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Financial, budgetary and administrative matters

**Midterm review of the integrated resources plan and integrated budget,
2022-2025**

Report of the Administrator

Summary

In decision 2021/15 the Executive Board welcomed the UNDP integrated resources plan and integrated budget estimates, 2022-2025 (DP/2021/29), as a single, integrated budget including all budgetary categories, with an improved results focus and enhanced linkages with the results of the Strategic Plan. In the same decision, the Executive Board approved the integrated budget for 2022-2025, and welcomed the continued investment by UNDP in programme quality and compliance, supported through modernized operational systems and structures, reinforced through a strengthened internal control framework. The Executive Board noted that these investments would strengthen the organization's management and internal oversight capacity at country, regional and central levels to support proactive mitigation of risk relating to programmatic and operational work.

Throughout 2022-2023, UNDP has built upon its operational investments, achieving a balanced budget for the seventh consecutive year and securing its eighteenth consecutive unqualified audit opinion. In line with trends initiated during the 2018-2021 period, the allocation of total expenditure towards development programmes and services has risen to 91.8 cents of every United States dollar, surpassing the projected target of 91.0 cents for the 2022-2025 period.

Against an initially planned level of \$16.2 billion in total available resources for 2022-2023, UNDP attained \$15.6 billion, or 96.3 per cent of the planned level, indicating the continued overall confidence of funding partners towards UNDP.

Of this amount, contributions to regular resources totaled \$1.2 billion, or 78.9 per cent of the planned level for 2022-2023. The decline in regular resources follows a long-term trend in the United Nations development system at large. As noted in the midterm review of the Strategic Plan (DP/2024/12), this decline represents a real opportunity cost for UNDP, constraining its capacity to fund programmatic and institutional activities required to scale up investments and maintain institutional stability in a world that is both uncertain and demanding.

Operating at the core of the United Nations development system, UNDP remains committed to meeting emerging challenges and to continue its focus on transformative changes that leave no one behind.



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Annex I. Relationship between the integrated resources plan and the integrated budget

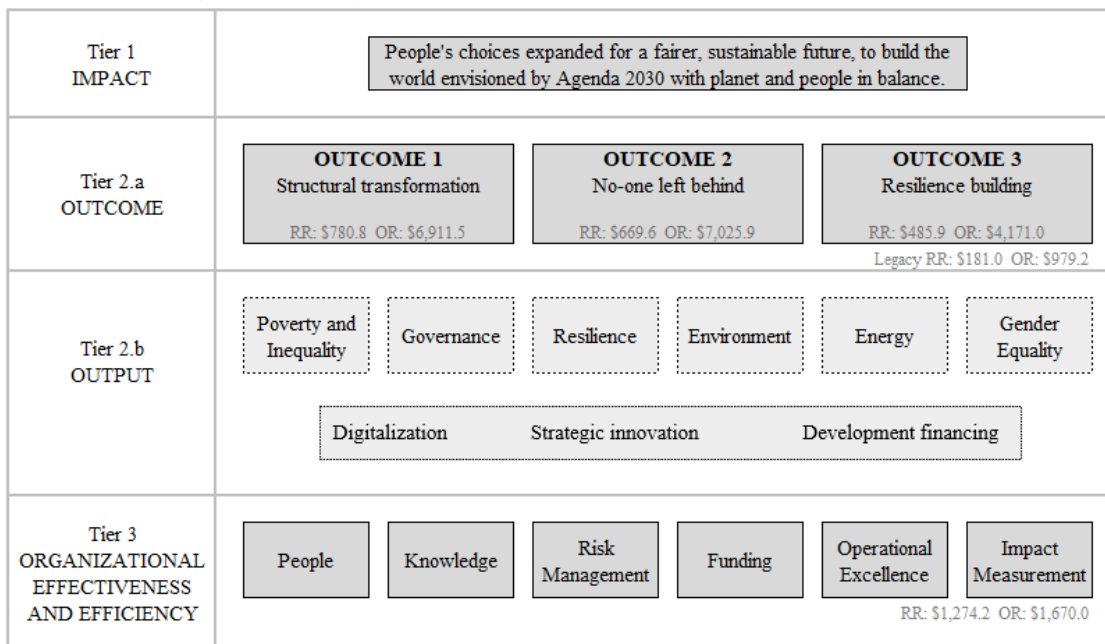
Annex II. Detailed tables and figures

Annex III. Actual expenditure by country typology in 2022-2023

I. Strategic context

1. This midterm review of the integrated resources plan and integrated budget should be read in conjunction with the midterm review of the Strategic Plan, 2022-25 (DP/2024/12). As indicated in the latter, the proactive and resilient approach of UNDP to multifaceted development challenges is demonstrating value.
2. Operating at the core of the United Nations development system in line with the highest standard of accountability, UNDP is unwavering in its commitment to meet emerging challenges and to continue its focus on transformative changes that leave no one behind. The midterm review of the Strategic Plan takes stock of progress, including investments in modernizing operations and oversight, and challenges. It suggests how UNDP can build on achievements, deliver even more effectively in the next two years and beyond, and continue to learn and improve performance.
3. The midterm review of the integrated resources plan and integrated budget should be considered within this context. It underscores the dedication of UNDP to supporting programme countries, amplifying past successes and focusing on strategic priorities. This commitment is crucial for navigating the uncertain terrain of future development finance and maintaining stability in challenging times.
4. In its decision 2021/15, the Executive Board approved the integrated budget, 2022-2025. In the same decision, the Executive Board welcomed that UNDP will continue to invest in programme quality and compliance, supported through modernized operational systems and structures and reinforced through a strengthened internal control framework. It noted that these investments would enable UNDP to enhance management and internal oversight capacity at country, regional and central levels to support proactive mitigation of risks as these relate to programmatic and operational work.
5. The UNDP budget acknowledges the synergies and linkages between development and institutional results at country, regional and global levels. It also acknowledges the associated resource requirements, as its underlying financial framework, approved by the Executive Board, is premised on a certain level of regular resources. This is an essential enabler for the achievement of development results and delivering on the Strategic Plan and the related integrated results and resources framework.
6. The integrated resources plan and integrated budget constitute an integral complement to the Strategic Plan, 2022-2025. The integrated resources plan and integrated budget underpins and supports the implementation and operationalization of the Strategic Plan. It allows UNDP to deliver stronger whole-of-society solutions to address increasingly complex development challenges across three development settings, with six integrated signature solutions, supported by six key areas to enable the organization to remain agile and effective. These are outlined below in figure I.

Figure I.
UNDP Strategic Plan integrated results and resources framework



Note: Resources are in millions of United States dollars. RR-Regular Resources and OR-Other Resources.

7. The integrated resources plan includes regular and other resources, and it encompasses the integrated budget estimates, which cover regular resources only. The present report serves as the midterm review of the 2022-2025 integrated resources plan and integrated budget (see annex I, with detailed information provided in annexes II and III). For ease of comparability with the plan and per past practice, this review is structured along the lines of the report DP/2021/29 (UNDP integrated resources plan and integrated budget estimates, 2022-2025).

8. This document reviews: (a) the integrated resources plan, including resources available, expenditure (use of resources) for programmatic and institutional activities, and balances carried forward; and (b) the integrated budget (regular resources), including regular resource contributions, expenditure levels for programmatic and institutional activities, and regular resources availability.¹ Noting that the integrated resources plan and integrated budget enables the implementation of the Strategic Plan, the principal discussion on organizational results takes place in the midterm review of the Strategic Plan (DP/2024/12).

II. Review of the integrated resources plan

9. This section provides information on the financial performance of the first half of the integrated resources plan including key features, resources available and expenditure (use of resources), and balance carried forward. This analysis is based on a comparison of the 2022-2023 planning estimates compared with actuals, taking into account final figures for 2022 and provisional figures for 2023. The detailed integrated resources plan table is set out in annex II, table 1.

10. Against an initially planned level of \$16.2 billion in available resources for 2022-2023, UNDP attained \$15.6 billion, reaching 96.3 per cent of the planned level. On the expenditure

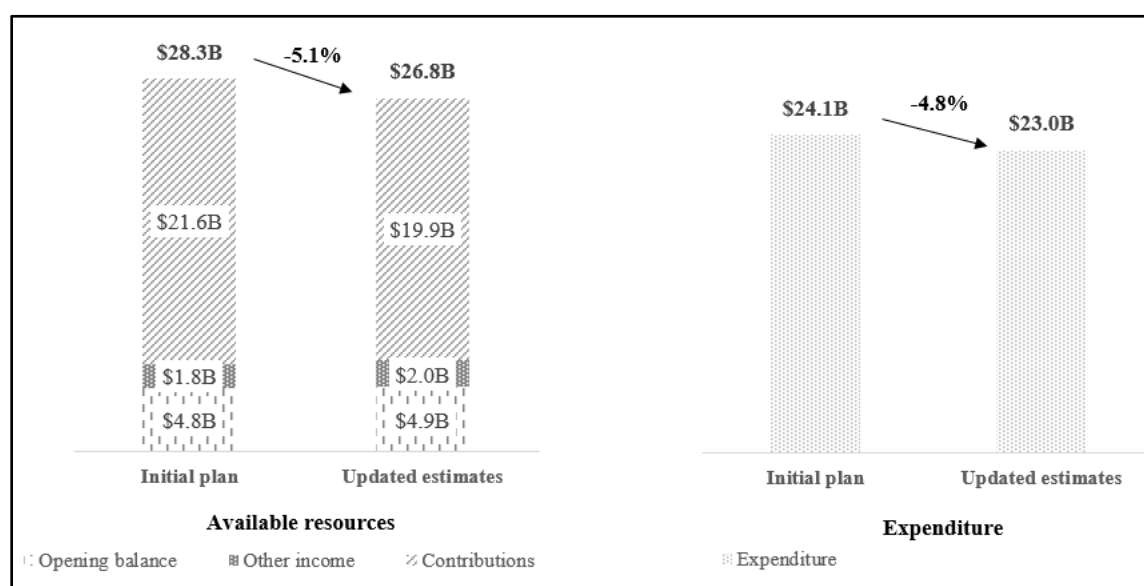
¹ All financial information is on a comparable basis to the planning estimates presented in the integrated resources plan and integrated budget.

side, against the initially planned level of \$11.6 billion for 2022-2023, UNDP spent \$11.3 billion or 97.6 per cent of its planned level.

11. UNDP, with the support of Member States and other funding partners, will continue to strive to achieve the approved level of resources for 2022-2025, in line with the financial framework approved by the Executive Board. Figure II below compares the 2022-2025 planning estimates with updated figures for the quadrennial period taking into account actual performance in 2022-2023 and revised estimates for 2024-2025 that continue to reflect realistic optimism based on trend analysis and macro considerations.

12. In terms of available resources, UNDP is on track to reach \$26.8 billion or 94.9 per cent of the initial plan for the period 2022-2025. Meanwhile, in terms of expenditures, UNDP is set to reach \$23.0 billion or 95.2 per cent of the initial plan for the quadrennial period.

Figure II.
Key features of the midterm review of the integrated resources plan 2022-2025
(In billions of United States dollars)



13. By the end of 2025, UNDP is on track to reduce its balance of resources to \$3.8 billion compared to a planning estimate of \$4.1 billion. This is consistent with the direction set out in the integrated resources plan and integrated budget, 2022-2025. It is important to recall that all expenditures, including drawdowns from accumulated programme resources balances, are incurred in line with the UNDP regulatory framework and, where applicable, relevant funding agreements. Accumulated programme resources balances are highly earmarked project funds, that are not fungible (that is, they must be delivered in accordance with project documents and the related financing agreements) and are programmed for delivery over multiple years (so that the resources are not necessarily spent in the year in which they are received).

Resources available (income)²

14. The midterm review of the Strategic Plan outlines the evolving UNDP partnership landscape, against the backdrop of a changing operating context. Contributions in 2022-2023 reached \$9.8 billion, representing 92.4 per cent of the planned level of \$10.6 billion over the same period. This indicates moderate success but also a significant gap, particularly in terms of regular resources. UNDP also witnessed a continued decline in multi-year commitments and a persistent concentration of earmarked resources, with contributions to regular resources accounting for only 11.9 per cent of total contributions, which falls short of the United Nations funding compact target of 30 per cent.

15. UNDP remained the lead development agency of the United Nations system, with annual contributions from donors averaging \$4.9 billion for the period 2022-2023. Third-party cost-sharing, programme country government financing and vertical funds remained significant funding sources.

16. Programme country government cost-sharing contributions have grown to \$2.3 billion in 2022-2023, above the planned level of \$1.8 billion. This indicates the strong, trusted relationships between UNDP and programme countries and its strategic engagement with international financial institutions and effective South-South and triangular cooperation.

17. A total of \$1.9 billion was mobilized in 2022-2023 across all vertical funds, which represents 19.4 per cent of total contributions. The largest contributions in 2022-2023 came from the Global Fund to Fight AIDS, Tuberculosis and Malaria (\$866.4 million), followed by the Global Environment Facility (\$711.3 million) and the Green Climate Fund (\$255.7 million).

18. Contributions to the funding windows reached \$246.3 million in 2022-2023. This represents only 2.5 per cent of the total contributions to UNDP, which is less than the United Nations development system average of 6 per cent. Significant contributions to the windows remain earmarked. Efforts to diversify funding window sources and enhance contributions through the funding compact will be increasingly important.

19. Through the United Nations Multi-Partner Trust Fund Office, UNDP has kept pace with the demand for pooled financing services, supporting the 2030 Agenda for Sustainable Development and providing urgent relief in a post-coronavirus disease (COVID-19) pandemic world. The Office, hosted by UNDP, is the only United Nations unit exclusively dedicated to the design and administration of multi-stakeholder pooled financing instruments. For the period 2003-2022, the Office has supported over 235 United Nations-led pooled funds, providing inter-agency pooled funding services to help United Nations organizations and partners make fast, simplified and efficient progress towards collective outcomes. It has also received over \$18 billion in deposits and invested in programmes overseen by more than 50 participating United Nations organizations.

20. However, in 2022-2023, UNDP raised \$424.0 million from multi-partner pooled funds, which is 51.7 per cent less than the initial plan for the period. The reduction in transfers of pooled funds to UNDP is partially due to overall decreases in development and peace or transition inter-agency pooled funds. Strategies to reverse this trend will focus on performance, delivery, reporting and visibility.

21. Of concern is the long-term trend of declining size and share of regular resources funding across the United Nations development system. Consistent with this trend, regular resources contributions for UNDP reached \$1.2 billion, or 78.9 per cent of the planning estimate for

² To complement the actual contributions received during the period, UNDP had the benefit of an opening balance of \$4.9 billion, while it also generated income from other sources, for example reimbursement for services to other United Nations organizations and cost recovery.

2022-2023. As noted above, this represents 11.9 per cent of total contributions received by UNDP for the same period.

22. UNDP welcomes the Secretary-General's funding compact as a means to balance the share of regular resources and other resources funding and to steer the United Nations development system towards improved sustainable development results and collaboration for the Sustainable Development Goals through better, more effective partnerships. To shift the balance towards the 30 per cent regular resources target set out in the funding compact, UNDP is continuing to expand its efforts and engage with Member States that are currently below the threshold.

23. In 2022-2023, UNDP received regular resource contributions of \$371.9 million through multi-year commitments, accounting for 32.1 per cent of the overall regular resource contributions received over the period. In comparison, UNDP received \$589.2 million in regular resource contributions through multi-year commitments in 2020-2021, which represented 43.9 per cent of regular resources received.

24. As noted in the midterm review of the Strategic Plan (DP/2024/12), this decline in flexible and predictable funding represents a real opportunity cost for UNDP, constraining the organization's capacity to fund programmatic and institutional activities required to scale up investments and maintain institutional stability in a world that is both uncertain and demanding.

25. For 2022-2023, government contributions to local office costs – including cash, accounting linkages, in-kind contributions and arrears – for low-income and middle-income countries reached 61.4 per cent and 77.9 per cent against these obligations, respectively. Contributions from upper-middle-income countries and net contributor countries were at 94.6 per cent and 100.0 per cent of obligations respectively, a welcome demonstration of Member States' support to UNDP.

Table 1. Government contributions to local office costs*, 2022-2023

(In millions of United States dollars)

Income category	GLOC obligations including in-kind contributions	Cash and accounting linkage	In-kind contributions	Total income received	Percentage received against obligations	Arrears GLOC payments	Total income plus cash arrears received
Low-income countries (\$1,286 and below)	13.6	3.7	4.7	8.3	61.4%	2.9	11.3
Middle-income countries (GNI per capita < \$6,692)	51.0	27.5	12.2	39.8	77.9%	18.1	57.9
Middle-income countries (GNI per capita > \$6,692)	20.5	18.1	1.3	19.4	94.6%	4.6	24.0
Net contributor countries	20.9	19.2	1.7	20.9	100.0%	-	20.9
Total	106.0	68.5	19.9	88.4	83.4%	25.6	114.0

* Referred to informally in English as "GLOC"; GNI = gross national income

Expenditure (use of resources)

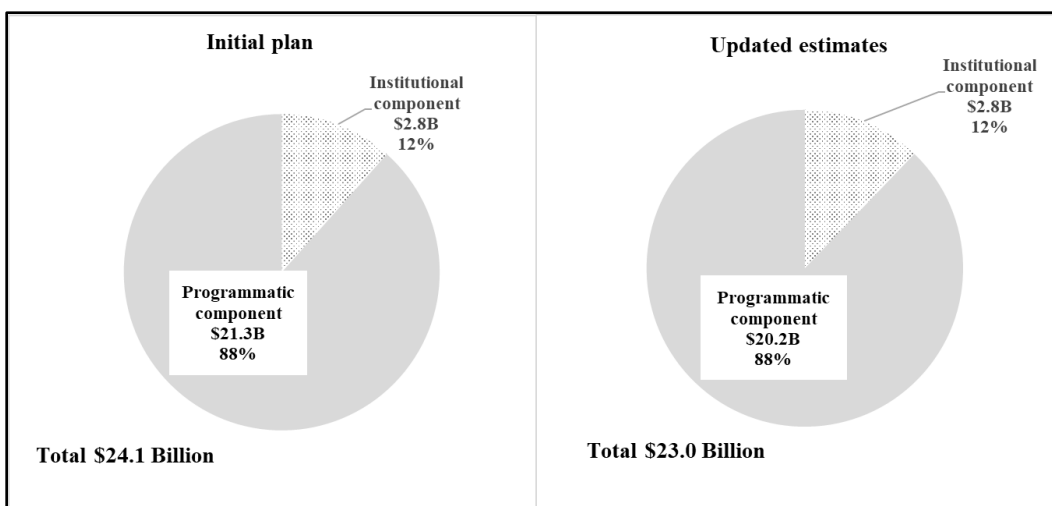
26. Expenditure for 2022-2023 reached \$11.3 billion, representing 97.6 per cent of the planned level of \$11.6 billion over the same period as set out in annex II, table 1.

27. Annex II of this report presents actual expenditure reported in 2022-2023 at the country level by country typology. The annex shows that 31 per cent of total programmatic and institutional resources at country level were spent in low-income countries. This reflects the net graduation of seven countries from the low-income to the middle-income country category, which reduced the number of low-income countries from 40 to 33 from the previous (2018-2021) to the present programming cycle. Middle-income countries are a diverse group of countries home to 75 per cent of the global population and 62 per cent of the world's population living in extreme poverty, and are facing common challenges including food insecurity, the cost-of-living crisis, high geopolitical tensions, the worsening climate crisis, fragility, conflict and violence.

28. Continued fiscal discipline permitted UNDP to maintain a balanced institutional budget in 2022 and 2023. This supports the UNDP commitment to deliver on the results set out in the integrated results and resources framework, with innovations and strategic investments in programme effectiveness and institutional performance, including the modernization of operations and oversight systems, contributing to 91.8 cents of every dollar being spent on programmes and services to achieve development results over 2022-2023. This exceeds the target level of 91.0 cents of every dollar set out in the UNDP 2022-2025 budget (see annex II figure A). Regarding the institutional component of the integrated resources plan, actual expenditure in 2022-2023 reached \$1.4 billion, on par with the planned level for that same time period.

29. Figure III below provides a comparison of original planning figures and updated estimates for major categories of expenditure over the full four-year strategic planning period. Annex II, 2 table 2 provides details of the estimated integrated resources plan 2022-2025, including a comparison of original planning figures and updated estimates, by cost classification category.

Figure III.
Initial planned use of total resources between programmatic and institutional component compared to updated estimates, 2022-2025
(In billions of United States dollars)



Looking forward

30. The 2030 Agenda for Sustainable Development remains the road map for achieving sustainable development to meet the needs of the present and the future. As noted in the midterm review of the Strategic Plan, recognizing the continued importance of quality funding for the remaining Strategic Plan period, the resource mobilization strategy emphasizes visibility for providers of flexible funding and its impacts and a clearer definition of the value proposition. Diversifying funding sources by engaging new donors and exploring innovative financing mechanisms, including private-sector partnerships and philanthropic sources, is crucial. UNDP will pursue flexible and adaptive strategies to meet its resource mobilization targets and further enhance performance.

31. The midterm review of the Strategic Plan elaborates on ongoing UNDP efforts to enhance its effectiveness and efficiency. This includes the launch in 2023 of the final modules of Quantum, the new UNDP enterprise resource planning system, and continued investments in programme effectiveness and inclusiveness, partnerships, risk management, people and culture to better align with the evolving needs of programme countries. Additionally, the review underscores the UNDP commitment to accelerating development outcomes by blending

longstanding institutional strengths – such as deep-rooted local relationships and a regional and global presence – with a new level of agility and responsiveness. As a result, UNDP is on track to spend 91.8 cents of every dollar on development programmes and services over the four-year period (2022-2025), exceeding the target of 91.0 cents set out in the original plan.

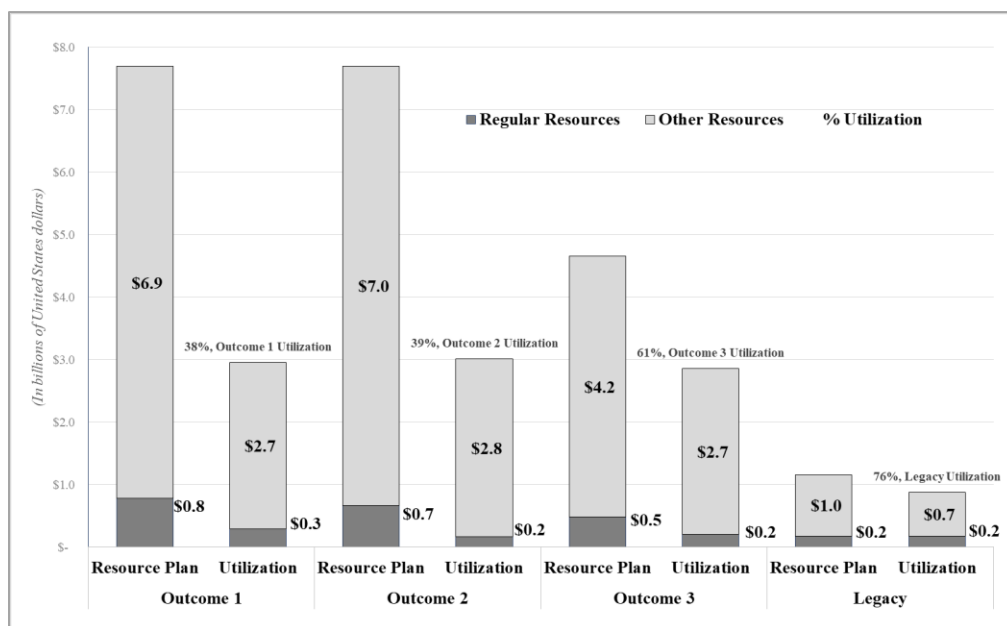
32. Regarding the allocation of regular resources over the planning period (2022-2025), the share dedicated to institutional activities is projected to increase to 34.6 per cent, compared to the earlier estimate of 32.2 per cent of total expenditures funded from regular resources (see annex II, table 5). This change is due to the decline in the estimated level of regular resource contributions for the four-year period (\$2.4 billion projected compared to \$3.1 billion in the original plan), coupled with the need to maintain institutional stability amidst the uncertain and evolving development finance landscape and to deliver UNDP programmes with an unwavering commitment to accountability, effectiveness and efficiency.

III. Integrated results and resources framework

33. The integrated results and resources framework translates the Strategic Plan, 2022-2025 into a set of development and organizational results that show how UNDP will use the resources entrusted to it by Member States and others to deliver on its mandate and vision. At the midpoint of the planning period, UNDP has spent \$11.3 billion or 97.6 per cent against the original \$11.6 billion estimate for 2022-2023.

34. As presented in figure IV below, for the period 2022-2023, UNDP spent \$3.0 billion to advance structural transformations, particularly green, inclusive and digital transitions (outcome 1), \$3.0 billion on leaving no one behind through right-based approaches centered on human agency and human development (outcome 2), \$2.9 billion on building resilience to respond to systemic uncertainty and risk (outcome 3), and \$0.9 billion to support legacy interventions from the previous Strategic Plan.

Figure IV.
2022-2023 programme expenditure versus 2022-2025 integrated resource plan
(In billions of United States dollars)



35. On the institutional side, UNDP spent a total of \$1.4 billion over the 2022-2023 period, in line with the planned level for the same time period, to continue to invest and innovate in its operations to become more agile, transparent and accountable, adopting new ways of working while remaining strongly grounded in United Nations norms and values. Further details on UNDP achievements during this period are discussed in the midterm review of the Strategic Plan and its annexes.

IV. Review of the integrated budget (regular resources)

A. The role of regular resources

36. The General Assembly, in resolutions 71/243 and 75/233, on the quadrennial comprehensive policy review of operational activities for development of the United Nations system, the Executive Board, in numerous decisions, and the Advisory Committee on Administrative and Budgetary Questions all stress the importance of regular resources for the United Nations development system at large. Regular resources remain the bedrock of the organization and constitute a pillar of support to the poorest countries. The ability of UNDP to support countries in implementing the 2030 Agenda and the Strategic Plan depends on this flexible and predictable funding base.

37. Considering Executive Board guidance regarding the use of regular resources, UNDP will maintain the same resource allocation framework as the previous quadrennial budget, premised on the following three integrated budget pillars:

- (a) Achieving synergies by integrating programmatic and institutional budget components;
- (b) Leveraging the harmonized cost classification framework as agreed upon with the United Nations Population Fund, United Nations Children's Fund and the United Nations Entity for Gender Equality and the Empowerment of Women (UN-Women), to respond to the quadrennial comprehensive policy review and to further enhance the transparent and efficient usage of resources; and
- (c) Improving cost alignment through more rigorous and targeted implementation of a harmonized cost-recovery policy (see DP/FPA-ICEF-UNW/2020/CRP.1).

38. Regular resources remain critical for UNDP not only to support low-income countries to eradicate poverty but to also test innovative and integrated development approaches, and to fill critical resource gaps in the areas where UNDP does not attract sufficient resources, such as gender.

39. Flexible and predictable regular resources are critical for the funding of the UNDP global operating network and enable country offices to meet the demand from programme Governments for long-term sustainability, rather than orienting interventions around donor priorities through short-term project funding. Being the backbone of UNDP, regular resources drive the organization and cement its achievements on the ground to sustain and scale successful investments. The midterm review of the Strategic Plan discusses this topic in more depth.

Contributions

40. In 2022-2023, regular resource contributions to UNDP reached \$1.2 billion, or 78.9 per cent of the planning estimate for the same period. As indicated in the midterm review of the Strategic Plan, the continued capacity of UNDP to deliver the development promise, at scale, depends on regular resources – as does the well-being of millions of people. Declining regular resources funding follows a long-term trend in the United Nations development system. If it persists, the capacity to achieve its strategic goals will be severely compromised. The next section discusses this in more detail.

Expenditures

41. In 2022-2023, expenditures from regular resources reached \$1.4 billion, or 87.8 per cent of the planning estimate for the same period. This is consistent with the planning parameters of the integrated resources plan and integrated budget, 2022-2025, and the UNDP regulatory and governance framework.

42. During this period, UNDP programmatic spending from regular resources reached \$930.3 million (67.4 per cent of the integrated budget; see table 2 below). This represents 87.9 per cent of the planned programmatic spending for the same period. UNDP institutional spending from regular resources reached \$449.2 million (32.6 per cent of the integrated budget). This represents 87.4 per cent of the planned institutional spending for the same period.

43. UNDP recognizes the Executive Board's decision that welcomed the organization's investment in programme quality and compliance, supported through modernized operational systems and structures, and reinforced through a strengthened internal control framework. These elements are fundamental to the work of UNDP for the 2022-2025 period. As indicated in the midterm review of Strategic Plan, an ongoing decline in regular resources contributions represent a real opportunity cost for UNDP, constraining programmatic and institutional activities to scale up investments and maintain institutional stability in a world that is both uncertain and demanding.

44. Regular resources are fundamental to the organization's consistently high levels of accountability and transparency, funding oversight functions such as independent audit and investigations, evaluation, ethics and development effectiveness. Regular resources underpin UNDP advocacy for human rights, civic space and the rule of law, and are crucial for immediate crisis responses, early recovery efforts and prevention. Moreover, as noted in the midterm review of the Strategic Plan, regular resources are pivotal for the continued investment in integrated development positioned to meet the complexity of current challenges and aligned with the indivisible nature of the Sustainable Development Goals. This also champions the Secretary-General's "UN 2.0" organizational transformation through partnerships to advance innovation, foresight, data and digitalization. Regular resources sustain the UNDP global operating network in over 170 countries and territories, supporting the entire United Nations system by providing shared services.

Table 2.

UNDP programmatic and institutional components of the integrated budget

(In millions of United States dollars)

Regular resources	2022-2023 planning estimates		2022-2023 actuals	
	% of Total	\$	% of Total	\$
Programmatic component	67.3%	1,058.2	67.4%	930.3
Institutional component	32.7%	513.8	32.6%	449.2
Total	100.0%	1,572.0	100.0%	1,379.6

Institutional component	% of Total	\$	% of Total	\$
Development activities	29.9%	153.8	38.2%	171.4
Management	57.4%	294.9	50.0%	224.7
Independent oversight and assurance activities	8.3%	42.8	8.6%	38.4

Special purpose	4.3%	22.3	3.3%	14.6
Total	100.0%	513.8	100.0%	449.2

B. Review of the programmatic component of the integrated budget

45. The integrated budget's programmatic components are underpinned by interrelated principles with respect to predictability, universality and progressivity, reaffirmed by the Executive Board in its decision 2012/1. Predictability relates to the availability of sufficient regular resources to ensure sustainability and the multidimensionality of UNDP results. Universality ensures that UNDP development resources and activities are available to support all eligible countries; progressivity focuses the distribution of regular programme resources on low-income and least developed countries.

46. UNDP allocates regular resources for country-level programming through the target for resource assignment from the core (TRAC) system. TRAC funding represents the 'core' of UNDP country programmes, – all of which are aligned with United Nations Sustainable Development Cooperation Frameworks.

47. The UNDP allocation of regular resources for country-level programmatic activities continues to be managed through the Executive Board-endorsed two-tiered approach. The framework aims to protect Tier-1 programmatic resources from potential decreases vis-à-vis planned levels. Specifically, a reduction of up to 5 per cent in regular resources does not affect Tier-1 allocations but leads to reductions in Tier-2 allocations. Should the shortfall exceed 5 per cent, allocations in both tiers are proportionately reduced.

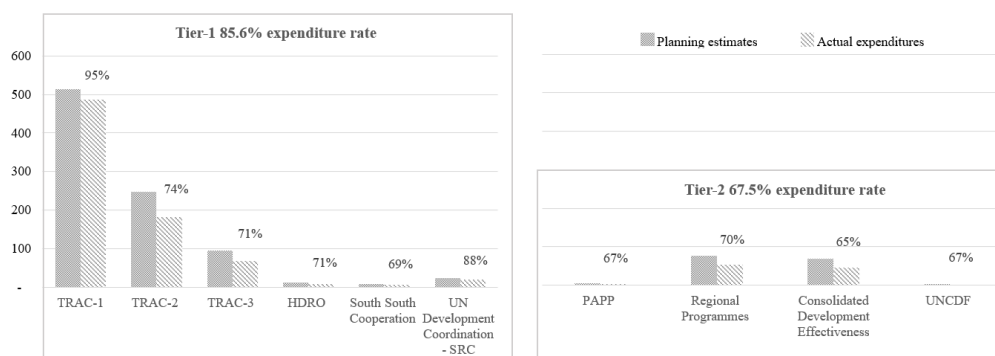
48. In response to the 21.1 per cent shortfall in regular resource contributions as noted above³, UNDP adjusted its resource allocations from regular resources in line with the Executive Board-endorsed two-tiered approach. Further details are discussed below. Reductions in regular resource allocations were mitigated with other resources to the maximum extent possible in 2022-2023, exemplifying the agility of UNDP in responding to evolving circumstances.

49. Tier-1 resources contain the TRAC system, a three-tiered framework ensuring financial support for country programming and crisis response, with TRAC-1 and TRAC-2 forming a joint pool for country initiatives, and TRAC-3 dedicated to emergencies. In addition to the TRAC system, Tier-1 programmes include South-South cooperation, which focuses on the sharing of South-South experiences, expertise and knowledge; the Human Development Report Office; and United Nations development coordination activities. In 2022-2023, expenditures on Tier 1 resources reached 85.6 per cent of the planning estimates for the same period. See figure V for more details.

50. Tier-2 contains resources for: (a) regional programmes to provide support for inter-country cooperation in all five regions in response to development priorities and challenges; (b) the programme of assistance to the Palestinian people; (c) a consolidated effectiveness line to support the integration of development knowledge, professional standards and quality assurance through specialized technical expertise to help countries access financing; and (iv) UNDP support to the United Nations Capital Development Fund, which provides grants, loans and guarantees to least developed countries. In 2022-2023, expenditures on Tier 2 resources reached 67.5 per cent of the planning estimates for the same period. See figure V for more details.

³ As noted in paragraph 21, regular resource contributions for UNDP reached \$1.2 billion, or 78.9 per cent of the planning estimate for 2022-2023.

Figure V.
Programmatic component of the integrated budget - 2022-2023 planning estimates compared to actual expenditures
(In millions of United States dollars)



C. Review of the institutional component of the integrated budget

51. In 2022-2023, regular resources expenditure on the institutional component was \$449.2 million, or 87.4 per cent compared to a planning estimate of \$513.8 million. This is due to the shortfall in regular resource contributions compared to the planned levels. The reduction in regular resources has impacted the ability of UNDP to boost investments in institutional capacity, and if continued, risks impacting its ability to scale up investments and maintain institutional stability.

52. Table 3 below sets out a comparison of planned versus actual expenditures for the 2022-2023 institutional component of the integrated budget by expenditure category. Expenditure on consultants and travel exceeded planning estimates by \$2.9 million and \$4.8 million respectively, to source external expertise and due to the steep increase in post-pandemic travel costs. These were offset by an \$11.5 million decrease in operating expenses from planned levels.

Table 3.

Institutional component of the integrated budget by expenditures category: 2022-2023 planning estimates compared to 2022-2023 actuals⁴

(In millions of United States dollars)

Category of expenditures	2022-2023 planning estimates	2022-2023 actuals	2022-2023 planning estimates vs actuals	
			\$	%
Posts	457.7	394.1	(63.6)	(14)%
Other staff costs	0.7	0.3	(0.4)	(51)%
Consultants	12.5	15.4	2.9	23%
Travel	9.0	13.8	4.8	54%
Operating expenses	67.0	55.6	(11.5)	(17)%
Furniture/equipment	8.4	6.8	(1.6)	(19)%

⁴ This table presents planned and actual expenditures of gross regular resources, which include expenditures funded from 'other income utilization' as indicated in annex II, table 1.

Reimbursements/contributions	9.4	10.4	1.0	10%
Provision for strategic investments	24.0	19.9	(4.1)	(17)%
Total expenditures	588.8	516.2	(72.5)	(12)%

53. Annex II, table 6 provides a detailed overview of positions graded D-1 and higher.

V. Lessons learned and looking forward

54. As presented in the midterm review of the Strategic Plan, 2022-2025, UNDP is on track to meet its objectives. At the midpoint of the planning period, UNDP can report that, in response to the commitments it has made to the Executive Board, the organization has: (a) continued to demonstrate that it has become more efficient and effective during the past two years despite a downward trend in regular resources ; and (b) shown its commitment to continue to dedicate over 91.0 cents on every dollar on development programming and services. .

55. For the second half of 2022-2025, contributions to regular resources will continue to play a pivotal role in meeting the objectives of the Strategic Plan, in an accountable and effective manner. As highlighted in paragraph 32, regular resources contributions for 2022-2025 are currently projected to reach \$2.4 billion or 78.9 per cent of the planned level of \$3.1 billion for the same period. Lagging contributions are concerning and will impose constraints that will only continue to grow and become more evident over the next two years. UNDP will perform at the highest possible levels of effectiveness, efficiency and accountability. Yet there is a real risk of missing the ambition of the Strategic Plan and the chance to fully capitalize on progress through integrated responses to crisis and development. This presents a real opportunity cost for UNDP, constraining the capacity to fund both programmatic and institutional activities essential for scaling up investments and maintaining institutional stability in a world that is both uncertain and demanding.

56. With the support of Member States and other partners, UNDP aims to secure approved regular resources for the rest of the period, and will strongly encourage other forms of quality finance, such as lightly earmarked resources. All efforts will go towards expediting progress on the Sustainable Development Goals and fulfilling the development promise.