

FROM: Dr Mukesh Kapila, CEO
TO: Executive Committee
SUBJECT: **Budget for the Biennium: 1 Jan 2019 – 31 Dec 2020**

ACTION REQUESTED: The following decision is recommended for approval by the EC:

Decision EC 6/2019; effective date 22 April 2019

The Executive Committee approves a budget of up to US\$41,920,311 for the Defeat-NCD Partnership over the biennium 2019-2020 and authorises the CEO to plan the operational work of the Partnership as outlined in EC Doc 5/2019 on the basis of the actual resources that are mobilised. Further to that, the EC:

- approves a budget tolerance of 20 per cent between the pillars and between individual budget lines;
- approves the establishment of an operational reserve, and setting aside US\$1 million in 2019 towards the reserve;
- notes the “Summary statement of income and expenditure” to accompany the UNOPS interim financial report for the period 1 August 2018 – 31 December 2018, and approves this format for the purposes of FY 2019 financial reporting;
- notes the agreed UNOPS direct fees of US\$ 350,000 that apply for the first year of hosting (till 31 July 2019), and requests the CEO to ensure that optimal value for money is obtained when this is reviewed in August 2019 after the completion of the first year of hosting at UNOPS.
- notes that the planned budget is predicated on indicative UNOPS indirect fees for pass through funds at 1%, grants at 3%, and direct execution at 7% for Defeat-NCD Partnership programming. These indirect fee rates have not yet been approved by UNOPS, and are therefore subject to a positive decision by UNOPS management as soon as possible to enable Defeat-NCD work to proceed in a cost-effective manner.

BACKGROUND:

The formulation of the attached budget (EC Doc 6A/2019) to resource the proposed workplan for 2019-2020 (EC Doc 5A/2019) has been guided by the latest version of our strategy (EC Doc 4A/2019), experience gained since the previous resourcing framework that was approved by the interim Governing Board (GB Doc 14/2018 dated 20 May 2018)

An operational reserve is being established to allow the prudent management of risks, and following similar practice by other comparable entities. A 20 percent budget tolerance is requested to facilitate operational programming.

See attached EC Doc 5B/2019 for a fuller description of UNOPS services, oversight, and cost recovery principles. Other hosted entities at UNOPS have negotiated reduced indirect fees for their pass through funds and grant modalities eg the Enhanced Integrated Framework Trust Fund (0.75 percent), UN Water (1 percent), and Stop TB Partnership (3 percent). The Defeat-NCD Partnership is seeking agreement from UNOPS for similar indirect fee levels to enable us to implement our programming activities in the most cost effective manner.

The attached (EC Doc 6C/2019) on the summary statement of income and expenditure to accompany the UNOPS interim financial report, for the period 1 August 2018 – 31 December 2018 provides a breakdown of expenditure against the four pillars of the Defeat-NCD Partnership, and our overheads in terms of UNOPS direct and indirect costs. Such a presentation format for financial reporting will facilitate our future results based monitoring framework and provide transparency on overheads.