



Executive Board of the United Nations Entity for Gender Equality and the Empowerment of Women

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Integrated budget estimates for the United Nations Entity for Gender Equality and the Empowerment of Women for the biennium 2018-2019

Report of the Advisory Committee on Administrative and Budgetary Questions

I. Introduction

1. The Advisory Committee on Administrative and Budgetary Questions has considered an advance version of the report of the Executive Director on the integrated budget estimates for the United Nations Entity for Gender Equality and the Empowerment of Women (UN-Women) for the biennium 2018-2019 (UNW/2017/7). During its consideration of the report, the Committee met with the Deputy Executive Director, who provided additional information and clarification.

II. Integrated budget

A. Overview of resources

2. UN-Women is proposing an integrated budget with projected voluntary contributions of \$880 million for the biennium 2018-2019, unchanged compared with its resource mobilization targets for the biennium 2016-2017. The Entity also requests that the Executive Board approve an institutional budget appropriation of \$203.8 million (gross), representing an increase of \$7.4 million, or 3.7 per cent, compared to the 2016-2017 budget, attributable to non-discretionary items relating to inflation and staff costs, and an amount of \$3 million for Special Purpose Activities, offset by the application of a higher vacancy rate (UNW/2017/7, table 1). With respect to regular budget resources, the Secretary-General is proposing an amount of \$16,295,800 before recosting, reflecting a net increase of \$1,206,100, or 8 per cent, when

compared with the revised appropriation for 2016-2017 (see A/72/6 (Sect. 17), table 17.3).

3. The integrated budget report indicates in paragraph 18 that total resources projected for the biennium 2018-2019 are projected at \$1,158.7 million, inclusive of \$880 million of projected voluntary contributions and \$3 million in other income and reimbursements expected to be received, along with the carried forward unspent balance of \$275.7 million. Out of the \$1,158.8 million total projected resources, an amount of \$460.5 million is regular resources (inclusive of \$57.5 million of unspent balance) and an amount of \$698 million is considered other resources (inclusive of \$218.3 million of unspent earmarked balance). The total use of resources for the same period is \$948 million, comprising \$403 million for regular resources and \$545 million for other resources.

4. UN-Women remains aligned with the harmonized results-based budgeting and cost classification methodology applied by the United Nations Development Programme (UNDP), the United Nations Children's Fund (UNICEF) and the United Nations Population Fund (UNFPA). The budget document indicates that 83.8 per cent of resources will be devoted to development activities, 12.8 per cent to management and 2.9 per cent to United Nations development coordination, and 0.3 per cent for special purpose activities. UN-Women maintains a two-year budget cycle, while the other agencies maintain a four-year budget cycle. The proposed Integrated Budget 2018-20019 is guided by the priorities set out in the proposed Strategic Plan 2018-2021 and the provisions of Executive Board decision 2013/2 on an integrated budget and cost recovery.

5. The strategic context of the resources requirements includes activities pertaining to intergovernmental processes such as the Beijing Declaration and Platform for Action and the 2030 Agenda for Sustainable Development, as well as activities in response to independent evaluations and assessments, as well as the midterm review of the Strategic Plan 2014-2017. The Strategic Plan also responds to General Assembly Resolution 71/243 on the Quadrennial Comprehensive Policy Review of Operational Activities for Development of the United Nations system (QCPR) (*ibid.*, paras. 10 – 17).

B. Resource mobilization

6. Matters pertaining to resource mobilization are described in paragraphs 19 – 30 of the integrated budget report. The projected voluntary contributions in the amount of \$880 million comprise an amount of \$400 million of regular resources and \$480 million of other resources. The integrated budget report indicates further that UN-Women remains below the annual amount of \$500 million in annual voluntary contributions, which was seen by the Secretary-General as the firm funding projection to be used as the basis for actual budget preparation for the entity (see also A/64/588, para. 50). The budget report also indicates that 193 donors, including Member States, National Committees, Other Donors, and United Nations Agencies have supported the entity through voluntary contributions to regular resources, with strategic partnerships with non-governmental donors having yielded approximately 4.5 per cent of resources in 2016.

7. Upon enquiry, the Advisory Committee was provided with an overview of projected and actual funding for 2014-2015, 2016, and 2017, as follows:

Resources (in millions of US\$)	2014-2015				2016-2017			
	2014		2015		2016		2017	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
Regular Resources	160	164	180	136	180	142	200	Not Applicable
Other Resources	150	159	200	171	230	178	270	Not Applicable
Total	310	323	380	307	410	320	470	0

8. With respect to the increase in actual revenue, under Other Resources, from \$178 million in 2016 to a projected amount of \$270 million in 2017, and the expected drop to \$240 million in 2018, as indicated in table 1 of the integrated budget report, the Advisory Committee was informed, upon enquiry, that the lower projections for 2018 reflect a realistic estimate of revenues.

9. **The Advisory Committee notes that, with the exception of the year 2014, actual funds received have steadily remained below the amounts projected. While the Committee commends UN-Women for its efforts to broaden and deepen its donor base, it continues to encourage the entity to continue to strengthen these fundraising efforts, including by engaging with the private sector, in order to ensure the availability of voluntary contributions sufficient to fund its activities.**

III. Institutional budget

10. As noted above, the proposed institutional budget appropriation of \$203.8 million (gross) represents an increase of \$7.4 million, or 3.7 per cent. A comparison of estimated forecast figures for 2016-2017 against the proposed Integrated Budget 2018-2019 is provided in annex II of the integrated budget report. Table 4 of the integrated budget report provides a summary of changes, while paragraphs 99 to 114 provide an overview in this respect.

Staff costs

11. Table 5 of the integrated budget report provides an overview of proposed post changes for 2018-2019, compared with 2016-2017. Staff costs are projected to increase by \$8.7 million, or 4.4 per cent, comprising: (a) a non-discretionary cost increases pertaining, *inter alia*, to increases in post costs due to salary-scale revisions, as determined by the International Civil Servants Commission (ICSC); provisions for after service health insurance (ASHI) and unfunded liabilities for staff entitlements; partially offset by a vacancy rate of 9 per cent, compared to 5 per cent in 2016-2017; and (b) staff-related volume changes related, *inter alia*, an increase in operational capacity due to internalization of the audit function and the commensurate offset by reduced reimbursements to UNDP for that purpose (see also paras. 14 – 17 below).

Post changes

12. The proposed post changes are summarized in paragraphs 115 to 131 of the integrated budget report and pertain to a number of new posts, downgrades and upgrades of existing posts, abolishments and post alignments in connection with: (i) the strengthening of the entity's capacity at the country and regional level; (ii) the programme support realignment in line with the recommendations of the regional architecture evaluation; (iii) the strengthening of the operational capacity; and (iv) the consolidation of oversight functions.

Post change related to operational capacity

13. As indicated in paragraph 127 of the integrated budget report, it is proposed to upgrade the P-5 Chief of Accounts post to a D-1 Deputy Director, Financial Management post to provide oversight of the financial planning and integration of the budgetary and financial data of UN-Women in addition to recently increased financial management responsibilities in connection with the introduction of the International Public Sector Accounting Standards (IPSAS), as well as management responsibilities requiring the supervision of 28 staff. **The Advisory Committee notes that IPSAS has been in place for some time and its introduction cannot be considered to be a justification for the upgrade of a post. The Committee also considers that insufficient justification was provided explaining the operational need for a D-1 level post for the management of financial operations, in particular in terms of the workload to be managed and any resulting changes in responsibilities.**

Post changes related to the consolidation of the internal audit and evaluation functions

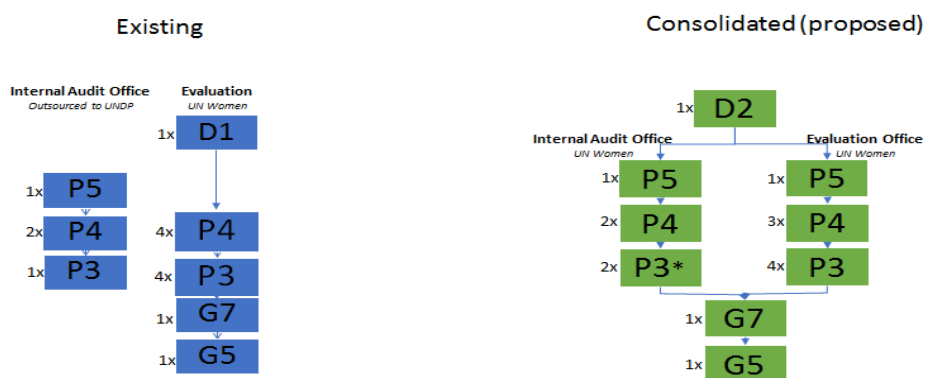
14. The integrated budget report indicates that the establishment of an internal audit service is considered consistent with the comments of the Joint Inspection Unit (JIU), in its report entitled the Audit Function in the United Nations system, where the JIU stated that an organization would be required to manage a minimum of \$250 million over a biennium to justify the set-up of an internal oversight unit (see JIU/Rep/2010/5, para. 78). In addition, the Audit Advisory Committee of UN-Women has indicated that the entity may wish to consider the option of merging the internal oversight and assurance functions into one oversight unit (UNW/2017/3/Add.1, para 38).

15. An overview with respect to the establishment of an internal audit capacity and the consolidation of independent assurance functions at UN-Women is provided in paragraphs 109 to 114, and 131 of the integrated budget report. It is proposed to replace the current outsourcing of internal functions to UNDP, provided by a service level agreement due to expire on 18 December 2017, and to consolidate such functions at UN-Women and, in this connection, to upgrade the D-1 Director of Evaluation posts to a D-2 Director post in order to head the internal assurance functions of evaluation and internal audit, while also serving as a member of the Senior Management Team. The proposed staffing changes are as follows: (a) with respect to internal audit: 1 P-5 Chief of Internal Audit post, two P-4 and one P-3 Audit Specialist posts, which were previously outsourced, are now proposed for establishment; in addition, one new P-3 Audit Specialist is proposed for establishment; (b) with respect to evaluation: one P-4 post is proposed to be upgraded to P-5 Chief of Evaluation; as noted above, the existing D-1 Director of Evaluation post is proposed to be upgraded to the D-2 level to head the oversight function (see

also table below). It is also indicated that the consolidation of internal audit and evaluation functions would reduce costs over the biennium by approximately \$900,000.

16. Upon enquiry, the Advisory Committee was provided with an organigramme showing the current audit capacity outsourced to and provided by UNDP, and the existing evaluation capacity at UN-Women, as well as the newly proposed consolidated structure following the merging of the internal audit and evaluation functions with UN-Women, as follows:

Table 1
Existing and proposed consolidated oversight structure



17. The Advisory Committee concurs with the Joint Inspection Unit and the Audit Advisory Committee of UN-Women on the need to establish a dedicated internal audit function and the resulting consolidation of internal audit and evaluation functions within UN-Women. The Advisory Committee recommends the approval of all proposed staffing changes except for the proposed upgrade of the D-1 post to the D-2 level. The Committee considers that no sufficient supporting explanation was provided as to the need for a senior-level Director at the D-2 level to head both oversight functions, considering the size of the entity and related internal audit and evaluation activities. Furthermore, the Committee is of the view that the consolidated oversight function should therefore be designated as a “service”, not a “division.”

Post changes related to the alignment of funding for the normative and operational functions of UN-Women with General Assembly resolution 65/259

18. Matters pertaining to the alignment of funding for the normative and operational functions of UN-Women and General Assembly resolution 65/259 are described in paragraphs 69 to 77 of the integrated budget report. Upon enquiry, the Advisory Committee was informed that the analysis concluded that 26 posts funded from extrabudgetary resources perform normative functions and that, of these, five posts were considered crucial and would be sufficient to provide support pertaining to normative activities within the original mandate of UN-Women.

19. In connection with the proposed programme budget for the biennium 2018-2019 and the recent functional analysis in accordance with General Assembly resolution 65/259, the Secretary-General has requested that five extrabudgetary posts be funded by regular budget resources commencing with the new biennium, namely: (i) one P-5 Head of the UN-Women Geneva Liaison Office post and one P-4 Programme Specialist under subprogramme 1, Intergovernmental support, coordination and strategic partnerships; and (ii) one D-2 Director of Policy Division post, one D-1 Section Chief, Women and Peace and Security post, and one P-3 Statistics and Monitoring Specialist post under subprogramme 2, Policy planning and activities. The Advisory Committee has recommended approval for the establishment of these five posts (see A/72/6 (Sect. 17), para. 124).

20. The Committee recommends that, should the General Assembly approve the inclusion of the aforementioned five posts under the regular budget for the biennium 2018-2019, the Executive Board remove the corresponding costs from the institutional budget 2018-2019, commensurately reduce the appropriation and increase resources pertaining to programme activities. In this connection, the Committee considers that the process of the functional analysis pursuant to General Assembly resolution 65/259 has been concluded.

Reporting lines for the Human Resources Division

21. As indicated in annex I of the integrated budget report, the Human Resources Division would, in a change from the original organizational arrangement, henceforth report directly to the Office of the Executive Director. The Advisory Committee was informed, upon enquiry, that the primary reason for this change in reporting line is that the Executive Director is personally committed to the function of Human Resources in line with her strong belief that the employees of UN-Women are the entity's real asset and strength and that this change would provide the opportunity for human resources to drive change initiatives directly under the guidance of the Executive Director. **The Advisory Committee considers this justification unsatisfactory and trusts that the Executive Director will provide additional information on the change in the reporting line of the Human Resources Division to the Executive Board at the time of its consideration of the present report.**

Other matters

22. In connection with personnel under service contracts, the Advisory Committee was informed, upon enquiry, that such contracts are used primarily for project implementation, while special service agreements, which are primarily on a part-time basis, are used for the provision of expert services, advisory services, technical skills or specialized knowledge. The management of both arrangements is decentralized and the usage of such contracts is included in audit reviews. The Committee was informed that, as at 31 May 2017, 42 per cent of UN-Women employees are employed under staff contracts, while 58 per cent are employed under non-staff contracts (30 per cent are employed under service contracts; 16 per cent are consultants under special service agreements; and 12 per cent are UN Volunteers, interns, and fellows). The Advisory Committee recalls that the Joint Inspection Unit (JIU), in its report on the use of non-staff personnel and related contractual modalities in the United Nations System organizations, stated that 64.5 per cent of UN-Women's

employees were under non-staff contracts, as at March 2012, and 56.47 per cent as at March 2013 (JIU/Rep/2014/8, annex II).

23. The Committee notes the increasing trend in non-staff contracts and recalls that the JIU in its aforementioned report recommended, *inter alia*, that the executive heads of UN system organizations review the use of non-staff personnel with a view to identifying long-serving non-staff personnel under a de facto employment relationship and establish a plan to terminate the inappropriate prolonged use of non-staff personnel. **The Advisory Committee takes note with concern that the share of non-staff personnel is again on the increase and trusts that UN-Women will reduce its reliance on such personnel in order to conduct its headquarters and field-based activities. The Committee looks forward to progress made in this respect in connection with the integrated budget report for the biennium 2020-2021.**

IV. Conclusion

24. **Subject to its recommendation in paragraphs 13 and 17 above, the Advisory Committee recommends approval of the institutional component of the integrated budget estimates of UN-Women for the biennium 2018-2019 and also recommends that the Executive Board approve an appropriation in the amount of \$203.8 million (gross), including \$31.4 million for cost recovery for other resources.**