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UNFPA – Financial, budgetary and administrative matters

United Nations Population Fund

**Report of the Advisory Committee on Administrative and
Budgetary Questions on the UNFPA integrated budget, 2022–2025**

Summary

The enclosed report of the Advisory Committee on Administrative and Budgetary Questions on the integrated budget of UNFPA for 2022-2025 is being presented before the Executive Board at its second regular session 2021.



United Nations Population Fund

Report of the Advisory Committee on Administrative and Budgetary Questions

I. Introduction

1. The Advisory Committee on Administrative and Budgetary Questions has considered an advance version of the United Nations Population Fund (UNFPA) integrated budget, 2022-2025 (DP/FPA/2021/9). During its consideration of the report, the Advisory Committee was provided with additional information and clarification, concluding with written responses received on 8 July 2021.

II. Proposed integrated budget for 2022-2025

2. The report of the Executive Director indicates that the proposed UNFPA integrated budget for 2022-2025 presents the resources that will contribute to the achievement of the three transformative results for UNFPA and contribute to the 2030 Agenda for Sustainable Development. The report provides the UNFPA integrated results and resources framework and indicates that the integrated budget should be considered in conjunction with the UNFPA strategic plan for 2022-2025 (DP/FPA/2021/8). For 2022-2025, UNFPA proposes total contributions estimated at \$5,045.6 million compared with \$5,059.8 million for 2018-2021.

3. A breakdown of the planned use of total resources compared to updated estimates for the period 2018-2021 is provided in various tables under annex 1 of the report as well as a table indicating institutional budget variances by expense type. **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).**

4. For 2022-2025, UNFPA proposes to allocate 86.8 per cent of the total available resources to development activities, compared to 85.9 per cent during 2018-2021. This will amount to \$4,331.3 million, compared to \$3,507.6 million during 2018-2021, representing an increase of \$823.7 million, or 23.5 per cent. The report indicates in Table 2 that as a percentage of total resources, the resources available for programmes will increase from 82.3 per cent during 2018-2021 to 83.8 per cent for 2022-2025 (see table 1 below). The total institutional budget component of the integrated budget is proposed at \$839.9 million, in relative terms, this represents a decrease from 17.7 per cent to 16.2 per cent of total resources. The nominal increase of \$83.7 million, or 10 per cent, over the midterm-review level for the integrated budget, 2018-2021 stems almost exclusively from cost increases (\$81.7 million), with investments net of reductions contributing only \$2 million.

Table 1
Programme resources by component, 2022-2025

(in millions of United States dollars)

	Integrated budget, 2018-2021 MTR Annex DP/FPA/2020/5					Integrated budget, 2022-2025				
	Regular resources	Other resources		Total resources	Percentage of total	Regular resources	Other resources		Total resources	Percentage of total
		Programme	Cost recovery				Programme	Cost recovery		
1. Resources available										
Summary programme										
Country programmes	725.1	2,565.8	(171.8)	3,119.1	73.2%	815.5	3,247.3	(218.1)	3,844.7	74.3%
Global and regional programmes	167.6	205.0	(13.7)	358.9	8.4%	204.5	259.5	(17.4)	446.6	8.6%
Emergency fund	29.5	-	-	29.5	0.7%	40.0	-	-	40.0	0.8%
Total programme	922.2	2,770.9	(185.5)	3,507.6	82.3%	1,060.0	3,506.8	(235.5)	4,331.3	83.8%

5. The proposed integrated budget provides the resources for the development outcomes and organizational effectiveness and efficiency outputs for 2022-2025, including regular and other resources. The integrated budget resource projections cover the four-year period of the strategic plan, 2022-2025.

6. According to the integrated resource plan summarized in table 1 of the report, the total projected resources (regular resources and other resources) for 2022-2025, which include opening balances of \$706.6 million, amount to \$5,754.0 million, reflecting an increase of \$1,189.1 million or 25 per cent, compared with the total resources of \$4,564.9 million for 2018-2021. For 2022-2025, total regular resources are projected at \$1,650.0 million, reflecting an increase of \$143.9 million, or 9.6 per cent, compared with \$1,506.1 million for 2018-2021. Other resources are projected at \$4,104.0 million, reflecting an increase of \$1,045.2 million, or 34 per cent, compared with \$3,058.8 million in 2018-2021.

7. Income from regular resources in the form of contributions is estimated at \$1,516.4 million for 2022-2025, reflecting an increase of \$64.6 million or 4.4 per cent, compared with \$1,451.8 million for 2018-2021. Income from other resources is estimated at \$25.6 million, reflecting a decrease of \$3.8 million, or 12.9 per cent, compared with \$29.4 million for 2018-2021. Based on trends in income during the 2018-2021 period and donor indications for the forthcoming period, UNFPA forecasts a total of \$5,071.2 million in contributions for 2022-2025, an increase of 24.3 per cent compared to \$4,081.2 million for 2018-2021. The contributions comprise \$1,542.0 million in regular resources and \$3,529.2 million in other resources.

8. As regards the use of resources, the total resources projected for use in 2022-2025 is \$5,171.2 million, of which \$4,489.2 million will be used for development activities, \$17.1 million will be used for development coordination, \$584.5 million will be used for management activities and \$19.8 million for special purpose activities. The report indicates that the new cost category 'independent oversight and assurance activities', aligned with Executive Board decisions 2019/21 and 2020/12, accounts for \$60.5 million, or 1.2 per cent, of the total proposed budget for 2022-2025. It consists of the budgets for the centralized evaluation function (\$17.2 million) as well as the audit and investigation functions (\$43.3 million – with \$16.3 million for investigation, \$18.7 million for internal audit, \$5.7 million for the directorate, including the Oversight Advisory Committee, and \$2.6 million for UNFPA contributions to the Joint Inspection Unit (JIU) and external audit costs) (DP/FPA/2021/9, para. 18).

9. The institutional budget, comprising development effectiveness; management (recurring and non-recurring); independent oversight and assurance; special purpose; and United Nations development coordination is proposed at \$839.9 million. The Advisory Committee notes that UNFPA will allocate 86.8 per cent of its available resources to development activities in 2022-2025, compared to 85.9 per cent in 2018-2021 and 87.1 per cent in 2014-2017.

10. The report of the Executive Director reflects that funding targets are realistic yet prudent. The report indicates that for the past several years, UNFPA has received a large portion of its contributions as other resources, exceeding fundraising targets. However, contributions are subject to evolving trends and substantial volatility, with the COVID-19 pandemic as one example, rendering the overall financial environment exceedingly difficult to predict. The fiscal forecast for UNFPA is therefore based on conservative analysis of historical trends, donor intelligence and income scenario analysis; and on this basis, UNFPA projects a total of \$5,045.6 million in gross contributions for 2022-2025; this is an increase when compared to the targets set for 2018-2021 (\$4,051.8 million) but, in reality, represents a decrease of \$14.2 million (or 0.3 per cent) when compared to the actuals for 2018-2021 of \$5,059.8 million (this figure includes 2018-2020 actual income and 2021 projections as of 1 May 2021). The projected contributions for the next planning cycle consist of \$1,516.4 million in regular resources and \$3,529.2 million in other resources (DP/FPA/2021/9, paras. 7-8). **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.**

Strategic context

11. The report indicates that the UNFPA strategic plan for 2022-2025 (DP/FPA/2021/8) is the second of three strategic plans through which UNFPA plans to achieve ambitious and bold commitments by 2030, namely ending unmet need for family planning, ending preventable maternal deaths and ending gender-based violence and harmful practices such as child marriage and female genital mutilation, and ultimately, to contribute to the 2030 Agenda for Sustainable Development. The report indicates that preparing a strategic plan and an integrated budget with a four-year time horizon is a challenging exercise even in normal times. With the COVID-19 pandemic still raging in Member States across the globe, the development of the strategic plan and the integrated budget for 2022-2025 is marked by pronounced uncertainty about many parameters affecting UNFPA work (DP/FPA/2021/9, paras. 1-4).

12. Upon enquiry, the Advisory Committee was informed that in terms of the 2022-2025 strategic plan outcomes, six development outputs and three organizations efficiency and effectiveness outputs are not the same, and therefore not comparable, as those for 2018-2021. The Committee was informed that the strategic plan 2018-2021 has four outcomes to be achieved in the four areas of integrated sexual and reproductive health services, youth empowerment, gender equality and population data. The strategic plan 2022-2025 uses the reduction achieved in unmet needs for family planning, preventable maternal mortality, gender-based violence and harmful practices as its outcomes. The table below provides a comparison of indicative allocations for 2018-2021 for outcomes and organizational effectiveness and efficiency outputs, and actual expenditures for 2018-2020, for both regular and other resources. The Committee was informed that 2021 data is not provided as the year is still in progress.

Table 2
Comparison of indicative allocations for 2018-2021 and actual expenditures for 2018-2020,
for both regular and other resources

Outcome/OEE	MTR Integrated Budget 2018-2021	Actual expenses 2018-2020
Outcome 1: Use integrated sexual and reproductive health services	1,929.4	1,693.6
Outcome 2: Youth empowerment	283.7	239.0
Outcome 3: Gender equality and women empowerment	624.5	592.5
Outcome 4: Population data	374.2	274.9
OEE 1: Improved programming for results	192.1	130.9
OEE 2: Optimized management of resources	462.6	314.8
OEE 3: Increased contribution to UN system-wide results, coordination and coherence	20.1	13.2
OEE 4: Improved communication for impact, resource mobilization and partnerships	125.0	82.1
Total million USD	4,011.6	3,341.0

13. The Committee was also provided with information regarding the four-year and two-year time plan of the strategic plan and the simplified integrated resources for the last two integrated budget cycles, covering the past eight years, are indicated in the tables below since the inception of the integrated budget. The Committee notes that the total actual resources are in excess of actual expenditures in the amount of \$789.9 million for 2014-2017 and the projected expenditures for 2018-2021 are \$4,387.4 million as compared with a total projected budget of \$5,584.1 million. **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.**

Table 3
Integrated budget, 2014 -2017

(In Millions of dollars)

Resources available	Integrated budget, 2014-2017				Integrated budget, 2014-2017 - midterm review					2014-2017 Actuals			
	Regular resources	Other resources	Cost recovery	Total resources	Regular resources	Other resources	Cost recovery	Total resources	Per cent of total	Regular resources	Other resources	Cost recovery	Total resources
A. Opening balance	28.9	185.4	-	214.3	6.1	321.9	-	328.0		6.1	602.6	-	608.7
B. Total Income (Contributions and Other Income net of refund to donors and tax reimbursement)	1,944.9	2,382.2	-	4,327.1	1,573.4	2,385.6	-	3,959.0		1,598.6	2,243.4	-	3,842.0
C. Total available (A+B)	1,973.8	2,567.6	-	4,541.4	1,579.5	2,707.5	-	4,287.0		1,604.7	2,846.0	-	4,450.7
D. Use of resources													
D1. Programmes	1,427.1	2,310.8	(166.7)	3,571.2	1,179.7	2,291.1	(150.4)	3,320.4		1,117.1	2,104.6	(140.6)	3,081.1
D2. Institutional Budget	497.4	-	166.7	664.1	459.4	-	150.4	609.8		419.4	-	140.6	560.0
F. Total use of resources (D1+D2)	1,924.5	2,310.8	-	4,235.3	1,639.1	2,291.1	-	3,930.2		1,536.5	2,104.6	-	3,641.1
G Net amounts from (to) reserves					59.7			59.7		(19.7)			(19.7)
H. Balance of resources (C-F+G)	49.3	256.8	-	306.1	0.1	416.4	-	416.5	-	48.5	741.4	-	789.9

Table 4
Integrated budget, 2018 -2021

(In Millions of dollars)

Resources available	Integrated budget, 2018-2021				Integrated budget 2018-2021 (revised 2018)				Integrated budget, 2018-2021 - midterm review				2018-2020 Actual, 2021 Projected			
	Regular resources	Other resources	Cost recovery	Total resources	Regular resources	Other resources	Cost recovery	Total resources	Regular resources	Other resources	Cost recovery	Total resources	Regular resources	Other resources	Cost recovery	Total resources
A. Opening balance	0.1	416.4	-	416.5	48.5	458.8	-	507.3	48.5	458.8	-	507.3	48.5	458.8	-	507.3
B. Total Income (Contributions and Other Income net of refund to donors and tax reimbursement)	1,396.3	2,000.0	-	3,396.3	1,396.1	2,100.0	-	3,496.1	1,457.6	2,350.0	-	3,807.6	1,621.8	3,455.0	-	5,076.8
C. Total available (A+B)	1,396.4	2,416.4	-	3,812.8	1,444.6	2,558.8	-	4,003.4	1,506.1	2,808.8	-	4,314.9	1,670.3	3,913.8	-	5,584.1
D. Use of resources																
D1. Programmes	830.7	2,194.1	(146.8)	2,878.0	898.6	2,325.1	(155.6)	3,068.1	915.6	2,526.4	(169.2)	3,272.8	914.7	2,956.7	(202.5)	3,669.0
D2. Institutional Budget	561.5	-	146.8	708.4	545.5	-	155.6	701.1	569.4	-	169.2	738.6	549.2	-	169.2	718.4
F. Total use of resources (D1+D2)	1,392.3	2,194.1	-	3,586.4	1,444.1	2,325.1	-	3,769.2	1,485.0	2,526.4	-	4,011.4	1,464.0	2,956.7	(33.3)	4,387.4
G Net amounts from (to) reserves					0.5			0.5	(3.2)			(3.2)	(33.1)			(66.4)
H. Receivables and unrealized income													(41.4)	(382.3)		(423.7)
I. Balance of resources (C-F+G+H)	1.1	222.3	-	223.4	1.1	233.7	-	234.7	17.9	282.4	-	300.3	131.8	574.8	(0.0)	706.6

14. The Committee was informed that there are three main levels of earmarked funds associated with UNFPA: (a) thematic funds, representing 22% of UNFPA total earmarked funds (2020), and consisting of thematic single-agency co-mingled contributions (multi-donor) designed to support the high-level outcomes of the strategic plan. UNFPA has operationalized four thematic funds: the UNFPA Supplies Partnership, the Maternal and Newborn Health Thematic Fund, the Humanitarian Thematic Fund, and the Population Data Thematic Fund. This is UNFPA preferred earmarked modality, as it is softly earmarked to issues in direct support to UNFPA key strategic areas of interventions; (b) United Nations pooled funds and inter-agency transfers (Joint Programmes), representing 46% of the funds, and consisting of funds which are commingled contributions to several UN entities joining forces to address one critical theme/issue; and (c) other earmarked funds at country, regional, or project level, representing 32% of UNFPA total earmarked funds (2020), which are: all other forms of funding towards specific locations, themes, activities and operations that do not meet any of the above-listed categories, such as the World Bank Sahel Women Empowerment and Demographic Dividend project (SWEDD), the European Union supported Global Programme to Prevent Son Preference and the Undervaluing of Girls; and, country-level pooled funding instruments, which facilitate multi-year delivery of UNFPA country programmes (CPDs). These programmes can also be earmarked to one, several countries or a region.

15. 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 fundraising.

III. Integrated results and resources framework

16. The integrated results and resources framework for 2022-2025 reflects the six strategic outputs and the three operational effectiveness and efficiency outputs of the UNFPA strategic plan for 2022-2025. The details of the results and resources framework are provided in paragraphs 40 to 45 of the report as are the allocation of resources to development outcomes and outputs and organizational effectiveness and efficiency outputs (DP/FPA/2021/9, paras. 46 to 75). Upon enquiry, The Advisory Committee was provided with the indicative allocations for 2022-2025 for regular and other resources in the table below.

Table 5
Indicative allocations for 2022-2025, for regular and other resources

Outcome/OEE	Integrated Budget 2022-2025
Policy & accountability	417.8
Quality of care and services	1,470.1
Gender & social norms	402.5
Population change & data	528.2
Humanitarian Action	1,255.5
Adolescents & youth	223.5
OEE1: Improved programming for results	189.9
OEE2: Optimized management of resources	515.0
OEE3: Expanded Partnerships for Impact	168.6
Total million USD	5,171.1

Staff changes

17. The institutional portion of the integrated budget is proposed to finance 996 posts during 2022-2025, of which 651 will be based in the field and 345 will be based at headquarters, compared to 756 and 317 in 2018-2021, respectively. The report of the Executive Director proposes a net additional 37.5 posts, 4 in the field and 33.5 at headquarters, and reflects a summary of these proposed changes in the table below (table 6, DP/FPA/2017/10). The report indicates that owing primarily to cost classification realignments, UNFPA proposes a net reduction of 77 posts in the institutional budget. However, this reduction in the institutional budget does not equate to a reduction of posts for UNFPA as a whole, since field posts whose cost classification have been aligned are transferred to the respective country and regional programmes (DP/FPA/2021/9, paras. 91 to 92).

Table 6
Summary of post changes

	Institutional Budget, 2018-2021 MTR DP/FPA/2020/5							Changes: increase and (decrease)					Institutional Budget 2022-2025							
	USG/ ASG	D2	D1	Other IP	All other	Total	% of total	USG/ ASG	D2	D1	Other IP	All other	Total	USG/ ASG	D2	D1	Other IP	All other	Total	% of total
Field		6.0	48.0	178.0	524.0	756.0	70.5%		1.0	(9.0)	(97.0)	(105.0)		6.0	49.0	169.0	427.0	651.0	65.4%	
Headquarters - other locations		1.0	4.0	20.0	27.0	52.0	4.8%		1.0	2.0	(1.0)	2.0		1.0	5.0	22.0	26.0	54.0	5.4%	
Headquarters - NYC	3.0	7.0	20.0	156.0	79.0	265.0	24.7%				29.0	(3.0)	26.0	3.0	7.0	20.0	185.0	76.0	291.0	29.2%
Total	3.0	14.0	72.0	354.0	630.0	1,073.0	100.0%		2.0	22.0	(101.0)	(77.0)	3.0	14.0	74.0	376.0	529.0	996.0	100.0%	

18. According to paragraphs 92 and 84 of the report, the bulk of the proposed position changes is due to the cost classification realignment relating to the information and communications technology transformation paragraph 84. The report indicates that the cost of 11 field staff involved with programme support as well as 91 local drivers that support programme delivery was transferred to ‘programme’ per the harmonized cost classification. Those changes result in a reduction of 102 institutional budget posts, mainly in the ‘all other’ category and that although these cost classification realignments affect exclusively field staff numbers, UNFPA continues to be a field-centric organization, with two-thirds of institutional budget posts stationed in the field and over 70 per cent stationed outside of New York headquarters, even though institutional budget posts inherently include central business functions and, therefore, skew more towards headquarters locations.

19. The report indicates that other post changes are attributable to the organization-wide review of alignment with the strategic plan as follows:

- (a) In the field, UNFPA proposes: (i) one additional D1 position; (ii) a net reduction by 9 posts of ‘other international professional’ staff; and (iii) a net reduction by 97 posts of ‘all other’ staff.
- (b) At New York headquarters, UNFPA proposes: (i) a net increase of 29 posts in the ‘other international professional’ category, in support of the investments highlighted above; and (ii) a net reduction by 3 posts of ‘all other’ staff.

20. The Advisory Committee notes that the headquarters presence of staff has increased from 29.5% to 34.6%, and the field-based staff presence has decreased from 70.5% to 65.4%, for the 2018-2021 and the 2022-2025 budgets, respectively. **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).**

New human resource management structure

21. The report indicates that \$8.6 million is proposed to be allocated to a strengthened and decentralized human resource management under Output 2. UNFPA indicates that it has developed a human resources strategy that centres on attracting and developing a world-class staff, building leadership and management capacity, leveraging diversity and driving inclusion, including disability inclusion, enabling the achievement of gender parity throughout the organization, and exercising a duty of care focused on organizational development where it matters most – in the field. UNFPA proposes a continued strengthening of the human resources function to refocus its resources, align its priorities and work closely with staff, managers and teams to improve its organizational effectiveness and embedding human resources colleagues with the regions, thus positioning them closer to the field offices (DP/FPA/2021/9, paras 63 – 64).

22. The Committee was informed that the Division for Human Resources is envisaged to increase by a net of 9 positions, to a total of 47 positions, of which 22 will be in the field. The new human resources structure takes into account several demands and functional assessments and is aimed at solving several issues and operational challenges that have emerged since the last realignment of the function in 2014, such as increased workload, changing organizational priorities, organization of work and lack of resources to soundly implement human resource global and field office support. The Committee was also informed that to facilitate the effective implementation and decentralization of human resources, UNFPA will: (a) delegate human resource authorities to regional and field level to reduce bottlenecks, increase efficiency and agility and ensure increased accountability with appropriate risk mitigation measures; (b) systematically promote knowledge sharing through meetings, forums and communities of practice; and (c) develop standard operating procedures to support internal policies.

23. **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 midterm budget submission.

Strengthening field leadership

24. The report indicates that \$0.9 million is proposed to be allocated to Strengthening field leadership and programme coordination under Output 1, Improved programming for results, and \$9.9 million to Strengthened field leadership and operational support under Output 2, Optimized management of resources. Upon enquiry, the Advisory Committee was informed that the field leadership, including programme coordination and field operations functions, are crucial for ensuring UNFPA's normative role, running successful programmes, engaging effectively with the United Nations Country Teams, and ensuring resources are managed and deployed in an optimal fashion. UNFPA proposes investments in these key positions in a select number of settings to ensure even stronger leadership, management and operations capacity. This investment focuses on the positions deployed in the field around the world. Field leadership and programme coordination comprises 6 upgrades fulfilled by Deputy or Assistant Representatives in the country offices and 1 new administrative position in a regional office. Field leadership and operations support comprises 21 new positions (of which 19 are at country and 2 are at regional level), and 7 upgrades (all at country level). One additional post in a regional office is proposed to be unfrozen. Of the total 22 new positions, 5 are international professional and 17 are national positions. UNFPA expects that these investments will bring about significant additional improvements in the organization's management and operational capacity. Strengthening operational capacity will also help further improve compliance with all rules and regulations. (DP/FPA/2021/9, paras. 58 and 62).

25. 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 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).

Gender parity and equitable geographical representation

26. Upon enquiry, the Advisory Committee also received information in the table below regarding the gender profile of UNFPA and was informed that UNFPA is highly committed to ensuring full gender parity throughout the organization and integrates empowerment of women in learning and development programmes. The Committee notes that as of 30 June 2021, UNFPA had exceeded the 50/50 ratio in terms of employment of women at the professional and national professional officer levels and that the ratio of general service female staff is lagging. The Committee was also informed that UNFPA staff at the D1 level and above are recruited from diverse geographical backgrounds with 37% from Europe, 28% from Africa, 18% from the Americas, 14% from Asia and 2% from Oceania.

Table 7
UNFPA gender balance statistics, 2018-2021

UNFPA Gender Balance Statistics 2018-2021

Staff Level	31-Dec-18			31-Dec-19			31-Dec-20			30-Jun-21 (Present)		
	Female	Male	Ratio (F/M)	Female	Male	Ratio (F/M)	Female	Male	Ratio (F/M)	Female	Male	Ratio (F/M)
Director (D)	40	48	45/55	42	48	47/53	41	41	50/50	46	46	50/50
Professional (P)	342	319	52/48	372	329	53/47	389	337	54/46	429	345	55/45
National Professional Officers (NO)	433	358	55/45	449	392	53/47	492	412	54/46	497	410	55/45
General Service (G)	624	650	49/51	640	701	48/52	662	719	48/52	645	722	47/53
Total Staff	1439	1375	51/49	1503	1470	51/49	1584	1509	51/49	1617	1523	51/49

27. **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 midterm review.**

Other corporate priorities

28. The report indicates that other corporate priorities (\$6.8 million) include proposals to strengthen the Ethics Office to help with its increasing caseload (\$1.1 million); executive communications and support (\$1.1 million); programme policy (\$0.9 million); corporate security (\$0.9 million); corporate financial and budget support (\$0.8 million); census support (\$0.6 million); and fleet management (\$0.5 million). In light of the Fund's commitment to maintaining a diverse workforce and hiring talent from around the world, the budget proposal also seeks to strengthen diversity at UNFPA (\$0.7 million) (DP/FPA/2021/9, para. 81).

Back office functions

29. The report indicates that \$2.2 million is proposed to be allocated to strengthened support to the reform of back-office operations (\$2.2 million) under Output 2. UNFPA indicates that it remains committed to reforming back-office operations to ensure stringent management and value for money. To help country offices make informed decisions about back-office operations going forward, including in the context of the roll-out of United Nations reform processes such as common back office and business operations strategy, the budget entails an investment in analytical capacity to help drive data-driven decision-making, oversight and control as well as further automate transactional and repetitive processes.

30. Upon enquiry, the Advisory Committee was informed that UNFPA is fully engaged in all efforts to realize the efficiency gains as envisioned by the Secretary-General (A/72/684), leads the UNSDG Business Innovations Group as a co-chair and plays an active role in the three Task Teams reporting to this group. As regards the Business Operations Strategy (BOS), most UN country teams (124 out of 131 UNCTs) have completed their BOS. A cost avoidance of US\$ 2.2 million (2020) and US\$ 42 million over the next 5 years is expected. As regards the Common Back Office, 18 UNCTs are in various stages of establishing a Common Back Office (CBO). However, no CBO has yet been developed to a stage where cost avoidance or efficiency gains from CBOs, nor the investments needed to achieve them, could be estimated. At this point in time, it is expected that the first CBO will go live in Q2 of 2022. As regards Common Premises, UNFPA also continues to increase its share of common premises, which stands at 72% as of the end of 2020, realized by office moves and space efficiency measures that allow sister agencies to join UNFPA in existing office premises. (DP/FPA/2021/9, para. 67).

Emergency authority

31. The UNFPA Executive Director requests the Executive Board to grant her exceptional authority to access up to \$5.6 million in regular resources for security measures if unforeseen requirements arise in connection with United Nations-mandated security costs. Upon enquiry, the Advisory Committee was informed that the Executive Director's exceptional authority to spend additional resources to address unforeseen security requirements has not been employed in the past three years, from 2019 to 2021 (provisionally). Renewing this decision, along the lines of previous decisions 2008/6, 2012/13, 2013/32 and 2017/24, greatly enhances UNFPA's capacity to act swiftly, decisively and flexibly should security conditions deteriorate (DP/FPA/2021/9, para. 68). **The Committee notes that the emergency authority granted to the Executive Director has not been used in the last three years.**

Innovation and change management

32. The report indicates that \$4.5 million is proposed to be allocated to Innovation and change management under output 3. To enable UNFPA to be fit for the challenge of achieving the three transformative results in a range of complex contexts, the organization needs to harness the power of change management and innovation. A dedicated change management function will foster the initiatives and culture necessary for UNFPA to continue to be an agile, flexible and adaptive organization that can deliver results. UNFPA proposes an investment specifically to harness the power of innovation by (a) strengthening the corporate innovation architecture and capabilities; (b) elevating new partnerships and connecting with innovation

ecosystems; (c) strengthening and leveraging financing for innovation; and (d) expanding the community and culture for innovation.

33. Upon enquiry, the Advisory Committee was informed that the \$4.5 million investment in change management and innovation proposed for the four-year period 2022-2025 can be divided into \$4.4 million for four International Professional posts and \$80,000 in associated operating costs. The innovation team will support the implementation of the UNFPA vision on innovation, as outlined in the strategic plan 2022-2025, support a series of institutional transformation streams at UNFPA, and will serve as a corporate facilitator and convener of business intelligence and analytics with oversight of institutional transformation initiatives. It will promote and facilitate evidence-based, scalable institutional transformation. The team will provide the organizational setting to explore top-notch institutional modalities, focusing on how policies, tools, practices, systems and the structure can enable adaptability (DP/FPA/2021/9, para. 74).

Savings and efficiencies

34. The report indicates that UNFPA has made efforts to reduce costs and impose efficiencies across the organization in the amount of \$9.1 million including reductions in operational expenses, hospitality and other costs. Upon enquiry, the Advisory Committee was informed that the \$9.1 million in general operating budget efficiencies are due to budgetary restrictions imposed in the bottom-up budget formulation process that is the basis of the integrated budget proposal, and that the envelope-based process was used to formulate the budgets, thereby allowing business units to account for strategic priorities and investments, including lessons learned during the pandemic resulting in direct savings in the area of travel (\$5.7 million) (DP/FPA/2021/9, para. 85, Table 5). The Committee was further informed that field office realignments resulted in budget reductions totalling \$5.4 million over the four-year cycle, compared to the mid-term review, due mainly to: (a) some country and regional offices redirected resources, downgraded and/or abolished existing positions, and harmonized roles and grades, thereby generating savings; (b) a sub-regional cluster structure for some management and operational functions in certain regions will enable the organization to more efficiently implement quality programmes with a leaner institutional budget footprint; and (c) some modest savings were also obtained as a result of post location changes within a country office, resulting in lower staff cost.

35. The Committee was informed that overall 17 existing positions, including 2 International Professional positions, were abolished and an additional position was frozen, while three positions were downgraded. **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.**

36. The Committee was also informed that 2019 and 2020 efficiency gains have been reported to the ECOSOC by the Secretary-General for the UN as a whole. UNFPA has reported actual efficiency gains from in-house initiatives of \$4.3 million (2019) and \$7.1 million (2020). In addition, efficiency gains from bilateral initiatives have amounted to \$2.3 million (2019) and \$1.2 million (2020). UNFPA's main focus on bilateral efficiency gains concentrates on two areas at the moment: (a) continuing the efforts to increase co-location with sister agencies in field offices while recognizing the new post-pandemic reality of hybrid workspaces and the opportunities stemming from such a new way of working; and (b) cooperation in the area of fleet management, whereby UNFPA collaborates closely with UNHCR. **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.**

Cost recovery

37. The report indicates that in decisions 2019/21 and 2020/12, the Executive Board approved a new joint comprehensive cost recovery policy, effective 1 January 2022 (DP/FPA-ICEF-UNW/2020/1). Based on the proposed integrated budget and the joint comprehensive cost recovery policy, the notional cost recovery rate is 9.5 per cent. Annex 2 of the report presents descriptions of the UNFPA costs under each cost classification category, the calculations and the resulting notional cost recovery rate. The implementation of the cost recovery methodology indicates that the actual effective rate for UNFPA was 7.26 per cent for 2018; 7.25 per cent for 2019; and 7.22 per cent for 2020. The report indicates that this is within the range of the general harmonized rate of 8 per cent, the differentiated rate of 7 per cent for thematic contributions and the 5 per

cent preferential rate for government cost-sharing contributions. The report further indicates that in the context of the continued growth in the proportion of other resources contributions, the recovery of indirect costs and charging of direct costs to programmes funded from other resources are key to ensuring the financial sustainability of the organization (DP/FPA/2021/9, paras. 97-102, table 7, Annex 2). The Advisory Committee was informed that although the notional rate for cost recovery is 9.5%, the amount of \$3,506.8 million includes the projected cost recovery, thus in order to calculate the notional cost recovery rate, the projected cost recovery should be excluded since the rate is applied to the net amount. **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.**

Thematic knowledge hubs

38. Upon enquiry, the Advisory Committee received information that within the 2022-2025 global and regional programmes, UNFPA will institutionalize thematic knowledge hubs across all levels of the organization, including enabling virtual platforms and mechanisms that are human-centred in design and ensure easy access to and exchange of evidence-driven good practices. The global and regional programmes will also facilitate the development of knowledge products linking the ICPD programme of action with mandate-critical and emerging issues to respond to evolving needs and challenges, ensuring that country and regional offices are well-equipped when faced with new opportunities and challenges. **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.**

Country classification

39. Upon enquiry, the Advisory Committee was informed that the proposed single-indicator per transformative result and threshold-based approach classifies countries into three tiers: (a) Tier I: countries that have not reached any of the three thresholds; (b) Tier II: countries that have not reached two of the three thresholds; and (c) Tier III: countries that have not reached one of the three thresholds. The Committee was informed that this approach uses three indicators, one for each of the three transformative results and that, in contrast, the 2018-2021 strategic plan approach used eight sexual and reproductive health and reproductive rights indicators, and an ability-to-finance indicator - 'gross national income per capita', adjusted by a health inequality aversion parameter, the Disability-Adjusted Life Years. The Committee was also informed that the country classification has no significant impact on the allocation of resources to the countries given that it uses a single threshold per transformative result indicator, while the resource allocation system (RAS) uses the scalar values of the indicators, includes vulnerability and inequality indicators and allows for two adjustments relating to the total female population and average GNI per capita based on purchasing power parity (PPP) for the last three years, to reflect people's living standards across countries. The Committee was informed that the 2018-2020 data indicates that these 56 country programmes received a larger share of both regular and other resources although it is highly unevenly distributed with about one-fifth of country programmes in Tier I receiving less than \$1 million in other resources in 2020, and close to one-tenth receiving less than \$0.5 million.

Independent oversight

40. The Advisory Committee was informed that due to its independent nature and direct reporting lines to the Executive Boards, "Independent oversight and assurance" is a new cost category approved by the UNDP, UNFPA, UNICEF and UN-Women Executive Boards as part of the cost classification and cost recovery policy. Activities therein classified make up a total of \$60.5 million in the proposed integrated budget for the 2022-2025 period and comprise: (a) the Office of Audit and Investigation Services (OAIS), responsible for conducting independent, objective assurance and advisory activities in conformity with the International Standards for the Professional Practice of Internal Auditing; and (b) the Evaluation Office, conducting evaluations to strengthen accountability, evidence-based decision making and learning. Other cost category elements comprise UNFPA contributions to JIU funding, the Board of Auditors, and the independent Oversight Advisory Committee. **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.**