



UNITED NATIONS POPULATION FUND

UNFPA integrated budget midterm review, 2022-2025

(DP/FPA/2024/3)

Annex 3

**UNFPA responses to ACABQ recommendations
made in its report on the UNFPA integrated budget, 2022-2025**

(DP/FPA/2021/9)

Summary

The present document provides management responses and additional information addressing the recommendations of the Advisory Committee on Administrative and Budgetary Questions in its report on the UNFPA integrated budget, 2022-2025 (DP/FPA/2021/9).

- 1. The Advisory Committee trusts that explanations of the estimated and actual expenditure figures, by programmes and items of expenditure, will be presented in future budget reports to enable a better consideration of the budget (see also DP/FPA/2020/8, para. 3 and para.13 below).**

Like previous UNFPA budget proposals, the proposal for the midterm review provides detailed information on budgetary figures. UNFPA also extensively reports on its actual expenditure in Executive Director's annual report, the [Statistical and financial review, 2022](#) [DP/FPA/2023/4 (Part I/Add.1)] and its annexes. However, in this context, it is also important to note that UNFPA programmes are distinct documents approved by the Executive Board, not conforming to a classic program/subprogramme structure with fixed budgets. The budget proposal format, emphasizing results linked to the UNFPA Strategic Plan, 2022-2025, closely aligns with those of UNDP, UNICEF and UN-Women, and is based on the Executive Board-approved format.

Country programme documents, collaboratively developed with national governments and approved by the Executive Board, are publicly accessible and contain indicative resourcing figures. These programmes align with United Nations Sustainable Development Cooperation Frameworks at the country level. However, as a voluntarily funded organization, UNFPA experiences variable programme expenditures compared to initial estimates.

- 2. The Advisory Committee notes the conservative approach for funding targets and trusts that every effort will be made to mobilize the appropriate level of resources to support the implementation of the programmes planned in the integrated budget for 2022-2025.**

UNFPA has been providing regular reporting to the Executive Board on its efforts in resource mobilization and funding, including through the [Structured Funding Dialogue](#) [DP/FPA/2022/10] as well as the [Report of the Executive Director](#) [DP/FPA/2022/4 (Part I)] and its annexes, as well as the accompanying [Statistical and financial review, 2022](#) [DP/FPA/2023/4 (Part I/Add.1)] and its annex.

- 3. The Advisory Committee is of the view that both the text and the tables related to the proposals need to be expanded in future budget submissions, starting with the next mid-term review, to include the following detailed information: (a) a breakdown of expenditures; (b) an analysis of variances, comparing expenditures against planning estimates; (c) detailed staffing plans and tables; and (d) information on major items of expenditure.**

As elaborated in the response provided on paragraph 1, UNFPA presents its budget document in a results-based format, based on the Executive Board decisions, and in alignment with UNDP, UNICEF and UN-Women, focusing on the results/outputs of the strategic plan. Additionally, UNFPA provides detailed information on the institutional

budget, including the breakdown by the UNSDG-agreed major expenditure groupings, in the UNFPA integrated budget, 2022-2025, as well as the midterm review (annex 1). Given the four-year cycle of the integrated budget, and the timing of the presentation of the midterm review, only one of four years of expenditure is available, thus rendering the comparison of budget vs. expenditure less meaningful. Rather, as in previous cycles, UNFPA extensively reports on its actual expenditure in the Executive Director's annual report, the [Statistical and financial review, 2022](#) [DP/FPA/2023/4 (Part I/Add.1)] and its annexes. UNFPA also reports on budget vs. expenditure at the time of preparing the quadrennial budget, meaning this comparison was part of the integrated budget, 2022-2025 and will be part of the next integrated budget for 2026-2029 as well.

- 4. The Advisory Committee notes the total projected resources, the estimated level of contributions, including earmarked funds, and trusts that updated information will be provided in future budget submissions, including the evolution of the different earmarked funds as well as efforts to increase unearmarked contributions, and any challenges experienced as regards fund raising.**

UNFPA has been providing regular reporting to the Executive Board, including through the [Structured Funding Dialogue](#) [DP/FPA/2022/10] as well as the [annual report of the Executive Director](#) [DP/FPA/2022/4 (Part I)] and its annexes, as well as the accompanying [Statistical and financial review, 2022](#) [DP/FPA/2023/4 (Part I/Add.1)] and its annex. The present proposal contains additional information in this regard.

- 5. The Advisory Committee reiterates its view that given the intrinsically field based and programmatic nature of UNFPA's activities, the latest trend towards an increasing headquarters presence, which could potentially impact the field, should be limited. The Advisory Committee is of the view that efforts should be made to enhance the field presence and activities rather than bolstering the headquarters presence (DP/FPA/2020/8, para. 23).**

UNFPA continues to be a field-based organization. When considering all positions, approximately 88 per cent of all posts are stationed in duty stations outside of headquarters. Furthermore, as detailed in the budget document, UNFPA has decided to implement further changes in this direction, resulting in two specific organizational changes at UNFPA headquarters that will be visible in the next integrated budget cycle, 2026-2029: (1) the integration of the current Policy and Strategy Division and the current Technical Division into a Programme Division to be based primarily in Nairobi; and (2) the relocation of the Independent Evaluation Office to Nairobi. These changes will best support the acceleration of implementation of the UNFPA strategic plan by relocating certain key functions closer to the beneficiaries UNFPA serves, enhancing the organization's effectiveness and efficiency. This restructuring also underscores UNFPA commitment to a field-based approach, with essential headquarters functions

now established in the Global South, sending a clear message about the organization's global presence and orientation.

- 6. The Advisory Committee notes the human resource strategy and the decentralization process, including the delegation of human resource authorities to the regional and field level and trusts that further information on the delegation of authority and the accountability framework will be provided to the Executive Board during the consideration of the present report. The Committee also trusts that UNFPA will monitor the use of the authorities granted at the regional and field levels, ensuring that the recruitment process is done in a transparent manner, and provide an update on any lessons learned on the implementation of the delegation of authority and accountability framework in the next mid-term budget submission.**

UNFPA is carefully observing the early stages of the decentralized human resource model's implementation, having established the delegation of authority framework in human resources in 2023. UNFPA has observed that field offices demonstrate increased responsiveness in addressing routine human resource matters by the Human Resources business partner teams situated regionally. This indicates the potential for reducing bottlenecks and streamlining decision-making processes as the decentralized decision-making structure settles.

UNFPA recognizes that effective decentralization goes beyond simply granting delegated authority. The tools UNFPA has established for knowledge sharing – meetings, forums, and communities of practice – are an important starting point and the organization is learning the importance of actively facilitating these channels. In addition to developing and refining the policy framework, UNFPA is working on the issuance of guidance and adoption of tools to transform knowledge exchange into formalized best practices that will benefit regional and local teams across the organization. For instance, UNFPA rolled out a live vacancy management, staff demographics, and recruitment dashboards leveraging PowerBI and reports from the new ERP, Quantum, to ensure staffing activities across the organization are monitored in a transparent manner.

- 7. The Advisory Committee notes the intention of UNFPA to strengthening field leadership and programme coordination in the current budget proposal and reiterates that, as regards UNFPA activities and the coordination with the Resident coordinator System, further information regarding the scale of such changes and the implementation of functions should be clarified to the Executive Board and updated in the next UNFPA budget report. The Advisory Committee once more recalls that the General Assembly, in paragraph 9 of resolution 72/279, requested the Secretary-General to strengthen the authority and leadership of resident**

coordinators, as the highest-ranking representatives of the United Nations development system, over United Nations country teams, and system-wide accountability on the ground for implementing the United Nations Development Assistance Framework and supporting countries in their implementation of the 2030 Agenda. The Committee trusts once more that the levels of country representatives of UNFPA and staffing on the ground will take into account the provisions of resolution 72/279 (DP/FPA/2020/8, paras. 16, 17, 24 to 26).

UNFPA staff work closely with United Nations country teams, led by the UN resident coordinators, as laid out in the respective resolutions. As it pertains to the grades of UNFPA representatives, UNFPA Representative posts are either at the P5 or D1 level, depending on the country's complexity and programme size. In countries where there is no resident representative, UNFPA has the role of 'Head of Office' at the NOD level reporting to a Country Director. All UNFPA job descriptions undergo a classification review by an external classifier to determine the level of the role, taking into account the nature of roles and their complexity. All classifications follow the master standard set by the International Civil Service Commission for job evaluations to ensure standardization in approach across the United Nations system.

- 8. The Advisory Committee notes the efforts in gender balance and trusts that every effort will be made to diversify the staff at all levels from as wide geographical regions as possible and provide an update, including statistics on the progress regarding geographical representation and gender, in the context of the mid-term review.**

UNFPA has made great progress in advancing workplace diversity, equity and inclusion. In 2021, UNFPA undertook its first Economic Dividends for Gender Equality (EDGEplus) assessment and certification process, which was previously reported to the ACABQ at its planning stage. UNFPA was awarded the 'EDGE Assess' Certificate (2022). This certificate recognizes UNFPA commitment to equity. That certification was accompanied by an action plan that provided the organization with useful tools to further improve inclusion practices. During the second certification cycle (2023), having proven its continuous commitment to equity across the organization, including gender balance across all levels of responsibility, UNFPA was awarded with the second level of certification, 'EDGE Move,' in 2024. This certificate showcases UNFPA progress towards this commitment.

In particular, in 2022 and 2023, UNFPA maintained robust female representation at the leadership level (USG, ASG and D-2), at 54% and 53%, respectively. The table below shows gender composition for each level in the Professional and higher categories:

Staff Level	31-Dec-22			31-Dec-23		
	Female	Male	Ratio (F/M)	Female	Male	Ratio (F/M)
D2	9	7	56/44	8	8	50/50
D1	42	38	53/47	44	38	53/47
P5	104	108	49/51	113	111	50/50
P4	133	140	49/51	146	151	49/51
P3	120	74	62/38	130	88	60/40
P2	69	29	70/30	81	28	74/26
P1	1	0	100/0	1	0	100/0
Total Staff	478	396	55/45	523	424	51/49

Note that a female D-2 staff member is currently being onboarded for entry on duty on 4 March 2024.

The gender ratio per category of staff for 2022 and 2023 was:

Staff Level	31-Dec-22			31-Dec-23		
	Female	Male	Ratio (F/M)	Female	Male	Ratio (F/M)
Director (D)	51	44	54/46	52	46	53/47
Professional (P)	427	352	55/45	471	378	55/45
National Professional Officer (NO)	537	440	55/45	550	469	54/46
General Service (G)	647	740	47/53	677	777	47/53
Total Staff	1662	1576	51/49	1750	1670	51/49

In terms of geographical representation, it is noted that UNFPA recruits on a wide geographical basis. The Professional and higher category staff at the end of 2022 were as follows: 28% from the African States; 19% from the Asia-Pacific States; 3.3% from the Eastern European States; 5.3% Latin American and Caribbean States; and 40% Western European and other States. At the end of 2023, 31.4% were from the African States; 20.7% from the Asia-Pacific States; 3.5% from the Eastern European States; 6.3% Latin American and Caribbean States; and 37.8% Western European and other States.

- 9. The Advisory Committee notes that the savings indicated, including those related to travel in the amount of \$5.7 million, may not be considered actual savings and trusts that information regarding consolidated savings will be provided to the Executive Board.**

The cuts made to operating budgets, including travel, in the Institutional Budget, as described in the corresponding budget document, were indeed implemented and are being continued in this midterm review. In general, in line with both efficiency considerations and our efforts to become carbon neutral, UNFPA strives to leverage the ‘new normal’ post-pandemic and reduce travel to the utmost possible.

- 10. The Advisory Committee notes the intention of UNFPA to further pursue efficiency gains in terms of common business initiatives and trusts that detailed information thereon, including quantifiable savings and efficiency gains will be included in future budget submissions.**

UNFPA continues to advance efforts to contain costs, deliver efficiencies, and reduce administrative overhead wherever possible, both in the integrated budget and in the midterm review.

Within the United Nations development system, UNFPA has been a keen and active participant in the system-wide effort to report on operational efficiency gains since 2019, led by the Development Coordination Office. As a result of a global organization-wide effort, UNFPA was able to report on efficiencies using a harmonized methodology, distinguishing efficiencies arising from staff time saved, cost avoidance, as well as quality improvements. The report also distinguishes between efficiencies arising from UNFPA-internal efforts, bilateral efforts involving UNFPA and other entities, and United Nations system-wide efforts to improve operational efficiencies, such as the common back office, global shared services and business operations strategy interventions.

The result of this exercise is shared annually with the UNFPA Executive Board. However, these efficiency reporting figures cannot be expected to translate directly into budget figures since initiatives resulting in cost avoidance or staff time savings do not necessarily result in reduced commitments or outlays. Moreover, the majority of those efficiencies are actually generated in programming activities outside of the Institutional Budget, which is beyond the scope of this review.

11. The Advisory Committee notes that the 9.5% notional cost recovery rate is unclear, as it appears to be above the harmonized cost recovery rates, and trusts that detailed information will be provided to the Executive Board.

UNFPA has provided the Executive Board definitions and difference between the notional rate and the Board-approved rate, in a [joint comprehensive cost recovery policy to their Executive Boards](#) [DP/FPA-ICEF-UNW/2020/1]. The joint proposal included a detailed analysis of the financial impact of differentiated cost-recovery rates from 2014 to 2019 and further harmonized the cost recovery and classifications compared to previous policies. The joint proposal [DP/FPA-ICEF-UNW/2020/1] resulted in Executive Board decision 2020/12, which approved a cost-recovery policy, including methodology and rates, to be applied with an effective date of 1 January 2022. The UNFPA integrated budget, 2022-2025, as well as its midterm review, were prepared based on the updated cost classification and cost recovery policy. Annex 2 of the midterm review of the UNFPA integrated budget, 2022-2025 provides detailed information and a calculation of the notional indirect cost-recovery rate using the updated cost-recovery methodology.

12. The Advisory Committee notes the information relating to thematic knowledge hubs and trusts that the lessons learned and best practices will be provided in the context of the midterm review.

UNFPA has established nine thematic knowledge hubs in addition to two cross-cutting technical hubs, which are part of the UNFPA intranet, and provide evidence-driven guidance and good practices. While the thematic hubs serve as a platform for knowledge sharing, the midterm review envisages the opportunity of applying artificial intelligence to create a cohesive and interconnected knowledge management structure so that all users can seamlessly access and manage knowledge resources available. Further information on UNFPA programmatic work is available in the midterm review of the strategic plan.

13. The Advisory Committee trusts that updated information on the activities of the Office of Audit and Investigation Services will be provided in the next budget submission.

The Office of Audit and Investigation Services (OAIS) has been providing comprehensive independent reporting to the Executive Board, including through the [Report of the Director of the Office of Audit and Investigation Services on UNFPA internal audit and investigation activities in 2022](#) [DP/FPA/2023/6] and its annexes.
