INTERNAL AUDIT REPORT

RESOURCE PLANNING, BUDGETING AND ALLOCATION

INDEPENDENT EVALUATION AND AUDIT SERVICES (IEAS)
Internal Audit Service (IAS)
UN WOMEN

11 May 2023
IEAS/IAS/2023/001
# TABLE OF CONTENTS

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>EXECUTIVE SUMMARY</td>
<td>I</td>
</tr>
<tr>
<td>ACRONYMS AND ABBREVIATIONS</td>
<td>V</td>
</tr>
<tr>
<td>I. INTRODUCTION</td>
<td>1</td>
</tr>
<tr>
<td>II. BACKGROUND</td>
<td>1</td>
</tr>
<tr>
<td>III. AUDIT OBJECTIVE, SCOPE AND METHODOLOGY</td>
<td>4</td>
</tr>
<tr>
<td>IV. AUDIT RESULTS</td>
<td>6</td>
</tr>
<tr>
<td>V. RECOMMENDATIONS AND MANAGEMENT ACTION PLANS</td>
<td>21</td>
</tr>
<tr>
<td>ANNEX 1. DEFINITIONS OF AUDIT TERMS, RATINGS AND PRIORITIES</td>
<td>25</td>
</tr>
</tbody>
</table>
EXECUTIVE SUMMARY

Introduction

Most of UN Women’s budget formulation principles and procedures have been in place since the Entity’s establishment. However, UN Women’s funding structure has changed with Regular Resources (Core and Institutional Budget) no longer representing most of its funding and Other Resources (Non-core) now representing 71 per cent of it. One of the consequences of this shift has been an increased burden on overstretched core and support functions, both in the field and at headquarters, traditionally funded mostly from Regular Resources. Direct project cost recovery from Other Resources to support core and support functions has not been sufficient due to lack of a corporate approach, increasing concerns organization-wide about the process, transparency, consistency and stability of the planning, allocation and overall budget management of Regular Resources.

UN Women is on a prolonged journey of change management and has also started addressing problem areas in resource management through multiple initiatives and reviews (with several under way during this audit), which has brought some important changes. However, various proposals remain to be endorsed or actioned. Some personnel have also experienced change management fatigue due to the many initiatives. Therefore, there are opportunities for decision-making on resource planning, budgeting and allocation.

Consequently, IAS¹ decided to include an Audit of Resource Planning, Budgeting and Allocation in its 2022 risk-based audit plan. The audit followed up on the relevant findings and recommendations of another Independent Financial Review (commissioned in 2022 by the EDO)² on UN Women’s financial health and sustainability, financial management and decision-making, and distribution of resources.

Audit objective and scope

Management is responsible for establishing and implementing effective governance, risk management and internal control. The responsibility of IAS is to assist management in carrying out its duties by providing assurance and advising on the discharge of management’s obligations.

The audit’s objective was to assess whether UN Women has an effective governance, risk management and control framework for resource planning, budgeting and allocation. The audit scope covered:

- **Effectiveness of governance**: governing and internal policy framework for budget management, including business process ownership, authorities, accountabilities and compliance monitoring; budgeting versus the Strategic Plan; rules and criteria for budget allocations; direct and indirect cost recovery; and management of fund balances, reserves and accrual funds.
- **Effectiveness of risk management**: risk identification, mitigation or escalation in the budget cycle; and prioritization of budget allocations among strategic priorities or emerging initiatives.
- **Effectiveness of controls**: consistency of budget allocations; budget transparency, communication, information and training; value-for-money in budget management; budget monitoring; and budget implementation reporting.

The audit period was primarily from January 2019 to June 2022 but also covered earlier or later transactions as appropriate. The audit focused on UN Women’s latest business practices, and reported only material findings. The audit did not entirely cover the management of global Non-core programmes (covered in previous as well as to be

¹ Internal Audit Service

² Office of Executive Director; Strategy, Planning, Resources and Effectiveness Division

Audit Report No. IEAS/IAS/2023/001, 11 May 2023: Resource planning, budgeting and allocation
covered in future IAS reviews) or resource mobilization (covered in a previous IAS audit).

The audit was conducted in conformance with the *International Standards for the Professional Practice of Internal Auditing* of The Institute of Internal Auditors.

**Audit opinion and overall audit rating**

IAS would like to recognize various achievements in UN Women’s resource planning, budgeting and allocation, including by SPRED, DMA, PPID and other organizational units. For example:

- steps made towards linking strategic and work planning with budgeting, also through co-locating these corporate functions in SPRED, created in 2019;
- multiple corporate initiatives to strengthen resource management, e.g. task forces and working groups in areas like ‘linking results to resources’, ‘pivoting resources to the field’, cost recovery, and Extra-budgetary funding reform, various change management proposals, e.g. definition of field office and headquarters typologies, regular information about corporate initiatives on resource planning in ELT, SMT, BRC and other forums;
- recently developed headquarters Divisions Strategic Notes, including ‘service provision plans’ (for potential direct project cost recovery);
- ongoing implementation of Extra-budgetary funding reform, for compliance with Executive Board requirements;
- various budget policies and guidance developed or in draft (see Background section); joint cost classification and recovery principles developed among four UN organizations (including UN Women);
- budget and cost recovery training developed (with more training to take place);
- various direct project cost recovery practices, particularly in the field and, in some cases, at headquarters;
- corporate dashboard with budget and expenditure data (with Atlas data available until year-end, 2022) butting room for further improvement, ongoing work on budget management and reporting features in Quantum;
- (manual) methodology for delineation of cash balances by resource type; and
- Independent Financial Review of UN Women (see above), which also proposed methodologies for corporate resource management, for example direct project cost recovery.

Overall, IAS rated UN Women’s governance, risk management and control framework for resource planning, budgeting and allocation as Some Improvement Needed, meaning that “The assessed governance arrangements, risk management practices and controls were established and functioning, but need some improvement. Issues identified by the audit do not significantly affect the achievement of the objectives of the audited entity/area.”

This assessment was due to improvements needed or opportunities in the following areas, understanding that some areas may require additional resources to address them:

- UN Women’s funding equilibrium has shifted substantially, with its staffing structure and funding principles not matching the new reality, increasing the burden on smaller corporate support functions. UN Women has undergone many change management initiatives, but various proposals have yet to be endorsed, “bought-in” or implemented. For the executive leadership, it has sometimes been difficult to obtain all senior managers’ support for change leadership, as they may assume that their budgets and ‘status quo’ will be threatened if they agree to previously unknown modalities. This has led to some decisions not being taken or implemented in a timely manner, with some long-standing issues remaining.
- The UN Women Financial Regulations and Rules (FRR) have not been updated since 2012 for consistency and latest best practices (apart from updates on IAS status).
- The criteria for distribution of Core Resources have not been updated since 2009 and may be outdated or unfair, according to various stakeholders.

---

1 Strategy, Planning, Resources and Effectiveness Division
2 Management and Administration Division
3 Programme, Policy and Intergovernmental Division
4 Executive Leadership Team
5 Senior Management Team
6 Business Review Committee
• Budget management policy and guidance were not yet fully integrated in PPG.\(^9\)
• UN Women lacked a holistic budget governance approach for all resources, focusing separately on different resources, which limited potential efficiencies in resource planning. There was a need for better consideration and more precise forecasting of Other Resources (comprising currently about 71 per cent of all UN Women's resources) in planning the Integrated Budget.
• Planning of the Integrated Budget and annual or additional allocations of Regular Resources could be better governed and more transparent, involving a senior budget governance committee; better consideration of unallocated balances of resources; reconsideration of previous allocations (and staff positions) versus new Strategic Plan priorities (at least for a new Strategic Plan period), and consideration of a mechanism or a contingency for crisis responses or capital expenditure projects.
• Budget and strategic planning function workstreams would benefit from further integration.
• Staff position ceilings in the Integrated Budget created some barriers for more flexible management of staff positions.
• Extra-budgetary reform was to be finalized, including operationalization plans, transitional solutions and monitoring for success.
• Governance and implementation mechanisms (and some tools) were not yet set up for systematic direct project cost recovery, and there was varying financial literacy and implementation capacity across UN Women in this area.
• Due to system and process weaknesses to estimate and allocate increases in donor contributions and accumulation of other revenue in a timely manner, as of 31 December 2021, UN Women had high unallocated balances of Regular Resources (US$ 117.2 million) and Extra-budgetary funds in the corporate pool (US$ 33.8 million, principally for transitional use during Extra-budgetary funding reform) that needed to be allocated in line with Financial Regulations and Rules.
• There was need for improved governance of accrual funds (non-statutory ‘reserves’).
• Budget and cost recovery training was insufficient organization-wide both for managers and personnel.
• Internal reporting of budget implementation rates for Non-core resources should be against actual budgets, for better transparency.
• Atlas and other corporate systems had limitations for necessary data and reports on budget sources, allocations and implementation. Atlas had no automated capability to distinguish fund balances (including unallocated balances) by resource type, while some Atlas modules were only partially compatible leading to reconciliation difficulties. Such reports and functionalities had yet to be developed in UN Women's new corporate ERP\(^10\) Quantum.
• There was also room for improved coordination and day-to-day information sharing and support among DMA, SPRED and PPID in resource management; however, notable progress had been made in this area.

IAS made 10 recommendations, of which seven are ranked as High priority and three as Medium priority (see Annex 1 for the definition of priorities), understanding that some recommendations may require additional resources to address them. Considering the cross-dependencies of a variety of issues identified in this audit, the recommendations are compiled in Section V, Recommendations and Management Action Plans.

The seven High (Critical) priority recommendations include:

**Recommendation 1:** The Executive Director to assign a senior trusted team and resources to define and implement UN Women’s future operational business model (if needed, with the help of a senior external consultant or already ongoing initiatives or reviews). This may involve: (a) a mid-term review of the Strategic Plan and revisiting strategic priorities; (b) updating and implementing typologies for headquarters Divisions and field offices; (c) defining the governance and structure for the ‘Second line of defence’; and (d) implementing measures to gradually pivot personnel to the field. Design of such reform should properly consider the required identification, allocation or potential move of financial or human resources, and related operational and legal risks. The Executive Director may take strong measures to ensure that senior managers...

\(^{9}\) Policy, Procedure and Guidance framework

\(^{10}\) Enterprise Resource Planning system
Recommendation 3: PPID, in consultation with other parties and with the help of a senior consultant, if required, to undertake a programmatic review of the allocation criteria for Core Resources and, based on its outcome and assessment by BRC and ELT, prepare a proposal for review by the Executive Board.

Recommendation 4: SPRED to (a) further consolidate the budget management policy and guidance in the PPG; and (b) continue the budget management, monitoring and cost recovery training programme.

Recommendation 5: The ELT to (a) assign authority to the senior budget governance committee, in governing capacity on budget management and budget oversight matters, and advisory capacity to ELT on budget allocation matters, with secretariat support to this and other standing committees; (b) secure SPRED’s authority in management of the Integrated Budget (comprising all UN Women resources) in close collaboration with DMA and PPID; (c) allocate resources for the implementation of a direct project cost recovery initiative; and (d) once corporate capacity is built on direct project cost recovery, consider partial decentralization of the budget management function and capacity to Regional Offices.

Recommendation 6: SPRED, in consultation with the senior budget governance committee (and DMA, PPID and SPD), to ensure (a) an integrated and transparent budget planning process for all UN Women resources; (b) thorough consideration of unallocated balances and best revenue forecasts in the Integrated Budget, for both Regular and Other Resources; (c) reconsideration of existing allocations (and staff positions) in view of new priorities at least for each Strategic Plan period (or, where needed, on an annual basis); (d) consideration of contingency for crisis responses or capital expenditure projects; (e) consideration of increases in Institutional Budget from increases in indirect cost recovery funds; (f) consideration of carry-overs of Regular Resources allocations from the first to the second year of the Integrated Budget period; and (g) consideration of Regular Resources appropriations, rather than staff position ceilings in the Integrated Budget.

Recommendation 8: SPRED, in consultation with the senior budget governance committee (and DMA/FMS, PPID/PSMU and Regional Offices), to implement a corporate approach to direct project cost recovery, with advocacy to senior management, finalization of PPG, governance process, implementation modalities and tools, training and communication, and accountability mechanisms.

Recommendation 9: ELT to allocate resources and assign accountability in Quantum implementation to (a) develop budget and financial monitoring reports and dashboards; (b) foresee a functionality of system-generated cash delineation of unallocated cash balances; and (c) consider closer integration of Quantum modules (learning lessons from Atlas).

The three Medium (Important) priority recommendations are related to: (Recommendation 2) proposing updates of the Financial Regulations and Rules; (Recommendation 7) finalizing Extra-budgetary funding reform with clear operationalization plans and monitoring; and (Recommendation 10) considering revision of statutory reserves and their levels; and formalizing a framework for governance and use of other accrual funds (non-statutory ‘reserves’).

Low priority recommendations are not included in this report but were discussed directly with management.

Management comments and action plans

Management comments have been taken into account in this report, where appropriate. Management accepted the above recommendations, while some are subject to the availability of resources. Management also provided the action plans included in this report.

Lisa Sutton, Director
Independent Evaluation and Audit Services

Audit Report No. IEAS/IAS/2023/001, 11 May 2023: Resource planning, budgeting and allocation
### ACRONYMS AND ABBREVIATIONS

<table>
<thead>
<tr>
<th>Acronym</th>
<th>Full Form</th>
</tr>
</thead>
<tbody>
<tr>
<td>BRC</td>
<td>Business Review Committee</td>
</tr>
<tr>
<td>COVID-19</td>
<td>Coronavirus disease 2019</td>
</tr>
<tr>
<td>CRAT</td>
<td>Country Core Programmable Resource Allocation Tool</td>
</tr>
<tr>
<td>CSD</td>
<td>Civil Society Division</td>
</tr>
<tr>
<td>DMA</td>
<td>Management and Administration Division</td>
</tr>
<tr>
<td>EDO</td>
<td>Office of Executive Director</td>
</tr>
<tr>
<td>ELT</td>
<td>Executive Leadership Team</td>
</tr>
<tr>
<td>ERP</td>
<td>Enterprise Resource Planning system</td>
</tr>
<tr>
<td>FMS</td>
<td>Financial Management Section</td>
</tr>
<tr>
<td>HIV/AIDS</td>
<td>Human immunodeficiency virus/ Acquired immunodeficiency syndrome</td>
</tr>
<tr>
<td>HR</td>
<td>Human Resources Division</td>
</tr>
<tr>
<td>IAS</td>
<td>Internal Audit Service</td>
</tr>
<tr>
<td>IB</td>
<td>Institutional Budget</td>
</tr>
<tr>
<td>PPG</td>
<td>Policy, Procedure and Guidance framework</td>
</tr>
<tr>
<td>PPID</td>
<td>Programme, Policy and Intergovernmental Division</td>
</tr>
<tr>
<td>PPSMU</td>
<td>Programme Support and Management Unit</td>
</tr>
<tr>
<td>SMT</td>
<td>Senior Management Team</td>
</tr>
<tr>
<td>SPRED</td>
<td>Strategy, Planning, Resources and Effectiveness Division</td>
</tr>
<tr>
<td>SPU</td>
<td>Strategic Planning Unit</td>
</tr>
<tr>
<td>TMG</td>
<td>Technical Management Group</td>
</tr>
<tr>
<td>UN</td>
<td>United Nations</td>
</tr>
<tr>
<td>UNDP</td>
<td>United Nations Development Programme</td>
</tr>
<tr>
<td>UNFPA</td>
<td>United Nations Population Fund</td>
</tr>
<tr>
<td>UNICEF</td>
<td>United Nations Development Fund for Women</td>
</tr>
<tr>
<td>UNIFEM</td>
<td>United Nations Development Fund for Women</td>
</tr>
<tr>
<td>UNOPS</td>
<td>United Nations Office for Project Services</td>
</tr>
<tr>
<td>UNSCD</td>
<td>United Nations System Coordination Division</td>
</tr>
<tr>
<td>UN</td>
<td>United Nations Entity for Gender Equality and Empowerment of Women</td>
</tr>
<tr>
<td>US$</td>
<td>United States dollar</td>
</tr>
<tr>
<td>WFP</td>
<td>World Food Programme</td>
</tr>
</tbody>
</table>
I. INTRODUCTION

UN Women has, to a great extent, followed similar budget formulation principles and procedures since its establishment in 2011 (with cost classification and recovery principles updated in 2019–2020). Some principles, such as criteria for the distribution of Core Resources, are inherited from UN Women’s earlier status as UNIFEM. Until 2014, in UN Women’s Integrated Budget, Regular (Core and Institutional Budget [IB]) Resources represented most of the Entity’s funding. Since 2015, Other (Non-core) Resources have grown over the years and now represent most funding, while the growth of Regular Resources has been modest, creating a growing imbalance between the funding sources. One of the consequences of this shift has been an increasing burden on UN Women’s core and support functions and jobs, traditionally funded mostly from Regular Resources, because direct project cost recovery from Other Resources to support such functions has been uneven or insufficient, mostly due to not applying corporate guidance systematically or insufficient training. The limited Regular Resources and the overstretched support functions have led to growing concerns across the organization about the process, transparency, consistency and stability of regular resource allocations.

In recent years, UN Women has been on a prolonged journey of change management, including multiple initiatives and task forces to address problem areas in resource management, e.g. cost recovery, ‘linking results to resources’ or ‘pivoting resources to the field’; developing proposals, drafts of policies and procedures; and delivering training and presentations. These initiatives have brought some important changes but various proposals remain to be either formally endorsed by executive leadership, “bought-in” by senior managers or implemented by business process owners and other internal stakeholders. UN Women has also undertaken (and continues to undertake) several external reviews in areas such as governance, decision-making and performance. This has led in some cases to “change management fatigue” among managers and personnel due to the many ongoing initiatives and reviews, or the length of time is has taken to make or to implement some decisions (an area of opportunity for UN Women).

Consequently, IAS decided to include an Audit of Resource Planning, Budgeting and Allocation in its 2022 risk-based audit plan. In 2022, the EDO also commissioned an Independent Financial Review of UN Women’s financial health and sustainability, financial management and decision-making, and distribution of resources. IAS followed up on the relevant findings and recommendations from this review in its current audit.

II. BACKGROUND

UN Women’s financial resources generally consist of:

- **Regular Resources**, including:
  - minimal ‘assessed contributions’ (Regular Budget) from an annual appropriation by the General Assembly;
  - ‘unearmarked voluntary contributions’ (Core programmable funds and IB) by Member States and other donors;
  - reserves in accordance with Financial Regulations and Rules and accrual funds (non-statutory ‘reserves’) based on practices harmonized between UN Women, UNDP, UNFPA and UNICEF; and
  - miscellaneous revenue, including interest, investment and foreign exchange revenue.

- **Other Resources**, including:
  - ‘cost-sharing resources’ (Non-core funds); and
  - indirect cost recovery funds from Non-core projects (Extra-budgetary income).

Figure 1 and Table 1 below illustrate, respectively, the trends of various UN Women resources since its establishment, and budget allocation and expenditure data from 2018 to 2022.
UN Women’s resource planning, budgeting and allocation is primarily guided by the following PPG framework and further guidance:

**Table 1: UN Women budget allocations and expenditure, 2018–2022, US$ million**

<table>
<thead>
<tr>
<th>Budget allocations</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Headquarters (incl. Liaison Offices)</td>
<td>143.7</td>
<td>158.4</td>
<td>162.0</td>
<td>182.1</td>
<td>207.1</td>
</tr>
<tr>
<td>Regular Budget</td>
<td>10.7</td>
<td>10.9</td>
<td>10.5</td>
<td>10.5</td>
<td>11.1</td>
</tr>
<tr>
<td>IB</td>
<td>51.6</td>
<td>52.7</td>
<td>51.4</td>
<td>54.2</td>
<td>57.3</td>
</tr>
<tr>
<td>Core</td>
<td>16.1</td>
<td>18.3</td>
<td>15.7</td>
<td>18.8</td>
<td>20.1</td>
</tr>
<tr>
<td>Extra-budgetary funds</td>
<td>4.1</td>
<td>5.3</td>
<td>5.4</td>
<td>7.0</td>
<td>7.8</td>
</tr>
<tr>
<td>Non-core</td>
<td>52.6</td>
<td>63.1</td>
<td>65.0</td>
<td>77.1</td>
<td>93.8</td>
</tr>
<tr>
<td>Accrual funds (non-statutory ‘reserves’)</td>
<td>8.6</td>
<td>8.1</td>
<td>14.0</td>
<td>14.5</td>
<td>17.0</td>
</tr>
<tr>
<td>Field</td>
<td>296.7</td>
<td>337.3</td>
<td>360.1</td>
<td>437.2</td>
<td>456.5</td>
</tr>
<tr>
<td>IB</td>
<td>44.2</td>
<td>44.4</td>
<td>45.7</td>
<td>44.9</td>
<td>44.1</td>
</tr>
<tr>
<td>Core</td>
<td>54.4</td>
<td>51.8</td>
<td>38.7</td>
<td>42.5</td>
<td>45.5</td>
</tr>
<tr>
<td>Extra-budgetary funds</td>
<td>9.2</td>
<td>9.5</td>
<td>11.1</td>
<td>16.1</td>
<td>16.7</td>
</tr>
</tbody>
</table>

Source: Atlas Project delivery rate report data as of 24 March 2023 (provides indicative working data on budget and expenditure)

Notes: 1) Non-core Resources original budget data is reduced considering ‘rephasals’ of unused budgets to subsequent years; 2) accrual funds (non-statutory ‘reserves’) budget allocations for headquarters also cover most field expenditure; 3) considering that collection of accrual funds automatically results in expenditure charged to various budgets (Regular Budget, IB, Core and Extra-budgetary funds), the expenditure from accrual funds is not separately reported here (apart from minimal transitional balances).

UN Women’s resource planning, budgeting and allocation is primarily guided by the following PPG framework and further guidance:
• Adopted by governing bodies:
  - previous UNIFEM Consultative Committee recommendations on Criteria and Methodology for Regular (Core) Resources Allocation (March 2009);
  - Financial Regulations and Rules (April 2012, with revisions on IAS status in April 2023), approved by the Executive Board (Financial Regulations) and Executive Director (Financial Rules), respectively;
  - ‘Proposed approach for calculating the operational reserve for UN Women’, as decided on by the Executive Board (November 2012);
  - ‘Joint review of the existing cost definitions and classifications of activities and associated costs’, as decided on by the Executive Boards of UNDP, UNFPA, UNOPS, UNICEF and UN Women (September 2019);
  - ‘Joint comprehensive proposal on the cost-recovery policy’, as decided on by the Executive Boards of UNDP, UNFPA, UNOPS, UNICEF and UN Women (September 2020);
  - UN Women (quadrennial) Strategic Plan (currently for 2022-2025), proposed by the Executive Director and approved by the Executive Board, normally in its Second Regular Session of the preceding year;
  - UN Women (biennial) Integrated Budget Estimates (currently for 2022-2023), proposed by the Executive Director and approved by the Executive Board, normally in its Second Regular Session of the preceding year; and
  - ‘Structured Dialogue on Financing the Results of UN Women Strategic Plan’, as periodically decided on by the Executive Board.

• Adopted or proposed by management:
  - Cost Recovery Policy (last revised in February 2023 in alignment with the Executive Board decision of September 2020);
  - Revenue Management Policy (last revised in December 2021);
  - Delegation of Authority Policy (last revised in March 2022);
  - Internal Management Framework Policy and ELT, SMT, BRC and BRC-TMG Procedures (last revised between October 2020 and July 2022);
  - Presence Governance Policy, Procedure and Guidance (last revised between August 2020 and October 2021);
  - Donor Agreement Procedure (December 2018) and Guidance (last revised in February 2021);
  - Headquarters, Regional Office and Country Office Strategic Notes (interim) Guidance and Work Plan Step-by-Step Technical Guidance (last updated for 2022-2023);
  - Finance Manual and Standard Operating Procedure, Extract for Field Offices (last revised in November 2022);
  - Country Core Programmable Resource Allocation Tool (CRAT), as guidance for Regional Offices;
  - Non-core revenue target setting tool, as guidance at headquarters and in the field;
  - various guidance by SPRED/Budget on UN Women intranet (e.g. budget planning and preparation guidance, direct project cost guidance, Atlas-related guidance) and SPRED/Budget’s internal methodology;
  - ‘Annual proforma costs’ for staff and other personnel categories, developed by UNDP and adjusted by SPRED/Budget for use in UN Women;
  - draft for Direct Project Cost Recovery Policy and related guidance (e.g. direct project cost checklist, cost attribution template, standard project budget template, procedure for project budget quality control), currently under consultation and to expand already existing direct project cost guidance on UN Women intranet, guidance sheet on direct and indirect project costs for donors; and
  - draft Terms of Reference for a Budget Allocation Committee, currently under consultation.

Responsibilities for resource planning, budgeting and allocation are primarily distributed among:
Audit Report No. IEAS/IAS/2023/001, 11 May 2023: Resource planning, budgeting and allocation

- all UN Women headquarters business units and field offices preparing their workplans and budget proposals;
- Headquarters Divisions and Regional Offices consolidating bottom-up budget requests;
- Executive Director or Deputy Executive Directors approving workplans for headquarters Divisions, Regional or Country Offices;
- SPRED/SPU issuing guidance, providing system and technical support, quality assurance for developing Strategic Notes and workplans, and consolidating workplan metadata for senior management;
- SPRED/Budget: consolidating Integrated Budget estimates based on executive leadership’s priorities and resource availability, proposing organization-wide allocations to ELT and managing individual allocations for headquarters Divisions and regions, primarily for Regular Resources and indirect cost recovery funds, servicing the establishment of staff positions (verifying budget availability and compliance) and overseeing overall budget implementation;
- ELT making allocation decisions (primarily for Regular Resources and indirect cost recovery funds) for headquarters Divisions and regions;
- Regional Offices managing regional allocations for Regular Resources distributed to Country Offices within their regions;
- Executive Director, Deputy Executive Directors or Director/SPRED, in accordance with delegated authority, establishing staff positions;
- DMA/FMS providing accounting services for cash receipts and revenue recognition for all resources, for Other (Non-core) Resources and in accordance with donor agreements, Country Offices managing country-level, Non-core projects and projects funded from global or regional Non-core programmes;
- PPID/PSMU coordinating and overseeing corporate Non-core revenue targets and management of Non-core Resources as part of the project life cycle (with resources linked to project objectives, workplans and governance and management structures), including for programme and project delivery (and budget implementation rates), and compliance with policies and procedures; and
- SPRED and BRC facilitating operational decision-making for referral to delegated authority, including on resource mobilization and target setting, resource distribution principles, presence governance or organizational performance management including Quarterly Business Reviews.

It should be noted that SPRED was established in 2019, co-locating a number of previous teams from earlier Programme and Policy Division and Division of Management and Administration, aiming for more integrated (linked) and effective corporate strategic planning with resource (budget) management, risk management (including PPG management), including external audit coordination and Executive Board Secretariat (which separated from SPRED in 2022). In 2022, the change management team also joined SPRED with a renewed mandate of business transformation. SPRED is led by its Director at D1 level and, during the audit, comprised five teams including SPRED/Budget. SPRED/Budget was led by a P5 Chief, with one P4, two P3 and one G7 staff member, as well as one P4 and one P3 temporary staff member supporting the new ERP project.

III. AUDIT OBJECTIVE, SCOPE AND METHODOLOGY

The audit objective was to assess whether UN Women has an effective governance, risk management and control framework for resource planning, budgeting and allocation. The audit scope covered the following areas:

- **Effectiveness of governance**, in particular,
  - completeness and clarity of governing and internal policy framework for
corporate budget cycle management, including budgeting against Strategic Plan priorities/expected results, established rules and criteria for budget allocations, direct and indirect cost recovery and allocation, and management of fund balances, reserves and accrual funds;

- clarity of corporate roles, authority and accountability for decisions on budget allocations; and

- adequate business process ownership, authority and accountability for budget management, including monitoring of compliance with policy framework.

• Effectiveness of risk management, in particular:

  - identification of risks and their mitigating actions in the corporate budget cycle;

  - (prioritization of) budget allocations among different strategic priorities, typologies or emerging initiatives; and

  - escalation of high risks due to lack of resources to address the risks, and workflow of management decision-making for such risks.

• Effectiveness of controls (depending on the maturity of the control framework and availability of transactions to test), in areas such as:

  - Consistent budget allocations, based on criteria and in line with the Strategic Plan, Strategic Notes, workplans or justified requests following PPG;

  - budget transparency, communication, information and training;

  - prudent and timely budget utilization and management with value-for-money;

  - budget monitoring (utilization, trends, exceptions etc.); and

  - budget implementation reporting.

IAS also followed up on relevant findings and recommendations from the Independent Financial Review, and considered findings and recommendations from other IAS audits and reviews.

The audit period was primarily from January 2019 to June 2022 but may have covered earlier or later transactions, where necessary. The audit focused on UN Women’s latest business practices.

The audit did not entirely cover specific areas such as: management of global Non-core programmes (e.g. by PPID and CSD) and their funding (it will be reviewed in future IAS reviews and has also been partly covered in previous IAS audits and reviews of specific global programmes); or resource mobilization (reviewed in a previous IAS audit).

The audit was conducted in conformance with the International Standards for the Professional Practice of Internal Auditing of The Institute of Internal Auditors.

The audit included: a review of documents, PPG, systems and their data; interviews with selected managers and personnel at headquarters and in Regional Offices, as well as in eight other UN organizations for benchmarking purposes; use of data, findings and recommendations of the Independent Financial Review; analytical procedures and tests; and a review of samples of transactions, selected on professional judgment basis, focusing on risks and internal controls.
IV. AUDIT RESULTS

Observation 1: UN Women needs to define its operational business model to reflect the growing expectations related to UN Women’s mandate and size, and existing funding realities. The executive leadership needs strong support from senior managers to implement changes to structural typologies and their funding.

As already discussed, since its creation over a decade ago, UN Women’s funding has shifted from principally Regular Resources to an increasing reliance on Other Resources. However, the Entity’s de facto operational business model and, consequently, staffing structure and funding principles do not match this new reality. Although not formally defined, UN Women’s originally implemented business model did not anticipate full administrative and other support functions for its increased programme mandate, or larger field presence (e.g. like UNDP). UN Women’s growing size and triple mandate (normative, coordination and operational) creates an increasing burden on its existing small support functions and jobs, traditionally funded mostly from Regular Resources and that require more cost recovery from the larger number of Non-core programmes and projects. Managers, often unrealistically, expect their Regular Resource allocations to grow, while implementation of their Non-core projects (and use of their Non-core funds) is sometimes behind schedule (not only due to external factors but also internal project management issues).

UN Women has made great efforts to address these issues through a prolonged journey of change management initiatives, which have brought various successes; however, as discussed above, various proposals remain to be fully endorsed, “bought-in” or implemented. The difficulty for the executive leadership in obtaining all senior managers’ support for change leadership and ensuring their full understanding of (and agreement with) some corporate ideas, often seems to be the cause of bigger decisions not being taken or implemented in a timely manner. This affects initiatives which aim to encourage (a) a more active shift of staff and financial resources (pivot) to the field; and (b) Divisional funding or efficiency reforms, for instance external cost recovery for UN Women’s services; new ways of internal direct project cost recovery from Non-core projects; or merging some field offices or corporate functions for efficiency.

More specifically: (a) the earlier ambitious plan to close a significant number of field offices had limited internal support and was considered unfeasible vis-à-vis some external relations, and the functional analysis of headquarters was not implemented (due to a lack of support among senior managers); (b) the later field office and headquarters’ typologies were formalized without a clearly functioning implementation mechanism for their funding and staffing structures (UN Women funding sources are not yet tied to typologies). In addition, key specialist positions are not harmonized and sustainably funded across regions or offices, and they often operate without some minimum capacities; (c) based on Regional Office requests, BRC may recommend establishment or upgrade of some field offices (following corporate typology) while requiring the Regional Office secure or mobilize the necessary funding – the Regional Offices may still have expectations of corporate funding; or (d) the recently developed of headquarters Divisions’ Strategic Notes foresee some financial and staffing reforms, and pivot to the field, but probably not to the extent that UN Women needs and executive leadership expects.

A few business units that were newly assigned ‘revenue centre’ roles had not sufficiently explored new revenue generation mechanisms (particularly for UN Women’s services), or some of those assigned ‘cost distribution centre’ roles had not been sufficiently enthusiastic to identify and seek implementing direct project cost recovery mechanisms. The assignment of such roles could be further reviewed, with corporate procedures for new revenue generation and direct project cost recovery strengthened and formalized to ensure consistency, building on good practices already in place, including in the field. Although the Independent Financial Review recognized that a higher share of resources was being directed to the field, various field offices still complain of years-long ‘pivot to the field’ (its concept has not been consistently understood across UN Women) being more of a theory and less evident in practice; while some headquarters business unit staff and other personnel components remain disproportionately large compared to low capacities in some other business units, or unfair towards field offices. This is primarily because Divisional managers often assume that their traditional budgets and ‘status quo’ may be threatened if they agree to new, previously unknown modalities. This, in turn, results in bigger organizational changes not taking place and concerns about some long-standing issues still to be resolved.
In this regard, through its ongoing initiatives and trusted mechanisms, the executive leadership needs to define UN Women’s operational business model and instruct its implementation by senior managers and business process owners. If necessary, this reform could involve some rebalancing of strategic priorities. While SPRED has initiated some proposals, primarily it involves adjusting headquarters and field office typologies, supported with rebalanced funding sources, staffing structures and locations. This could be progressively implemented with clear decision-making authorities and workflows, ensuring that such transition is well managed, i.e. the shift from Regular Resources to other funding (for example, direct project cost recovery) for crucial functions and capacities.

Importantly, such reform should not forget adequate funding of administrative and other support functions, including the ‘Second line of defence’, noting that, in recent years, such funding had not increased adequately or proportionally with the growing Non-core programme served by these functions. Although such programmes generated indirect cost recovery income for UN Women, most was not allocated to these functions despite the need for additional workforce to serve a larger programme (see Observation 7). Investment in ‘pivot to the field’ without adequate support capacities (at headquarters or in the field) may result in increasing operational challenges, including potential efficiency, programme effectiveness, value-for-money and integrity risks, which IAS systematically observes in business areas and offices operating without the capacities they require. The ‘Second line of defence’ also needs governance to set its structure and strong accountability, cascaded among relevant headquarters business units and Regional Offices, with defined roles, resources and authorities.

The executive leadership also needs to take strong measures in cases where its directions are not adhered to by management, to ensure management shares ownership and accountability for the reform. Multiple UN organizations, including those based in New York, have undergone similar budgetary reforms since 2013. UN Women, although on a journey of change management, is yet to complete this challenge.

Observation 2: Need to update the governing policy framework for resource planning, budgeting and allocation

For effective and clear governance of resource planning, budgeting and allocation, the overarching policy framework set by UN Women governing bodies should be up to date. This relates to UN Women Financial Regulations and Rules and other regulations or recommendations made by its Executive Board, and legacy institutions such as the former UNIFEM Consultative Committee.

In this regard and once UN Women has defined its preferred operational business model and organizational structure, it may wish to seek the update of certain Financial Rules (for approval by the Executive Director and information of the Executive Board) and, where necessary, of certain Financial Regulations (for approval by the Executive Board) for better consistency with UN Women’s updated organizational structure, business processes or best practices in the UN system. The Executive Director has also expressed the need to review the current Financial Regulations and Rules (based on IAS proposal, a limited revision of the Financial Regulations and Rules took place in April 2023 concerning the status of IAS). IAS has also proposed a list of other relevant updates for Financial Regulations and Rules, some relating to areas other than budget management.

UN Women may also wish to seek a programmatic review of the criteria for distribution of its Core Resources, recommended by the UNIFEM Consultative Committee in 2009, based on now outdated data. Due to changes in UN Women structures over time, these criteria have also become more subject to interpretation. The Executive Board and Independent Financial Review have requested their review, and multiple interviewed stakeholders found the criteria outdated or unfair (e.g. some regions received a smaller share of funds than their programmatic needs compared to other regions). Such a review may also reconsider what should be a realistic distribution of Core Resources between the field and headquarters, knowing that an earlier recommendation of 80:20 was not realistic, not only due to internal governance and efficiency issues, but also due to UN Women’s smaller size and, therefore, a higher share of ‘fixed’ corporate costs (larger UN organizations might achieve smaller shares).
Audit Report No. IEAS/IAS/2023/001, 11 May 2023: Resource planning, budgeting and allocation

on the outcome of such a review, UN Women may propose a new methodology for consideration by the Executive Board. Stakeholders (e.g. some Regional Offices) should also consider that such a review’s recommendations may differ from what they expect, as the economic situation of regions (which may largely dictate the direction of criteria) may sometimes not fully correlate with regional programmatic needs for gender equality and the empowerment of women. Therefore, any proposal to the Executive Board should follow UN Women’s best interests, while maintaining certain flexibility for the executive leadership and senior management. UN Women should also consider transition mechanisms for regions or thematic areas that may be awarded smaller resources in the future.

Observation 3: Internal policy framework for resource planning, budgeting and allocation needs to be further formalized.

For effective and transparent resource planning, budgeting and allocation, the internal policy framework for these areas should be clearly defined and known to stakeholders. Key policies and procedures in these areas and formalized in UN Women’s PPG were listed in the Background section of this report. SPRED/Budget has also recently developed drafts for a Direct Project Cost Recovery Policy and related guidance (in addition to the existing direct project cost guidance on the UN Women intranet) and, in collaboration with DMA, draft Terms of Reference the Budget Allocation Committee, all yet to be formalized. SPRED/Budget previously developed various guidance on budget planning and preparation, direct project cost and budget management in Atlas. Such guidance can be found on the UN Women intranet but is not formalized as PPG. SPRED/Budget has further budget management methodology for its internal use.

However, UN Women users (budget holders, project and operations managers) would benefit from a further integrated budget management policy and guidance, as is available in other UN organizations, for example a Budget Manual (or policy and procedures) formalized in UN Women PPG, with better articulation of business processes and various stakeholder roles in management of various resources (including as part of the ‘project life cycle’). This would increase users’ knowledge and understanding of budget management and resource allocation. The internal stakeholders interviewed highlighted that more technical guidance is available on budget planning in ERP (e.g. previously in Atlas) but less guidance exists on substantial budget planning and the end-to-end management process. In recent years, SPRED/Budget, with support of PPID/PSMU, has provided a number of training courses on budget management (including direct project cost recovery planning, which is part of the ‘project life cycle’) to some Regional Offices and other users. However, a limited number of users could attend. IAS understands that enhancements to the internal policy framework in this area also depend on UN Women’s larger decisions, e.g. its operational business model and any significant changes to the governing policy framework (see Observations 1 and 2), as well as SPRED/Budget resources and priorities (see also Observation 8).

Observation 4: Need for more comprehensive and transparent resource budgeting and allocation governance and process, particularly for Regular Resources

UN Women’s internal resource budgeting and allocation governance and process needs various improvements to improve planning of the Integrated Budget (which is approved by the Executive Board), and for subsequent budgeting and allocation of (primarily regular) Resources (which is approved by the ELT), either for regular or any additional allocations:

- As indicated by the Independent Financial Review and the internal stakeholders interviewed for this audit, UN Women lacks holistic budget governance approach to all its resources and focuses on different resource types separately (e.g. Regular Budget, IB and Core, Extra-budgetary, Non-core, or accrual funds [non-statutory ‘reserves’]), possibly limiting efficiencies in resource planning. The Director/SPRED and SPRED/Budget have key responsibilities for planning allocations for most resource types (except Non-core), advising executive leadership on making allocations, and budget management monitoring for such resource types. However, SPRED/Budget has a limited role in management of Non-core resources, which is mostly limited to consideration of such resources in planning the Integrated Budget. This may have impacted overall management of the Integrated Budget, in terms of ensuring accurate and efficient resource planning and distribution. (Principal roles in management of Non-core resources rest with PPID, CSD and field offices managing Non-core projects, DMA/FMS)
providing accounting services and PPID/PSMU coordinating corporate management of such resources [see Background section]). For example, in the Integrated Budget for 2022–2023 (prepared in May 2021) and based on its earlier practice, SPRED forecasted a conservative opening balance (as of 1 January 2022) for Other Resources (including Extra-budgetary funds) in the amount of US$ 163.8 million. However, the subsequent actual balance of Other Resources as of 1 January 2022 (following more successful resource mobilization and project implementation delays, e.g. due to COVID-19) was US$ 408.1 million (including Extra-budgetary funds). There could be opportunities for more precise consideration of Non-core revenue targets in planning the Integrated Budget, for example based on Strategic Notes or workplans, and potentially better data availability in Quantum (when its implementation is complete).

- Various stakeholders perceived planning of the Integrated Budget and subsequent annual allocations of Regular Resources (IB and Core) as insufficiently communicated (especially as viewed by several Regional Offices), i.e. how and whether the budget requests from business units were reviewed and taken into account (this process was not designed as a dialogue); how the overall budget was constructed; or how allocation decisions were made by the ELT. SPRED/Budget requested data from relevant services (e.g. SPD, DMA/FMS, SPRED/SPU) that it needed for budget planning, but at the time of the audit there was no process to involve these services in the planning of regular resource allocations. As explained by SPRED/Budget, it prepared the proposal of annual Regular Resources allocations (for ELT approval), taking into account requests (prioritized for pillars of each Deputy Executive Director) from executive leadership and their advisers. However, internal stakeholders stated that there was insufficient forum or tools (such as a budget governance committee) to advise the executive leadership in making the best informed budget decisions. For example, SPRED/Budget’s advice may primarily focus on budget availability and be from a compliance perspective, and not on Divisional or regional priorities, with pressing needs to sustain under-resourced structures (e.g. support functions), existing or emerging risks, or implementation of priority audit recommendations. As a result, there was some distrust across UN Women in the Regular Resources planning process.

- In planning Regular Resources for the next budget period, UN Women (as is the case in a number of other UN organizations) primarily repeated the same allocations from the previous budget period (especially for IB and mainly due to the need to maintain existing staff posts), leaving a limited base to plan allocations for new priorities. In other words, ‘zero-based budgeting’ was not practiced or feasible (as in a number of other UN organizations). These repeated allocations were often relevant to the latest Strategic Plan, but the approach limited the allocation of resources to new priorities and asked for less proof to justify earlier ones. This sometimes resulted in ‘patch budgeting’ (using incorrect type of resources for new needs because the proper type was not available) of certain jobs or almost entire teams, and has led to some discrepancies between allocated resources and funded priorities (for example, using Core Resources to fund some management or administrative functions). The Independent Financial Review also highlighted that there was an inconsistent pattern in using solely IB to fund certain personnel positions providing substantial services to Non-core projects, with insufficient cost recovery.

- As described below, only partial criteria exist for allocations of Regular Resources. According to some senior managers interviewed, this may lead to more time being taken or disagreements in making corporate allocation decisions.

Currently, there are broad criteria (percentage shares) for annual distribution of Core Resources among regions and broad thematic areas (with some flexibility for executive leadership for their distribution among Divisions or re-distribution among regions). As discussed in Observation 2, UN Women may wish to revisit current criteria (and seek their endorsement by the Executive Board, if so). Further, Regional Directors have flexibility for distribution of their allocated Core Resources within their regions, while discretionary corporate criteria i.e. ‘CRAT tool’ have also been introduced for their recommended distribution within regions. The Regional Offices appreciated the tool but also provided feedback that they only partially applied it in practice (to make new re-allocations) because they had already partly allocated their Core Resources to multi-year personnel positions.

No specific criteria exist for annual IB allocations (for example, in line with the
Strategic Plan) and these are mostly repeated from previous budget periods, i.e. to maintain existing staff posts, within ceilings approved by the Executive Board, as well as earlier non-staff budgets. Re-allocations of staff posts or non-staff budgets may be decided by the Executive Director or ELT but are minimal in practice. As explained by SPRED/Budget, the principles for (largely repeated) IB staff budget allocations are mostly based on earlier UNIFEM staff positions (prior to 2011) and UN Women’s subsequent Regional Architecture (from 2012), with minimal changes based on the change management recommendations that were supported and any changes in executive leadership priorities. IB non-staff budget allocations to regions are fixed at 12 per cent of their staff budget allocations, while non-staff budget allocations at headquarters mostly follow recurring corporate requirements. As explained by SPRED/Budget, the IB mostly consists of ‘fixed costs’ and substantial annual reallocations are not feasible. IAS understands it could be more appropriate to revisit IB allocations more substantially for an entire Strategic Plan period or in response to a new operational business model or change management exercise.

Likewise, annual allocations of Regular Budget are mostly repeated from previous budget periods, in line with appropriations by the General Assembly (largely based on UN Women’s earlier functional review results), with some flexibility for the executive leadership to redistribute approved staff positions or budget appropriations among Divisions. IAS understands that any substantial revisiting of Regular Budget allocations would be appropriate only in the case of substantial changes to UN Women’s strategic priorities or operational business model.

In view of the above, IAS understands that any substantial changes to the allocation criteria for Regular Resources may only be warranted for a new Strategic Plan period or in response to substantial organizational changes. In any case, when making allocation decisions, the executive leadership should receive as comprehensive information as possible on already existing resources for various Divisions or regions, to ensure any new allocations are appropriate. IAS noted that SPRED/Budget’s proposals to ELT on Core Resources allocations did not include a full picture of existing resources (including unallocated balances, see also Observation 9). SPRED/Budget explained that, prior to approaching ELT, more detailed information was presented to the Deputy Executive Directors’ advisers and the Deputy Executive Director for UN Coordination, Partnerships, Resources and Sustainability, while the ELT required summarized proposals. IAS noted these concerns but, considering the somewhat limited information provided to ELT (particularly on unallocated balances), IAS recommends that such proposals are expanded in an ‘easy to read’ manner (see Recommendation 6).

- Regular Resources (IB and Core) allocations were generally made on an annual basis (usually shortly before the start of the budgetary year), with IB allocations primarily focusing on already existing posts (therefore limited re-allocations) and Core Resources allocations primarily following distribution criteria (with some allocation flexibility for the executive leadership). In practice, almost every year around May, the Executive Director or ELT also make exceptional ‘additional’ allocations of Core (or IB) resources, depending on their availability based on updated resource mobilization data. As explained by SPRED/Budget, the additional allocations are chosen among various priorities proposed by the executive leadership (e.g. to better align with the Strategic Plan or pivot to the field) and requests from business units supported by the executive leadership. However, additional allocations carried a risk of continuously exceeding the permitted 20 per cent allocation share of Core Resources to headquarters. Further, during the year, the Executive Director or ELT, in consultation with SPRED/Budget, can also make special allocations for the executive leadership’s additional priorities from an ‘uncommitted contingency’ of Core Resources (normally set apart during the annual allocation process e.g. US$ 2–3 million) or, in exceptional cases, by ‘unfreezing’ any ‘frozen’ IB-funded posts.

According to the stakeholders interviewed, the procedure for additional and special allocations seemed even less clear and transparent. There was no defined format to request such allocations, in contrast to the existing format to request annual allocations in Divisional or office workplans (previously annual and recently biennial). In addition, while there was an additional and special allocations process, UN Women did not have a regular mechanism or contingency for crisis responses or capital expenditure projects (also highlighted by stakeholders). According to SPRED/Budget, securing such contingency from Regular Resources would be difficult on a regular basis, considering that UN Women has never achieved its current Regular Resources mobilization target.
(US$ 200 million per year), and crises can be responded to within already existing annual, exceptional additional or special allocations from Core resources, or by mobilizing Non-core funds. DMA highlighted that the unallocated balance of Regular Resources could also be used for such responses (see Observation 9).

- Furthermore, although IAS found SPRED/Budget’s documentation and recording in Atlas of executive leadership’s approved allocations satisfactory, the EDO and SPRED/Budget could make some improvements to ensure a better audit trail and for institutional memory purposes.

ELT’s approvals of annual or additional Regular Resources allocations existed primarily in the form of SPRED’s proposals to ELT (presentations including annexes). SPRED/Budget also obtained the EDO’s emails regarding ELT approvals. However, it usually did not receive any ELT meeting minutes (including on any deliberations of ELT members or the rationale for changes made to the proposed allocations) or any sign-offs by ELT members.

Every year, subsequent to ELT’s approval, Core Resources allocations to Regional Offices were reduced by 2.5 per cent for ‘regional support to headquarters,’ i.e. to compensate some headquarters services. As explained by SPRED/Budget, this practice was agreed in 2019 between ELT and Regional Directors. However, these re-allocations from regions to headquarters were not presented in SPRED’s submission for ELT approval, including to which Divisions the funds should be re-allocated. SPRED/Budget re-allocated them to a headquarters ‘pool fund’ and funded certain staff positions, based on a standing practice. In IAS view, such re-allocations would be better presented in SPRED’s submissions to the ELT.

In view of these observations, IAS believes that UN Women would benefit from a more integrated and transparent budget planning process considering all resource types, under more empowered and resourced management and oversight by SPRED (particularly, in view of its corporate budget management role, linked with its strategic planning and business transformation roles); and also with more inclusive consultation of key stakeholders, guidance of a senior budget governance committee and a better audit trail. The budget planning process, at least for each new Strategic Plan period or, where relevant, on an annual basis, should reconsider (de-prioritize where necessary) existing allocations (and staff positions) in view of the Strategic Plan and Strategic Notes, and prioritize new allocations (see also Observation 5).

A Budget Allocation Committee was being established at the time of the audit (similar committees exist in some other UN organizations, e.g. UNFPA and WFP). IAS advises management to broaden the committee’s mandate to include budget governance or budget oversight (with final resource allocation decisions resting with the executive leadership), supported by a secretariat to facilitate its work (e.g. SPRED with its roles to link strategic planning, budget management and business transformation). The stakeholders interviewed highlighted that such a committee should include members not only at the leadership but also technical level, e.g. PPID/PSMU. As highlighted by SPRED/Budget, such a committee would also benefit from thematic budget and cost recovery training.

**Observation 5: Resource budgeting and allocation governance and process need further correlation with the Strategic Plan.**

Various stakeholders interviewed suggested there was no solid process to align results expected from the Strategic Plan and Strategic Notes, or senior management’s expectations, with provided resources.

Financial Regulation 13.2 prescribes that “the Strategic Plan shall set forth the ... projected financial requirements of UN Women ... It shall include a multi-year estimate of resources and programme costs.” However, Integrated Results and Resources Framework for the four-year Strategic Plan did not plan the resources required for its priorities and proposed only one high-level dollar figure for each of four impact areas (i.e. four figures for the entire Strategic Plan). In IAS’ view, it was an integrated results framework, but not an integrated resource framework. The biennial Integrated Budget did include a more detailed Integrated Results and Resources Framework, planning resources by 17 output and functional cluster areas.

Further, Divisional and office workplans in the Results Management System are required to link their Strategic Note objectives (mapped with Strategic Plan objectives)
with actual or prospected budget lines. For Regular Resources, these workplans served as bottom-up budget requests. However, they could only be considered within Divisional or regional top-down allocations by the Executive Director or ELT, which primarily followed long-term distribution criteria for Core Resources, and IB allocations mostly from previous budget periods to maintain existing staff positions. For Other Resources, budget lines were estimated based on already available or yet to be mobilized Non-core funding.

The current allocation process did not provide a forum or much room to consider differences between (potentially larger) bottom-up budget requests and (potentially smaller) top-down allocations in a systematic way, possibly seeking which previous commitments could be de-prioritized in favour of any new requests in line with the Strategic Plan, and which new requests would not be supported at this time. According to SPRED/Budget, such re-prioritization among headquarters Divisions and regions (particularly for IB) could be in the purview of a change management exercise or take place once per Strategic Plan period, but would be less realistic on an annual basis. In IAS’ view, a senior budget governance committee could play a role in advising the executive leadership on such re-prioritization.

In 2019, the Multilateral Organization Performance Assessment Framework’s assessment of UN Women also noted unclear criteria for allocating UN Women resources to strategic priorities (or regions and countries) and the use of some Core funds for activities not within the UN Women mandate. UN Women has attempted to address the assessment’s recommendations, including during development of its new Strategic Plan and ‘CRAT tool’ (for recommended distribution of Core Resources within regions). However, UN Women still plays a role in various areas bordering its mandate (including in Non-core funded projects), for example, HIV/AIDS, child protection or climate-smart agriculture. At the same time, stakeholders indicated that some new Strategic Plan areas (e.g. social norms and climate change) had not received adequate funding (some were being addressed through ‘additional allocations’ of Core Resources).

SPRED indicated increasing efforts to link the Strategic Plan with resources. For example, in 2021, a task force for ‘Linking Results to Resources’ worked under SPRED’s leadership. IAS noted that its ideas primarily focused on pivoting resources to the field and cost recovery from Non-core funds. However, stakeholders indicated that task force recommendations had not yet been implemented. As Budget and Strategic Planning functions have been co-located in SPRED since 2019, their consultations have increased, but, evidently, their workstreams would benefit from further integration. This could be attempted during planning of the Integrated Budget and of the annual allocation of Regular Resources through closer consultation with the Strategic Planning function and a senior budget governance committee; more integrated review of budget requests in workplans and their prioritization among Divisions and regions; and a more structured approach to revisiting (and phasing out, where required) allocations and staff positions from previous budget periods, focusing on UN Women’s latest priorities in line with its Strategic Plan. IAS understands that such re-prioritization would require guidance and support from a senior budget governance committee and the executive leadership.

Importantly, among eight UN organizations surveyed by IAS, corporate budget functions in five (particularly New York-based) organizations were placed within the organization’s administrative arm (generally co-located with the financial management function); and, in three organizations, the functions were generally co-located with the strategic planning function. All budget functions cited close collaboration with the strategic planning function through joint corporate frameworks and planning. IAS was told that the Independent Financial Review had also considered (but did not make) a potential recommendation to consolidate budget and financial management functions within DMA, to enhance their coordination. This would depend on the Executive Director’s decision and review of UN Women structures. In IAS’ view, good collaboration and regular information exchange between these functions are more important (than their placement), as is the case between budget and strategic planning functions. Launching of a senior budget governance committee would provide further opportunities for increased coordination and information exchange between all these and other corporate functions.

---

13 Budget requests from subordinate offices for consideration by supervising or decision-making authorities.

14 Allocations decided or further distributed by supervising or decision-making authorities.
Observation 6: Management of Regular Resources-funded staff positions may benefit from increased flexibility.

Multiple stakeholders interviewed, as well as the Independent Financial Review, suggested that UN Women could be more flexible in its management of staff positions funded from Regular Resources to minimize barriers for creating, moving, regrading, splitting or merging positions (where resources permit), or monetizing them for other expenses. Currently, some restrictions in the management of staff positions exist due to ceilings set by the General Assembly (individual numbers of Regular Budget funded positions, by each division and each grade), which UN Women must follow to use the Regular Budget contribution, as well as ceilings proposed by UN Women in its biennial Integrated Budget submitted to the Executive Board (total numbers of IB funded positions for headquarters and the field, by grade category e.g. D and above, P, G and other). As a result, managers may have less flexibility in using such funds for staffing, or some funds may go unused. As explained by SPRED/Budget, such ceilings are reported in line with recurring review practices by the Executive Board and also apply to other organizations, e.g. UNFPA and UNICEF, while UNDP has a more flexible practice due to prevalent multi-funding of a majority of positions.

While UN Women must maintain procedures and controls for staff position management (including SPRED/Budget verifying budget availability and continuity, and conformance of positions with UN Women’s operational business model), and could also encourage greater transition to less expensive posts or posts in the field; at the same time, it could simplify its staffing proposals in the Integrated Budget, in line with recurring review practices by the Executive Board and also apply to other organizations, e.g. UNFPA and UNICEF, while UNDP has a more flexible practice due to prevalent multi-funding of a majority of positions.

Furthermore, UN Women has a practice of monitoring several performance ratios (previously established by the executive leadership), including one recommending to use no more than 30 per cent of Country Office’s Core Resources allocation for staffing. Such ratios had to be considered by SPRED/Budget when reviewing requests to establish Core-funded staff positions. Some Regional Offices highlighted that, in some cases, they could not create a Core-funded position due to exceeding the performance ratio threshold. SPRED/Budget advised that UN Women has become more flexible towards these ratios; however, some requests (e.g. to use 80 per cent of Core funds for staffing) were excessive and not sustainable. SPRED/Budget recommended that Divisional and Regional Directors could define their own ratios (potentially different at headquarters, regional and country levels), to seek further compliance with such ratios. IAS also advised that the ratios could be more flexible for some critical staff positions. For example, maintaining a field office’s minimal internal capacity (to assess capacity and monitor performance of programme partners) would be a priority over releasing funds to such programme partners (without the required internal capacity to ensure accountability).

Observation 7: Indirect cost recovery reform should be finalized.

UN Women has undertaken a reform process for indirect cost recovery management, under the guidance of SPRED/Budget and to follow the requirements of the Executive Boards of UN Women, UNDP, UNFPA and UNICEF15 and practices of these organizations, particularly UNFPA and UNICEF. The process involves the integration of indirect cost recovery income, i.e. Extra-budgetary funds (8 per cent or other cost recovery rate from received Non-core funds) into IB, to recover organizational IB costs proportionally from Non-core funding. For UN Women, this results in discontinuation of earlier indirect cost recovery through direct Extra-budgetary fund allocations to business units. Under the new approach, integration of Extra-budgetary funding into IB also results in a practically equivalent aggregate increase of Regular Resources available for Core (instead of IB) allocations; however, in different proportions among business units than earlier Extra-budgetary fund allocations.

The planned reform, first intended in 2020, required more clear implementation arrangements on how the discontinued Extra-budgetary fund allocations would impact

---

15 Joint comprehensive proposal on the cost-recovery policy, as decided on by the Executive Boards of UNDP, UNFPA, UNOPS, UNICEF and UN Women (September 2020).
business units and, particularly, their over 200 Extra-budgetary-funded personnel positions organization-wide (staff, service contractors and UN volunteers) in 2022. A dedicated ‘Extra-budgetary’ working group, co-chaired by DIR/SPRED and one Regional Director, was established in 2021 to prepare for the reform. In 2022, the approach to indirect cost recovery management (among other areas) was also covered by the Independent Financial Review, recommending three options for the reform, all of which largely followed UNDP’s approach, ensuring adequate cost recovery through increased Non-core funding of personnel positions, including multi-funding (e.g. from IB and Non-core funds) of various earlier IB-funded positions. This approach did not foresee the integration of all indirect cost recovery income into IB, as in UNFPA and UNICEF. The Independent Financial Review’s recommendations were jointly reviewed by DMA and SPRED, advising the executive leadership that, although such recommendations were forward looking to ensure adequate cost recovery, they would be difficult to implement in UN Women due to its much smaller operations management capacity in the field and limited support capacity at headquarters, compared to UNDP. Ultimately, ELT endorsed the reform as of January 2023 complying with the Executive Board’s requirements (and practice of UNFPA and UNICEF). The ‘Extra-budgetary’ working group also recognized that a larger challenge of this reform was the need to ensure a ‘fairer’ Core Resources distribution criteria. This was also recommended by the Independent Financial Review (see Observation 2).

Prior to reform, Extra-budgetary fund allocations to headquarters offices were minimal (they mostly included allocations to support existing Extra-budgetary funded staff positions or exceptional priorities supported by the executive leadership) and significant Extra-budgetary funds (including for globally mobilized Non-core funds) had been saved in a corporate pool (US$ 33.8 million as of 31 December 2021). This resulted in discontent among various headquarters managers, considering that proportional Extra-budgetary funding was not provided for the additional workload faced by headquarters Core or support functions in support of the growing Non-core portfolio (which generated this Extra-budgetary funding). As explained by SPRED/Budget, the saved Extra-budgetary funds would be largely used during transition period of the reform, mostly to fund earlier Extra-budgetary-funded personnel positions (principally headquarters-related).

Following the reform, the equivalent increase of Core Resources are planned to be distributed based on their distribution criteria, e.g. generally 80 per cent for regions (with defined percentage shares by region) and 20 per cent for headquarters (with defined percentage shares by global priority areas and as decided by the executive leadership). Headquarters would obviously ‘lose out’ from such reform, therefore Extra-budgetary fund savings will need to be used to fund the earlier Extra-budgetary-funded staff positions during the transition period, while other funding modalities (such as from direct project cost recovery funds) are identified and implemented. This ‘loss’ has also raised concerns among various headquarters managers. In IAS’ view, this issue should be more broadly addressed when defining UN Women’s operational business model (and staffing structures) or reviewing the distribution criteria for Regular Resources (see also Observations 1, 2 and 4). DMA/FMS highlighted that, in UNFPA, where all Extra-budgetary income was integrated into IB (which is the reform that has been launched by UN Women), corporate IB was gradually increased when Non-core funds (and Extra-budgetary income) increased. UN Women has not increased its IB for a long time (prior to reform). Such increase in the IB should be considered to augment funding of support functions in a manner commensurate with any increase in Extra-budgetary income credited to the IB.

At the same time, the field should generally gain from the reform. However, some Regional Offices (Arab States, and Europe and Central Asia) expressed concerns that their additional Core funds could be smaller than the Extra-budgetary funds they would expect to receive prior to the reform, due to the smaller percentage shares of Core Resources for these regions, and potentially larger Extra-budgetary funds received due to more active mobilization of Non-core funds. Based on current budgetary practice, field offices would not be able to carry over any unused Core funds from one year to the next, compared to Extra-budgetary funds (DMA/FMS suggested that UN Women could introduce, as an efficiency measure, carry-overs of Regular Resources allocations from the first to the second year of an Integrated Budget period). During the audit, the executive leadership was considering how to address the above-mentioned concerns, possibly in agreement with other regions. It was agreed, for the time being, not to seek compliance with (internally established) performance ratios (i.e. not to use more than 30 per cent of Core funds for Country Office’s staffing) for the new additional Core funds, understanding that business units both at headquarters and in the field needed solutions on how to fund earlier Extra-budgetary-funded personnel positions.
Although early implementation of the reform is under way, outstanding concerns and questions should be addressed, including identifying regular funding sources (e.g. from direct project cost recovery funds) for any critical personnel positions (in particular, management and administration related), which are transitionally funded from Extra-budgetary fund savings or new additional Core funds.

Observation 8: Need for direct project cost recovery governance and effective implementation mechanisms.

The Cost Recovery Policy foresees both indirect and direct cost recovery from regular and Other Resources. DMA/Budget developed direct project cost recovery guidance (available in SPRED/Budget’s Sharepoint) but had not promulgated it as part of PPG. Direct project cost recovery practices varied across the organization, but direct project costs were insufficiently used to fund headquarters’ support services, primarily due to the current operational business model not being aligned with direct project cost use at headquarters and Divisional ‘service provision plans’ that have not yet been implemented (the plans were developed in 2022 as part of Strategic Notes for headquarters Divisions). The executive leadership’s further direction and instructions may be needed to adjust the operational business model (see Observation 1) and enforce direct project cost recovery and use. In recent years, and in its limited capacity, SPRED/Budget (with support of PPID/PSMU) also provided direct project cost training to some but not all Regional Offices, but further dissemination of this knowledge depended on the office, and more training was required both at headquarters and in the field (see Observation 10).

There was varying financial literacy and implementation capacity both at headquarters and in the field for direct project cost recovery. Many field offices regularly recovered local direct project-related costs (in full or in part) from their managed Non-core funded projects. However, there were limited practices or mechanisms to systematically recover ‘remote’ direct project costs (e.g. in UNDP referred to as ‘delivery enabling services’), for example for direct support to projects provided by Regional Offices or headquarters services. There was also a limited understanding how the ‘remote’ direct project costs differed from indirect costs (cost of corporate services providing indirect rather than direct support to projects). Some headquarters services and Regional Offices practiced approaches for ‘remote’ direct project cost recovery (e.g. to compensate in-house or outsourced personnel time); however these approaches were not easy to monitor for data or consistency organization-wide. Corporate governance or procedures for systematic and, where possible, uniform direct project cost recovery (charges to projects) and monitoring have yet to be developed. This is again dependent on the need to adjust UN Women’s operational business model.

In 2021, a Cost Recovery working group held meetings and developed methodologies under SPRED’s leadership. SPRED/Budget also developed a draft direct project cost recovery policy and related templates and tools, which remained under consultation during the audit period and awaited promulgation and further implementation, including training. With support from DMA/FMS and PPID/PSMU, SPRED/Budget also developed a brief guidance sheet for donors on direct and indirect project costs. In 2022, the Strategic Notes of most headquarters Divisions were developed, including ‘service provision plans’ for teams that provide services for programme or project implementation. Such plans may assist in planning direct project cost recoveries for these teams.

As indicated by the Independent Financial Review, UN Women should ensure attribution of all direct project costs, especially personnel costs, to respective project budgets, to achieve strategic and efficient resource management. Personnel costs, where possible, should be multi-funded and direct project cost planning should be aligned with the organization’s work planning cycle. The Independent Financial Review also proposed a ‘direct project cost checklist’ to better identify direct project costs and a ‘workload survey template’ to more precisely estimate direct project costs per project, which have been integrated in SPRED/Budget’s developed templates and tools. In IAS’ view, thorough direct project cost planning should start early in project budget preparation, and requires quality control at regional (or corporate) level before sharing project concept notes with donors. PPID has developed a draft procedure for such quality control. Corporate guidance is also needed for budget monitoring during project implementation to avoid overruns of budget lines agreed with donors, and for proper support of direct project cost allocations. Corporate models should be defined for how direct project costs should be recovered (e.g. based on service fees, personnel time or other modalities); and mechanisms are also needed on how to use direct project cost recoveries that are collected to reimburse personnel time that is already funded from other budgets (e.g. IB or Core), either to fund such personnel positions in another period.
or to use funds for services providing business units’ other needs.

It is important to note that implementing a corporate and systematic approach to direct project cost recovery requires broad senior management support, established policy, governance process, effective implementation and accountability mechanisms, and certain dedicated resources, preferably through a dedicated centralized team to guide, quality-control and monitor direct project cost recovery implementation at all levels of the organization (as also recommended by the Independent Financial Review). SPRED/Budget has prepared and advocated a business case, to complement its current team (five staff [P5, P4, two P3s and G7] and two temporary staff supporting the new ERP project [P4 and P3]) with a ‘Cost Recovery Support Cell’, consisting of two staff (P4 and temporary P2) to support direct project cost recovery implementation. In general, IAS found the business case reasonable and supportable, considering the high criticality of this renewed business process in UN Women, which could strengthen overall budget management and, as a result, the funding of various support functions, internal controls and increase donor confidence. At the same time, PPID/PSMU and DMA/FMS highlighted that direct project cost recovery implementation will be a combined effort between various support services to ensure appropriate project design, project budget quality control and appropriate project management practices throughout the ‘project life cycle’. Therefore, such services also need additional capacities. The ‘Cost Recovery Support Cell’ could also be an integrated cross-Divisional team with matrix reporting to SPRED, DMA and PPID.

In IAS’ view, once the required direct project cost recovery capacity is set at headquarters level and depending on UN Women’s future operational business model, the corporate budget management function and capacity could be partly decentralized, delegating certain budget and cost recovery management, advisory, quality control and monitoring duties to regional budget specialists, as in some other UN organizations. Depending on duties and resource identification for such a role, it could also be combined with a regional finance specialist or analyst role, who already perform certain budget management tasks.

Observation 9: Governance and controls should be strengthened for management of overall fund balances, statutory reserves and other accrual funds.

As part of this audit, IAS undertook a dedicated review of UN Women’s governance and controls for management of fund balances and statutory reserves. The findings and recommendations from this review are summarized and further complemented in this report.

As part of its ‘net assets or equity’ disclosed in the balance sheet, UN Women maintains, at any time, allocated and unallocated balances of Regular and Other Resources. Allocated balances generally include: statutory reserves prescribed by the Executive Board (an Operational Reserve and a Field Accommodation Reserve); accrual funds for employee liabilities and benefits, and certain other organizational expenses; Other Resources allocated based on donor agreements; and Extra-budgetary (indirect cost recovery) funds are allocated to organizational units. Unallocated balances generally include: a balance of Regular Resources (primarily due to savings and accumulated interest); and a balance of Extra-budgetary fund savings are accumulated in a corporate pool. Similar balances also exist in other UN organizations.

Unallocated fund balances and statutory reserves

Since the establishment of UN Women, the approximate value of these various balances has been monitored by DMA/FMS, in collaboration with DMA/Budget (now SPRED/Budget). Based on its manual methodology, improved in 2020, DMA/FMS estimated that, as of 31 December 2021, UN Women’s unallocated balance of Regular Resources was US$ 132.6 million (subsequent to allocations in 2022, the unallocated balance remained at US$ 117.2 million) and unallocated balance of Extra-budgetary funds (in the corporate pool) was US$ 33.8 million, with an additional US$ 32.1 million of Extra-budgetary funds that had been or were to be allocated to organizational units.

In 2020, DMA/FMS brought the increasingly higher unallocated balances to senior management’s attention. In 2021, the Advisory Committee on Oversight also raised questions about the balances and how these would be addressed. In 2022, based on a request from the Executive Director’s Office, the unallocated balances (as of 31 December 2020) were reviewed and reconfirmed by the Independent Financial Review. These balances (as well as those from 31 December 2021) were also reviewed and reconfirmed by IAS.
Accumulation of such balances (particularly for Regular Resources) was due to a combination of system and process weaknesses. In part, this was due to difficulties in estimating such balances in an automated manner, as there was no Atlas capability to distinguish fund balances by resource type; some Atlas modules were only partially compatible (leading to some reconciliation difficulties and differences); and various UN Women resources were co-mingled in the same bank accounts (as is the case in most UN organizations). In this regard, DMA/FMS undertook manual reconciliations to estimate the balances.

At the same time, forecasts of Regular Resources contributions were more conservative than actual contributions (particularly in 2020 due to the COVID-19 outbreak), and actual expenditure was also sometimes less than forecasted (e.g. due to decreased interventions in 2020). Further, such accumulated balances (including accumulated interest) were not entirely factored into budget planning and allocation.

The unallocated balance of Extra-budgetary funds has increased, particularly since 2019, due to the delayed indirect cost recovery reform, accumulating Extra-budgetary fund savings and also because of the potential need to use the funds during the transition period after the reform (see Observation 7). Smaller increases in the past have also been due to increased mobilization of Non-core funds and, therefore, increased indirect cost recovery.

In principle, the unallocated balances correspond to opening and closing balances in the Integrated Budget submitted for approval by the Executive Board. However, the Integrated Budget proposal is submitted seven months prior to the biennium for which it is prepared. Therefore, the opening balance is this proposal (e.g. as of 1 January 2022) is the best estimate available during its preparation (e.g. May 2021), which is based on a conservative forecast of donor contributions. For instance, in the Integrated Budget for 2022–2023, SPRED/Budget forecast an opening balance of US$ 61.3 million for Regular Resources, which appeared to be underestimated. The actual unallocated balance as of 1 January 2022 ultimately was US$ 117.2 million.

Opening and closing balances in the Integrated Budget are also practiced by other UN organizations, e.g. UNDP, but they represent unallocated balances of funds (in addition to separately established statutory reserves). UNFPA has a different practice and normally plans a ‘0’ closing balance in its Integrated Budget. During preparation of the Integrated Budget for 2022–2023, SPRED/Budget also proposed an informal increase of the Operational Reserve. Alternatively, DMA/FMS (based on earlier guidance from EDO) had proposed to set apart a smaller operational contingency. Either proposal maintained unallocated balances of funds.

Based on Financial Regulation 13.4, the unallocated balance of Regular Resources (where exceeding a balance disclosed in the Integrated Budget) should be made available for programme activities (i.e. Core fund allocations, normally in line with Core funds distribution criteria). In addition, statutory reserves cannot be increased informally and require Executive Board approval. At the time of the audit, such approved reserves included the Operational Reserve (US$ 53 million) and Field Accommodation Reserve (US$ 1 million). In IAS’ view, the relevance of the latter reserve is outdated and could be integrated in the Operational Reserve (in case of policy revision by the Executive Board). These reserves exist in addition to unallocated balance of Regular Resources.

Consequently, in IAS’ view, there was a need for functionality in Quantum for system-generated delineation of cash balances by resource type, and closer integration of Quantum modules (in collaboration with other UN organizations implementing the system); SPRED/Budget’s closer collaboration with DMA/FMS and other stakeholders (including a senior budget governance committee) in planning the Integrated Budget and allocations of Regular Resources (better consideration of unallocated balances); and, if required, revisiting the policy on statutory reserves (for Executive Board approval).

In line with the Independent Financial Review’s recommendations, in late 2022 the executive leadership provided guidance on key priority areas for use of the unallocated balance of Regular Resources. Such priority areas were also presented to the Executive Board. Further decisions on the actual use of these resources remain with the executive leadership, awaiting the outcome of an organizational review. Such use of resources would be within appropriations in current and future Integrated Budgets.

Accrual funds (non-statutory ‘reserves’) for certain organizational expenses

Under SPRED/Budget’s guidance, UN Women practices regular accrual of funds by debiting monthly payroll (at different percentage rates for various staff and service
contractor positions) creating non-statutory ‘reserves’ for future payment of specified employee liabilities and benefits (after-service health insurance, end-of-service benefits, malicious acts insurance and employment-related accident insurance, and certain other organizational expenses (security, learning, ICT, headquarters rent, contributions to jointly funded UN system activities and services by UN organizations).

This practice is common in various UN organizations and, as explained by SPRED/Budget, within agreed principles between four organizations (UN Women, UNDP, UNFPA and UNICEF). Other organizations may accrue funds for similar expenses but at different percentage rates. Similarly, SPRED/Budget defines and may annually revise UN Women’s accrual rates depending on earlier accumulation and use of accrual funds. Based on the Delegation of Authority Policy, the Deputy Executive Director for UN Coordination, Partnerships, Resources and Sustainability approves allocations from such accrual funds (‘reserves’). **However, IAS advises that the principles for accrual and use of such funds should be also governed through the Cost Recovery Policy (or a procedure) and a senior budget governance committee.** SPRED/Budget could then periodically report to the committee on accrual and use of such funds. This was of particular importance due to periodic concerns or misunderstandings by business process owners regarding the accumulated balances of such funds, or SPRED/Budget or the executive leadership’s disagreement to allocate the funds for certain business process owners’ priorities.

UN Women may also consider a similar accrual mechanism for some other personnel expenses, for example to cover parental leave and longer-term sick leave or administrative leave. This was important due to small business units’ inability to cover longer-term personnel replacement from their budgets. While there are corporate IB and Core fund allocations to cover parental leave, the funds are not sufficient. As explained by SPRED/Budget, such practice would require harmonization among the above-mentioned four organizations. Expenses for personnel under Non-core funded projects should also be borne by these projects.

**Observation 10: Need for further budget and cost recovery training**

As already mentioned, in recent years, SPRED/Budget (with support of PPID/PSMU) has provided a number of training courses on budget management (including direct project cost recovery planning) to some Regional Offices and other users. However, a limited number of users was able to attend them, and further dissemination of this knowledge differed by office.

IAS noted from the feedback of many stakeholders (and as agreed by SPRED/Budget) that budget and overall financial literacy across UN Women was not high (although improving), despite various guidance being available or communicated, various working groups taking place (in which only dedicated staff participate), and some training provided by SPRED/Budget. Personnel had limited or varying levels of clarity, particularly in the field, on expected implementation and implications of various change management initiatives or budgetary reforms, or on principles for the allocation and use of various types of resources.

In this regard, there was a need to strengthen the internal policy framework and guidance for resource planning, budgeting and allocation (see also Observation 3) and further training by SPRED/Budget. IAS understands that these enhancements are dependent on SPRED/Budget resources and priorities (see also Observation 8).

**Observation 11: Need for more transparent budget implementation reporting for Non-core resources**

Considering the limited Regular Budget, IB, Core or Extra-budgetary Resources, allocations of resources were systematically and largely spent by business units across UN Women. For example, based on provisional data for 2022, total Regular Budget allocations were potentially overspent by 6 per cent (the deficit was being covered through saved Regular Resources, e.g. IB and Core); IB allocations were utilized at 85 per cent, Core Resources allocations at 91 per cent and Extra-budgetary allocations at 75 per cent. 16 Regarding Extra-budgetary allocations, business units (particularly field offices) normally received the allocations after quarter-end reconciliation and could

---

16 Atlas Project delivery rate report data as of 24 March 2023 (provisional data for 2022)
also use the resources in the next budget period, explaining slower spending in the calendar year. Furthermore, in 2022, due to the delay in Extra-budgetary funding reform, business units only started to receive the resources in the second half of the year (based on the reform, such allocations were discontinued in 2023).

However, UN Women has had an issue of systematic delayed use of Non-core Resources or, in other words, delayed Non-core project implementation. Key causes were usually late or slow start of projects (due to various operational or programmatic reasons, and often a delay to recruit or reassign project personnel); ambitious annual project workplans and budgets (aiming to do more than was realistic during the year); inadequate risk management and oversight; and other delays in project implementation.

Project managers may ‘rephase’ unused annual Non-core project budgets to the next year (where project implementation circumstances warrant and were in line with donor agreement). In addition, UN Women normally issued corporate guidance towards year-end, encouraging project managers to review a project’s financial status and complete budget ‘rephasals’ by 31 October. This typically led to substantial organization-wide ‘rephasals’ in October. Corporate year-end budget implementation rates for Non-core Resources were calculated based on 31 October budget data. Therefore, such rates typically appeared higher than if they were calculated based on original budgets and, in IAS’ view, were somewhat overstated. For example, in 2022, based on 31 October data (following systematic ‘rephasals’), total Non-core Resources were used at a rate of 79 per cent. However, based on IAS’ revised data (re-instating approximate net budget amounts rephased to 2023), these resources were used only at 66 per cent.

Most stakeholders interviewed agreed that the practice of calculating year-end budget implementation rates for Non-core Resources based on 31 October budget data should be discontinued, as it distorted budget utilization data. Considering that project budgets are revised throughout the year (adding or moving project funds), budget implementation rates are not easy to calculate based on any ‘start’ budget. However, they could be calculated based on the latest (e.g. 31 December) budget or, more objectively, calculated by the system based on ‘average budget’ of all past calendar days in the year.

As explained by PPID/PSMU, a lack of ‘place holder’ for projects in ERP was one of the key oversight difficulties, requiring PPID/PSMU and Regional Offices to regularly engage with Country Offices to monitor Non-core project budget implementation. Quantum design includes such ‘place holder’ for projects, which should facilitate real-time oversight of actual project budgets.

PPID/PSMU also calculates budget implementation rates, especially for Non-core Resources, for all business units, and reports them to senior management on a monthly basis. Such data is also used in Quarterly Business Reviews. At a corporate level, PPID/PSMU, as well as all Divisions and Regional Offices monitor such implementation at a high level for programmes and regions. However, such monitoring does not yet imply individual accountability or measures against delayed project implementation. It should also be noted that timely project implementation should not incentivize rushed or unnecessary spending, particularly towards the end of the budgetary or project period, without potential value-for-money being demonstrated.

At the same time, IAS agrees that project management and corporate and regional project oversight practices in UN Women have improved over the years, potentially reducing Non-core project budget ‘rephasals’ and disparities in the calculation of budget implementation rates. PPID/PSMU have emphasized the improvements made to project design and reporting quality assurances, project risk management and corporate project management support, including training and opportunities for better project management and monitoring data in Quantum. DMA/FMS also informed that, in Quantum, Non-core project budgets are configured as “open”, meaning that regular review of such budgets by calendar year is a project management requirement, replacing former ‘rephasals’ in October.

**Observation 12: Need for better budget data availability**


As commonly known in UN Women, Atlas and other corporate management information systems (e.g. Results Management System) or dashboards (based on various systems’ data) had limitations in obtaining essential, user-friendly, time-dynamic, detailed and consistent (accurate) data and reports on budget sources, allocations and implementation. This was due to limited Atlas customization, other stand-alone systems, limited integration, and interfaces and mapping issues between systems and dashboards. Moreover, data quality varied and caused a lack of confidence in the data quality and completeness of some dashboards, or the underlying data was not always available or complete for further analysis and consolidation.

The Independent Financial Review indicated that UN Women had a number of automated dashboards, providing several useful reports, and a large number of analytical and management reports were also compiled by various business process owners. However, some of the key reports required by managers for budget management decisions were not available in the systems and had to be specially created. The Independent Financial Review suggested business specifications for the required reports, which could be developed in Quantum, possibly jointly with UNDP. IAS also recommends that UN Women invest in the development of budget and financial management and monitoring reports and dashboards in Quantum for various types of users and decision makers (see Recommendation 9).
## V. RECOMMENDATIONS AND MANAGEMENT ACTION PLANS

<table>
<thead>
<tr>
<th>Recommendation</th>
<th>Process</th>
<th>Responsible unit</th>
<th>Priority</th>
<th>Action plan</th>
<th>Implementation date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Recommendation 1: The Executive Director is invited to assign a senior team and resources, trusted to achieve the Executive Director’s vision (with the help of a senior external consultant, if required, and using already ongoing initiatives and trusted mechanisms) to define and implement UN Women’s future operational business model:</td>
<td>Governance</td>
<td>LDO</td>
<td>High</td>
<td>The Executive Director agrees with the recommendation and on the need to further define UN Women’s business model and ‘Second line of defence’ structures. SPRED is currently looking at different formulas for UN Women’s business model, based on previous change management processes, and funds – from the unallocated balances – will be provided to help shore up the ‘Second line of defence’ structures as longer term solutions are generated. Work on moving personnel to less costly locations is a commitment from the Executive Director, and locations are being examined.</td>
<td>31 December 2025</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Recommendation 2: The Director, DMA, in collaboration with the Director, SPRED, and the Chief, Legal, considering IAS’ proposals in this report, to propose updates of the Financial Rules and, where necessary, of the Financial Regulations, for better consistency with UN Women’s updated organizational structure, business processes or best practices in the UN system.</td>
<td>PPG</td>
<td>Director, DMA</td>
<td>Medium</td>
<td>UN Women will undertake a comprehensive review of the FRR. The review will focus on necessary changes aimed at enhancing consistency with UN Women’s evolving organizational structure, operational processes and programmatic activities. It will draw on best practices from other UN funds and programmes, and the FRR of the UN. Given the comprehensive nature and scope of the review, the completion date will be June 2025.</td>
<td>30 June 2025</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Recommendation 3: The Director, PPID, in consultation with the Directors, SPD, SPRED, Regional Directors and the BRC, taking into account the guidance of the Independent Financial Review, with the help of a senior consultant, if required, to undertake a programmatic review of the earlier allocation criteria for Core Resources to best respond to changing programmatic needs among regions, also taking into account thematic areas and the headquarters support required. Based on the outcome of such a review, and subsequent assessment by the BRC and the ELT, the Director, PPID, in consultation with the Directors, SPD and SPRED, to prepare a relevant proposal for review and endorsement by the Executive Board. It is advised that such a proposal would foresee certain flexibilities for the Executive Director to adjust allocations on an annual basis, responding to changes in programmatic needs.</td>
<td>PPG</td>
<td>Director, PPID</td>
<td>High</td>
<td>a. PPID, with the help of a senior consultant funded by ELT and taking into account the guidance of the Independent Financial Review, will undertake, in consultation with Directors, SPD and SPRED, and Regional Directors, a programmatic review of the current Core resource allocation criteria and develop a new Core allocation criteria proposal. b. PPID will submit the outcome of the review and the proposed revised Core allocation criteria to BRC and ELT for assessment. c. PPID, in consultation with the Directors, SPD and SPRED, will prepare relevant proposal for review and endorsement by the Executive Board.</td>
<td>30 April 2024 30 September 2024 31 January 2025</td>
</tr>
<tr>
<td>Recommendation 4: The Director, SPRED, in consultation with the Directors, DMA, PPID and Regional Directors to:</td>
<td>PPG</td>
<td>Director, SPRED</td>
<td>High</td>
<td>SPRED agrees with the need for a comprehensive budget management policy framework, and for systematic capacity-building to increase organizational capacity on budget matters. A new Budget Management Policy</td>
<td>31 December 2025</td>
</tr>
</tbody>
</table>

Audit Report No. IEAS/IAS/2023/001, 11 May 2023: Resource planning, budgeting and allocation
<table>
<thead>
<tr>
<th>Recommendation</th>
<th>Process</th>
<th>Responsible unit</th>
<th>Priority</th>
<th>Action plan</th>
<th>Implementation date</th>
</tr>
</thead>
<tbody>
<tr>
<td>- further consolidate and integrate relevant budget management policy and guidance in the PPG; and</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- continue a structured budget management, monitoring and cost recovery training programme for (i) induction of senior budget governance committee members; (ii) induction of senior and other managers; and (iii) capacity-building of other personnel organization-wide (cascaded through Regional Offices, as required).</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Based on the Executive Board's approved harmonized funding framework as well as the revised Cost Recovery Policy (to be presented to the Executive Board by September 2024) will be integrated into the UN Women PPG. This will require funding for at least a twelve-month temporary appointment or consultancy to help draft the Policy and related guidance, in addition to existing SPRED/Budget capacity. The draft Policy will be presented to the Budget Allocation Committee for final approval by the Executive Director. Structured training covering budget management and cost recovery to be provided as part of an integrated package across the Entity based on a practicable training plan and available resources. This would require a travel budget of US$ 200,000 per annum in addition to the required staff capacity.</td>
<td></td>
<td></td>
<td></td>
<td>31 December 2024</td>
<td></td>
</tr>
</tbody>
</table>

**Recommendation 5: The ELT is invited to:**

- adopt the Terms of Reference and assign authority to a senior budget governance committee, including members both at leadership (such as BRC members and observers) and technical levels (for instance, Deputy Director, DMA/FMS, Deputy Director, PPD, Chief, SPRED/Budget, Chief, SPRED/SPU, and Chief, PPD/PSMU). The committee may serve in a governing capacity on budget management and oversight matters, where required, and in an advisory capacity to ELT on budget allocation matters, i.e. for Regular Resources;
- allocate resources for a dedicated management coordination specialist in SPRED to assist as a secretariat to the senior budget governance committee and other standing committees such as BRC, TMG, RMC and relevant management working groups;
- ensure that SPRED (particularly with its corporate budget management role, linked with its strategic planning and business transformation roles) has the required authority, seniority and resources (revising its Terms of Reference and composition, if required) in the thorough planning, implementing and monitoring of the Integrated Budget (comprising all UN Women resources); that SPRED’s guidance is followed organization-wide; and also SPRED’s close collaboration and synergy with DMA/FMS and PPD/PSMU in their areas of responsibility;
- allocate dedicated resources in SPRED (or as an integrated team between SPRED/Budget, DMA/FMS and PPD/PSMU) to ensure the successful implementation of a direct project cost recovery initiative organization-wide;
- at an appropriate time and once corporate capacity is built in the area of direct project cost recovery, consider partial decentralization of budget and cost recovery management and monitoring functions and capacity to regional budget specialists (possibly in conjunction with regional finance specialist or analyst roles, ensuring there is adequate capacity for these functions). | Governance | ELT | High | EDO broadly agrees with the recommendation to strengthen the organisation’s planning and budgeting process. Terms of Reference are adopted for the Budget Allocation Committee. SPRED have been given the resources for a P4 temporary appointment to help support the Budget Allocation Committee functions in longer term, with existing staff supporting it in the shorter term. On the make-up of SPRED, a headquarters’ functional analysis is ongoing by an external consulting firm that should address this issue. Funds for direct project cost initiative work are part of the SPRED request that will go to the Budget Allocation Committee, allocating the unallocated Regular Resources. This proposal will be considered by the Budget Allocation Committee. | | 31 December 2024 |

**Recommendation 6: The Director, SPRED, in consultation with the senior budget governance committee and relevant Divisions (DMA, PPD, SPD), and taking into account guidance of the Independent Financial Review, to ensure:**

- an integrated, transparent and well documented budget planning process of all UN Women resources, including for the biennial Integrated Budget and annual (and any additional) allocations of Regular Resources. It should provide comprehensive (but ‘easy to read’) information for ELT decisions;
- the Integrated Budget opening and closing balances and appropriations of Regular Resources are thoroughly considered in view of unallocated balances of funds and best forecasts of donor contributions and other revenue (in consultation with DMA/FMS and SPD in particular);
- the Integrated Budget plans opening and closing balances and appropriations of Other Resources in view of best forecasts, pipeline and contributions data in corporate systems and intelligence (in consultation with DMA/FMS and SPD in particular);
- such budget planning reconsiders, at least for each new Strategic Plan period (or, where needed, on an annual basis) existing allocations (and staff positions) in view of the new Strategic Plan, Strategic Notes (and Recovery Policy (to be presented to the Executive Board by September 2024) will be integrated into the UN Women PPG. This will require funding for at least a twelve-month temporary appointment or consultancy to help draft the Policy and related guidance, in addition to existing SPRED/Budget capacity. The draft Policy will be presented to the Budget Allocation Committee for final approval by the Executive Director. Structured training covering budget management and cost recovery to be provided as part of an integrated package across the Entity based on a practicable training plan and available resources. This would require a travel budget of US$ 200,000 per annum in addition to the required staff capacity. | Governance | Director, SPRED | High | SPRED agrees with the need to ensure an integrated, transparent and well documented budget planning process. In its capacity as the Secretariat of the Budget Allocation Committee, SPRED will provide analytical and technical support to the Committee and support its deliberations as well as documentation of recommendations (while documentation of ELT decisions is within the purview of the EDO). For the 2024-2025 Integrated Budget, it is recommended that SPRED and DMA jointly recommend the opening balances, with further formalization of the process guiding the annual allocations as well as the 2026-2027 Integrated Budget to be agreed by the Budget Allocation Committee. Reconsideration of existing allocations in view of the new Strategic Plan is a more substantive change management exercise that can be undertaken every four years as part of the Strategic Planning process itself. Reconsideration of existing allocations would require the support of a senior consultant presenting recommendations for consideration by Budget Allocation Committee and approval by Executive Director. SPRED also agrees with the need for UN Women’s allocation model to further consider needs in crises contexts. While contingency for capital expenditure projects is already done in the context of Special Purpose Allocation, contingency for crisis response will be part of the planned options analysis for a possible | | 31 December 2025 |
<table>
<thead>
<tr>
<th>Recommendation</th>
<th>Process</th>
<th>Responsible unit</th>
<th>Priority</th>
<th>Action plan</th>
<th>Implementation date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Recommendation 7: The Director, SPRED, to operationalize the finalization of Extra-budgetary funding reform and, in consultation with relevant managers and the senior budget governance committee, to set clear plans to operationalize transitional funding (or discontinuation) of previously Extra-budgetary-funded personnel positions organization-wide, and to monitor the reform’s success and transitional issues.</td>
<td>Governance</td>
<td>Director, SPRED</td>
<td>Medium</td>
<td>SPRED is committed to providing all relevant analytical and technical support to drive the operationalization of the Extra-budgetary transition. Following Extra-budgetary compliance effective 1 January 2023, this entails three elements:</td>
<td>31 December 2024</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>a. Transfer of relevant management-related staff funded under the IB to the Cost Recovery Fund Code, based on a common proposal by Directors, SPRED, DMA and HR, for recommendation by the Budget Allocation Committee and final approval by the Executive Director, with SPRED/Budget and DMA/FMS supporting its implementation.</td>
<td>31 March 2025</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>b. Transfer of headquarters’ Extra-budgetary commitments to the ‘Additional Core’, with a proposal for the funding of posts over and above the ‘Additional Core’ available to be put forward by Directors, SPRED, DMA and EDO for recommendation of the Budget Allocation Committee and final approval of the Executive Director, with implementation support from SPRED/Budget.</td>
<td>30 September 2024</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>c. At regional level, Regional Directors to ensure that all existing Extra-budgetary commitments in Regional and Country Offices have been successfully transitioned to the ‘Additional Core,’ with use of unspent Extra-budgetary balances limited to one-time needs, with support from SPRED/Budget to monitor compliance.</td>
<td>31 December 2024</td>
</tr>
<tr>
<td>Recommendation 8: The Director, SPRED, taking into account the guidance of the Independent Financial Review and in consultation with the senior budget governance committee (as well as DMA/FMS, PID/PSMU and Regional Offices), to implement a corporate and systematic approach to direct project cost recovery, with continued advocacy to senior management members, finalization of relevant policy and procedures, governance process (through senior budget governance committee), clear implementation modalities and tools, a structured training and communication plan, and accountability mechanisms for all stakeholders.</td>
<td>Governance</td>
<td>Director, SPRED</td>
<td>High</td>
<td>SPRED agrees with the need for a systematic corporate approach to direct project cost recovery. The development of such a corporate approach will require additional capacity for which a Business Case was already submitted (P4 &amp; P2 for a two-year period) as part of the implementation of audit findings for potential one-off investment from the unallocated balances.</td>
<td>31 December 2025</td>
</tr>
<tr>
<td>Recommendation 9: The ELT, taking into account the guidance of the Independent Financial Review, is invited to allocate resources (i.e. both DMA/FMS and DMA/IST expertise) and assign accountability to the ERP Project Board and DMA, in collaboration with SPRED and PID, as part of Quantum implementation to:</td>
<td>Governance</td>
<td>ELT</td>
<td>High</td>
<td>The current ERP Project Document extends to end 2024, but continued investment in the ERP beyond that will be required to deliver on the strategic goals, to fulfil the potential of Quantum and to address critical requirements, e.g. ensuring compliance with regulatory reporting needs, addressing audit recommendations and incorporating budgeting, planning and other external systems in support of end-to-end Results Based Management &amp; Results Based Budgeting integration. The priorities for the 2024-2025 period will be the delivery of corporate reporting to address financial, programmatic and operational needs, the system design and configuration to meet cash delineation requirements, and the selection, configuration and implementation of budgeting and planning systems that tightly integrate with Quantum, along with further incorporation of other external systems under the</td>
<td>31 December 2025</td>
</tr>
<tr>
<td>Recommendation</td>
<td>Process</td>
<td>Responsible unit</td>
<td>Priority</td>
<td>Action plan</td>
<td>Implementation date</td>
</tr>
<tr>
<td>----------------</td>
<td>---------</td>
<td>------------------</td>
<td>---------</td>
<td>-------------</td>
<td>---------------------</td>
</tr>
<tr>
<td><strong>Recommendation 10:</strong> The Director, SPRED, in collaboration with the Director, DMA, and taking into account guidance of the High-Level Committee on Management Finance and Budget Network and practices of other UN organizations to:</td>
<td>Governance</td>
<td>Director, SPRED</td>
<td>Medium</td>
<td>SPRED and DMA agree with this recommendation. With regards to the four-month statutory reserve, a comparison with other UN entities as well as the guidance of the High-Level Committee's on Management Finance and Budget Network is already underway, with SPRED to advise whether further increases to this reserve are warranted. SPRED and DMA also agree with the need to clarify and formalize the framework for governance around the creation and use of internally established accrual funds (reserves). This work is already planned for and reflected in the Terms of Reference for the Budget Allocation Committee (with the Committee to determine the required capacity and resource investment to support this work).</td>
<td>30 June 2024</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>31 December 2025</td>
</tr>
</tbody>
</table>

Quantum umbrella. It will also review and advise on the transformation of the associated business processes to optimize the use of Quantum and integrated systems.
### Annex 1: DEFINITIONS OF AUDIT TERMS, RATINGS AND PRIORITIES

#### 1. AUDIT RATINGS

<table>
<thead>
<tr>
<th>Rating</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Satisfactory</td>
<td>The assessed governance arrangements, risk management practices and controls were adequately established and functioning well. Issues identified by the audit, if any, are unlikely to affect the achievement of the objectives of the audited entity/area.</td>
</tr>
<tr>
<td>Some Improvement Needed</td>
<td>The assessed governance arrangements, risk management practices and controls were generally established and functioning but need some improvement. Issues identified by the audit do not significantly affect the achievement of the objectives of the audited entity/area.</td>
</tr>
<tr>
<td>Major Improvement Needed</td>
<td>The assessed governance arrangements, risk management practices and controls were established and functioning, but need major improvement. Issues identified by the audit could significantly affect the achievement of the objectives of the audited entity/area.</td>
</tr>
<tr>
<td>Unsatisfactory</td>
<td>The assessed governance arrangements, risk management practices and controls were either not adequately established or not functioning well. Issues identified by the audit could seriously compromise the achievement of the objectives of the audited entity/area.</td>
</tr>
</tbody>
</table>

#### 2. PRIORITIES OF AUDIT RECOMMENDATIONS

<table>
<thead>
<tr>
<th>Priority</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>High (Critical)</td>
<td>Prompt action is required to ensure that UN Women is not exposed to high risks. Failure to take action could result in major negative consequences for UN Women.</td>
</tr>
<tr>
<td>Medium (Important)</td>
<td>Action is required to ensure that UN Women is not exposed to risks. Failure to take action could result in negative consequences for UN Women.</td>
</tr>
<tr>
<td>Low</td>
<td>Action is desirable and should result in enhanced control or better value for money. Low priority recommendations, if any, are dealt with by the audit team directly with the management of the audited entity/area, either during the exit meeting or through a separate memo subsequent to the fieldwork. Therefore, low priority recommendations are not included in this report.</td>
</tr>
</tbody>
</table>
UN WOMEN IS THE UN ORGANIZATION DEDICATED TO GENDER EQUALITY AND THE EMPOWERMENT OF WOMEN.

A GLOBAL CHAMPION FOR WOMEN AND GIRLS, UN WOMEN WAS ESTABLISHED TO ACCELERATE PROGRESS ON MEETING THEIR NEEDS WORLDWIDE.

UN Women supports UN Member States as they set global standards for achieving gender equality, and works with governments and civil society to design laws, policies, programmes and services needed to ensure that the standards are effectively implemented and truly benefit women and girls worldwide. It works globally to make the vision of the Sustainable Development Goals a reality for women and girls and stands behind women’s equal participation in all aspects of life, focusing on four strategic priorities: Women lead, participate in and benefit equally from governance systems; Women have income security, decent work and economic autonomy; All women and girls live a life free from all forms of violence; Women and girls contribute to and have greater influence in building sustainable peace and resilience, and benefit equally from the prevention of natural disasters and conflicts and humanitarian action. UN Women also coordinates and promotes the UN system’s work in advancing gender equality.