AGENDA ITEM 13: CLME+ PROJECT WORKPLAN AND BUDGET

Proposed Budget Revision - CLME+ Project

1. Background:

The tables below represent a revised version of the previous CLME+ Budget approved in the First CLME+ Project Steering Committee Meeting (PSCM1) which took place in January 2016. To assist with the review, we are including comments on the main adjustments and the respective explanations.

During the PSCM1, it was decided to approve a budget for 2016 and 2017 with the corresponding account detail. For the remaining years (2018-2020), the PSCM1 approved totalized annual figures. Therefore, for the current Budget revision, it was opted to distribute these annual figures according to the proportions contained in the PRODOC for 2018-2020, so that the comparison per account can be made.

2. Reviewed CLME+ Project Budget:

During 2016 and 2017, the implementation challenges explained in Agenda Item 5 impacted on the expenditure level, as seen in the columns "Spent" of both years (see Table 1). Main difference between real perfomance and the initital Budget approved for these years appears in Contractual Services (1.15 MM) since the delays were directly related to co-execution agreements (i.e. agreements with PEG members) and consultancies.

Table 1: Spent 2016-2017 versus last approved Budget by the SCM (all values in 1000's of USD)

	2016		2017		2016 & 2017		2016 & 2017
	Spent	Last Budget presented to SCM	Spent	Last Budget presented to SCM	Spent	Last Budget presented to SCM	Difference (Budget-Spent)
Staff & Consultants	476	576	461	576	937	1152	215
Travel (includes SCM, PEG, Meetings)	172	322	144	271	316	593	277
Contractual Services	1,351	2,536	2,111	2,080	3,462	4616	1,154
Rental & Maintenance (Premises, Meeting Rooms)	2	28	6	101	8	129	121
Equipment & Furniture (incl ICT)	19	29	3	7	22	36	14
Audiovisuals, Printing & Translations	6	20	11	30	17	50	33
Supplies	7	16	5	16	12	32	20
Miscellaneous	13	12	28	12	41	24	-17
TOTAL (net)	**2,046**	**3,538**	**2,769**	**3,093**	**4,815**	**6631**	1,816
Management Costs	164	242	180	209	344	451	107
TOTAL	**2,210**	**3,780**	**2,949**	**3302**	**5,159**	**7082**	**1,923**

At the same time, those implementation lags impacted in other related Budget items, which explains the gaps in Staff & Consultants (215K) and Travel (277K). Underexpenditure on travel in 2017 is to a large extent caused by the fact that the date for the second Steering Committee Meeting was moved to 2018. Regarding Rental &Maintenance, initially a buffer was allocated in case the PCU was no longer able to use IOCaribe offices during the first years of the project. As this buffer is no longer needed it will be reprogrammed for major country consultancies in 2018-2019, which will increase countries' awareness, participation and ownership in major project Outcomes.

The slower-than-expected project implementation rates during the 2016-2017 biennium, leading to under-expenditures for the PSC-approved 2016-2017 budget, now demand a reallocation of funds to the 2018-2020 period to ensure that all project outputs can be successfully delivered by project end. That is why in the proposed Budget for 2018-2020 (see Table 2) a stronger emphasis has been allocated in the Budget items that presented substantial-expenditure (Contractual, Travel, Staff/Consultancies).

Table 2: 2018-2020 Budget proposed for approval at PSCM2, versus last approved Budget by the PSCM1 (all values in 1000's of USD)

	2018		2019		2020		2018 to 2020		2018 to 2020
	New budget proposal	Last Budget presented to SCM	New budget proposal	Last Budget presented to SCM	New budget proposal	Last Budget presented to SCM	New budget proposal	Last Budget presented to SCM	Difference (Budget-Spent)
Staff & Consultants	707	799	753	641	334	159	1,794	1,599	-195
Travel (includes SCM, PEG, Meetings)	442	267	317	214	98	53	857	535	-322
Contractual Services	967	1,081	1,666	858	698	188	3,331	2,127	-1,204
Rental & Maintenance (Premises, Meeting Rooms)	78	34	78	27	32	7	188	68	-120
Equipment & Furniture (incl ICT)	23	12	18	10	4	2	45	24	-20
Audiovisuals, Printing & Translations	14	17	17	14	9	3	40	34	-7
Supplies	12	11	12	9	8	2	32	23	-9
Miscellaneous	16	60	13	48	19	12	48	120	72
TOTAL (net)	**2,260**	**2,281**	**2,873**	**1,821**	**1,202**	**428**	**6,335**	**4,530**	-1,805
Management Costs	197	198	236	168	117	67	550	433	-117
TOTAL	**2,457**	**2,479**	**3,110**	**1,989**	**1,319**	**495**	**6,885**	**4,962**	**-1,923**

Regarding Contractual Services, it's expected that the majority of the delayed instalments will be disbursed in 2019 which explains the 1.7MM allocated that year compared with the original allocation of just 904K (which assumed that the majority of instalments would have been paid in 2016-2017). The anticipated increase in expenditure levels under Contractual Services in the last three years of the project compensates the initial delays of the first two years, as seen in Table 3 where the initial difference gap is significantly reduced to an anticipated USD 50K deviation by project end.

Regarding Travel, important meetings and events are programmed in 2018 and 2019, including two region-wide national consultations on the PPCM and a CLME+ Partnership Forum. These events have been added to the proposed project programming, in consultation with the PEG, to address the critical need for increased country and stakeholder buy-in and ownership over key project activities and outputs. Most of the budget needs for these events are obtained from the reprogramming of under-expenditures on travel during 2016-2017. For this reason, the programming of these events only demands a modest increase of just 46K for the total Travel Budget, as seen in Table 3. As explained, the increase in Travel also implies and increase in Rental costs, since this Budget item includes meeting rooms which are related to hotel's events and workshops logistics.

In the same way, underspent Staff & Consultant Services budgets are also reallocated to the last three years of the project (see Table 2). This is in response to the delayed implementation of main consultancies and the issues relating to PCU staffing and staff turn-over experienced during the first project half (like the ones allocated to SAP M&E, SOMEE and Communications Strategy).

As summarized in Table 3, the small total rises in Contractual services and Travel are compensated by savings in Audiovisuals, Printing &Translations, Supplies and Miscellaneous item.

Table 3: Total Proposed Budget 2016-2020 versus last approved Budget by the SCM (all vallues in 1000's of USD)

	TOTAL (2016 to 2020)		2016 to 2020
	New budget proposal	Last Budget presented to SCM	Difference (Budget-Spent)
Staff & Consultants	2,731	2,750	19
Travel (includes SCM, PEG, Meetings)	1,173	1,128	-46
Contractual Services	6,793	6,743	-50
Rental & Maintenance (Premises, Meeting Rooms)	197	197	1
Equipment & Furniture (incl ICT)	67	60	-6
Audiovisuals, Printing & Translations	57	84	27
Supplies	44	55	11
Miscellaneous	89	144	55
TOTAL (net)	**11,150**	**11,161**	10
Management Costs	894	883	-10
TOTAL	**12,044**	**12,044**	**0**

In addition, advanced project management practices at the PCU have made it possible to keep the updated projections for total project management cost for the full project duration (2015-2020; shown in Table 4) well below the approved budget for project management of USD 1,136,363 specified in the CLME+ Project Document, despite a minor increase compared to the value presented during the 1st Steering Committee Meeting.

At the moment of comparing the full project duration Budget (2015-2020) with the Budget of the Project Document, it's observed that amounts in Staff & Consultants (578K) and Travel (149K) were reprogrammed to Contractual Services. With regard to the contracts account, the fact of converting personnel expenses into contractual expenses allowed Project Management costs to be reduced due to the higher administrative cost involved in personnel management. On the side of the travel account, events were carried out and expected to be implemented through contracts and UN's long term agreements, being able to convert travel expenses into direct contracts with hotels, which simplified administrative management and allows cost savings.

The proposed budget reprogramming which is now being submitted for approval by the PSC does not increase the total budget value which was approved at PSCM1, and is done in such a way that full use of the available funds is anticipated by project end.

Table 4: Total Proposed Budget 2015-2020 versus Project Document (all vallues in 1000's of USD)

	TOTAL (2015 to 2020)		2015 to 2020
	New budget proposal	PRODOC	Difference (Budget-Spent)
Staff & Consultants	2,997	3,574	578
Travel (includes SCM, PEG, Meetings)	1,258	1,407	149
Contractual Services	6,831	5,935	-895
Rental & Maintenance (Premises, Meeting Rooms)	197	180	-17
Equipment & Furniture (incl ICT)	85	64	-21
Audiovisuals, Printing & Translations	58	89	31
Supplies	46	60	14
Miscellaneous	106	54	-52
TOTAL (net)	**11,577**	**11,364**	-214
Management Costs	923	1,136	213
TOTAL	**12,500**	**12,500**	**0**

3. Way Forward and Next Steps:

- Increase partners' accountability and ownership of the financial implementation through a more frequent reporting of co-execution agreement financial performance in order to prevent and trigger corrective measures.

- Enhancement of financial implementation in the key Budget component: Contractual Services, linking the monitoring with the main project milestones' timeline, as well as partner's and PCU's responsibilities.

4. Proposed Action:

The Project Steering Committee is invited to (a) review and comment on project expenditures to date (since the last Project Steering Committee Meeting) and on the proposed Budget for 2018 to the end of the Project; (b) approve the Budget as presented or as amended, and (c) endorse any corrective measure needed to ensure successful project implementation.