



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

Distr.: General  
13 August 2021

Original: English

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**Second regular session of 2021**

14 and 15 September 2021

Item 3 of the provisional agenda<sup>1</sup>

**Financial, budgetary and administrative matters**

## **Integrated Budget estimates for the United Nations Entity for Gender Equality and the Empowerment of Women for the biennium 2022–2023**

### **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 on the integrated budget estimates for the United Nations Entity for Gender Equality and the Empowerment of Women (UN-Women) for the biennium 2022-2023. During its consideration of the report, the Committee was provided with additional information and clarification, concluding with written responses received on 26 July 2021.

#### **II. Integrated budget**

##### *Overview*

2. The Executive Director is proposing an integrated budget with projected voluntary contributions of \$1,040,600,000 for the biennium 2022-2023, which represents an increase of \$37,900,000, or 3.8 per cent, compared with the projection of \$1,002,700,000 for the biennium 2020-2021. Within the integrated budget, the Executive Director requests the Executive Board to approve an institutional budget of

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<sup>1</sup> [UNW/2021/L.4](#).

*Note:* the present document was processed in its entirety by UN-Women.

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\$204, 400,000, representing the same amount as the approved institutional budget for 2021-2022 (see Integrated Budget 2022-2023, Tables 1 and 2).

3. The report indicates that the total resources for 2022-2023 of \$1,040,600,000 would include \$400,000,000 from regular resources (unearmarked voluntary contributions), \$601,300,000 of other resources (earmarked voluntary contributions) and \$39,300,000 of cost recovery (Ibid, Table 1).

4. The report also indicates that the total estimated voluntary resources available for use, inclusive of estimated opening balances, is \$1,230,100,000; out of which a total of \$466,300,000 is from regular resources and a total of \$763,800,000 is from other resources. The report further indicates that, compared to the integrated budget for 2020–2021 and based on the 2022-2023 total estimated voluntary contributions inclusive of opening balances, the proposed use of estimated resources represents an overall 3.8 per cent increase from the 2020-2021 Integrated Budget.

#### *Cost recovery*

5. The report recalls that, in its decision 2020/8, the Executive Board approved the joint comprehensive cost-recovery policy (DP/FPA-ICEFUNW/2020/1), which includes cost-classification categories, methodology and rates effective 1 January 2022, and decided ‘that agreements signed prior to 1 January 2022 will be honored using the existing cost-recovery rates (...)’. The report indicates that the effective cost recovery rate for 2020 is 6.9 per cent, and that the UN-Women’s notional cost recovery rate for the Integrated Budget 2022-2023 period is 9.2 per cent. Upon enquiry, the Advisory Committee was informed that the estimated cost recovery income of \$39,300,000 is based on applying an estimated effective cost recovery rate of 7 per cent on the total estimated programmable contribution. Due to the application of differentiated cost recovery rates, UN-Women has applied an estimated 7 percent effective rate, which is based on the historical 2018-2020 average effective cost recovery rate of 6.92 per cent.

#### *Resource allocation*

6. In terms of the utilization of resources, a total of \$890,300,000 (85.6 per cent) would be dedicated to development activities; \$34,700,000 (3.3 percent) would finance United Nations coordination activities; \$97,200,000 (9.3 per cent) would be allocated to management activities; \$12,300,000 (1.2 per cent) would provide for independent oversight and assurance activities; and \$6,200,000 (0.6 per cent) would be dedicated to special purpose activities (Ibid, Table 1).

7. The largest share of UN-Women resources is allocated in support of programmes for the achievement of UN-Women thematic impact areas. The annual levels of programmable regular resources available for allocation are based on actual donor contributions.

8. With regard to the trends of percentage distribution of resources for development activities, management activities and independent oversight and assurance activities for UN-Women in comparison to other funds and programmes, the Committee was provided with the table below.

Categories	UN Women		UNDP	UNFPA	UNICEF
	2020-2021	2019-2018			
a. Development Activities	84.9%	83.8%	90.8%	85.3%	88.9%
b. Management Activities	10.3%	11.5%			
Evaluation and Audit and Investigation	1.3%	1.3%			

9. The Advisory Committee notes the projected increase in available funds in the 2020-2021 integrated budget period, as well as the increased percentage of resources dedicated to development activities. Nonetheless, the Committee recalls that, in the years from 2015 to 2018, actual funds received have remained below the amount projected. The Committee continues to encourage the strengthening of UN-Women’s fundraising efforts, including by engaging with the private sector with a view to increase the resources for development activities.

10. To enable a full review, the Committee considers that the presentation of the integrated budget should include the evolution of expenditures (actual and projected) by object or categories of expenditures against planning estimates and justification for projected resource requirements. The Committee trusts that such information will be reflected in future integrated budget proposals.

*Institutional budget*

**II.** As noted in paragraph 1 above, an appropriation of \$204,400,000 is proposed for the institutional budget for the biennium 2022-2023, which is the same amount as the appropriation for the biennium 2020-2021. However, the proposed biennium budget for 2022-2023 indicates increases for information and communications technology (\$2,000,000) and change management (\$300,000), which would be offset by cost savings and efficiency through: direct cost apportionment in Headquarters rent costs (\$1,600,000); savings due to telecommuting arrangements (\$200,000); and efficiencies achieved by securing a learning management system at a competitive price (\$500,000). **The Advisory Committee notes 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.**

*Cost-sharing arrangement*

12. The report indicates that the proposed institutional budget for 2020-2021 included a cost of \$2,600,000, reflecting the doubling of the share of the UN-Women’s contribution to the cost-sharing arrangement of the UN Sustainable Development Group (UNSDG) compared to the biennium 2018-2019, as mandated by the General Assembly in its resolution 72/279. Upon enquiry, the Advisory Committee was informed that this increase has indirect implications for UN-Women’s financial capacity to support, influence and coordinate in a synergistic manner gender integration in Cooperation Frameworks which is in the process of development. At regional level, UN-Women regional offices provide technical support through the UNSDG regional architecture and peer support groups, in particular the Cooperation Framework roll-out and gender mainstreaming efforts by the United Nations Country Teams. The Committee was also informed that UN-Women headquarters and regional offices are engaged in discussions on how to best resource the required capacities related to Cooperation Frameworks.

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Additionally, UN-Women is also discussing with the United Nations Development Coordination Office various options to support these capacities through the mobilization of additional resources.

### *Staffing structure*

**13.** The Executive Director's report indicates that the institutional budget will provide for the continuation of 465 posts (1 ASG, 4 D-2, 20 D-1, 86 P-5, 55 P-4, 46 P-3, 10 P2-/1, 47 GS (PL), 120 GS (OL)). While the overall number of posts remains unchanged compared to the 2020-2021 biennium, the information provided to the Advisory Committee shows the following changes between 2021 and 2022: an increase of 1 P-5, 3 P2/1 and 1 GS (OL) level posts; and a reduction of 4 P-3 and 1 GS (PL) level posts. The Advisory Committee notes again that a significant portion of the institutional budget posts are at levels P-5 and above. **The Committee expects that UN-Women will continue to review its overall staffing structure and ensure that its staff levels are commensurate with the mandated tasks entrusted to the Entity.**

14. With regard to the location of the UN-Women workforce, the report indicates that, in 2022-2023, 34 per cent of the institutional posts (or 159 posts) would be located at headquarters, together with the 49 posts financed by the UN regular budget, which is the same distribution as for the biennium 2020-2021. The report of the Executive Director indicates, however, that a key focus of UN-Women's Strategic Plan 2022-2025 is to achieve impact at scale for gender equality and women's empowerment; notably through a more field-focused approach and better synergies between global, regional and country-level work. It is also indicated that the proposed changes will require the organization to notably align staff capacities with a view to rebalancing further to the field. The Advisory Committee was informed upon enquiry, that the change management activities will include a further review of headquarters functions to be decentralized in the field.

15. The Advisory Committee notes that the distribution of posts between headquarters and field locations would remain the same in the biennium 2022-2023 as in the biennium 2020-2021. The Committee considers that this distribution should be kept under review and adjusted on the basis of a thorough analysis of UN-Women's mandate and functions and giving full consideration to the placement of country offices to address the needs of those most vulnerable and in need of support. The Advisory Committee trusts that detailed information on the distribution of activities and functions of UN-Women personnel at headquarters and field locations including the criteria applied in determining the location of offices, will be included in the next budget submission of the Entity. The Committee encourages UN-Women to renew its decentralization effort.

**16.** In terms of gender distribution among staff members, the Advisory Committee was informed, upon enquiry, that as of 30 June 2021, 75.7 per cent of UN-Women posts at the Professional level and above, 77.2 per cent of National Professional Officer posts, and 66 per cent of posts at the General Service level funded through regular budget and extra-budgetary resources were currently encumbered by women. **While appreciating the importance of ensuring that the perspectives and contributions of women are fully considered in fulfilling the mandate of UN-Women, the Advisory Committee again encourages the Entity to continue its efforts towards gender balance.**

17. With regard to the geographical distribution of UN-Women's staff members, the Advisory Committee was informed upon enquiry, that 59 countries were not represented among the Entity's staffing complement. **The Committee encourages UN-Women to**

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**increase its effort to achieve broader geographical representation and trusts that updated information on the geographical composition of UN-Women's staff will be provided to the Executive Board at the time of its consideration of the present report.**

*Contractual status of personnel*

18. Upon enquiry, the Advisory Committee was informed that, as at 30 June 2021, 35 per cent of UN-Women employees were engaged under staff contracts, while 65 per cent were engaged under non-staff contracts (29 per cent were under service contracts; 26 per cent were consultants under special service agreements; 7 per cent were UN Volunteers, and 1 per cent were interns). The Advisory Committee recalls that it has previously highlighted UN-Women's staffing and contractual practices in its reports dated 7 August 2017 and 6 August 2019, in which it noted the increasing trend in the utilization of non-staff contracts, particularly the proportion of personnel engaged as consultants under special service agreements.

19. Upon enquiry, the Advisory Committee was also informed that, given the continued trend of increase in non-core funding (in 2019 and 2020, an average of 70.2 per cent of total contributions were non-core), it is to be expected that there will be some increase in non-staff contractual modalities (primarily service contracts and consultants) that are specifically meant for engaging personnel for project implementation.

20. The Advisory Committee notes again with concern that the percentage of UN-Women's non-staff personnel is on the increase and expects that efforts to address this trend and reduce reliance on such personnel, both at headquarters and the field will be prioritized. The Committee trusts that progress towards this end will be reported in the context of the implementation of the integrated budget report for the biennium 2022-2023.

21. The Committee was also informed that UN-Women adheres to the United Nations Development Programme (UNDP) Service Contracts Policy. UN-Women Officers and their local UNDP counterparts establish the level of involvement of UNDP (as the service providers for contract administration) in the UN-Women service contract recruitment and contracting processes, usually through memorandums of understanding, service level agreements or other mechanisms. The Committee was further informed that UNDP has recently launched the personnel services agreement modalities to largely replace the service contract and individual contract modalities, and that these new modalities are intended to provide better service conditions and entitlements, as well as more flexibility for both managers and personnel in applying the appropriate contract type, based on the nature of assignment.

22. The Committee trusts that further information on the new personnel service agreement modalities and their envisaged utilization by UN-Women will be provided to the Executive Board for its review at the time of its consideration of the present report and included in the next budget submission.

*Enterprise Resource Planning system*

23. The report of the Executive Director indicates that the organization is in the process of replacing its current SAP-based Enterprise Resource Planning (ERP) system, named Atlas, with a new system that will be cloud-based. The report also indicates that the agreed scope for the shared new cloud-based ERP solution encompasses all processes

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supported by the current Atlas system as well as additional functionalities, if and as required.

24. Upon enquiry, the Advisory Committee was informed that the Atlas partnership was launched in 2004 and needs to be replaced, as the platform is becoming obsolete and losing the back-end support needed to support system upgrade and maintenance. A review undertaken by a consulting firm in 2020 concluded that the best and most cost-effective option was to replace Atlas with a 'Next Generation ERP', which is the working title for this interagency project developed in partnership with UNDP, United Nations Capital Development Fund (UNCDF), United Nations Institute for Training and Research (UNITAR), United Nations Volunteers programme (UNV), United Nations University (UNU) and United Nations System Staff College (UNSSC). The Committee was also informed that, following the UNDP's decision to migrate to a new cloud-based ERP, joining another ERP system/partnership, including Umoja, was not considered a good option for UN-Women.

25. In terms of implementation timelines, the Executive Director's report indicates that the project design and specifications began during the last quarter of 2020 and will continue in 2021, with the expectation that the system will be launched in phases over the 2022-2023 period and continue into 2024. Upon enquiry, the Advisory Committee was informed that the project is currently underway and that its deployment is planned in two phases. The first phase, which includes the human resource and procurement functionalities, has already been released. Phase 2, which is the core ERP functionality of financial and project management, is currently planned for release in the first quarter of 2022.

26. With regard to financing, the Executive Director indicates that the investment of \$5,000,000 would be met by using \$2,700,000 of the 2020-21 special purpose budget, while the remaining balance of \$2,300,000 would be funded by internal savings and efficiencies.

27. The Advisory Committee notes that the SAP-based ERP system upgrade project is already in the implementation phase and that its funding relies partially on savings and efficiency gains, which have yet to materialize. The Committee also considers that employing common or compatible Enterprise Resource Planning systems including Umoja, among entities of the UN system, would build capacity across the entities of the UN development system and advance common business operations. The Committee trusts that detailed information on the ERP system replacement project will be presented to the Executive Board.

### *Change management*

28. The report of the Executive Director indicates that, in the 2020-2021 biennium, UN-Women initiated a change management process to achieve optimized structures at headquarters, regional and field offices. As indicated in paragraph 11 above, a non-recurring additional cost of \$300,000 is included in the institutional budget for 2022-2023 to coordinate and oversee the changes. Upon enquiry, the Committee was informed that the role of Change Management is to address the organizational changes resulting from General Assembly resolution 72/279 and audit and evaluation findings. Expected change management achievements include: a further review of headquarters functions to be decentralized to the field; formulation of a refined UN-Women Business Model that aligns incentives for growth; development of a refined framework for UN-Women's

advisory services; and further standardization/alignment of the UN-Women global footprint through country office and regional office typologies.

*Common business initiatives*

29. The Committee was informed, upon enquiry, that UN-Women has participated in the work of the Business Innovation Group since its inception in 2018 and has provided partial funding for one year for the work of a P-3 post, along with other agencies, to provide analysis and assistance. Moreover, UN-Women participated in the data collection exercise for the “first of its kind” annual report on efficiency gains and effectiveness improvements covering 2019-2020. The result of this first report is a step towards the Secretary-General’s ambitious annual efficiency gain target of \$310,000,000, as the report reflected roughly \$100,000,000 in efficiency gains across 13 agencies; of which, UN-Women reported a total of \$1,361,000 for 2019-2020. UN-Women noted, however, that efficiency gains cannot be interpreted as actual cash savings that can be redeployed, as they may refer to cost-avoidance and, in cases where time savings have been converted to cash equivalent amount to enable aggregation, the time saved will potentially result in redeployment of capacity, but not actual cost savings.

30. Regarding co-location in common premises, the Committee was informed that UN-Women is ahead of the target of 50 per cent by end-2021, having more than 80 per cent of its field presence in common premises. The Entity’s goal is to maintain the achieved results of above 80 per cent common premises worldwide.

31. The Advisory Committee notes the progress made by UN-Women in terms of common business initiatives and trusts that detailed information thereon, including quantifiable savings and efficiency gains, will be included in its next budget submission.

*Services provided by UNOPS*

32. Upon enquiry, the Advisory Committee was informed that services provided by the United Nations Office for Project Services (UNOPS) to UN-Women are engaged in a decentralized manner by UN-Women offices. Best value for money is ensured through the application of the partner selection policy and procedures. The price/rate is established in accordance with the partner agency internal policies and administrative instructions. The expenditures of UN-Women with UNOPS over 2019 and 2020 are reproduced in the table below.

(United states dollars)

<b>Categories</b>	<b>2019</b>	<b>2020</b>	<b>Total</b>
<b>RLA*</b>	-	170,563	<b>170,563</b>
<b>Consultants</b>	-	7,710	<b>7,710</b>
<b>Common services – Premises</b>	204,596	221,502	<b>426,099</b>

<b>Common services – Communications</b>	26,387	24,861	<b>51,248</b>
<b>Vehicle Management</b>	55,855	-	<b>55,855</b>
<b>Construction &amp; Engineering</b>	68,979	-	<b>68,979</b>
<b>UN-Women IATI Contribution**</b>	66,000	-	<b>66,000</b>
<b>United Nations Global Marketplace annual subscription</b>	5,000	-	<b>5,000</b>
<b>Total</b>	<b>426,817</b>	<b>424,636</b>	<b>851,452</b>

\*Reimbursable Loan Agreement (RLA)

\*\* International Aid Transparency Initiative (IATI)

### **III. Conclusion**

33. Elements of the decision to be taken by the Executive Board are contained in paragraph 76 of the report on the integrated budget estimates for the United Nations Entity for Gender Equality and the Empowerment of Women for the biennium 2022-2023.