposed to be funded from regular resources, $1,365.0 million (50 per cent) from cost recovery from other resources, and $55.3 million (2 per cent) from other resources. The share of regular resources funding the institutional budget is linked to and a result of overall proportions of regular resources and other resources funding the UNICEF integrated budget. Table 3 of the report (E/ICEF/2021/AB/L.6) provides a summary of the changes in the institutional budget between the budget periods 2018–2021 (midterm review) and 2022–2025 analysed by cost category and functional cluster, and reflects an increase of $282.8 million, of which $258.1 million is attributed to cost adjustments (ibid., paras 86 to 88). Upon enquiry, the Advisory Committee was informed that the significant increase from $39.1 million (2018–2021) to $62.6 million (2022–2025) under the category leadership and corporate direction was required to support the previously initiated efforts to strengthen the prevention of sexual exploitation and abuse, in response to the findings and recommendations of the Independent Task Force on Workplace Gender-Discrimination, Sexual Harassment, Harassment and Abuse of Authority, and the costs related to strengthening of the Ethics Office, the Safeguarding Office and the Organizational Development and Improvement Lab. The Advisory Committee notes the significant increase in resources under leadership and corporate direction.

13. Table 3 of the report also indicates a decrease from $28.1 million (2018–2021) to $21.8 million (2022–2025) under staff and premises security. Upon enquiry, the Committee was informed this decrease was linked to the apportionment of centrally managed United Nations security costs ($4.9 million per year) to functional clusters in 2022–2025, and that it was partially offset by an actual increase in security-related positions. The Committee was further informed of the division of labour between UNICEF global security activities and the jointly financed integrated security workforce and global responsibilities of the Department of Safety and Security (DSS), whereby DSS coordinates and advises on security for the United Nations in the field and coordinates the security advice and work of United Nations organizations at the field level, while UNICEF security officers in the field provide additional, UNICEF-specific advice and support to UNICEF country offices in certain locations where this additional support is required on top of the DSS activities.

14. Regarding the increase from $98.0 million (2018–2021) to $106.3 million (2022–2025) under corporate human resource management, the Committee was informed, upon enquiry, that one of the seven priorities, “repositioning the human resource function and the delivery model”, was aimed at creating a more effective, modern and fit for purpose global human resource delivery model to support the evolving needs of the organization; and that the priority “introducing new work modalities and defining the future of work” would build on the flexible working arrangements and lessons learned from the pandemic, and aim at introducing more modern and agile ways of working that optimize the organization’s productivity.

B. Post changes

15. According to appendix H of the annex to the report (E/ICEF/2021/AB/L.6/Add.1), the total number of posts included in the institutional budget, 2022–2025, has increased by 74 from 3,174 to 3,248, with a net increase of 79 international professional positions (4 D-2, 4 D-1 and 71 professional-level posts) and a reduction of 5 national officer and general service posts, since the 2018–2021 midterm review. These changes are a result of emerging priorities and increased volume in UNICEF operations, and in response to increasing humanitarian crises. The Committee was

provided with additional information regarding: (a) international professional staff/posts by country, location and level as of 17 July 2021, reflecting that 40 per cent of posts were located at headquarters, 17 per cent in regional offices and 49 per cent in country offices; (b) international professional staff/posts by regional group for the current budget cycle and the previous four budget cycles; and (c) changes proposed in staffing by country, region and headquarters from the 2018–2021 (midterm review) to the 2022–2025 budget cycle.

16. The Advisory Committee was informed that the post count provided in appendix H refers only to positions funded by the institutional budget, which includes management and oversight, global partnerships, programmatic guidance, evidence generation and policy development. Sixty-five (65) per cent of all posts from all funding sources planned for 2022–2025 are located in country and regional offices (53 per cent and 12 per cent, respectively) and 35 per cent are headquarters-based. **The Advisory Committee is of the view that, given that UNICEF activities are intrinsically field-based and programmatic in nature, every effort should be made to enhance the UNICEF field presence and activities (see paras. 17 and 18) through increases in the percentage of posts at the field level.**

17. The report indicates that the Executive Board authorized the Executive Director to establish additional director-level positions within the approved institutional budget. Upon enquiry, the Advisory Committee was informed that, in line with her authority, the Executive Director approved an additional 4 director- level positions (Chief, Legal Counsel (D-2), Deputy Regional Director, Eastern and Southern African Regional Office (D-1), Deputy Representative, Yemen (D-1) and Deputy Representative for the Sudan Country Office (D-1), bringing the total number of positions at the director level and above to 117 at the end of 2020. Upon further enquiry, the Committee was informed that, traditionally the number of D-1-level positions was capped and the Executive Director only had the authority to approve upgrades from the D-1 to the D-2 level and could not create new D-1 posts, i.e., upgrades from P-5 to D-1. The flexibility to create D-1 posts was required given the rapidly evolving environment and changing circumstances on the ground. The Senior Staff Review Group conducted a rigorous review prior to the approval by the Executive Director. **The Advisory Committee notes the authority of the Executive Director to establish additional director-level positions, and is of the view that this authority should be exercised only for field-based posts, and that UNICEF should continue reporting to the Executive Board on a yearly basis(see also paras. 16 and 18).**

18. Upon enquiry, the Advisory Committee was provided with additional information regarding the posts at D-1 level and above and notes that over the 2014–2017 and 2018–2021 budget cycles the numbers have increased and are currently at 117 positions at the D-1 level and above (1 Under-Secretary-General (USG), 4 Assistant Secretary-General (ASG), 38 D-2 and 74 D-1), including the additional 4 director-level positions authorized by the Executive Director compared to 113 positions at the start of the quadrennium (ibid., para. 90). The Committee also notes a further increase in the number of positions at the director level, which, based on the proposed institutional budget 2022–2025, will bring the total number of director-level positions and above to 121 positions (1 USG, 4 ASG, 39 D-2 and 77 D-1). The Committee notes apparent discrepancies in the information provided, with indications of the total number of director-level positions totalling 154 in one instance and 117 for the 2018–2021 period, in response to its queries. **While the Advisory Committee does not object to the establishment of four additional posts at the D-1 level and above, the Committee once more encourages UNICEF to regularly review the scale, complexity and urgency of the emergencies in countries where senior-level posts have been established, in order to determine**

the continuing requirement for, and appropriate level of, posts at the D-1 level and above, also taking into account the functions and impact of other new senior-level posts. The Committee also recommends that the Executive Board receive an update in the midterm review on the use of the additional posts, and intends to review the matter further in the context of the midterm review.

C. Gender parity and equitable geographical representation

19. Upon enquiry, the Committee was informed that UNICEF has reached overall gender parity of 49 per cent women, and parity within each staff category, except for the P-5 level, where the female representation has averaged 44 per cent over the past decade. To address this issue, UNICEF has adopted a set of Temporary Special Measures to Achieve Gender Parity at the P-5 level (which are valid until the end of 2021). The Committee was informed that, as a result of some of the initiatives adopted, progress has already been noted in: the most imbalanced functional areas; increased female representation among local staff; targeted talent outreach; improvements to the office culture; in emergencies, where talent is scarce; and the creation of positions to build strong pipelines of female talent. The Committee was also provided with statistics on gender parity broken down by grade categories P-5 and above, P-1 to P-4, General Service-level, at headquarters and in the field, and non-staff personnel for the last four years, and notes that, at the P-5 and above and General Service levels, as well as in field locations, the ratio of female staff is lagging. The Committee was also provided with the nationality, regional group and level by location for all posts at the D-1 and above level as of 30 June 2021, and notes the preponderance of staff from Europe and the Americas, which account for over 50 per cent of the total number of the posts at D-1 and above. **The Advisory Committee notes the efforts to achieve gender balance and trusts that every effort will be made to diversify the staff at all levels from as wide a geographical basis as possible and that an update, including statistics on the progress regarding geographical representation and gender, will be provided in the context of the midterm review.**

D. Non-staff personnel

20. Upon enquiry, the Committee was informed that non-staff personnel totalled 4,719 as at 30 June 2021, of which 3,550 were consultants and 1,169 individual contractors; and that non-staff personnel as a percentage of the total workforce varied from 21 per cent in 2017 to 23 per cent as at 30 June 2021. The Committee was informed that non-staff personnel include “individual contractors”, who are engaged under a contract to provide expertise, skills or knowledge for the performance of a specific task, which may involve functions similar to staff members, for a limited duration. However, their contracts include mandatory limitations on the duration of contracts, which are strictly monitored. The Committee was also informed that UNICEF plans to gradually phase out this contractual modality and that the requirement for short-term functions will instead be met through temporary appointments; and consultant contracts will continue to be used, but only limited to expertise for project-type assignments and not for staff functions. The Committee notes that as of June 2021, UNICEF had contracted 3,028 consultants and 920 individual contractors in the field, and 522 and 249, respectively, at headquarters. The Committee also notes that 2,128 consultants had a contract duration of 10 to 12 months and 567 of over 12 months, with some consultants holding multiple contracts. **The Advisory Committee notes the progress made to phase out non-staff contracts in the UNICEF workforce and encourages UNICEF to**

further reduce its reliance on non-staff personnel, particularly the use of long-standing full-time consultants at headquarters locations. The Advisory Committee recommends that UNICEF continue to provide updated figures on the use of non-staff personnel in the UNICEF workforce as part of the midterm review and in future budget submissions.

E. Reserves for staff liabilities

21. The report indicates that the UNICEF long-term strategy to fund the reserves for staff liabilities includes the accumulation of funds from payroll charges to the budgetary authorities and funding sources and, if year-end balances permit, a transfer of resources. The funding deficit is mainly attributed to changes in the actuarial valuation of the after-service health insurance (ASHI) liability (E/ICEF/2021/AB/L.6, paras. 27 to 28). Upon enquiry, the Committee was informed that it was difficult to assess when the actuarial liability will be fully funded. Regarding the cost-benefit risks of outsourcing the management of ASHI investments, the Committee was informed that the return on investment provided by the external investment managers has exceeded their fees and the net investment return provided by the external managers is higher than would have been achieved if the funds had remained invested in the internal working capital portfolio. In addition, the external investment managers are audited on an annual basis and produce audited financial statements.

F. Cost recovery

22. The report indicates that the integrated budget for 2022–2025 has been prepared using the cost-recovery methodology and rates in line with the joint comprehensive cost-recovery policy approved in Executive Board decision 2020/24. According to table 4, 22 per cent of the institutional budget, subject to cost recovery, will be funded from regular resources, with the balance of 78 per cent funded from other resources similar to the proportional share of planned expenditure. The projected effective cost recovery rate is 6.9 per cent for the period 2020–2025, which is lower than the harmonized base cost-recovery rate of 8 per cent. The Committee was informed that UNICEF provides information on the application of the reduced cost-recovery rates, including the financial impact, to the Executive Board in the annual report of the Executive Director.

23. The Committee was provided with the approved rates and was informed that the joint harmonized cost-recovery policy and rates for the United Nations Development Programme, United Nations Population Fund, United Nations Entity for Gender Equality and the Empowerment of Women (UN-Women) and UNICEF, as approved in September 2020 in decision 2020/24, have remained unchanged since the initial rates were set in 2013. The Committee was informed that the indirect cost recovery charged to the other resources is credited in full to the institutional budget in the amount of $1.05 billion in 2014–2017 and $1.26 billion in 2018–2021, and that the projection for 2022–2025 is $1.37 billion.

24. The report indicates that the integrated budget, 2018–2021, had included an additional cluster, “other, including procurement services”, which has been removed for 2022–2025 given that procurement services is a fully self-financed activity. The expenditure planned for 2022–2025, including direct and indirect expenditure, is funded from the handling fees that UNICEF charges for providing procurement services. Upon enquiry, the Advisory Committee was informed that a handling fee is charged on each procurement transaction, which allows the total related internal costs of salaries, administration and other costs to be fully covered. The Committee notes

the inherently self-financing nature of the procurement activity that may be considered similar to cost recovery.

G. Resident coordinator system

25. The report indicates that the estimated UNICEF contribution to the resident coordinator system will increase significantly to $33.6 million as a result of the doubling of the annual contribution with effect from 2019 (ibid., para. 71). Upon enquiry, the Committee was informed that the independent, impartial and empowered resident coordinators are playing a pivotal role in bringing United Nations country teams together to provide joint strategic support to Governments. In a recent survey on the United Nations development system reform, more than half of the UNICEF Representatives reported strengthened collaboration within the country team, increased access to pooled funding opportunities and improvement in the strategic engagement with the resident coordinators. This was especially evident in the collaborative and timely response across the United Nations system to the COVID-19 crisis. The Committee was informed that further sustainable funding for the resident coordinator system through assessed contributions from Member States was preferable to the current hybrid funding formula comprised of United Nations Sustainable Development Group cost-sharing, 1 per cent coordination levy and voluntary contributions, as any increase would negatively impact programming and delivery on the Sustainable Development Goals within the country.

H. Common services

26. The report indicates that a total of $25 million is requested for capital expenditure linked to premises maintenance and management and the pursuit of the broader strategy of United Nations common premises initiatives (ibid., para. 81). Upon enquiry, the Advisory Committee was informed that UNICEF is actively involved in the implementation of United Nations reform initiatives in the operational area. As of the end of 2020, UNICEF had implemented the Business Operations Strategy in 80 per cent of country offices, and it is expected that the target of 100 per cent implementation we will met by the end of 2021. The Committee was also informed that over 50 per cent of UNICEF offices are in common premises, which has contributed to the savings from shared security and other services identified through the Business Operations Strategy, but that the common back office has not yet been implemented by any country. The Committee was also informed that UNICEF provides strong support to the reform initiatives, as co-chair of the Business Innovations Group and co-chair of the Task Team on Efficiency Reporting, which issued the first cross-United Nations efficiency report earlier in 2021. UNICEF has also developed internal guidance on issues, including mutual recognition and common back office implementation, which it has shared with other United Nations agencies and the United Nations Development Coordination Office. UNICEF has provided regular information to drive overall awareness of reform initiatives and prepare offices for future changes, such as implementation of common back offices. **The Advisory Committee notes the intention of UNICEF to further pursue efficiency gains in terms of common business initiatives and trusts that detailed information thereon, including quantifiable savings and efficiency gains, will be presented to the Executive Board in the midterm review and future budget submissions.**

I. Enterprise Resource Planning system

27. Upon enquiry, the Advisory Committee was informed that UNICEF is satisfied with its Enterprise Resource Planning (ERP) system. The organization has automated its organization-wide business operations, including planning, budgeting, finance, human resources and supply, with the ongoing introduction of modernization and enhancement features to support evolving business needs and business process transformation initiatives. The Committee was informed that UNICEF upgrades the underlying ERP platform periodically for version compliance and new capabilities, and does not have a plan at this time to replace the system. The Committee was informed that there are no external entities using the UNICEF ERP system, however the ERP systems of a number of United Nations entities are operating on the SAP software platform, including Umoja. **The Advisory Committee considers that employing common or compatible Enterprise Resource Planning systems, including Umoja, among entities of the United Nations system, would build capacity across the entities of the United Nations development system and advance common business operations. The Committee trusts that detailed information on the UNICEF ERP system will be presented to the Executive Board in the midterm review and the future budget submissions.**

J. Relocation to the joint United Nations information and communications technology facility in Valencia

28. The report indicates that, in 2020, UNICEF decided to relocate its digital core from New York to the joint United Nations information and communications technology (ICT) facility in Valencia, Spain, with the transition beginning in mid-2021 to: (a) achieve significant cost savings and allow UNICEF to increase its ICT capacity at a lower cost; and (b) contribute to United Nations reform and achieve synergies as a result of co-locating with United Nations ICT staff (ibid., para. 59). Upon enquiry, the Advisory Committee was informed that UNICEF anticipates that, once the transition to Valencia is completed by the end of 2022, the following benefits will be achieved: (a) lower cost options for hosting the critical data centre and infrastructure services; (b) co-location with the United Nations Global Service Centre and other United Nations entities, including the United Nations International Computing Centre (UNICC), to create synergies and boost infrastructure resilience with United Nations partners; (c) optimization of core ICT operations and security infrastructure; (d) generation of cost avoidance in the range of $3 to $4 million on an annual basis; (e) additional cost avoidance through opportunities for joint planning for major strategic and volume procurement and mutual recognition of other United Nations ICT contracts to enable UNICEF to capitalize on services without the need for a lengthy and extensive request for proposal process, contract negotiation and post-contract vendor management. **The Advisory Committee notes the prospective efficiencies of the relocation of its digital core from New York to the joint United Nations ICT facility in Valencia, Spain and trusts that detailed information regarding these efficiencies will be presented to the Executive Board in the midterm review and future budget submissions. The Committee further trusts that information regarding the efficiency gains through the co-location will be shared with other United Nations system entities.**

K. Implementation of the recommendations of the Advisory Committee

29. Upon enquiry, the Advisory Committee was provided with information regarding the implementation of its latest recommendations. The Advisory Committee trusts that the aforementioned information will be provided in the midterm review and in the context of future budget submissions.