



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

Distr.: General

2 November 2012

Original: English

Second regular session 2012

28- 30 November 2012

Item 3 and 4 of the provisional agenda*

Regional Architecture

Financial, budgetary and administrative matters

UN Women Management Response to the Report of the Advisory Committee on Administrative and Budgetary Questions (ACABQ) on the regional architecture, progress report toward a harmonized cost recovery with United Nations Funds and Programmes; and proposed approach for calculating the operational reserve for UN Women

UN Women expresses its appreciation to the Chairperson and the members of the Advisory Committee on Administrative and Budgetary Questions (ACABQ) for their valuable comments and advice on regional architecture (UNW/2012/10); progress report toward a harmonized cost recovery policy with United Nations Funds and Programmes (UNW/2012/13); and the proposed approach for calculating the operational reserve for the United Nations Entity for Gender Equality and the Empowerment of Women (UNW/2012/14). The comments and recommendations of the Advisory Committee (UNW/2012/11) are well received and appreciated. UN Women would like to provide, in the following paragraphs, its management response to comments and recommendations, where warranted, of the above referenced report of the Advisory Committee

1. With respect to UN Women's projection that the costs of the regional architecture for the 2012-2013 period amount to \$7.1 million, the Advisory Committee recalls and concurs with the Board of Auditors' previous findings regarding the lack of assurance that the anticipated final cost for a project was based on a comprehensive methodology and that the final cost was therefore likely to be higher than reported (see for example the report of the Board of Auditors on the Capital Master Plan for the year ended 31 December 2011, A/67/5 (Vol.V). The Advisory Committee considers that UN Women's projection of the costs of the regional architecture may not have taken into account all costs associated with the development of the regional architecture concept to date, which may have an impact on the final cost. The Committee encourages UN Women to review its cost forecasting to ensure all costs associated with the proposed regional architecture are included in the projected final cost.

UN Women response: UN Women acknowledges that its projections are dependent upon a number of assumptions. In order to calculate the financial impact of the development of the regional architecture, UN Women has performed a detailed review of all anticipated costs relating to the project, and has sought to achieve the best and most accurate estimate possible. These include, but are not limited to:

- Annual salaries of all additional staff, calculated on an individual basis;
- Impact of relocation of staff being moved between offices or from New York;
- Relocation and hiring costs for all new staff;
- Operational set-up costs for new offices at the same level as included within the original Institutional Budget.

In addition, in estimating the total costs of the implementation, a prudent approach has been taken with regard to the recruitment of new staff and opening of the new offices.

As a result of this exercise, UN Women included all known costs associated directly with the proposed regional architecture requirements in the projected 2012 - 2013 cost estimates and concluded that sufficient funds are available within the 2012-2013 approved IB to cover the required expenses.

UN Women appreciates the advice of the ACABQ and will continue to monitor its spending and cost base and any future requirements which may arise from implementation of the regional architecture which may not have been taken into account. These costs would be factored in the development and presentation of the 2014-2015 Institutional Budget.

2. The Advisory Committee emphasizes that the regional architecture should be a demand-driven process and that the establishment of every country presence should be initiated by a request from the country concerned (see also para. 13 below).

UN Women response: UN Women notes and fully shares the observation of the ACABQ on the importance of a demand-driven process, and will continue to ensure that all country presence establishment under this and subsequent processes is demand-driven and on the basis of agreement with the country concerned.

3. The Advisory Committee considers that the change in the delegation of authority is significant and requires proper management. Furthermore, the highly decentralized presence being proposed by UN Women would need effective oversight and suitable accountability mechanisms to be put in place prior to the commencement of the implementation of the proposed regional architecture. In view of the challenges raised by the Board of Auditors in its report on the financial statements of the UN Women for the year ended 31 December 2011 (see A/67/5/Add.13 and paras. 23 and 26 below), which are common to many field-based operations, the Advisory Committee trusts that UN Women will exercise managerial due diligence, also

drawing from lessons that can be learned from other UN entities that have implemented or are in the process of implementing decentralized structures, such as UNFPA.

UN Women response: UN Women fully shares the view that this is central to making the new architecture effective. A new corporate Delegation of Authority is being finalized which will specify clear the authorities and accountabilities at different levels of the organization, detailing the relationship between headquarters, regional and country levels. In addition to this greater clarity on accountabilities, UN Women is strengthening its Management and Administration Division with enhanced capacities in procurement, human resources management as well budget and finance in order to ensure effective oversight by headquarters of procurement, financial and human resources processes at country level. One of the key characteristics of UN Women's proposed architecture is the direct supervisory role played by the Director of Programmes with regard to the Regional Directors under the overall guidance of the Assistant Secretary General and Deputy Executive Director for Policy and Programme. This is central to the effective oversight of the regional architecture and is supported by the new Programme Team in Programme Division which enables the Director's oversight role in areas including strategic programme direction, overall management, delivery, recruitment and contribution management.

In line with the ACABQ's recommendation, UN Women will also arrange a consultation with UN partners to draw upon their lessons learned in managing decentralized regional structures.

From the onset of the regional architecture, UN Women has been in touch with UNFPA to learn from their experience and draw lessons.

4. Notwithstanding the additional information provided, the Committee is of the view that more clarity should be provided in the context of the report on the 2014-2015 proposed integrated budget on the different functions and reporting lines within each model of country presence and between Headquarters and the field.

UN Women response: UN Women notes the observation of the ACABQ and will provide more detailed descriptions of the different functions and reporting lines as per the different modalities for country presence in the proposed 2014-2015 Institutional Budget.

5. The Advisory Committee is of the view that the request for 39 new posts should have been better justified and expects the 2014-2015 proposed integrated budget to provide full justifications for each requested post.

UN Women response: UN Women notes the observation of the ACABQ and will provide more detailed descriptions and justifications of posts in the proposed 2014-2015 Institutional Budget.

6. While mindful of the need for Headquarters to have adequate capacity to fulfil its oversight role, the Advisory Committee recommends that UN Women review Headquarters staffing in the context of the 2014-2015 proposed integrated budget to identify any potential additional staff

movements from Headquarters to the field, in furtherance of the objective of the proposed regional architecture of bringing capacity closer to the field.

UN Women response: UN Women notes the observation of the ACABQ and will undertake an assessment in 2013 to review the possibility of additional staff movements from headquarters to the field bearing in mind the need to balance adequate capacity at headquarters, also taking into account UN Women's normative functions. Any changes to staffing arising from that review will be presented in the proposed 2014-2015 Institutional Budget.

7. The Advisory Committee stresses the need to ensure that staffing for the proposed regional architecture would have no negative impact on UN Women's presence and support at the national level and recommends accordingly that UN Women keep this matter under close review.

UN Women response: An integral part of the new regional architecture is strengthening of UN Women's country level presence as envisaged in the approved Institutional Budget. Strengthening at the regional level has not been achieved at the expense of the country level.

8. The Advisory Committee observes that the implementation plan does not take into account the accompanying changes in Headquarters that would result from implementation of the proposed regional architecture, and recommends that the implementation plan include the proposed changes at Headquarters. The Committee considers the implementation of the proposed architecture to be a significant undertaking, and trusts that the UN Women staff responsible for the supervision and implementation of the proposed architecture will have sufficient authority to oversee all aspects of implementation, including financing and staffing (see also para. 15 above and para. 26 below). In light of the ambitious timeline for implementation, and taking into account the average length of time required for recruitment processes, the Advisory Committee encourages UN Women to expedite recruitment in order to adhere to the implementation plan, taking into account the availability of funds.

UN Women response: UN Women notes with appreciation the suggestion from the ACABQ that the implementation plan should include proposed changes at headquarters and will supplement the implementation plan in its report accordingly. UN Women's Deputy Executive Director for Programme and Policy has overall responsibility for implementation of the new regional architecture and is supported by all Divisions of UN Women, but in particular the Programme Division, led by the Director of Programmes, and the Division of Management and Administration.

UN Women acknowledges the concern about the time required for recruitment. As detailed in the report, UN Women has been recruiting new management staff at the country and regional levels as per the approved Institutional Budget, and this is being accelerated. At current rates of recruitment UN Women expects to have recruited 39 new Representatives by end of 2012.

9. The Advisory Committee recommends that UN Women develop specific key performance indicators aligned to the objectives and deliverables of the proposed regional architecture prior to

the commencement of the implementation of the proposed regional architecture, in order to allow for a proper evaluation of the progress of the implementation and benefits.

UN Women response: UN Women appreciates the suggestion of the ACABQ and has begun work on the development of Key Performance Indicators (KPIs). At present, UN Women's draft broad areas for KPIs for the regional architecture are:

A: Progress in establishing the regional architecture:

B: Progress in improved performance arising from the new architecture:

C: Progress on response to Member States and achievement of results at country and regional level

10. While it does not object to the overall approach being proposed by UN Women, the Advisory Committee is of the view that Financial Regulation 19.2 grants authority for the setting of the levels of the reserves to the Executive Board, and that UN Women should therefore seek approval of the Executive Board in determining the specific levels of the reserves, including any changes to the levels of the reserves.

UN Women response: UN Women takes note of the report of the ACABQ. UN Women agrees that Financial Regulation 19.2 grants authority to the Executive Board to set the levels of the operational reserve. In line with this authority UN Women will present the operational reserve on an annual basis within the Statement of Financial Position included within its Financial Statements. UN Women anticipates that the Executive Board will comment and agree upon the level of operational reserve annually as part of its annual review of the Financial Statements. In arriving at the operational reserve level UN Women would use the methodology presented in UNW/2012/14.