

Cover Page

Policy Title	Policy and Procedures for Resource Management
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Policy objective	The purpose of this policy is to articulate the framework that governs the Integrated Budget, including planning, allocation and management of the corresponding financial resources.
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I. Purpose

1. The purpose of this policy is to articulate the framework that governs UNFPA's Integrated Budget, including planning, allocation and management of the corresponding financial resources. As such, this policy covers the full financial cycle of the management of resources at UNFPA. It also aligns with UNFPA's [Financial Rules and Regulations](#). This policy provides an overarching understanding of resource management at UNFPA, including roles and responsibilities of individual business units. It also includes references to the policies, guidance and tools that are applicable in specific cases.
2. The Integrated Budget is UNFPA's overarching financial plan which underpins the UNFPA Strategic Plan and the results contained therein. The Integrated Budget encompasses all the cost classifications and provides the link between the results and resources of the organization within a single, integrated framework.¹ The main components of the Integrated Budget are:

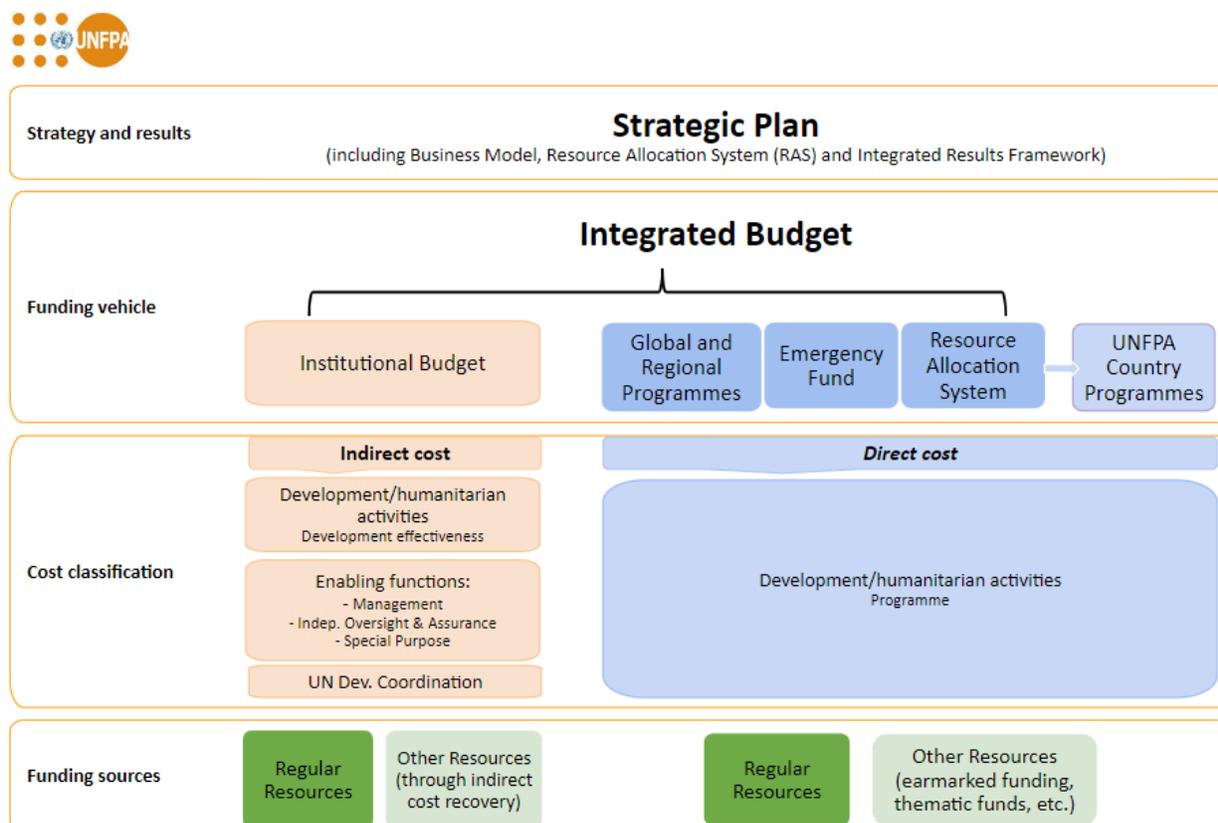
¹ The source and definitions for cost classifications can be found in the [Cost Recovery Policy](#): the classifications in paragraph 2 are effective from 1 January 2026 onward.

- a. Institutional Budget (which includes costs classified as Enabling Functions (Management, Independent Oversight and Assurance, and Special Purpose) as well as Development Effectiveness and United Nations Development Coordination);
- b. Programmes (which includes Resource Allocation System for allocation of regular resources to Country Programmes, Global and Regional Programmes, Emergency Fund, and high-level income estimates for other resources).

II. Policy

3. This policy outlines UNFPA's resource management process for both regular and other resources and cost classifications. It also identifies control actions to mitigate potential risks related to the process and establishes the following:
 - a. The UNFPA Resource Management Committee (RMC), chaired by the Deputy Executive Directors, is the leading internal organ responsible for resource management decisions. It has delegated authority from the Executive Director for certain decisions as described in its [terms of reference](#).
 - b. DMS is responsible for preparing the Integrated Budget for submission to the Executive Board. The Integrated Budget estimates must be based on income projections for the planning period and on the results framework of the Strategic Plan.
 - c. The high-level allocation of programme resources is prepared as part of the Integrated Budget. Regular resources for country programmes are allocated based on the Resource Allocation System (RAS) and Resource Distribution System (RDS) defined in the Strategic Plan. Resource planning for individual programmes is decentralized to all offices.
 - d. Strategic Resource Planning Branch, Division for Management Services (DMS) prepares, and the RMC approves, the annual resource distribution in line with the resource estimates approved in the Integrated Budget, subject to available income.
 - e. Revisions to the budget can only be actioned via the procedures described herein.
 - f. In the event that resources for distribution are lower than estimated in the Integrated Budget, budget reduction measures are introduced for all cost categories following the procedures described herein.
 - g. Throughout the year, regional directors may re-adjust regular resources country ceilings in accordance with the existing policies and guidelines.

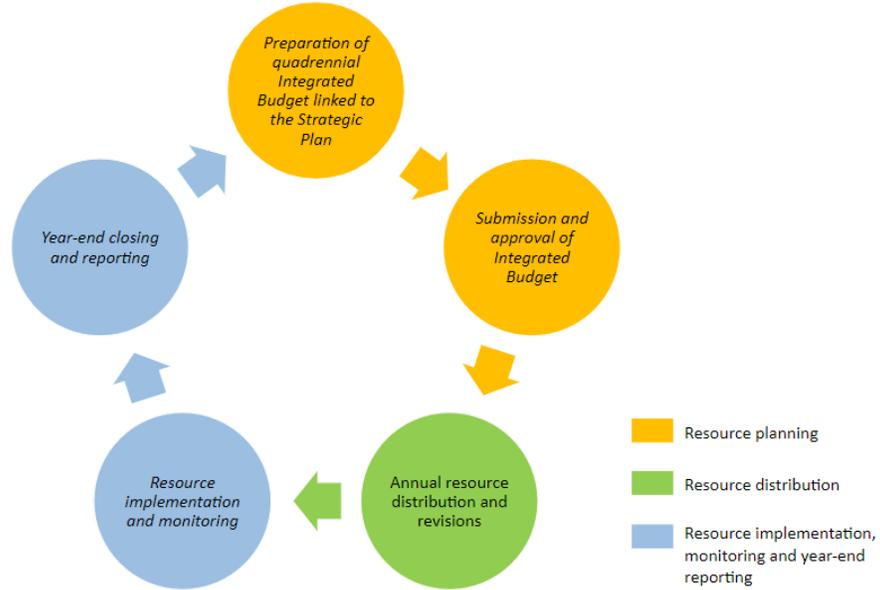
- h. The distribution of other resources income, while aligned with Executive Board mandates including approved programme documents, is governed by the respective donor agreements. For globally-allocated other resources (global thematic funds and joint programmes), special procedures apply as described in this policy.
 - i. Resource implementation and monitoring in UNFPA is decentralized to all offices. Budget holders (definition see paragraph 36) are responsible for programming and implementing Programme resources in accordance with relevant Programme policies.
 - j. The Finance Branch and the Strategic Resource Planning Branch in DMS are responsible for monitoring expenditure and budget implementation at the global level, while regional offices monitor their respective country offices.
 - k. Budget holders are responsible for implementing Institutional Budget resources in accordance with the [Policy and Procedures for the Implementation of UNFPA's Institutional Budget](#).
 - l. As independent offices, accountable directly to the Executive Board, the Office of Audit and Investigation Services (OAIS) and the Independent Evaluation Office (IEO) have additional independence in their resource management, as specified in paragraph 39.
 - m. Towards the end of each year, the Finance Branch, DMS issues account closure instructions. The Director, DMS submits to the Executive Director an annual financial statement for UNFPA.
4. The below chart shows the connection between Strategic Plan, Integrated Budget, cost classification and funding sources:

Figure 1: Strategic Plan, Integrated Budget, cost classification and funding sources

III. Procedures

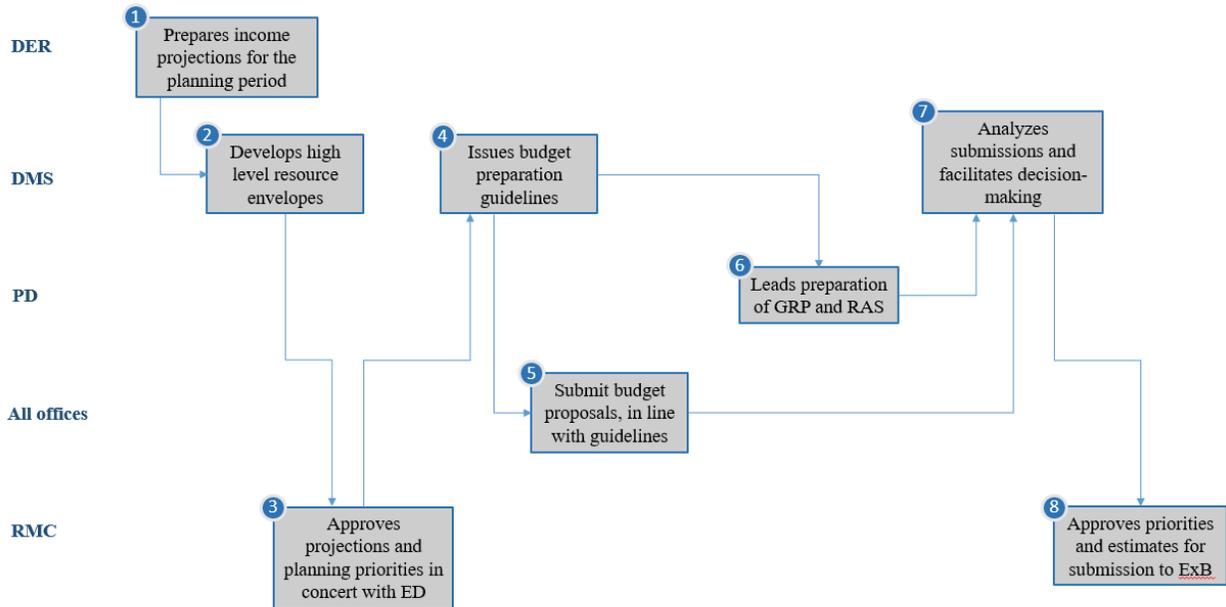
5. The management of resources in UNFPA is underpinned by three key processes, namely:
 - A. Resource planning;
 - B. Annual resource distribution;
 - C. Resource implementation, monitoring and year-end reporting.
6. These processes cover the full financial cycle of the management of resources at UNFPA, as shown by the following chart. They are each described in turn. Procedures for earmarked resources are further described in the [Policy and Procedures for Earmarked Resources](#)

Figure 2: Cycle of resource management at UNFPA



A. Resource Planning

Figure 3: Resource Planning Flowchart



Preparation of Quadrennial Integrated Budget linked to the Strategic Plan

7. One of the key principles of results-based management at UNFPA is the alignment of all resources with a results-based strategic framework². While this results-based strategic framework is contained in UNFPA's Strategic Plan, the corresponding resources are allocated within the context of the Integrated Budget. As a result, the preparation of the Integrated Budget is tightly connected with the preparation of the Strategic Plan.
8. The Integrated Budget contains a key financial table called Integrated Resource Plan that includes income projections for the planning period, and planned use of resources for all the cost categories. The planned use of resources is linked to the results of the Strategic Plan through the Integrated Results and Resources Framework.
9. The results-based budgeting framework, as approved by the Executive Board decision 2011/10, uses the cost categories as a basis for linking results and resources.
 - a. Each classification category groups together certain elements that aim to deliver high-level types of results. As such, there is a results-based element embedded in the cost classification model;
 - b. The cost classification model covers the entire results chain of the organization, including development/humanitarian activities, management, independent oversight and assurance, special purpose and United Nations development coordination. As such, the cost classification model provides a solid basis for results-based budgeting.
10. As a voluntarily-funded organization, UNFPA plans its resources based on anticipated income levels for the planning period, both for regular resources and for other resources. Such income projections form the basis for the preparation of the Integrated Budget that is submitted to the Executive Board for approval.
11. As the Integrated Budget constitutes the financial plan underpinning the Strategic Plan of UNFPA, income fluctuations impact the organization's ability to deliver expected results.
12. At the beginning of the integrated budget planning processes, the Division of

² For more information, refer to UNFPA's [Results Based Management Policy](#).

Management Services prepares high-level resource envelopes for all cost categories, based on the projected income levels (both regular and other resources) provided by the Division of External Relations (DER). DMS submits proposals and scenarios to the Resource Management Committee, which discusses and assesses them in the context of the strategic vision for the planning period. Based on the outcomes of these discussions, the RMC approves a formal proposal to the Executive Director containing planning priorities as well as target envelopes for each cost category and each Region/Headquarters Division/Office.

13. The Executive Director approves the planning priorities as well as target envelopes discussed in paragraph 12, which are then shared with the Executive Committee for information. On this basis, DMS issues Integrated Budget preparation guidelines for all offices. For Institutional Budget and Global and Regional Programme costs, offices must submit budget proposals within their assigned envelope for the planning period as well as a narrative justification for such requests. Regional offices are responsible to provide the requests on behalf of country offices.
14. DMS aggregates and analyzes the submissions received from all offices and facilitates RMC decision-making to ensure that investments in strategic priorities as well as other cost increases are offset by savings or efficiencies elsewhere, in order to conform to the identified envelopes.
15. For programme regular resources, the Programme Division leads and DMS reviews the preparation of the Global and Regional Programmes (which allocates programme regular resources to regional offices and select headquarters divisions) as well as the Resource Allocation System (RAS) and Resource Distribution System (RDS), (which allocates regular resources to countries).³ Both elements are approved by the RMC and the Executive Director prior to submission to the Executive Board.
16. For programme other resources, the high-level income estimates serve as the basis for the estimates of indirect cost recovery to be credited to the Institutional Budget (which comprises the indirect costs of the organization), thereby freeing regular resources for programmatic activities. The allocation of other resources is dependent upon the donor agreements that serve as framework for the

³ For more information on RAS and RDS, please refer to the [Policy for Regular Resource Allocation and Distribution for Country Programmes](#) and the [Guidance Note on the Resources Allocation System \(RAS\) and Resource Distribution System \(RDS\)](#)

implementation of the contribution. As a result, their allocation is not approved by the Executive Board as part of the Integrated Budget. The section “resource planning of other resources” below elaborates the treatment of other resources in more detail.

17. Following the Resource Management Committee’s and the Executive Director’s approval of strategic priorities, as well as the Executive Committee’s endorsement of investments and efficiencies for the planning period, DMS prepares the Integrated Budget document for submission to the Executive Board, with inputs from various stakeholders in the organization. The Integrated Budget is prepared on the basis of harmonized financial tables and other information as required by Executive Board decisions.⁴

Submission and approval of Integrated Budget

18. Once the Integrated Budget document is finalized and internally approved by the Resource Management Committee and Executive Director, it is submitted to the Executive Board as a formal document for approval. The Executive Board requires a formal review of the budget by the Advisory Committee on Administrative and Budgetary Questions (ACABQ), therefore the budget is submitted to ACABQ at the same time as it is submitted to the Executive Board.
19. While the full Integrated Budget proposal is submitted to the ACABQ, given its mandate, the committee focuses mainly on the Institutional Budget component. UNFPA presents the budget to the ACABQ and provides answers to the committee’s questions, including in writing. Based on this information, the ACABQ prepares its expert report, which the Executive Board takes into consideration when discussing the Integrated Budget proposal.
20. At one of its formal sessions (usually in September prior to the beginning of the budget period), the Executive Board meets to discuss and approve the Integrated Budget. The Executive Board approves the different components of the Integrated Budget as follows:
 - a. Institutional Budget resources are approved as an appropriation; therefore, Institutional Budget expenditure cannot exceed the nominal amount

⁴ Note in particular Executive Board decisions 2010/32, 2012/27 and 2013/9

approved.⁵

b. Programme resources:

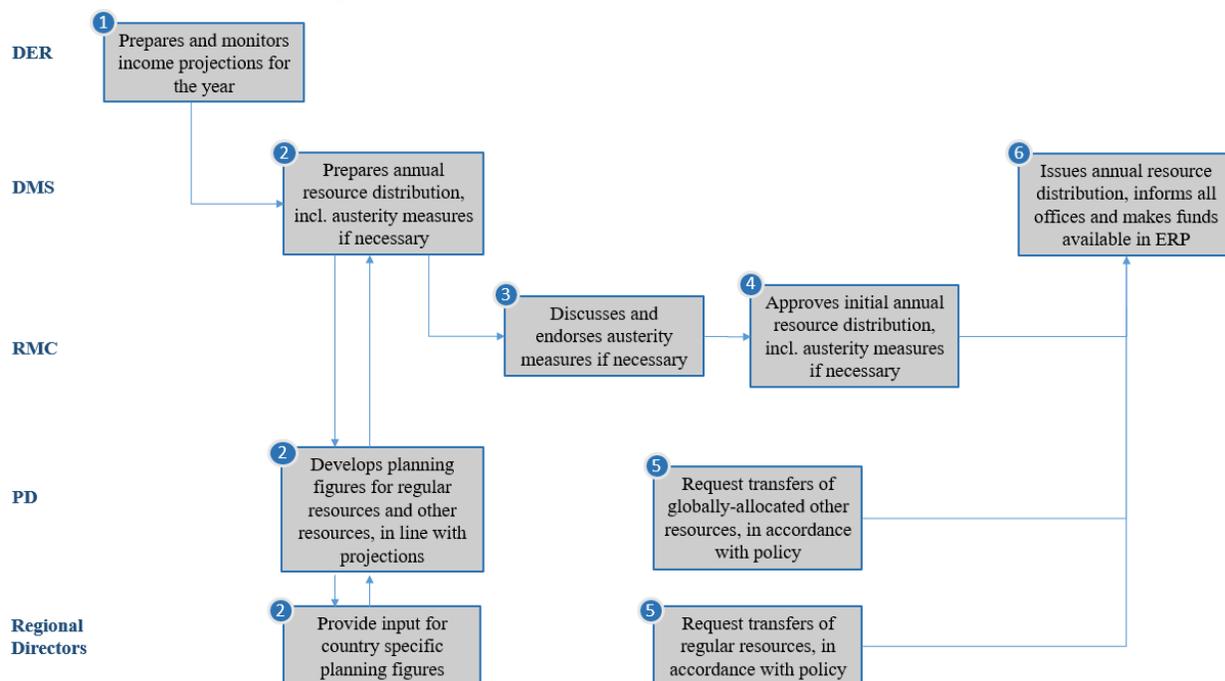
- i. Global and Regional Programmes (GRP) resources are approved as a nominal amount. Expenditure levels cannot exceed the approved ceiling.
- ii. Country Programme resources are approved in line with the Resource Allocation System (RAS). While aggregate amounts distributed will be in accordance with available resources, their distribution across countries follows parameters approved by the Executive Board with the strategic plan.
- iii. The Emergency Fund is approved as a nominal amount which cannot be exceeded, except for the flexibility granted by the Executive Board under certain conditions (Executive Board decision 2015/3 and subsequent decisions approving the Integrated Budget).
- iv. Projected levels of other resources are included as part of the Integrated Budget proposal, as they are an integral part of corporate financial planning (including their impact on estimated indirect cost recovery and use of resources ratios across different cost categories). The distribution of other resources income, while aligned with Executive Board mandates, is governed by the respective donor agreements, see section “resource planning of other resources” below.

21. The integrated budget is subject to a mid-term review prepared by DMS, together with the mid-term review of the Strategic Plan. The mid-term review usually takes place in the third year of the cycle. It constitutes a top-down validation of the previously approved estimates. As such, the internal preparation efforts are more streamlined. The external submission and approval processes are similar as is the case with the submission of the Integrated Budget, with the report discussed at the Annual Session of the Executive Board.

Resource planning of other resources

⁵ An appropriation is a nominal amount approved for specific purposes, against which commitments may be entered into and expenditures incurred. For more information, please refer to the UNFPA [Financial rules and regulations](#).

22. Other resources are governed by the respective donor agreements and not approved by the Executive Board in the Integrated Budget.
23. In order to ensure sound financial management and programmatic coherence, the negotiation and implementation of other resources donor agreements is regulated by a set of UNFPA policies and requirements, including most importantly the following:
- a. Donor agreements must conform to the [UNFPA Cost Recovery Policy](#) and include all the direct and indirect costs related to the implementation of the programme. The [Guidance Note on Budgeting for Funding Proposals](#) includes detailed information on how to budget properly for other resources donor agreements.
 - b. UNFPA's [Policy and Procedures for Earmarked Resources](#) prescribes the process of internal review, including on budgetary questions, that must precede any signature of other resources donor agreements, as well as implementation.
 - c. Other resources are considered as part of the indicative resourcing that underlies the country programme development process as laid out in the [Policy for Development and Approval of the Country Programme Document](#). Consequently, offices should make efforts to mobilize other resources for their country programme in the least restrictive/earmarked fashion possible.
24. For globally-allocated programme other resources (global thematic funds with the exception of the Humanitarian Thematic Fund, and joint programmes), multi-year resource planning is conducted at the level of each thematic fund or joint programme. Financial planning is performed based on the programmatic criteria established for each fund and must take into account provisions of the [Thematic Trust Fund Guidelines](#). Programme Division and Strategic Resource Planning Branch, DMS collaborate in producing resource estimates as required for each fund, and facilitating the approval of the Resource Management Committee, as well as fund-specific external governance mechanisms as applicable. The distribution of globally-allocated other resources is governed by the annual resource distribution process outlined in the following section.

B. Annual Resource Distribution**Figure 4: Annual Resource Distribution**

25. Towards the end of each year, DMS prepares and the Resource Management Committee reviews and approves the annual resource distribution for the following year. The annual resource distribution is available in UNFPA's resource planning and budgeting community upon approval. It integrates the following two elements, ensuring better planning and visibility for offices:

- distribution of regular resources in alignment with income estimates.
- announcement of planning figures for globally-allocated other resources which will be distributed over the course of the year as cash is received.

Regular resources distribution

26. For regular resources, distribution is based on latest income estimates provided by DER as well as any other available resources (e.g. anticipated unutilized resources of the previous year, interest earnings, adjustments to Operational Reserve requirements, etc.). Due to the voluntary nature of UNFPA's funding, as well as the impact of exchange rate fluctuations, income projections at the time of resource

distribution may differ from estimates available at the time of the preparation or revision of the Integrated Budget.

27. DMS determines the total aggregate regular resources available for distribution to the various Integrated Budget components according to Executive Board decisions. This includes an amount for Institutional Budget, and an amount for Programmes (including Country Programmes, Global and Regional Programmes and Emergency Fund), and other Executive Board mandates. Programme Division, in consultation with Regional Directors, determines the regular resources available for individual Country Programmes in line with the Resource Allocation System (RAS) approved by the Executive Board.
28. In deciding on the total regular resources available for distribution, UNFPA looks at a long-term strategic plan horizon to ensure sustainable resource utilization and smoothe out short-term volatility in resources mobilized. As a result, a balance may be set aside for future distributions.
29. Regular resources for UNFPA's humanitarian emergency fund are allocated within the year by Strategic Resource Planning Branch, DMS based on requests from individual offices that are approved by the Humanitarian Response Division (HRD) to respond flexibly and quickly to emergencies as per the [Policy and Procedures for Humanitarian Response Funding](#).

Globally-allocated other resources planning figures and distribution

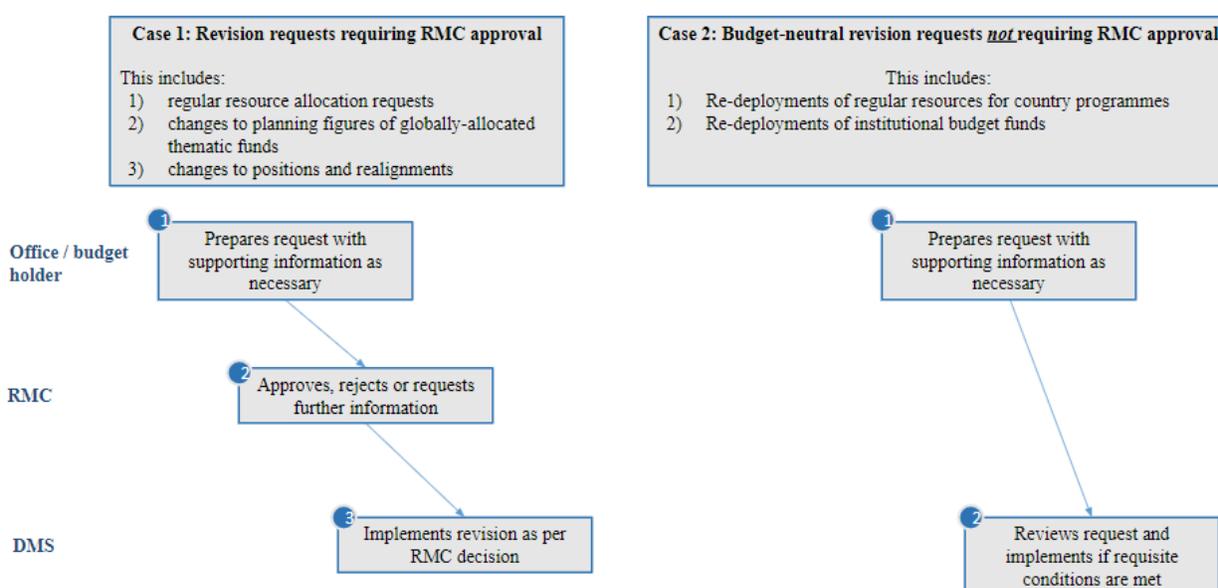
30. For globally-allocated other resources (thematic funds and joint programmes), the annual resource distribution contains the detailed planning figures for each office concerned, based on estimates of income and cash carried forward for each thematic fund or programme. ⁶Together with the regular resources distributed, these figures are the basis for each office's annual planning.
31. Unlike in the case of regular resources, other resources cannot be distributed in the ERP before cash is available as per UNFPA's [Financial Rules and Regulations](#). Instead, this distribution occurs successively during the year on the basis of approved planning figures and the cash actually received.

⁶ The distribution of Humanitarian Thematic Fund resources is done by HRD throughout the year on the basis of individual allocations to offices engaged in humanitarian response.

C. Budget Revisions

32. Revisions to the annual resource distribution may be issued by DMS to reflect revised income projections, final amounts carried forward from the prior year, or any other significant change that may impact the distribution of resources. Accordingly, additional resources may be distributed to Country Programmes or other unfunded Executive Board mandates, or budget reduction measures may be necessary for all cost categories.

Figure 5: Budget revisions



33. The following revisions are subject to RMC approval unless further delegated:

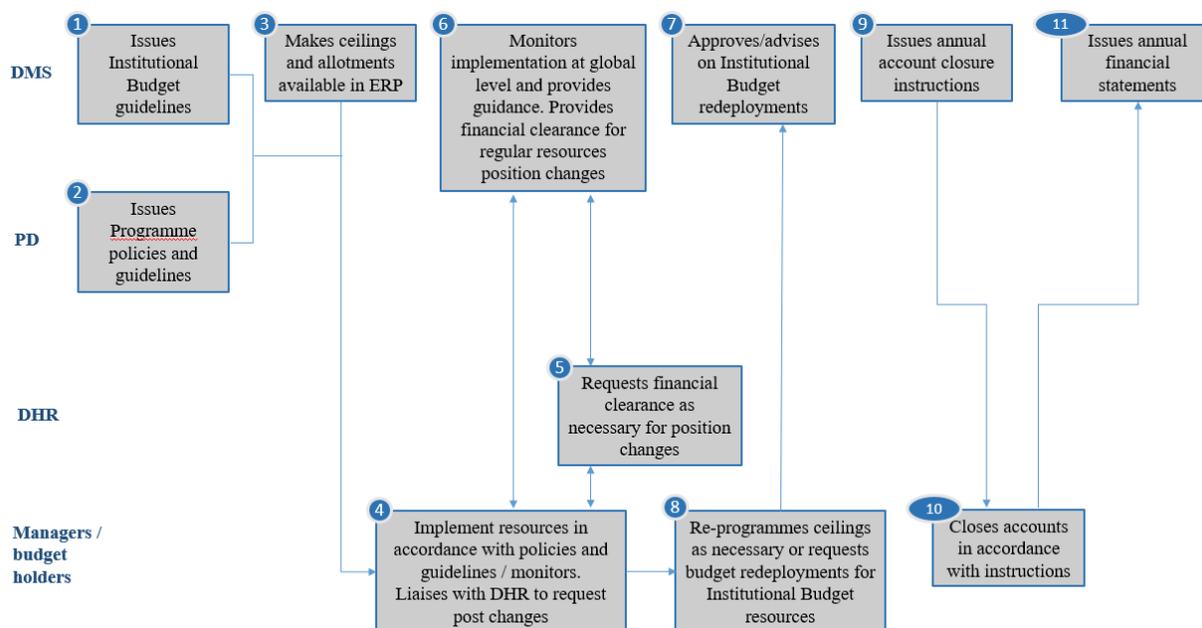
- requests for additional regular resources from budget holders brought to the RMC by the budget holders in collaboration with DMS.
- requests to amend the planning figures of globally-allocated thematic funds.
- requests to change or create positions, either ad-hoc or as part of organizational restructuring processes (realignments) as per the [Policy and Procedures for Organizational Structuring](#). In all such cases, Division for Human Resources (DHR) must request financial clearance from DMS prior

to submitting the request to the RMC for decision.⁷

34. The following budget-neutral revisions can be implemented by DMS and budget holders without RMC approval:
- a. Re-deployment of regular resources country programme ceilings sought by Regional Directors in accordance with the [Guidance Note on the Regular Resource Allocation System \(RAS\) and Regular Resource Distribution System \(RDS\)](#).
 - b. Re-deployments of Institutional Budget funds.
 - c. Re-deployments of Global and Regional Programme (GRP) funds.
35. In order to implement such budget-neutral changes, budget holders should submit a request (through the Global Service Desk) to the Strategic Resource Planning Branch in DMS using the [template provided](#) in the Guidance Note on RAS/RDS, ensuring that any such request is in fact budget-neutral (that is, any increases should be offset with commensurate decreases) within the parameters established in the [Policy and Procedures for the Implementation of UNFPA's Institutional Budget](#) and its related guidance note.

D. Resource Implementation, Monitoring and Year-end Reporting

⁷ Requests to change or create new positions in activated emergencies do not require this clearance step. The process for activated emergencies is defined in the [Policy and Procedures for Emergency response](#).

Figure 6: Resource Implementation, Monitoring and Year-end Reporting*Resource implementation, monitoring and related responsibilities*

36. Resource implementation and monitoring in UNFPA is decentralized to all offices. Headquarters division directors, heads of headquarters branches/offices, regional/subregional directors and country representatives are responsible for the management of resources entrusted to them. As such, they are considered to be “budget holders”.
37. Budget holders are responsible for programming and implementing all programme resources, whether earmarked or unearmarked, in accordance with relevant policies, in particular the Policy and Procedures for Development and Approval of the Country Programme Document, the Policy and Procedures for Preparation and Management of Workplans and policies on the formulation of the office’s results and resources plan (RRP). The planning and implementation of programmes and projects funded from other resources must conform to the UNFPA Cost Recovery Policy and include all direct and indirect costs.
38. Budget holders are responsible for implementing Institutional Budget resources in accordance with the Policy and Procedures for the Implementation of UNFPA's Institutional Budget. They have the flexibility to adjust their budgets within the year, enabling them to respond to changing priorities. Adjustments should be

budget-neutral and within the parameters established in the Institutional Budget policy.

39. The Office of Audit and Investigation Services (OAIS) and the Independent Evaluation Office (IEO) enjoy additional independence, including in the management of their resources. Specifically, this means:
- a. Following approval of the Integrated Budget by the Executive Board, the allocation for these offices cannot be reduced.
 - b. Within budget years, the OAIS and IEO Directors can freely redeploy budget allocations between and among the various budget line items within their overall budget allotment. Savings realized from any budget line item can be utilized to finance other items within the budget allotment as long as the total allotment is not exceeded.
 - c. Savings realized from previous years of a current Integrated Budget quadrennium can be brought forward in the next year or the following years as long as this is within the total budget allotment for the four-year period of the approved Integrated Budget. Bringing savings forward across years is subject to availability of funds overall, and requires submission to the RMC for approval.
40. Budget holders are directly accountable for the management of their approved allotments/ceilings and are required to regularly monitor the implementation of the resources entrusted to them. Budget holders are responsible for implementing the financial resources entrusted to them in an efficient manner, to ensure maximum value for money in UNFPA programmes, operations and services. To this end, DMS provides tools and reports as well as training.
41. Budget holders must ensure that all posts and staff commitments are fully budgeted for, including a provision for (retroactive and ongoing) local salary increases. No additional resources will be made available during the course of the year to address overspending caused by insufficiently forward-looking resource management. When funding positions, budget holders must also ensure that there is no cross-subsidization between regular resources and other resources.
42. Budget holders and heads of unit should continually monitor resource utilization and release as early as possible, and not later than 30 September of every year, any regular resources allocations (including Institutional Budget) that will not be spent

during the year. Any reduction that is offered and processed in the current year does not negatively affect programme ceilings for subsequent years, as the RAS/RDS formula does not consider utilization when determining the ceilings. Regional offices are responsible for monitoring the programme implementation of country offices under their purview, acting promptly on any red flags as well as signs of resources being available for redeployment.

43. The Finance Branch and the Strategic Resource Planning Branch in DMS monitor expenditure and budget implementation at the global level, providing guidance to budget holders, as well as reports and analysis to facilitate corporate oversight.

Year-end closing and reporting

44. For accounting purposes, UNFPA follows a calendar year that starts on 1 January and ends on 31 December. The year-end closure process generates the balances to reflect UNFPA's financial position and historical performance. Towards the end of each year, Finance Branch, DMS issues account closure instructions to all offices, including information and guidance on the various activities to be completed at each stage of the accounts closure process.
45. The treatment of unspent amounts differs based on the type of resources as follows:
 - a. For regular resources, all unspent amounts are reverted back to the general pool of UNFPA regular resources for distribution the following year following the annual resource distribution process. As a result, offices cannot carry over any unspent regular resources to the following year, irrespective of the Integrated Budget component (i.e. Institutional Budget, Programme, Emergency Fund etc.).
 - b. For globally-allocated resources (except for the Humanitarian Thematic Fund), all unspent amounts are generally reverted back to the pool of resources within the thematic fund or joint programme and can be made available based on their planning figures for the following year.
 - c. Other resources that are not globally allocated are carried forward throughout the duration of the donor agreement, unless otherwise specified in the agreement.
46. The Director, DMS prepares and submits to the Executive Director a financial statement for UNFPA as at 31 December each year in accordance with the

internationally recognized accounting standards. UNFPA Financial Regulations and Rules require that the Executive Director submits annual financial statements to the United Nations Board of Auditors.

IV. Process Overview Flowchart(s)

Overview flowchart as per Figure 2

V. Other

47. No other content available.

VI. Risk Control Matrix

Risk Description	First Line of Defense Controls			Second Line of Defense Controls		
	Control Activity Description	Reference	Who performs	Control Activity Description	Reference	Who performs
Resources available fall below the level required to sustain the current and planned annual resource allocations	Continuous monitoring of income projection as well as projected resources available	Paragraphs 3f, 27 and 28	DER (income projections), DMS (projecting resources available as function of income and utilization patterns)	Budget reduction measures are proposed and approved	Paragraphs 3f and 32	DMS (propose budget reduction measures), RMC (approve)
Resource use by a department exceeds resource allocations (despite ERP system budgetary controls which are very-first line of defense)	Careful financial planning beginning well before the start of the fiscal year, including a provision for unforeseen salary increases. Continuous monitoring of utilization throughout the	Paragraphs 40-42	Budget holders	Continuous monitoring of resource utilization patterns and raising of potential issues with budget holders	Paragraphs 42-43	Regional Offices / IOMs at regional level, DMS at global level

	fiscal year until closure activities are completed. Swift implementation of cutbacks in activities whenever necessary.					
Resource use by a department falls significantly below resource allocation, resulting in underutilization	Careful financial planning beginning well before the start of the fiscal year. Continuous monitoring of utilization throughout the fiscal year and release of projected unutilized resources by September 30 at the very latest.	Paragraphs 40-42	Budget holders	Continuous monitoring of resource utilization patterns	Paragraphs 42-43	Regional Offices / IOMs at regional level, DMS at global level