

24 March 2020



UNITED NATIONS POPULATION FUND

Midterm review of the UNFPA integrated budget, 2018-2021

Annex 3

**UNFPA responses to ACABQ recommendations
made in its report on the
UNFPA revised integrated budget for 2018-2021 (DP/FPA/2018/8, 16 July 2018)**

1. The Advisory Committee is of the view that more detailed information on all post changes proposed in the revised budget should be provided to the Executive Board at the time of its consideration of the present report.

The strategic, programmatic and operational context of the budget proposal drives the rationale for position and other investment changes in the budget. Over the years, the Executive Board's focus has shifted to strategic budget deliberation, alignment with the UNFPA strategic plan and results, and less on the detailed inputs and operational changes. UNFPA does provide overview of the position changes and summarizes post movements by location and by level (table 8). In addition, annex 1 to the budget document details the position changes by cost classification and organizational unit. In order to focus the Executive Board discussion on the strategic key positions, UNFPA has also added the details of position changes at D1 level and above (summary table 2 in annex 1).

2. The Advisory Committee trusts that UNFPA will continue to review its staffing composition and locations in future budget proposals to ensure effective and efficient implementation of its programme.

UNFPA agrees and continues to place the emphasis on effective and efficient implementation of programmes as a regular management practice. UNFPA has historically relied on the national capacity and field focus as evidenced by more than 75 per cent of all institutional budget positions outside the New York location. Moreover, UNFPA has been a pioneer of using the national capacity to head offices where feasible, and has, in the context of United Nations reform, taken additional steps to recognize the leadership of such national positions, through formal establishment of a Head of Office and their upgrade to National Officer Director level.

3. With respect to the presentation of the integrated budget, the Advisory Committee recalls that it welcomed the budget harmonization exercise undertaken by UNDP, UNFPA and UNICEF, including the improved alignment between resources and the strategic plan, and that it recognized that UNFPA had incorporated the results-based budgeting approach into its integrated budget as approved by the Executive Board (DP/FPA/2013/15 and DP/FPA/2016/4). The Committee expects that UNFPA improves analysis of variances between expenditures against planning estimates as requested by the Executive Board in decision 2016/10. Furthermore, the Committee is of the view that such information should be reflected in future integrated budget proposals and midterm reviews.

UNFPA agrees and will provide such analysis at the time of the next budget proposal for 2022-2025. As for the midterm review, it would not be meaningful to provide such information now since only one year of the four-year cycle has completed financial closure and audit at the time the midterm review is prepared.

4. The Advisory Committee looks forward to the outcome of the current review of the new proposals on cost recovery.

The current UNFPA cost recovery policy was approved by the Executive Board in decision 2013/9, with an effective date of 1 January 2014. The Executive Board, in decision 2018/21, requested UNFPA, together with UNDP, UNICEF and UN-Women to: (a) present a preliminary comprehensive proposal on the cost-recovery policy for consideration by the Executive Board at its first regular session in 2020, with a view to present a final comprehensive proposal for decision by the Executive Board at its second regular session in 2020; (b) review in a comprehensive manner cost-recovery rates, as part of the comprehensive proposal; and (c) present an assessment of the reasons why full cost recovery is not currently being achieved, as part of the comprehensive proposal. The four agencies presented the preliminary report as requested and are currently preparing the final comprehensive proposal for Executive Board consideration in September 2020. UNFPA will implement any changes resulting from the revision in the integrated budget for 2022-2025.

5. The Committee trusts that potential utilizations of a budgetary contingency would be reported as stipulated in Regulation 11.8.

UNFPA fully agrees and complies with all its financial rules and regulations, as evidenced by clean Board of Auditors opinions over the number of years. The financial rules and regulations provide the Executive Director with authority to increase the budget provisions as a contingency mechanism up to 3 per cent for unforeseen requirements resulting from currency movements, inflation or decisions of the General Assembly. Any expenditures over the approved budget appropriation will, accordingly, be reported to the Executive Board through the Advisory Committee. UNFPA did not have to utilize such a contingency, as it managed its budget within the Executive Board appropriation.
