

Background Note: Briefing to the Executive Board, Second Regular Session 2023

“Management response to ACABQ Report on 2024-2025 Integrated Budget for UN-Women Executive Board”

Summary: This paper provides the management response of UN-Women in response to the report of the ACABQ dated 14 August 2023 on the Integrated Budget 2024-2025.

I. Conclusion of ACABQ report

1. *Elements of the decision to be taken by the Executive Board are contained in section X of the report on the integrated budget estimates for the United Nations Entity for Gender Equality and the Empowerment of Women for the biennium 2024-2025 (UNW/2023/6).*

II. Integrated budget and institutional budget

A. Overview

2. *Upon enquiry as to the implementation of its previous recommendation on the inclusion of the evolution of expenditures (actual and projected) by object or categories of expenditures against planning estimates and justification for projected resource requirements in the presentation of integrated budgets, the Advisory Committee was informed that a comparison of budget and expenditures by cost classification, as already included in the Annual Financial Statements, will be shared in future submissions. The Committee trusts that such information will be provided in the next budget report. (para. 6)*

Management response:

3. UN-Women takes note of ACABQ’s observation and confirms that a comparison of budget and expenditures is included under Annex IV of the proposed Integrated Budget 2024-2025 which shows a comparison of budget and actual amounts for the year ended 31 December 2021. This comparison will also be included in the future budget submissions.
4. *The Advisory Committee notes that the indicated savings used to offset the requirements for additional staffing for the 2024-25 period reflect a change in apportionment of costs (rent and ICT) from regular resources to other resources instead of a real saving. The Advisory Committee trusts that further information on what criteria was used/changed that resulted in the indicated change in apportionment of resources will be provided to the Executive Board at the time of consideration of this report (see also para. 14 below). (para. 8)*

Management response:

5. The harmonized ‘Joint comprehensive proposal on the cost-recovery policy’ (DP/FPA-ICEF-UNW/2020/1) with UNDP, UNFPA and UNICEF refers to cost recovery as a requirement of an organization to ensure that regular resources are not used to subsidize the implementation of programmes funded from other resources and that full cost recovery includes both direct and indirect costs. Furthermore, the role of cost recovery is guided by General Assembly resolution 71/243 of 21 December 2016 on the quadrennial comprehensive policy review of operational activities for development of the United Nations system (QCPR), which emphasized that regular resources should not subsidize other resources. The attribution of direct project costs to be recovered from regular resources or other resources depending on the funding source of the programme or project is governed by the Executive Board approved Cost Recovery policy. The identified cost savings and efficiencies gains is a direct result of the implementation of the cost recovery policy with apportionment of eligible costs such as rent and ICT. This is a direct result of the revenue increase in other resources.
6. Furthermore, the identified efficiency gains as presented in the proposed Integrated Budget 2024-2025 are also in response to ACABQ recommendation as per paragraph 14 where the Advisory Committee noted ‘the significant savings and efficiency gains expected during the biennium 2022-2023 and trusts that updated information will be provided to the Executive Board at the time of its consideration of the present report and included in the next budget submission’.

B. Voluntary Contributions

7. *The Advisory Committee notes the ongoing trend of overall reduction of regular resources as a percentage of total budget, as well as regular resources continuously falling short of the estimated inflow. The Committee reiterates its call for UN-Women to diversify the donor base and engage with the private sector with the aim of increasing the level of available unearmarked contributions. (para. 10)*

Management response:

8. UN-Women recognizes the challenge of the level of regular resources. It is true that the level of regular resources received in 2022 reduced after a significant increase in 2020 and 2021 compared to 2019. This reduction was largely the result of exchange rates following the Ukraine crisis. Given this, regular resources are not declining but rather the growth of UN Women’s other resources has outpaced the growth of regular resources. Given this has been driven in part by Spotlight contributions which are coming to an end it is not clear what the ratio will look like in the next few years.
9. UN-Women recognizes that regular resources have consistently been below the figures in the Integrated Budget since UN Women’s establishment. UN-Women’s donor base is actually wider than the majority of its peers in the UN system, but UN-Women continues to seek to widen that base which has narrowed slightly in recent years. It is currently pursuing this through two main avenues. First is through seeking to increase contributions from non-traditional/ non-DAC donors. Second is through investments in individual giving (from private individuals) as has been successful pursued by our peers. UN-Women’s piloting has shown that its National Committees are able to generate an average return of 2.7:1 in three years for every dollar invested. This has driven significant individual giving investment decisions for 2023 and 2024.
10. UN-Women has sought corporate contributions from private sector entities to its regular resources since establishment. Its experience, in line with its peers, has been that the energies and resources

invested in attracting private sector for unearmarked contributions is largely unsuccessful. While corporate private sector entities often provide other resources, for example for emergency response or for specific projects that they can showcase to their internal workforce or customers, they are not usually attracted to providing contributions for which a dedicated report and attribution are not possible.

C. Cost recovery

11. *The Advisory Committee trusts that UN-Women will provide information on estimates of cost-recovery for 2022-2023, in particular on potential excess, its use to fund additional management costs and the consequent release of regular resources to fund development activities, in accordance with the Board's decisions. (para. 12)*

Management response:

12. UN-Women takes note of ACABQ's observation and confirms that information on additional cost recovery income earned and its use to fund additional management activities will be included in the 2026-2027 Integrated Budget.
13. *The Advisory Committee notes the trend where regular resources continuously fall short of estimates, while earmarked contributions remain above projections, having generated excess in cost-recovery for 2018-2019 and 2020-2021. The Committee further notes the proposed change in apportionment of costs (rent and ICT) from regular resources to other resources in the context of the indicated efficiencies found in the institutional budget for 2024-2025. The Advisory Committee is of the view that the presentation of the institutional budget and its financing by the different sources of funding should be improved and provide more accurate estimates and criteria between the allocation among regular resources and cost-recovery. The Committee trusts that discussions on the review of cost-recovery policy will elaborate on what management costs should be covered by indirect support costs (cost-recovery), in view of the trend where regular resources continuously falling short of estimates. The Committee looks forward to the inclusion of updated information on the review of the cost recovery policy in the next budget report. (para. 14)*

Management response:

14. Since 2017, UN Women has maintained the regular (core) resources projection at US\$200 million per year. We recognize this as an ambitious and forward-looking projection but this amount as the optimum required for the organization to reach critical mass to carry out its triple mandate, particularly normative support and United Nations system coordination functions that are specifically dependent on regular resources. This aligns with the QCPR as well as the Structured Dialogue on Financing.
15. UN-Women, in collaboration with UNDP, UNFPA and UNICEF, will present a comprehensive review of the cost-recovery policy and its implementation for decision at the second regular session 2024. UN-Women takes note of the ACABQ observation and confirms that updated information on the review of cost recovery policy will be included in the next budget report.

D. Staffing structure

16. *The Advisory Committee recalls its earlier recommendation for UN-Women to give adequate consideration in the placement of resources to address the needs of the more vulnerable and those in need of support. The Committee encourages UN-Women on its change management*

initiatives and looks forward to seeing the future budgets reflect the outcomes of the initiatives, in particular strengthening of investments at the country level. (para.17)

Management response:

17. UN-Women takes field-focused operations seriously and is working towards “Pivoting to the Field”. For UN Women this includes capacitating locations away from HQ/New York and increasing regional delegation of authority (decentralization of functions). As part of pivoting to the field, the Entity also seeks to reduce its NY-based ratio of staffing (relocation of central functions to locations closer to field level work). As reported earlier, this is an ongoing process that UN Women will continue to advance for both decentralization and relocation of functions.

E. Establishment

18. *The Advisory Committee notes the cooperation of UN-Women with the United Nations development system. The Committee is of the view that such cooperation can be further enhanced with a view to avoiding duplication and promoting further effectiveness and efficiency in the delivery of its mandate and trusts that the six new positions will contribute towards that end. (para. 19)*

Management response:

19. UN Women takes note with appreciation of the views of the Committee and its emphasis on the need for further cooperation in the UN development system, avoiding duplication and promoting further effectiveness and efficiency in the delivery of its mandate.
20. In recognition of this, UN Women has placed coordination at the centre of its strategic pivot and is working to allocate additional resources to its coordination work, in addition to six new posts that will support its country offices to better coordinate UN and others partners for the achievement of gender equality goals. Further, the new positions located in the regional offices will leverage the capacities of the development system, working closely also with the Regional Development Coordination Office (DCO) and providing support to Issue-based coalitions and Regional Collaborative Platforms. These mechanisms unite all UN entities working on sustainable development to ensure collaboration and coordination.

F. Reclassification

21. *The Advisory Committee trusts that further information on the additional requirements and increase in workload and complexity of work justifying the relocation and upward reclassification will be provided to the Executive Board at the time of consideration of the present report. The Committee also trusts that further clarity on the criteria and classification information used by UN-Women to decide which country offices have DIs as representative/special representative will be provided to the Executive Board and in the next budget report. (para. 21)*

Management response:

22. To advance an integrated UN Headquarters Geneva presence and in recognition that UN-Women may be under-leveraging the opportunities in Geneva (including as the Humanitarian hub) plus the increased scope and complexity of work associated with UN Women’s membership to the Inter-

Agency Standing Committee (IASC), it was decided to strengthen and increase the capacity of the humanitarian team in Geneva.

23. The newly established D1 Chief of the Humanitarian Section leads and coordinates humanitarian response on behalf of UN Women, including promoting accountability in the humanitarian system to the established humanitarian normative and policy commitments, strengthening gender in global humanitarian action and their translation into concrete results for gender equality and women's empowerment. The Chief also leads in advocating for a coordinated and coherent approach in the implementation of UN Women Humanitarian Strategy and Crisis Response Policy and Procedures Guidance, on gender mainstreaming in humanitarian action and are responsible for ensuring that specialized technical and strategic support is available to field offices where needed. The Chief will lead UN Women's membership in the Inter-Agency Standing Committee (IASC), as representative on the Emergency Directors Group (EDG) and the Operational and Advocacy Policy Group (OPAG), and ensuring effective corporate engagement across all IASC structures, ensuring gender equality and women's empowerment to be at the core of the coordinated humanitarian response and partnership building efforts with humanitarian actors. Further, as Director of UN Women's Geneva Office, this role will oversee management of the Human Rights and Development Unit, who will also support liaison functions of UN Women in Geneva with a specific focus on Human Rights and Development partners.
24. Based on the functions, the position was classified at D1 level in accordance with the ICSC Job Evaluation and Classification Standard. UN Humanitarian leadership roles of similar scope and complexity at most entities are at the D2 level.
25. Further, the classification of Representatives and Special Representatives at the D1 level also follow the ICSC Classification standards and are also informed by the UN Women Presence Governance Policy. The UN Women offices in Kabul, Addis Ababa and Pretoria are all designated as large Country Offices and, furthermore, the Addis Ababa office also houses the UN Women African Union Liaison Office. The Pretoria office is also a Multi Country Office. These positions are also benchmarked against similar positions in the relevant UNCTs, where the positions of similar scope and complexity are typically at the D2-level.

G. Gender and geographic representation

26. *The Advisory Committee, while appreciating the importance of ensuring that the perspectives and contributions of women are fully engaged in fulfilling the mandate of UN-Women, reiterates its encouragement that the organization continue its efforts towards improving the overall gender balance of its staffing and trusts that information in that regard will be included in the next report. (para. 23)*

Management response:

27. UN Women takes note of the ACABQ recommendations and will continue to monitor the representation of women and men working for UN-Women. While some of the functions being recruited typically have more female candidates applying, the organization will increase outreach efforts, through targeted headhunting to improve diversity in recruitment.
28. *The Advisory Committee notes the imbalance in the geographical representation of its staffing resources, as well as the difference in the geographical composition between staff and non-staff. The Committee trusts that UN-Women will increase its efforts to achieve broader geographical representation among its staff and that further information will be provided to the Executive Board at the time of its consideration of the present report. (para.25)*

Management response:

29. UN-Women takes note of the ACABQ recommendations. We wish to clarify that the table referenced in para. 24 of the Committee's report, provides staff data for International Professionals only (as requested) whereas the data for affiliate personnel (non-staff) includes both locally recruited as well as internationally recruited roles. A majority of affiliate personnel (non-staff category) belong to the Service Contract category, and they are all recruited locally. Similarly, the consultants, UN Volunteers etc. who are reflected under non-staff category are also primarily locally recruited.
30. UN-Women also wishes to highlight that a vast number of personnel hold dual or multiple nationalities and of those, many hold a birth nationality from a country / region other than their current official nationality / regional group. The UN system, for the sake of contract and entitlement administration, recognizes only one nationality which is often the most recently obtained nationality and hence that is the reported nationality in accordance with Staff Rule 4.3.
31. In any case, UN Women will continue to monitor the representation of regional groups and to the extent possible identify outreach opportunities to engage as diverse a population as possible while noting that the growth in International Professional staff positions has been more gradual vis-à-vis other categories of personnel.

H. Use of Non -Staff Resources

32. *The Advisory Committee reiterates its concern that the share of non-staff personnel is on the increase and trusts that UN-Women will make efforts to reduce its increasing reliance on such personnel. The Committee trusts that information on such efforts should be provided in next budget report. (para. 27)*

Management response:

33. UN-Women takes note of the ACABQ concern and wishes to reaffirm that the Entity closely monitors and reviews the usage of various contract modalities to ensure contracts are issued in accordance with the applicable policies and guidelines.
34. The entity will continue to engage personnel under different modalities so long as they are being used for the appropriate purpose, as permitted by the relevant guidelines. The use of non-staff personnel also reflects resource constraints, especially as it relates to RR funding with engagement of non-staff personnel also reflecting donors' preference of more cost-effective options under earmarked funding.

I. Enterprise Resource Planning

35. *The Advisory Committee reiterates its observation that ERP systems should build capacity across the entities of the UN development system and advance common business operations, within the aim of achieving a higher level of interoperability. The Committee notes the maintenance of resource requirements to the new ERP system at \$5.0 million is of the view that total investments in ERP should reduce overtime after initial investments in a new system. The Advisory Committee trusts that further information on the costs of the ERP developments and maintenance moving forward, as well as on benefits and any efficiencies achieved after*

implementation of the new system be provided to the Executive Board and in the next budget report. (para. 31)

Management response:

36. UN-Women takes note of ACABQ's observation and confirms that the ERP system will continue to be part of a joint interagency project, with the aim of further improving interoperability of core components and business operations that are common to all Agencies. UN Women is aligned with the ACABQ's expectation of a reduction of costs for the ongoing operation of the ERP once the implementation is complete. UN Women stresses that, while the ERP is live, the stabilization and implementation of additional functionality, as well the digital transformation leveraging the ERP, is still ongoing, particularly the development of RBB/RBM and reporting components. In the next budget report, UN Women will provide further information on the costs of the ongoing ERP implementation, ERP maintenance, and ERP integration into other UN Women ICT systems as well as on the benefits and efficiencies achieved.
37. *The Committee trusts that the roll out of the new ERP system and planned investments in customization of the system will support the entity to improve its Results Based Budgeting and Management (RBB/RBM), develop strong linkages between resources and the Strategic Framework, as well as provide more detailed information on the institutional budget estimates and expenditures. (see also para. 14 above) (para. 32)*

Management response:

38. UN-Women confirms that the envisioned scope for the future development and evolution of the ERP system is aimed primarily at the further improvement and integration of Results Based Budgeting and Results Based Management functionality with the ERP and enhancing the associated corporate reporting. This includes the strengthening of linkages between the resources and the Strategic Results Framework, and the incorporation of budgetary tools to manage the Integrated Budget construction and provide reporting on results, cost components and expenditures.

J. Collaboration with UN entities.

39. *The Advisory Committee notes the initiatives undertaken by UN-Women in coordination with the United Nations resident coordinator system and other entities and encourages UN-Women to continue to collaborate with the resident coordinator system to consolidate gender equality and women's empowerment efforts within the United Nations system, as well as to support Member States implement the 2030 Agenda for Sustainable Development. The Committee encourages UN-Women to explore ways of further integrating its global office footprint with the resident coordinator system, with a view to achieve greater efficiencies and balance its operational requirements with cost efficiency considerations, including seeking consolidation, wherever possible, of locations and back-office functions. The Committee trusts that more information on the common back-office initiatives will be provided to the Executive Board at the time of its consideration of this present report and in the next budget report. (para. 35)*

Management response:

40. Throughout the years UN-Women has been a strong and reliable partner for the RCs and other UN partners including when it comes to identifying cost efficiencies at the country level through co-location, common premises, and common back-offices. About 80% of UN-Women's country presences are located in UN Common Premises. Together with UN DOCO UN-Women developed

the model of Gender Equality Coordinators to be co-located with the RCO in countries that require UN-Women support but where UN-Women does not have a Country Office. UN-Women is committed to continue this ambition also in the future whenever feasible/practical from an operational perspective.