



**United Nations**

# **Review of management and administration in the United Nations Population Fund**

**Report of the Joint Inspection Unit**

**Prepared by Carolina Fernández Opazo**

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**United Nations • Geneva, 2023**



*Executive summary*

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### **I. Introduction and review objectives**

The United Nations Population Fund (UNFPA) aims to ensure that women and young people are able to access high-quality sexual and reproductive health services and plays a leading role in the United Nations system in promoting population programmes. It was established in 1967 as a trust fund and began its operations in 1969. It is entirely financed by voluntary contributions from Governments, intergovernmental organizations, the private sector, foundations and individuals.

UNFPA reports to the General Assembly through the Economic and Social Council and to the Executive Board of the United Nations Development Programme (UNDP), UNFPA and the United Nations Office for Project Services (UNOPS).

The present report is the first management and administration review of UNFPA conducted by the Joint Inspection Unit (JIU), and it is part of the programme of work of JIU for 2022. Its main objective is to provide an independent assessment of the management and administration in order to help improve the efficiency and effectiveness of UNFPA in achieving its legislative mandates and mission objectives.

### **II. Main findings**

#### **A. Governance and leadership**

The governance processes established by UNFPA are comprehensive, and there is regular communication between the governance structure and senior management on a wide range of topics. Strategic planning is undertaken in a consultative manner involving relevant stakeholders, including other United Nations entities, and lessons learned from previous strategic cycles are taken into consideration. Nevertheless, during the course of the review, some governance issues were revealed. The addressing of those issues could enhance the governance process and transparency in the overall management of UNFPA.

In the review, some changes aimed at enhancing the independence and transparency in the management of the organization are proposed. The “tone at the top” regarding the expectations for orderly, ethical, economical, efficient and effective conduct from all UNFPA staff at all levels and at all times, set by the Executive Board and the UNFPA Executive Director as part of the UNFPA management philosophy, operating style and organizational culture, is the foundation for effective oversight.

In the view of the Inspector, leading by example sends a strong message across the organization and serves a number of purposes. Limitations on the terms of office of the Executive Director and the establishment of reasonable “cooling-off” periods for the members of the Executive Board with respect to their subsequent employment within UNFPA are measures intended to demonstrate senior management engagement and a strong commitment towards more transparent management. The limitation of terms of office for senior positions has been seen by many United Nations entities as a way to bring new ideas and perspectives into an organization. However, the position of Executive Director of UNFPA is not subject to any limitation in the number of terms of office to be held. The

Inspector recommends that the Executive Board consider the establishment of limits on the number of terms of office for the position of Executive Director of UNFPA.

The provision of intergovernmental support and supervision of the activities of UNDP, UNFPA and UNOPS by the Executive Board is a challenging task compounded by the distinct mandates, size and nature of activities of each of the three entities. In the review, the Inspector calls for the Executive Board to allocate more time to providing guidance and oversight to UNFPA and reflects on the consideration of broader solutions, such as the establishment of a separate board, or the alignment of UNFPA governance with different United Nations programmes having close programmatic synergies.

## **B. Organizational structure**

UNFPA headquarters, comprising 14 divisions, offices, services and units, is located in New York, though some headquarters functions are located in Geneva (humanitarian) and Copenhagen (supply chain). In addition, UNFPA has 6 regional offices, 8 representational offices, 3 subregional offices and 121 country and territory offices. While regional, country and territory offices have defined terms of reference, that is not the case for the subregional and representational offices, which issue some guidance documents for their activities, but do not have specific terms of reference.

Another issue considered by the Inspector was regional delimitations, as defined by different United Nations entities. As defined by UNFPA, regional coverage often differs from that established by its principal United Nations programmatic partners. The difference in the regional geographic coverage established by United Nations entities does not facilitate collaboration, joint programming and partnerships, and this may lead to operational challenges. However, it should be noted that UNFPA does not consider this a major impediment to collaboration. The Inspector encourages UNFPA senior management to pursue better alignment with partners in the context of the revamping of the United Nations development system.

In her review, the Inspector also considers the UNFPA regional operations shared service centres initiative and points out that it should be planned as part of an overall strategy, in line with the reform initiatives of the United Nations development system at the regional level and JIU recommendations on the subject included in its report on opportunities to improve efficiency and effectiveness in administrative support services by enhancing inter-agency cooperation (JIU/REP/2018/5).

## **C. Administration, budget and financial management**

UNFPA is funded through voluntary contributions. The total revenue of UNFPA has grown substantially during the period 2014–2021 (46 per cent); however, this growth is marked by a decrease in unearmarked contributions (-2 per cent) and an increase in the use of highly earmarked funding instruments (97 per cent), compounded by continued reliance on a small group of key donors. The decrease in unearmarked contributions, as well as the increase in the use of highly earmarked funding, are of significant concern to UNFPA, owing to the impact on programme flexibility, including potential challenges to mandate implementation. The potential impact of the overall financial crisis and shifts in the priorities of major donors create uncertainty and concerns about the future outlook in the medium term, despite the currently healthy financial situation of UNFPA.

UNFPA makes great efforts to increase and diversify the donor base, and thus the Inspector calls for close monitoring and reporting of efforts and results achieved in reducing dependence on the same recurrent donors.

It should be noted that, owing to historical links since its establishment, UNFPA procures a variety of treasury, human resources and operational services from UNDP, including payment processing, investment management, administration of employee benefits, travel and visa services and Junior Professional Officer programme administration.

## **D. Human resources management**

In her review, the Inspector considered contractual frameworks and modalities; recruitment practices; job classifications; the grade, gender and geographical distribution of staff; delegations of authority, staff training and staff-management relations.

The contractual framework, for both staff and non-staff, is robust, and the options and modalities offered are well-structured. A new human resources management strategy has recently been launched, and there are high expectations that it will contribute to addressing, among other things, issues related to the clear delegation of authority and a concerning perception of unresponsiveness on the part of the Division for Human Resources, which, combined with long recruitment periods, exacerbate a negative opinion on the part of staff and management towards the human resources function and accentuate a perceived lack of transparency in recruitment processes. However, noticeable improvements can be observed in the figures provided by UNFPA for 2022 regarding recruitment lead time and vacancy rates. Nevertheless, the enhanced delegation of authority has also created some concerns regarding the authority of the Regional Directors in human resources matters.

The most concerning findings are those related to misconduct. The overall sense from staff is that senior management does not take appropriate action and simply “shuffles” or “outrides” problems, especially in cases of abuse of authority and sexual harassment. In her review, the Inspector recognizes efforts made by senior management, such as the establishment of the UNFPA Integrity Group, a group of independent but interconnected offices that deal with internal justice matters and staff welfare, and suggests that to build trust and improve the transparency of existing mechanisms, UNFPA should further facilitate information-sharing and swift decision-making by the multiple bodies dealing with misconduct.

## **E. Information and communications technology management**

The general direction pursued by UNFPA with respect to information and communications technology (ICT) management is to prioritize the use of online collaboration and cloud tools. However, there are occasional compatibility issues with other United Nations agencies that use the Microsoft-based platform.

The UNFPA ICT transformation project launched in 2017 centres on the implementation of a new cloud-based enterprise resource planning system intended to simplify the submission, tracking, approval and reporting on its core business areas that could allow UNFPA to meet future organizational and global priorities. The Inspector identified this project as a main risk, also in terms of lost opportunities, as the project has undergone considerable change since its inception, including important changes in direction and management. It has also involved significant costs, and UNFPA did not have much room to manoeuvre as part of a wider consortium in charge of the joint development and launch of the new enterprise resource planning system. At the time of finalization of the present review, UNFPA indicated that the new system had been successfully launched in January 2023.

UNFPA should continue to closely monitor its implementation, including the functionality offered, gaps and integration with other systems used by UNFPA. The Inspector therefore welcomes and encourages regular monitoring and risk assessment exercises in the context of change management initiatives intended to facilitate the smooth development, launch and subsequent stabilization of the Quantum system.

## **F. Risk management and controls**

UNFPA introduced a new enterprise risk management policy in April 2022 in an effort to, among other things, increase risk literacy and strengthen risk culture within the Fund. Currently, the overall risk management exercise is implemented through an in-house risk management application which UNFPA expects to update in parallel with the implementation of the new enterprise resource planning system.

One risk area observed involves implementing partner management and related reporting. In 2021, delivery of programme activities by implementing partners represented about 33 per cent of UNFPA total expenditure. The Inspector confirms that UNFPA has established a solid control framework for the activities of implementing partners. However, the significance of the resources entrusted to implementing partners deserves permanent attention from UNFPA, and efforts must be made to accurately undertake the assurance activities established in the implementing partners control framework and reflect the results in relevant information systems in a timely manner.

## **G. Oversight functions, monitoring and evaluation**

The internal oversight structure, consists of the Office of Audit and Investigation Services, the Evaluation Office and the Ethics Office, and the relevant oversight policies provide a solid oversight framework for UNFPA activities. The oversight structure is supplemented by external oversight provided by the Oversight Advisory Committee, the Board of Auditors and JIU. The different oversight roles played by the above-mentioned entities are linked by well-established processes, including appropriate monitoring and regular reporting mechanisms.

Given that oversight is a shared responsibility of Member States, exercised through, among other things, their participation in governing bodies and boards, the engagement of former members of the Executive Board as part of the UNFPA senior management structure or as members of any of its oversight entities can be perceived as a conflict of interest. The Inspector therefore calls for the establishment of additional protective measures, such as “cooling-off” periods, to guarantee the independence of decisions and their implementation.

The Inspector concludes that the Oversight Advisory Committee cannot be considered an independent oversight committee, given that the selection and appointment of its members and the approval of its terms of reference are the responsibility of the Executive Director. Furthermore, its primary role is to advise management, and it reports directly to the Executive Director. For the Committee to be considered a truly independent oversight advisory committee, these elements would need to be revised in line with audit best practices and previous recommendations contained in relevant JIU reports. If such changes are not implemented, the name of the Committee should be changed to truly reflect its role (e.g. Management Advisory Committee or something similar) and an independent audit advisory committee should be established in line with oversight professional standards and practice.

The backlog and increasing number of internal investigation cases need to be addressed. The number of new cases for 2022 is the highest recorded in the past five years (139 as at 20 November) and has already surpassed the total intake in 2021. Additional efforts must be made to reduce the current backlog. This problem is exacerbated by the high vacancy rate within the Office of Audit and Investigation Services, which has an impact on the performance of the Office. In the view of the Inspector, the critical mission of the Office demands a more stable human resources structure, the urgent filling of vacant positions and a long-term vision on the part of its leadership.

It should also be highlighted that the staff survey and the interviews held pointed to a high level of mistrust in whistle-blowing mechanisms. In this regard, there is also a positive development, as the Inspector welcomes the approach, actions taken and objectives

established by the Ethics Office aimed at addressing the urgent need to increase the visibility and trust in staff protection mechanisms, including protection for whistle-blowers.

## **H. Outreach and partnerships**

The framework for communication in UNFPA is clear, consistent and comprehensive, and governance and guidelines are provided through various detailed policies.

In a voluntarily funded organization, engaging stakeholders and effectively generating and maintaining public support for its objectives is critical to achieving strategic goals. A sufficient number of resources should be allocated to outreach, communication and resource mobilization to ensure results.

The Inspector recommends the monitoring and regular reporting, through the structured funding dialogue reports, of progress and results achieved through different partnership channels (i.e. the private sector, civil society organizations, international financial institutions, academia and the media).

## **III. Recommendations**

The present review contains six recommendations, of which four are addressed to the Executive Board and two to the Executive Director for action. There are also 21 informal recommendations aimed at complementing the 6 recommendations and improving the overall effectiveness and efficiency of UNFPA.

### **Recommendation 1**

**The Executive Board should, before the end of 2024, consider and recommend to the Economic and Social Council and, through the Council, to the General Assembly, as necessary, the establishment of limits on the number of terms of office for the position of the Executive Director of UNFPA.**

### **Recommendation 2**

**The Executive Board may wish to consider, before the end of 2024, different possibilities for the governance arrangements of UNFPA, such as the establishment of a separate UNFPA board or alignment with different United Nations funds or programmes with a high level of programmatic synergy and common areas of activity under the same board.**

### **Recommendation 3**

**The Executive Director should ensure, before the end of 2023, that additional measures are developed aimed at enhancing the objectivity and perceived transparency of recruitment processes and continue to comply with established policies on the matter.**

### **Recommendation 4**

**The Executive Director should closely monitor and report to the Executive Board in a regular manner the risks associated with the implementation of the ICT transformation project, paying particular attention to the costs and the functionality of the new enterprise resource planning system and its integration with current systems, and adopt mitigation measures as deemed necessary. Reporting should take place before the end of 2023 and thereafter at each annual session of the Executive Board until the transformation project is concluded.**

**Recommendation 5**

**The Executive Board should consider and spearhead, before the end of 2023 and in consultation with the Secretary-General, the implementation of protective measures regarding the limitations of employment of its members by UNFPA aimed at promoting independence and transparency and reducing the perception of conflict of interest in the overall management of UNFPA.**

**Recommendation 6**

**The Executive Board should consider, before the end of 2023, either the establishment of an independent oversight advisory committee to oversee UNFPA activities or the enhancement of the independence of the current Oversight Advisory Committee in accordance with best practices and oversight professional standards, including with respect to its terms of reference, the appointment of its members and reporting lines, which should be subject to the approval and the direct supervision of the Executive Board.**

**Informal recommendations**

- The governance process could be strengthened, and the Executive Board may wish to allocate more time to guiding and overseeing UNFPA activities (see para. 47).
- The Executive Director should establish, before the end of 2023, the terms of reference for the subregional and representational offices defining, among other things, their roles, functions, reporting lines, clear delegation of authority and oversight responsibilities (see para. 54).
- In the context of the plans to establish a funding modality to mobilize non-core resources for small island developing States included in the strategic plan for 2020–2025, the Executive Director should report in the context of the midterm review of the strategic plan on the status of implementation of the new funding modality, how it works and the results expected and achieved (see para. 76).
- The Executive Director should closely monitor the efforts made to achieve the funding targets and increase the donor base and non-core resources received for humanitarian responses and report regularly to the Executive Board, through the structured funding dialogue report, on the actions taken, including corrective measures, if any, on this matter, and update the resource mobilization strategy (see para. 91).
- The Inspector is of the opinion that, while the numerous policies, procedures and guidelines of UNFPA provide it with a satisfactory administrative, budgetary and financial framework, the fact that they are in different formats and lack document symbols can render their use by Member States and potential donors difficult. Accordingly, the Executive Director should consider publishing a digital compilation containing the Financial Regulations and Rules and all the related policies, in the same format and using appropriate document symbols (see para. 98).
- The Executive Director may wish to undertake a cost-benefit analysis of those activities and services outsourced to third parties whenever an agreement is up for renewal or a new service provider enters the market, in order to determine: (a) the convenience of continued collaboration; (b) the feasibility of creating the conditions to perform those services in-house; or (c) the feasibility of using global shared services centres (see para. 109).
- The Inspector encourages the Executive Director to establish a clear and comprehensive human resources framework for UNFPA by unifying the existing policies and streamlining their application (see para. 122).
- The Inspector is of the opinion that the delegation of authority in matters related to human resources issued in September 2022 does not adequately delegate the human

resources functions, but rather expands centralized control in field duty stations through newly appointed Human Resources Business Partners. The Executive Director may therefore wish to consider broadening the delegation of authority to Regional Directors in a revised version of the document (see para. 129).

- The Inspector considers that, as part of its oversight function, the Executive Board could review the People Strategy and determine its alignment with expectations set out in the integrated budget for 2022–2025 (see para. 145).
- The Inspector encourages the Executive Director to make better use of the rotation mechanism by establishing a formal rotation programme that could contain, for instance, a catalogue of all posts subject to rotation, by grade, service period, location and hardship indicators, as well as more technical roles and functions (see para. 148).
- In order to build trust and improve the transparency of existing mechanisms, the Executive Director may wish to broaden the lines of communication between complainants and the different bodies that deal with misconduct by setting up a complaint tracking system in which all parties involved can follow the evolution and status of their cases, giving due consideration to the rules with respect to investigation procedures, confidentiality and privacy (see para. 153).
- The Inspector encourages the Executive Director to continue to support the establishment and formalization of field staff associations in those locations where there is no such association as yet and in consultation with UNFPA personnel (see para. 155).
- The aim of the establishment of the regional Strategic Management Committee in the Eastern Europe and Central Asia Regional Office is to promote participatory and transparent management. It is a platform where senior management at the regional level and staff representatives discuss the strategic direction of the Office, overall staff well-being and security and coordinate different operational areas. The Inspector is of the opinion that the Executive Director should consider the applicability of a similar committee in other UNFPA regional offices to promote dialogue between senior management and personnel (see para. 156).
- The Inspector encourages the Executive Director to further enhance corporate induction and onboarding induction plans to ensure that newly arrived personnel receive enough information to perform their duties properly. The Inspector is also of the opinion that it is important to include the participation of staff representatives in the induction sessions organized for newly arrived management personnel to inform them about their roles with respect to conflict resolution, staff welfare and work conditions and about other relevant policies (see para. 158).
- The Inspector is of the opinion that the Executive Director should consider leading a comprehensive review of the ICT transformation project once the new enterprise resource planning system goes live in 2023 and reporting on overall costs and issues related to the integration of the main information systems in place (see para. 170).
- The Inspector encourages senior management to review changes in the requirements and expected functionality of the new enterprise resource planning system since the launch of the ICT transformation project and ensure that those requirements are appropriately addressed (see para. 173).
- The Inspector is of the opinion that in order to spread the use of enterprise risk management systems within UNFPA, the new enterprise risk management tools should be easy to access and integrated, to the extent possible, with the new enterprise resource planning system. The Inspector encourages senior management to take the necessary steps to promptly develop or select and procure a corporate enterprise risk management information application in line with the requirements established in the enterprise risk management policy (see para. 183).
- The Inspector welcomes the control framework established for activities undertaken by implementing partners. Nevertheless, the significance of the resources entrusted to implementing partners deserves permanent attention on the part of UNFPA, given the

inherent risk of fraud and challenges regarding their performance. Senior management should therefore make additional efforts to continuously undertake the assurance activities established in the implementing partners control framework and reflect the results thereof in the relevant information systems in a timely manner (see para. 191).

- In the view of the Inspector, additional efforts must be made to accelerate the reduction in the number of open investigation cases through the urgent filling of vacant positions, including leadership positions, in the Office of Audit and Investigation Services. Consideration must also be given to the extraordinary allocation of temporary resources for the urgent reduction of the backlog in investigation cases (see para. 255).
- The Executive Director may wish to establish short- and medium-term plans for training in communications and the use of technology and social media in order to professionalize the communications function and to facilitate further engagement of relevant stakeholders and the achievement of UNFPA communication objectives (see para. 275).
- The Inspector expects that the new strategies and instruments being developed will address the partnership challenges expressed in the 2015 resource mobilization strategy and reiterated in the strategic plan for 2022–2025. In her view, the new strategies should include relevant and clear indicators aimed at facilitating the monitoring and regular reporting, through the structured funding dialogue reports, of progress and results achieved through different partnership channels (i.e. the private sector, civil society organizations, international financial institutions, academia and the media) (see para. 289).

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## Acronyms and abbreviations

ACABQ	Advisory Committee on Administrative and Budgetary Questions
ASG	Assistant Secretary-General
CEB	United Nations System Chief Executives Board for Coordination
FAO	Food and Agriculture Organization of the United Nations
IAEA	International Atomic Energy Agency
ICT	Information and communication technology
IIA	Institute of Internal Auditors
ILO	International Labour Organization
IMO	International Maritime Organization
ITC	International Trade Centre
ITU	International Telecommunication Union
JIU	Joint Inspection Unit
NGO	non-governmental organization
UNAIDS	Joint United Nations Programme on HIV/AIDS
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Programme
UNEP	United Nations Environment Programme
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNFPA	United Nations Population Fund
UN-Habitat	United Nations Human Settlements Programme
UNHCR	Office of the United Nations High Commissioner for Refugees
UNICEF	United Nations Children's Fund
UNIDO	United Nations Industrial Development Organization
UNITAR	United Nations Institute for Training and Research
UNODC	United Nations Office on Drugs and Crime
UNOPS	United Nations Office for Project Services
UNRWA	United Nations Relief and Works Agency for Palestine Refugees in the Near East
UNU	United Nations University
UN-Women	United Nations Entity for Gender Equality and the Empowerment of Women
UNWTO	World Tourism Organization
USG	Under-Secretary-General
WFP	World Food Programme
WHO	World Health Organization
WTO	World Trade Organization



## I. Introduction

1. The review of management and administration in the United Nations Population Fund (UNFPA) is part of a series of management and administration reviews conducted by the Joint Inspection Unit (JIU) for its participating organizations. The review is included in the programme of work of JIU for 2022<sup>1</sup> and is the first management and administration review of UNFPA conducted by JIU. The review is in line with the second thematic area of focus of its long-term strategic framework, the aim of which is to improve the efficiency and effectiveness of the respective secretariats in achieving the legislative mandates and the mission objectives established for the organizations.<sup>2</sup>

### A. Background

2. In July 1967 and in response to General Assembly resolution 2211 (XXI), the Secretary-General established a trust fund, which was subsequently named the United Nations Fund for Population Activities (UNFPA). In 1972, the General Assembly decided to place UNFPA under its authority,<sup>3</sup> and, in 1987, it was officially renamed the United Nations Population Fund.<sup>4</sup> UNFPA aims to ensure that women and young people are able to access high-quality sexual and reproductive health services, including voluntary family planning, so that they can make informed and voluntary choices about their sexual and reproductive lives.<sup>5</sup>

3. The governing body of UNFPA is the Executive Board, which also serves as the governing body of the United Nations Development Programme (UNDP) and of the United Nations Office for Project Services (UNOPS). UNFPA is led by an Executive Director appointed by the Secretary-General in consultation with the Executive Board.<sup>6</sup> UNFPA headquarters is located in New York. It has six regional offices, three subregional offices and eight representational offices. In total, UNFPA is present in over 150 countries and territories.

4. The activities of UNFPA are set out in a four-year strategic plan that covers the period 2022–2025.<sup>7</sup> The strategic plan was endorsed by the Executive Board in July 2021 and is the second in a series of three consecutive strategic plans leading up to 2030. The goals of the strategic plan are to accelerate the implementation of the Programme of Action of the International Conference on Population and Development<sup>8</sup> and to achieve the related Sustainable Development Goals by 2030.<sup>9</sup> The current key focus of UNFPA is the achievement of “three transformative results”, also called “three zeros”.<sup>10</sup>

5. UNFPA is funded from voluntary contributions, which are either unrestricted (regular, unearmarked or core resources) or restricted by the donors for a specific purpose, programme or activity (other, earmarked or non-core resources).<sup>11</sup>

6. UNFPA is a participating organization of JIU, and, over the years, JIU has issued multiple recommendations to the Executive Board and to the Executive Director of UNFPA as part of United Nations system-wide reviews conducted on a range of subjects. The

<sup>1</sup> A/76/34, annex VII.

<sup>2</sup> A/74/34, annex I.

<sup>3</sup> General Assembly resolution 3019 (XXVII), para. 1.

<sup>4</sup> General Assembly decision 42/430.

<sup>5</sup> The mandate of UNFPA was adopted by the Economic and Social Council in 1973 in its resolution 1763 (LIV).

<sup>6</sup> General Assembly resolution 64/219, para. 3.

<sup>7</sup> DP/FPA/2021/8.

<sup>8</sup> The International Conference on Population and Development was held in Cairo in 1994. At the Conference, 179 countries adopted a Programme of Action that called for women’s reproductive health and rights to take central stage in national and global development efforts. In the Programme of Action and its follow-up, UNFPA was requested to take a leadership role in the relevant areas and to report periodically to Member States on progress in the implementation of the Programme of Action.

<sup>9</sup> DP/FPA/2021/8, paras. 2 and 4 and figure 1.

<sup>10</sup> *Ibid.*, para. 1.

<sup>11</sup> DP/FPA/2021/9, para. 7.

acceptance and implementation rates of JIU recommendations by UNFPA are relatively high when compared with other participating organizations.<sup>12</sup> This positive trend has continued, and, according to the latest data provided by the JIU web-based tracking system, UNFPA accepted about 90 per cent of the JIU recommendations between 2012 and 2020. Among those accepted recommendations, UNFPA has implemented about 69 per cent, reported 23 per cent as in progress, and has not yet started the implementation of 8 per cent.

## **B. Objective and scope**

7. The main objective of the present review is to provide an independent assessment of the management and administration in UNFPA to help improve its efficiency and effectiveness in achieving its mandate and mission objectives.

8. The scope of the present review centres on governance and leadership; organizational structure; administration, budget and financial management; human resources management; information and communications technology (ICT) management; risk management and controls; oversight functions; and outreach and partnerships.

9. Performance evaluation of the technical and programmatic work of UNFPA is not included in the scope of the review. Such aspects are covered only to the extent needed to review the focus areas previously indicated and, in particular, to review the implementation, monitoring and evaluation processes of the strategic plan for 2022–2025. In this regard, the JIU team appropriately considered the work conducted by the relevant UNFPA oversight bodies.

## **C. Methodology**

10. The JIU team used a combination of qualitative and quantitative methods for the present review. The JIU team follows a collaborative approach with its stakeholders, seeking comments and suggestions during the review process, which includes, among other things:

- A desk review: a desk review was conducted, reviewing documentation of the Executive Board and the recommendations of oversight bodies, as well as internal frameworks and regulations incorporated in the Policies and Procedures Manual and other relevant internal documents and statistics.
- A questionnaire: a corporate questionnaire was issued to UNFPA covering the main areas of management and oversight.
- Online surveys: two separate online surveys were administered, one of the members of the Executive Board and the other of the staff of UNFPA. In the survey of the Executive Board, the Board's broader opinion was solicited on the management and administration strategies pursued by UNFPA senior management. Nineteen members of the Executive Board answered the survey. The staff survey addressed the working environment, leadership, organizational structure, administrative support, human resources, staff and management relations, knowledge-sharing, ICT, risk management, and oversight and evaluation functions. A total of 1,057 responses were received to the staff survey.<sup>13</sup>
- Interviews: 66 in-person and virtual interviews were conducted at UNFPA headquarters in New York and at two regional offices between June and December 2022. The JIU team held interviews with senior management, including the Executive Director, the Deputy Executive Directors for Programme and for Management, the Chief of Staff, the Directors of different divisions, the Ethics Advisor, the Directors of the Evaluation Office and the Office of Audit and Investigation Services, the Chair

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<sup>12</sup> See the JIU report entitled "Review of the acceptance and implementation of JIU recommendations by the United Nations Population Fund (UNFPA)" (JIU/ML/2016/5).

<sup>13</sup> According to figures provided by UNFPA, in 2021 the total number of staff was 3,154 and the total number of non-staff personnel (service contracts and United Nations Volunteers) was 1,165. Based on the figures, the JIU team estimates the response rate to be about 24 per cent.

of the Oversight Advisory Committee and other relevant officers, including staff representatives. In addition, one interview was held with the President and regional representatives of the Executive Board. Three confidential focus group meetings were also organized in different locations to obtain the views of UNFPA personnel representing different categories and grades.

- On-site missions: the JIU team visited UNFPA headquarters in New York in October 2022. It also conducted two field missions, one to the Arab States Regional Office in Cairo and the other to the Eastern Europe and Central Asia Regional Office in Istanbul, in October and November 2022 respectively. The JIU team chose these two offices based on their financial and operational data. The geographical proximity of both offices and the resources available were also determining factors for their selection as case studies.

11. In accordance with article 11, paragraph 2, of the statute of JIU, the present report was finalized after consultation among the Inspectors, so as to test its conclusions and recommendations against the collective wisdom of the Unit.

12. All of the information and views received have been dealt with in accordance with the usual respect for confidentiality shown by JIU. The report primarily reflects aggregated responses and, in cases in which quotations are given for illustrative purposes, the sources are intentionally never cited.

#### **D. Acknowledgement**

13. The Inspector wishes to express her appreciation to the secretariat and key stakeholders of UNFPA for their full cooperation in the preparation of the review and particularly to the focal point and those who provided written responses, participated in the interviews and/or the staff survey and willingly shared their knowledge and opinions.

## II. Governance and leadership

14. The present review contains an assessment of the governance structure and relevant processes of UNFPA, including strategic planning, programming, senior management, communications management and monitoring activities undertaken by the Executive Board and the Executive Director of UNFPA to achieve the goals and objectives of the strategic plan for 2022–2025.

### A. Mandate

15. The mandate of UNFPA, as defined in Economic and Social Council resolution 1763 (LIV), is as follows:

(a) To build up, on an international basis, with the assistance of the competent bodies of the United Nations system, the knowledge and the capacity to respond to national, regional, interregional and global needs in the population and planning fields; to promote coordination in planning and programming; and to cooperate with all concerned;

(b) To promote awareness, both in developed and in developing countries, of the social, economic and environmental implications of national and international population problems, of the human rights aspects of family planning, and of possible strategies to deal with them, in accordance with the plans and priorities of each country;

(c) To extend systematic and sustained assistance to developing countries at their request in dealing with their population problems, such assistance to be afforded in forms and by means requested by the recipient countries and best suited to meet the individual country's needs;

(d) To play a leading role in the United Nations system in promoting population programmes, and to coordinate projects supported by the Fund.

### B. Governance

16. The General Assembly is the supreme governance organ of the United Nations. It may discuss any questions or matters within the scope of the Charter of the United Nations and, together with the Economic and Social Council and the Executive Board, forms the governance structure of UNFPA. The UNFPA began operations in 1969 as the United Nations Fund for Population Activities under the administration of UNDP. In 1972, the Assembly decided that the Governing Council of the UNDP would also be the governing body of UNFPA.<sup>14</sup> In 1994, the Assembly transformed the Governing Council into the Executive Board of UNDP and UNFPA.<sup>15</sup>

17. The Executive Board is now responsible for providing intergovernmental guidance and oversight of the activities of UNFPA, UNDP and UNOPS.<sup>16</sup> Its main functions are to: (a) monitor the performance of the Fund; (b) approve programmes, including country programmes; (c) decide on administrative and financial plans and budgets; (d) recommend new initiatives to the Economic and Social Council and, through the Council, to the General Assembly; (e) encourage and examine new programme initiatives; and (f) submit annual reports to the Economic and Social Council, which could include recommendations for improvement of field-level coordination.<sup>17</sup> The Executive Board is comprised of representatives from 36 countries<sup>18</sup> elected by the Economic and Social Council for three-

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<sup>14</sup> General Assembly resolution 3019 (XXVII), para. 2.

<sup>15</sup> General Assembly resolution, 48/162, annex I, para. 21.

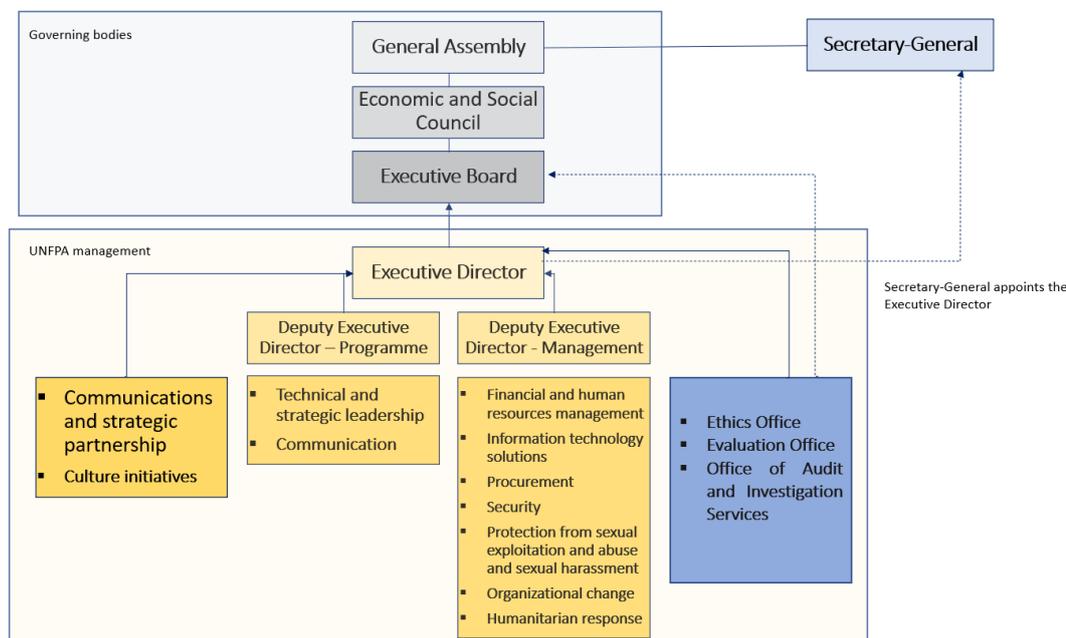
<sup>16</sup> General Assembly decision 48/501 and resolution 65/176.

<sup>17</sup> General Assembly resolution 48/162, annex I, para. 22.

<sup>18</sup> The current composition of the Executive Board, by regional group, is as follows: Africa, 8 countries (Algeria, Cameroon, Chad, Côte d'Ivoire, Ethiopia, Kenya, Lesotho, Nigeria); Asia, 7 countries (Bangladesh, China, Iran (Islamic Republic of), Kazakhstan, Myanmar, Qatar, Republic of Korea); Eastern Europe, 4 countries (Republic of Moldova, Russian Federation, Slovakia, Ukraine); Latin

year terms. The representatives serve on a rotating basis.<sup>19</sup> Since 2001, the Board has held two regular sessions and one annual session each year.

Figure I  
UNFPA governance structure



Source: Prepared by JIU based on General Assembly resolution 48/162.

18. The Bureau of the Executive Board is comprised of a President and four Vice-Presidents elected for one-year terms based on equitable geographical representation. The primary functions of the Bureau are to prepare and organize Board meetings, facilitate transparent decision-making and promote dialogue in decision-making. The Bureau also agrees on the composition of the teams participating in the field visits of the Board.

### C. Leadership

19. The Executive Director of UNFPA is appointed by the Secretary-General, in consultation with the Executive Board, for a term of four years.<sup>20</sup> The current Executive Director was reappointed in October 2021 for a second term.<sup>21</sup> The Executive Director operates under the authority delegated from the Secretary-General. The Executive Director reports annually to the Executive Board on, among other things, the progress made on the results-based management framework of the UNFPA strategic plan and other aspects relevant to the management of UNFPA. The Executive Director may further delegate authority to UNFPA personnel, as he or she deems appropriate. The Executive Director is assisted by the Deputy Executive Director, Management, and by the Deputy Executive Director, Programme. The Deputy Executive Directors are the most senior members of the UNFPA leadership team

America and the Caribbean, 5 countries (Colombia, Costa Rica, Cuba, Ecuador, Guatemala); Western Europe and other, 12 countries (Belgium, Canada, Denmark, Germany, Iceland, Ireland, Japan, Norway, Sweden, Türkiye, United Kingdom of Great Britain and Northern Ireland, United States of America).

<sup>19</sup> With the exception of the Western European and other States group, which has determined its own internal rotation policy.

<sup>20</sup> General Assembly resolution, 64/219, para. 3.

<sup>21</sup> See <https://www.unfpa.org/press/un-secretary-general-reappoints-dr-natalia-kanem-unfpa-executive-director#:~:text=UNITED%20NATIONS%2C%20New%20York%20%E2%80%93%20The,second%20term%20of%20four%20years.>

and are appointed by the Secretary-General on the recommendation of the Executive Director. Their selection is based on applications received for the advertised positions.

20. The Deputy Executive Director, Management, leads UNFPA in all core management and operational functions, including financial and human resources management, information technology solutions, procurement, security, protection from sexual exploitation and sexual abuse and harassment, organizational change and culture initiatives.<sup>22</sup> The Deputy Executive Director, Programme, is responsible for technical and strategic leadership, management and communication of the UNFPA programme of work, and building and maintaining partnerships with United Nations organizations, bilateral agencies and other stakeholders.<sup>23</sup>

21. The Office of the Executive Director supports the corporate leadership of the Executive Director and the Deputy Executive Directors.<sup>24</sup> The positions of Director of Division and Regional Director, which are at the D-2 level, are advertised and the candidates are selected and appointed by the Executive Director. The current grade levels of senior positions in UNFPA are: 1 Under-Secretary-General, 2 Assistant Secretary-General, 14 D-2 and 74 D-1 positions.<sup>25</sup> Those 91 positions represent approximately 9 per cent of the total number of posts (3,157 posts) proposed for the period 2022–2025.

22. The Executive Committee<sup>26</sup> provides strategic oversight, advice and decision-making on major policy issues to meet the Fund's goals and in support of the Executive Director. Given that members lead divisions and serve as focal points to liaise with organizations and agencies within the United Nations system as well as with other external partners, the Committee serves as an important forum for the exchange of information that ensures organizational coherence and effectiveness.

23. No resolutions or decisions could be found regarding the number of terms of office that a UNFPA Executive Director may serve. Some United Nations entities, such as the United Nations Conference on Trade and Development (UNCTAD), the Office of the United Nations High Commissioner for Refugees (UNHCR) the World Food Programme (WFP), UN-Women and the United Nations Educational, Scientific and Cultural Organization (UNESCO), limit the number of terms of their executive heads. Other organizations do not have formal limitations regarding the number of terms but have established a practice that no executive head should serve more than two successive terms (e.g. UNDP and the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA)).

24. In its previous work on the selection and conditions of service of executive heads in the United Nations system organizations, JIU concluded that all organizations should limit the terms of their executive heads to a maximum of two successive terms, with each term not exceeding five years, as this would allow for adequate regional and gender balance among the executive heads as well as inject new vision in the management and leadership of the organizations.<sup>27</sup>

25. Without prejudice to the current incumbent, the limitation of terms of office for leadership positions is considered a good practice that energizes leaders to deliver results within their terms and encourages organizations to evolve and incorporate new ideas and perspectives into their senior management. Furthermore, the establishment of limits for terms of office allows organizations to plan for transition and enhances the perception of transparent management.

26. The implementation of the following recommendation is expected to contribute to enhanced transparency and accountability in the management of UNFPA.

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<sup>22</sup> Job description of the post of Deputy Executive Director, Management (provided by UNFPA).

<sup>23</sup> Job description of the post of Deputy Executive Director, Programme (provided by UNFPA).

<sup>24</sup> Terms of reference of the Office of the Executive Director (provided by UNFPA).

<sup>25</sup> See DP/FPA/2021/9, annex 1.

<sup>26</sup> Chaired by the Executive Director, its membership includes the Directors of divisions and regional offices, as well as the Directors of oversight entities.

<sup>27</sup> JIU/REP/2009/8, para. 75 and recommendation 6.

**Recommendation 1**

**The Executive Board should, before the end of 2024, consider and recommend to the Economic and Social Council and, through the Council, to the General Assembly, as necessary, the establishment of limits on the number of terms of office for the position of the Executive Director of UNFPA.**

**D. Executive Board and senior management relations**

27. There is regular communication between senior management and the Executive Board, and the oversight offices of UNFPA have free and direct access to the Board. Pre-session informal meetings are held two weeks in advance of each Board session to review the agenda and documentation for that session. Other informal briefings and consultations are held in advance of each session and on an ad hoc basis throughout the year, as needed. In addition to these meetings, senior management attends monthly scheduled Bureau meetings and engages at all levels across the organization with members and observers of the Executive Board.<sup>28</sup>

28. Intergovernmental support and supervision of the activities of UNFPA, UNDP and UNOPS by the same Executive Board is a challenging task compounded by the distinct mandates, size and nature of the different activities undertaken by each of the three entities. Given their size and nature, the activities of UNDP and UNOPS require considerable attention from the Executive Board. In its response to the question on the JIU questionnaire regarding the issue of the Executive Board having to address the activities of the three organizations, UNFPA management commented that the “issues arising in one agency can spill over to the others and influence the lens through which reports and papers are analysed by Board Members ... as well as impact the decision language of other agencies. Consideration of items under joint segments can, on occasion, mean that the focus on each agency is diffused”.

29. In its response to the JIU questionnaire, UNFPA noted that “having a joint Executive Board for three organizations is a heavy slate for the Board in the discharge of its oversight roles to these three organizations and limits the time allocated to the Executive Director and senior management for more meaningful and efficient reporting to the Executive Board. Other United Nations organizations have similar processes as the three organizations, but they have their own Executive Boards. So, we are not sure why this joint Board configuration”.

30. UNFPA still considers that the benefits of a joint Board are a model for an efficient and effective United Nations that far outweighs the challenges. However, the views expressed by UNFPA in its response to the JIU corporate questionnaire indicate that: (a) the governance and oversight responsibilities of the Executive Board should be clarified; (b) the capacity of Executive Board members should be enhanced through induction training on issues specific to UNFPA, including as they pertain to oversight; (c) the Executive Board should undertake a review of its current structure and responsibilities to ensure that it is appropriate for a growing humanitarian-leaning organization.

31. The issue of a separate UNFPA Executive Board is not new. In its resolution 48/162, the General Assembly indicated that a separate Executive Board for the United Nations Population Fund would be further considered in the light of the outcome of the International Conference on Population and Development to be held in 1994. The International Conference on Population and Development, in its Programme of Action, then invited the Assembly, at its forty-ninth session, to consider the establishment of a separate Executive Board of the United Nations Population Fund. However, no decision was made in this regard, and the current Executive Board continues to service UNFPA, UNDP and UNOPS (which was added in 1995 after its separation from UNDP).

<sup>28</sup> UNFPA response to the JIU corporate questionnaire.

32. While recognizing the historical link between UNDP and UNFPA, the Inspector is of the opinion that, given the distinct and diverse mandates of UNDP, UNOPS and UNFPA, the combined support and supervision provided by the same Executive Board has not led to synergies or advantages.

33. There are other United Nations entities (e.g. UN-Women and the United Nations Children's Fund (UNICEF)) that are better aligned with UNFPA from a programmatic perspective. In fact, the strategic plans for 2018–2021 of UNDP, UNFPA, UNICEF and UN-Women incorporated a common chapter to enhance collaboration in accordance with their respective mandates and in support of the 2030 Agenda for Sustainable Development. These entities often cooperate in the field and share some areas of activity, especially in areas such as gender equality, reproductive health and advocacy, education and HIV prevention.

34. Over the past four years, UNDP, UNFPA, UNICEF and UN-Women have worked jointly with key partners to address socioeconomic and cultural barriers as well as bottlenecks in health systems. In 2021, UNDP, UNFPA, UNICEF and UN-Women developed new strategic plans for the period 2022–2025. Rooted in the vision of the 2030 Agenda, the new strategic plans build on the lessons learned from the implementation of the common chapter, but also reflect a move beyond it – towards a broader United Nations system-wide approach.<sup>29</sup>

35. In order to observe the results delivered by programmes, the Executive Board conducts a field visit each year. A joint field visit is also undertaken with the Executive Boards of UNICEF, UN-Women and WFP. In addition, the Executive Boards meet on an annual basis, and they have recognized the need for improved coherence and closer cooperation. In opening the joint meeting, the President of the Executive Board of UNDP/UNFPA/UNOPS stated that “working jointly and coherently among the Executive Boards was now more than ever a matter of urgent necessity to make the United Nations development system ... fit for purpose to deliver where it mattered most – on the ground, at country-level, in communities and in people's lives across the globe.”<sup>30</sup>

36. The interviews held with members of the Executive Board and with the leadership and senior management of the UNFPA lead the Inspector to conclude that a better alignment of the existing Executive Boards with the respective United Nations programmes overseen by them may be possible, taking into account, inter-alia, programmatic synergies. This would undoubtedly improve coherence in the guidance and oversight by the respective Executive Boards. It should be noted that the resolution of this issue would involve a review of the governance structures of other entities. Consequently, it does not fall within the direct scope of the present review, which focuses on UNFPA. However, the Inspector would like to bring it to the attention of the Executive Board for consideration and possible action, if deemed relevant. In any case, additional efforts must be made by the Executive Board to allocate more time to providing guidance, oversight, support and supervision to UNFPA.

37. The Inspector is pleased to note that the Executive Board will shortly be carrying out an assessment of its governance and oversight functions, as indicated by UNFPA in its comments to the present review and as reflected in Executive Board decision 2022/22. However, the options paper for that assessment, prepared by the Bureaux of Executive Boards of UNDP/UNFPA/UNOPS, UNICEF and UN-Women, differs from the recommendation made by the Inspector, as it stresses that the focus of the assessment should not be on restructuring the Boards or changing their mandates; instead, it should focus on providing implementable recommendations within the current structure and mandate of the Boards with a view to ensuring that the Boards' functions are aligned with the highest international standards and best practices, bearing in mind the specific multilateral and public sector nature of the work of the United Nations programmes in question.

38. The implementation of the following recommendation is expected to contribute to strengthening the coherence and harmonization of the management of UNFPA in the context of the governance structures of the different United Nations funds and programmes.

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<sup>29</sup> Joint annex on the common chapter of the strategic plans for 2022–2025 of UNDP, UNFPA, UNICEF and UN-Women, para. 61.

<sup>30</sup> Report of the joint meeting of the Executive Boards of UNDP/UNFPA/UNOPS, UNICEF, UN-Women and WFP, 3 June 2022, para. 1.

**Recommendation 2**

**The Executive Board may wish to consider, before the end of 2024, different possibilities for the governance arrangements of UNFPA, such as the establishment of a separate UNFPA board or alignment with different United Nations funds or programmes with a high level of programmatic synergy and common areas of activity under the same board.**

**E. Strategic planning**

39. The UNFPA strategic plan for 2022–2025, is the second of three consecutive strategic plans leading to 2030. Strategic planning at UNFPA is a continuous process, pivoting on a four-year strategic plan and including a midterm review and an annual process of monitoring the progress of implementation of the plan, learning and adapting the plan. Strategic planning informs the development and implementation of country or thematic programme documents. The goal of the strategic plan for 2022–2025 of universal access to sexual and reproductive health and reproductive rights by 2030, including the three transformative results, namely, ending the unmet need for family planning, ending preventable maternal deaths and ending gender-based violence and harmful practices, constitutes a clear and long-term commitment by the organization to contributing to the 2030 Agenda and derives from priorities and needs that the Member States identified during the commemoration of the twenty-fifth anniversary of the International Conference on Population and Development.

40. The preparation of the strategic plan begins with the development of a concept note, which includes a road map containing key milestones and a timeline. The Inter-Divisional Working Group drafts the strategic plan and the integrated results and resource framework under the supervision of the Executive Committee. The framework contains the indicators, baseline and targets for measuring progress toward the strategic plan results. The framework is developed in consultation with sister United Nations agencies to ensure a harmonized approach to results measurement and reporting, especially since some strategic plan results are collective and require common measurements.

41. UNFPA follows a four-year strategic plan cycle, in line with the United Nations quadrennial comprehensive policy review cycle and consults with United Nations agencies, especially the funds and programmes that follow a similar strategic planning cycle, to harmonize strategic planning approaches and optimize coherence across United Nations agencies.

42. Following endorsement by the Executive Board, the strategic plan is rolled out within UNFPA. Guidance is provided and staff at all levels are informed of what is new compared with the previous plan. The strategic plan is launched through a campaign that may include webinars, videos, articles and communications materials aimed at ensuring that staff, stakeholders and the public in general understand the strategic plan and can therefore effectively contribute its implementation.

43. UNFPA identifies, analyses and implements lessons learned from previous strategic plans. One of the core principles for strategic planning in UNFPA is that it must be evidence-based and built on lessons learned from previous strategic plans. During strategic planning, UNFPA usually identifies and analyses the lessons learned through: (a) a formal midterm review of the previous strategic plan; (b) lessons learned from evaluative evidence, including thematic, programmatic and joint evaluations; (c) an external expert review of the alignment of UNFPA programming and operations with the strategic organizational priorities; and (d) consultations on what works and what does not work well and why.

44. To enhance the alignment of the strategic objectives and the resources required, the strategic plan and the integrated budget are presented to the Executive Board for approval at the same session, enabling the Board to assess both the strategic vision and the resource plan for the given period.

45. In its decision 2022/11, the Executive Board noted with appreciation the progress made by UNFPA in achieving the results and the end-of-plan targets of the UNFPA strategic plan for 2018–2021 and noted the baselines and targets set out in the integrated results and resources framework for 2022–2025. In its decision 2021/17, the Executive Board endorsed the UNFPA strategic plan for 2022–2025.<sup>31</sup>

46. Nevertheless, there is room for improvement, as expressed by some members of the Board, who indicated that “UNFPA had made efforts to communicate risks (i.e. the roll-out of the enterprise resources planning system) and undertake internal assessments (i.e. audit and investigations capacity); however, communication to the Board of those risks and outcomes could be improved”. The Executive Board has requested more regular closed briefings from the UNFPA Office of Audit and Investigation Services, as well as from the respective internal audit offices of the other programmes overseen by the Board (UNDP and UNOPS) on potential red flags, internal audit findings and the status of investigations.<sup>32</sup> Senior management also pointed to the need for more meaningful and efficient reporting to the Executive Board and to the limits in the time allocated to the Executive Director and senior management for communication with the Board.

47. The Inspector concludes that the governance processes established by UNFPA are comprehensive, although more time could be allocated by the Executive Board to guiding and overseeing UNFPA activities, as previously indicated. There is regular communication between the Executive Board and senior management. Strategic planning is undertaken in a consultative manner involving relevant actors, including other United Nations entities, and lessons learned from previous strategic cycles are taken into consideration. **However, the governance process could be strengthened, and the Executive Board may wish to allocate more time to guiding and overseeing UNFPA activities.**

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<sup>31</sup> DP/FPA/2021/8.

<sup>32</sup> Executive Board decision 2022/15, para. 4.

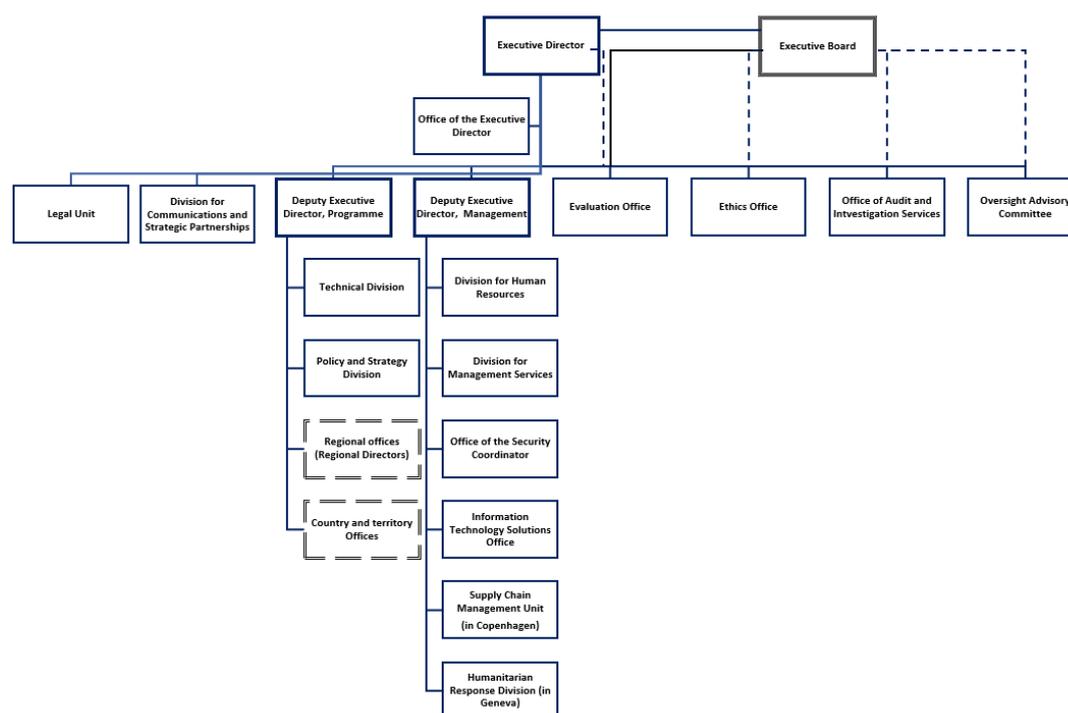
### III. Organizational structure

48. The JIU team examined the overall structure and worldwide presence of UNFPA, including management aspects, such as coordination among the components of the field offices and headquarters and delineation of the functions and responsibilities of the field offices and headquarters. UNFPA is headquartered in New York, and some headquarters functions are carried out in Geneva and Copenhagen. In addition, UNFPA has six regional offices,<sup>33</sup> eight representational offices,<sup>34</sup> three subregional offices<sup>35</sup> and 121 country and territory offices.

#### A. Headquarters

49. UNFPA headquarters comprises 14 divisions, offices, services and units. Six divisions report directly to the Executive Director, another six report to the Deputy Executive Director, Management, and two to the Deputy Executive Director, Programme. The Regional Directors report to the Deputy Executive Director, Programme. With respect to the distribution of headquarters functions, the Humanitarian Response Division is located in Geneva, the Supply Chain Management Unit is located in Copenhagen and all the remaining functions are located in New York. Figure II shows the organizational structure of UNFPA headquarters.<sup>36</sup>

Figure II  
UNFPA organization chart – headquarters



Source: Prepared by JIU based on the latest UNFPA headquarters organization chart.

<sup>33</sup> The locations of the regional offices are as follows: Latin America and the Caribbean – Panama City; West and Central Africa – Dakar; Eastern Europe and Central Asia – Istanbul, Türkiye; Arab States – Cairo; East and Southern Africa – Johannesburg, South Africa; and Asia and the Pacific – Bangkok.

<sup>34</sup> The representational offices are located in Addis Ababa, Brussels, Copenhagen, Geneva, London, Seoul, Tokyo and Washington, D.C.

<sup>35</sup> The subregional offices are located in Kingston, Suva and Almaty, Kazakhstan.

<sup>36</sup> See sect. VIII for a more detailed discussion of the Office of Audit and Investigation Services, the Evaluation Office and the Ethics Office and their dual reporting line to the Executive Board and the Executive Director.

50. In its review of the UNFPA integrated budget for 2022–2025, the Advisory Committee on Administrative and Budgetary Questions commented on the increase in the number of personnel at headquarters compared with the previous budget period. The Advisory Committee reiterated its view that, given the intrinsically field-based and programmatic nature of UNFPA activities, the latest trend towards an increasing headquarters presence, which could potentially impact the field, should be limited. The Advisory Committee also expressed its view that efforts should be made to enhance the field presence and activities rather than bolstering the headquarters presence.<sup>37</sup> Based on an analysis of the statistics provided by UNFPA, the JIU team noted that the proportion of headquarters positions had shown an increasing trend in the past budget cycles. The number of headquarters-based posts increased by 7 per cent in the last two strategic cycles. It should be noted that UNFPA continues to be a field-centric organization, with two thirds of institutional budget posts stationed in the field and over 70 per cent stationed outside of New York headquarters, even though institutional budget posts inherently include central business functions and therefore skew more towards headquarters locations. Overall, 88 per cent of UNFPA staff serve in field duty stations.<sup>38</sup>

51. Figure III shows the recent evolution of the headquarters presence under the institutional budget. The JIU team could not assess the allocation of resources to each office worldwide. However, as observed by the JIU team in certain locations visited, the lack of specialized resources available often means that staff must perform several part-time responsibilities in parallel. While this is understandable, given the small size of certain offices, it should not be a trend. In the view of the Inspector, senior management, in allocating posts, should carefully consider the proportion of headquarters versus field posts.

Figure III  
**Posts by location, based on the institutional budget**  
 (Percentage)



Source: Prepared by JIU based on UNFPA integrated budgets and the annexes thereto (DP/FPA/2017/10, annex 1, summary table 1; DP/FPA/2021/9, annex 1, summary table 1).

\* Headquarters positions include positions in New York and in other locations.

52. As discussed in detail in section VIII, UNFPA has increased the resources for the Evaluation Office, the Office of Audit and Investigation Services and the Ethics Office to tackle the growing demand for oversight services (i.e. 1 additional post in the Ethics Office, 2 in the Evaluation Office and 4 in the Office of Audit and Investigation Services). Nevertheless, the Inspector warns about growing overhead, given that the increase in the number of posts proposed for 2022–2025 is mainly for the Office of the Executive Director (8 posts) and the Division for Human Resources (9 posts).<sup>39</sup>

<sup>37</sup> DP/FPA/2021/12, para. 20.

<sup>38</sup> DP/FPA/2021/9, para. 92.

<sup>39</sup> DP/FPA/2021/9, annex 1, summary table 1.

## B. Field presence

### 1. Regional, subregional and representational offices

53. The regional offices lead the implementation of UNFPA strategies and engagement with regional intergovernmental mechanisms. The regional offices also oversee country and territory offices, encourage good governance and provide technical, operational and programmatic support.<sup>40</sup> While the Regional Directors report to the Deputy Executive Director, Programme, the respective headquarters divisions provide oversight and technical support to them.<sup>41</sup> It should be noted that, as discussed in section V, the Human Resources Business Partners located at regional offices report to the Director of Human Resources with a “dotted reporting line” to Regional Directors. The UNFPA structure also includes subregional offices to support and strengthen programme implementation in specific geographical areas. In addition, UNFPA places representational offices in crucial donor countries to facilitate engagement and dialogue with regional organizations, government entities, parliamentarians, civil society and the general public.

54. The subregional offices also serve as an important hub for areas where regional offices need to strengthen the development and implementation of more tailored programmatic initiatives. For example, the Eastern Europe and Central Asia Regional Office recently set up a subregional office in Almaty to strengthen programme implementation in Central Asia. The JIU team noted, however, that although UNFPA had issued some guidance documents and management arrangements, it had not established the specific terms of reference defining the role and responsibilities of the subregional and representational offices. **The Executive Director should establish, before the end of 2023, the terms of reference for the subregional and representational offices defining, inter-alia, their roles, functions, reporting lines, clear delegation of authority and oversight responsibilities.**

### 2. Country and territory offices

55. At the country level, UNFPA works with United Nations system entities to develop and implement cooperation frameworks through coordinated and coherent United Nations country team action and is engaged in many joint programming efforts and in the joint implementation of programmes, including humanitarian response efforts.

56. The terms of reference of the UNFPA country offices indicate that, depending on the type and size of the country, UNFPA may be represented by a UNFPA office with a Representative in the country, an office where the UNFPA Representative covers several countries from one office or a UNFPA Country Director who concurrently holds the post of UNFPA Representative in a neighbouring country.<sup>42</sup> In practice, a UNFPA Representative leads one or several country offices. When the Representative leads several country offices, each country office has a Country Director or a Head of Office. However, the terms of reference of the country office do not clarify the reporting lines between the Representative and the Country Director.

57. In this regard, in September 2022, the Division for Human Resources issued a document on delegation of authority in matters relating to human resources to provide guidance on the approved delegation of authority. In the document, the Representative, the Country Director and the Head of Office are treated as one level, and their reporting relationships are not clear.<sup>43</sup> The JIU team observed during the field missions that this created confusion over the respective roles and authorities.

<sup>40</sup> Regional office terms of reference, April 2015 (provided by UNFPA).

<sup>41</sup> Ibid.

<sup>42</sup> Country office terms of reference, April 2015 (provided by UNFPA).

<sup>43</sup> The document entitled “Delegation of authority in matters relating to human resources, version 1.0” includes a delegation of authority matrix clarifying the delegation approved in different human resources areas of operation. In the matrix, the three functions are treated as one level.

Box 1

### **Delegation of authority for the UNFPA field offices**

#### **Regional offices**

UNFPA determines the delegation of authority for the regional offices in line with the internal control framework. The framework provides that the regional offices own and manage risks as part of the “first line of defence”. The regional offices oversee risks and controls as a “second line of defence”.<sup>a</sup>

In the UNFPA Financial Rules and Regulations, the sources of the delegation of authority to the regional office are globally determined. The Executive Director “may delegate to the Deputy Executive Directors, the Director of the Division for Management Services and/or to other UNFPA or UNDP officials any of his/her authority which has not been expressly assigned”.<sup>b</sup>

In the UNFPA Policies and Procedures Manual, specific guidance and compliance measures are provided for delegated operations, such as procurement, including details of the limits applicable to every procurement profile in the enterprise resource planning system.<sup>c</sup> In addition to human resources policies, the Division for Human Resources recently issued a document on the delegation of authority in matters relating to human resources, which included a matrix that showed the authority delegated to the Regional Directors.<sup>d</sup>

The main functions of the regional offices performed under the delegation of authority are detailed in the regional office terms of reference.

#### **Country offices**

As it does for the regional offices, UNFPA determines the delegation of authority for the country offices in line with the internal control framework. The framework provides that some units, as well as individual roles at the headquarters, regional and country office levels, carry out different functions that are part of both the first and second lines of defence.<sup>a</sup>

The UNFPA Financial Rules and Regulations provide a foundation for the delegation of authority to the country offices, and the Policies and Procedures Manual details the activities performed under the delegated authority. The matrix in the document on delegation of authority in matters relating to human resources treats the Representative, the Country Director and the Head of Office as a common level of function.<sup>d</sup>

The main functions of the country office performed under the delegation of authority are detailed in the country office terms of reference.

<sup>a</sup> UNFPA, Policies and Procedures Manual, Internal control framework (September 2016), p. 4.

<sup>b</sup> UNFPA Financial Regulations and Rules (UNFPA/FIN/REG/Rev.10) (July 2014), rule 103.1 b).

<sup>c</sup> UNFPA, Policies and Procedures Manual, Procurement procedures (15 June 2019), section 2.5.3.

<sup>d</sup> UNFPA, Delegation of authority in matters relating to human resources, version 1.0 (1 September 2022).

## **C. Regional coverage**

58. The Inspector observed that the regional delimitations defined by UNFPA differ from those established by their principal programmatic United Nations partners in each region (e.g. the World Health Organization (WHO), UNICEF and UN-Women). Often, the regional offices are located in different cities, and the regional coverage, and the names of the offices and regions, differ. During the interviews held in regional offices, several UNFPA officials referred to the operational challenges arising from the different regional coverage currently

applied by other United Nations entities. As examples, figure IV shows the range of the regions of the UNFPA Arab States Regional Office and the Eastern Europe and Central Asia Regional Office and the regional scope of their principal United Nations partners.

Figure IV  
Examples of regional coverage

North Africa, Middle East, Asia				
	UNFPA	WHO	UNICEF	UN-Women
Name of the area	Arab States	Eastern Mediterranean	Middle East and North Africa	Arab States
Regional office location	Cairo	Cairo	Amman	Cairo
Number of countries/territories	15	22	20	9
				
Europe, Middle East, Asia				
	UNFPA	WHO	UNICEF	UN-Women
Name of the area	Eastern Europe and Central Asia	Europe	Europe and Central Asia	Europe and Central Asia
Regional office location	Istanbul	Copenhagen	Geneva	Istanbul
Number of countries/territories	17	53	22	8
				

Source: Prepared by JIU based on publicly available information as of November 2022.

59. The differences in regional coverage do not facilitate collaboration, joint programming and partnerships. In some instances, they may jeopardize collective fundraising efforts. Several officials indicated that the differences in geographic coverage also had an impact on the ability to effectively respond to donors' demands in the region and the distribution of resources. At the same time, disconnected programmatic and country portfolios could lead to a complex operational and programmatic implementation environment. For example, the UNFPA Eastern Europe and Central Asia Regional Office covers two geographically, politically, economically and culturally differentiated regions. While some countries in the eastern European area are potential candidates for European Union membership and consequently subject to social and economic influence determined by policies and grants established by the European Union, the countries in the central Asian area are subject to different dynamics. The region does not have a commonly spoken language, except for Russian in limited areas. Several officials indicated that these factors make it very challenging for the Regional Office to prioritize and implement common regional strategies and to administer them, especially with respect to communications and outreach initiatives.

60. The logic behind the current regional coverage has not always been clear and has resulted in a complex discussion within the United Nations system. The JIU team learned that the regional offices had raised the issue internally and with the other United Nations entities in the past, echoing the assertion by the General Assembly of the need to address gaps and overlaps at the regional level in the context of the current revamping of the United Nations development system.<sup>44</sup> UNFPA senior management has affirmed its commitment to

<sup>44</sup> General Assembly resolution 72/279, paras. 18 and 19, and Executive Board decision 2019/15.

the reform of the United Nations development system with several initiatives, and no changes are envisaged.<sup>45</sup>

61. Though it is not an issue directly covered under the scope of the present review, the Inspector encourages UNFPA leadership to maintain its commitment to reform efforts and stresses the importance of consultative discussions on the value and efficacy of the current regional coverage by different United Nations entities, with a view to establishing a more coherent common regional approach to further facilitate joint programming and the implementation of the activities undertaken by the United Nations system as a whole at the regional and country levels.

#### **D. Cooperation within the United Nations system**

62. In its system-wide review of inter-agency cooperation entitled “Opportunities to improve efficiency and effectiveness in administrative support services by enhancing inter-agency cooperation”,<sup>46</sup> which was issued in 2018, JIU drew attention to the opportunities for enhanced cooperation among United Nations organizations. Several recommendations in that report were addressed to the executive heads of participating organizations, including UNFPA.<sup>47</sup> UNFPA affirms that it has increased efficiency and reduced costs through the utilization of common business operations<sup>48</sup> and that it remains interested in service provision by other United Nations entities through local and/or global shared services centres.<sup>49</sup> The UNDP Global Shared Services Centre already provides several human resources and finance services to UNFPA.<sup>50</sup> In addition, UNFPA has concluded several memorandums of understanding and service agreements in different areas. Among other things, on the basis of a service-level agreement, UNDP provides UNFPA with payroll, accounting, administration of benefits and entitlements, treasury management and travel services. UNOPS also provides services in vendor review and sanctions. With UNHCR, UNFPA has established different agreements on fleet management and asset auctions and has signed a memorandum of understanding regarding joint implementing partner management, with respect to the background and review of partners and the use of the external auditors.<sup>51</sup>

#### **E. Regional Operations Shared Service Centre**

63. As a pilot project, the East and Southern Africa Regional Office set up the Regional Operations Shared Service Centre in Johannesburg in 2018. It is a response to unstable and declining financial resources, increasingly complex political, economic, social and humanitarian challenges and the need to deliver high-quality rights-based results for the region.<sup>52</sup> Its establishment was approved by the Executive Director in October 2017.<sup>53</sup> The Centre currently provides shared operational support in areas such as procurement and

<sup>45</sup> See UNFPA, Information note on the implementation of General Assembly resolution 72/279 on the repositioning of the United Nations development system (June 2022).

<sup>46</sup> JIU/REP/2018/5.

<sup>47</sup> See, in particular, recommendations 1, 4, 5, 6 and 7.

<sup>48</sup> See UNFPA, Information note on the implementation of General Assembly resolution 72/279 on the repositioning of the United Nations development system (June 2022). In the information note, it is indicated that the total efficiency gains from the internal initiative, which amounted to \$9.2 million in 2021, had steadily increased since 2019.

<sup>49</sup> *Ibid.*, p. 5.

<sup>50</sup> The UNDP Global Shared Services Centre is located in Copenhagen and Kuala Lumpur. The Copenhagen centre provides human resources services and the Kuala Lumpur centre provides financial services.

<sup>51</sup> JIU obtained and reviewed samples of existing memorandums of understanding signed between UNFPA and other United Nations organizations.

<sup>52</sup> See UNFPA East and Southern Africa, “ROSSC: Regional Operations Shared Service Centre” (8 December 2017), introduction.

<sup>53</sup> UNFPA Office of Audit and Investigation Services, “Audit of the Regional Operations Shared Service Centre: final report” (IA/2021-05) (5 November 2021), para. 6.

finance. In the next phase, ICT, human resources and administrative services will be provided to the country offices of the region.<sup>54</sup>

64. The Office of Audit and Investigation Services audited the Centre in 2021 and made several findings and recommendations. In particular, the Office noted that the reporting lines of and the authority delegated to the Centre were not clearly defined and recommended that the Fund develop comprehensive terms of reference.<sup>55</sup> The Office also noted a lack of clarity with respect to roles and responsibilities, which had led to duplication of effort and inefficiencies.<sup>56</sup> In addition, the Office pointed out the impractical arrangements between the Centre and the relevant country offices regarding transaction processing rights and the need for integration of the processes of the Centre within the new enterprise resource planning system.<sup>57</sup> According to the comments provided by UNFPA to the present review, all of the recommendations of the Office relating to the terms of reference of the Centre have been implemented.

**65. The Inspector considers that the regional operations shared service centres initiative should be planned as part of an overall strategy in line with the United Nations development system reform initiatives at the regional level and JIU recommendations on the subject.** In addition, a careful analysis of the savings and efficiencies expected, including the functions to be undertaken by regional shared service centres vis-à-vis those currently performed by regional offices, should be undertaken to avoid overlap and inefficiencies. This should be supplemented by a clear delimitation of responsibilities, reporting lines and the level of authority delegated to each entity.

66. As confirmed by UNFPA, no significant cost savings have been achieved to date. Furthermore, the Secretary-General and JIU have recommended using existing global shared service centres instead of creating new ones. Thus, at this moment, UNFPA does not plan to invest further in the Centre. Rather, its strategy for creating efficiencies in the area of non-location-dependent operations to date is geared towards making use of global and regional shared services offered by sister agencies, instead of creating or expanding its own centres and services.

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<sup>54</sup> See UNFPA East and Southern Africa, “ROSSC: Regional Operations Shared Services Centre”.

<sup>55</sup> UNFPA Office of Audit and Investigation Services, “Audit of the Regional Operations Shared Service Centre: final report”, paras. 13 and 14 and recommendation 1.

<sup>56</sup> Ibid., paras. 19–23 and recommendation 3.

<sup>57</sup> Ibid., paras. 45–48 and recommendation 9.

## IV. Administrative, budgetary and financial management

67. The present review contains an analysis of the administrative, budgetary and financial framework of UNFPA, including funding, fundraising and resource structure and mobilization, financial and budgetary policies, procurement, outsourcing and resource allocation and expenditure. Specific focus is given to the early assessment of budgeting and the financial situation in line with the strategic plan for 2022–2025.

### A. Financial stability, predictability and sustainability

#### 1. Stability

##### Funding model

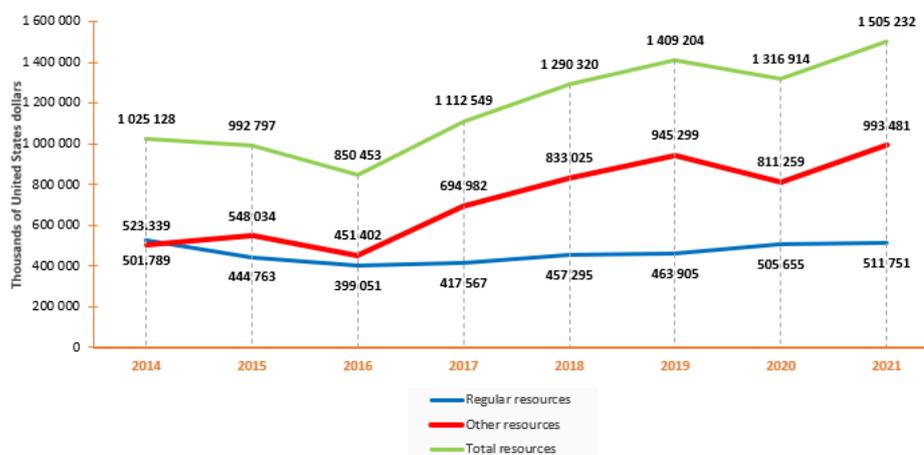
68. UNFPA is funded through voluntary contributions, comprising “regular” resources, also called “core” or “unearmarked” resources, which are not subject to limitations as to their use, and “other” resources, also called “non-core” or “earmarked” resources, which are received for a specific programme purpose consistent with the mandate of UNFPA. For the purpose of clarity, the terms “regular” and “other” are used throughout the report when referring to resources, while contributions are referred to as “earmarked” or “non-core” and “unearmarked” or “core”.

69. The integration of resource planning and budgeting is particularly relevant, given the changing funding structure of UNFPA, which has been marked by an increasing proportion of non-core contributions. This necessitates coordination and the consolidation of resource management functions.

70. Figure V shows the evolution of regular and other resources for the period 2014–2021. For comparison purposes, the figures for the period of the strategic plan cycle (4 years) have been annualized and are based on the financial statements of UNFPA audited by the Board of Auditors. UNFPA revenue has been on an upward trend since 2014, although there were slight decreases in 2015, 2016 and 2020. In 2021, the total resources amounted to \$1,505.2 million, reflecting an increase in other resources of about 14.3 per cent (\$188.3 million). In contrast, the evolution of regular resources has been modest since 2014. The level of regular resources in 2021, while reflecting an increase in comparison with 2020, is still below the 2014 level.

Figure V

#### Total revenue: regular resources and other resources (2014–2021)



*Source:* Prepared by JIU based on the financial statements of UNFPA audited by the Board of Auditors (A/77/5/Add.8, A/76/5/Add.8, A/75/5/Add.8, A/74/5/Add.8, A/73/5/Add.8, A/72/5/Add.8, A/71/5/Add.8 and A/70/5/Add.8).

### Strategic plan

71. For the period 2022–2025, UNFPA projects \$5,045.6 million in gross contributions.<sup>58</sup> In 2021, the total revenue was \$1,505.2 million (30 per cent of expected revenue for the period 2022–2025), and the total expenditure amounted to \$1,300.7 million.<sup>59</sup>

72. UNFPA plans to ramp up resource mobilization efforts and to direct a higher proportion of its resources (40 per cent) towards achieving the unmet need for family planning, since it has the primary responsibility in this area. It will direct about 35 per cent of its resources towards preventable maternal deaths and the remaining 25 per cent of resources toward ending gender-based violence and harmful practices, collaborating with many other partners to accelerate progress in those two areas.<sup>60</sup>

73. UNFPA will allocate approximately 74 per cent, or \$3,844.7 million of projected available resources for 2022–2025 to country programmes. This amount includes regular resources of \$815.5 million for acceleration of the implementation of the Programme of Action of the International Conference on Population and Development and achieving the three transformative results. UNFPA will prioritize countries in humanitarian and post-humanitarian settings, since the three transformative results cannot be achieved without addressing the specific situations in those settings.

74. During the four years of the strategic plan for 2022–2025, UNFPA plans to ensure that 60 per cent of regular resources for country programmes are allocated to tier I countries.<sup>61</sup> UNFPA also plans to increase the resources available for the two multi-country programmes in the Pacific and the Caribbean subregions and plans to establish a funding modality to mobilize non-core resources for small island developing States. However, no further information is available on this issue.

**75. In the context of the plans to establish a funding modality to mobilize non-core resources for small island developing States included in the strategic plan for 2022–2025, the Executive Director should report in the context of the midterm review of the strategic plan on the status of implementation of the new funding modality, how it works and the results expected and achieved.**

### Determination of the integrated budget

76. According to the UNFPA resource management policy, the integrated budget is the Fund's overarching financial plan which underpins the UNFPA strategic plan and the results contained therein. The integrated budget encompasses all the cost categories and provides the link between the results and resources of the organization within a single, integrated framework.<sup>62</sup>

77. As it is a voluntarily funded organization, UNFPA prepares its integrated budget on the basis of anticipated income levels for the planning period, for both unearmarked and earmarked contributions. The integrated budget is composed of two components: the institutional budget and the programme. The institutional budget has management, development effectiveness, United Nations development coordination and special purpose as cost classifications, while the programme component has country programmes, global and regional interventions and emergency fund.

<sup>58</sup> DP/FPA/2021/9, para. 8.

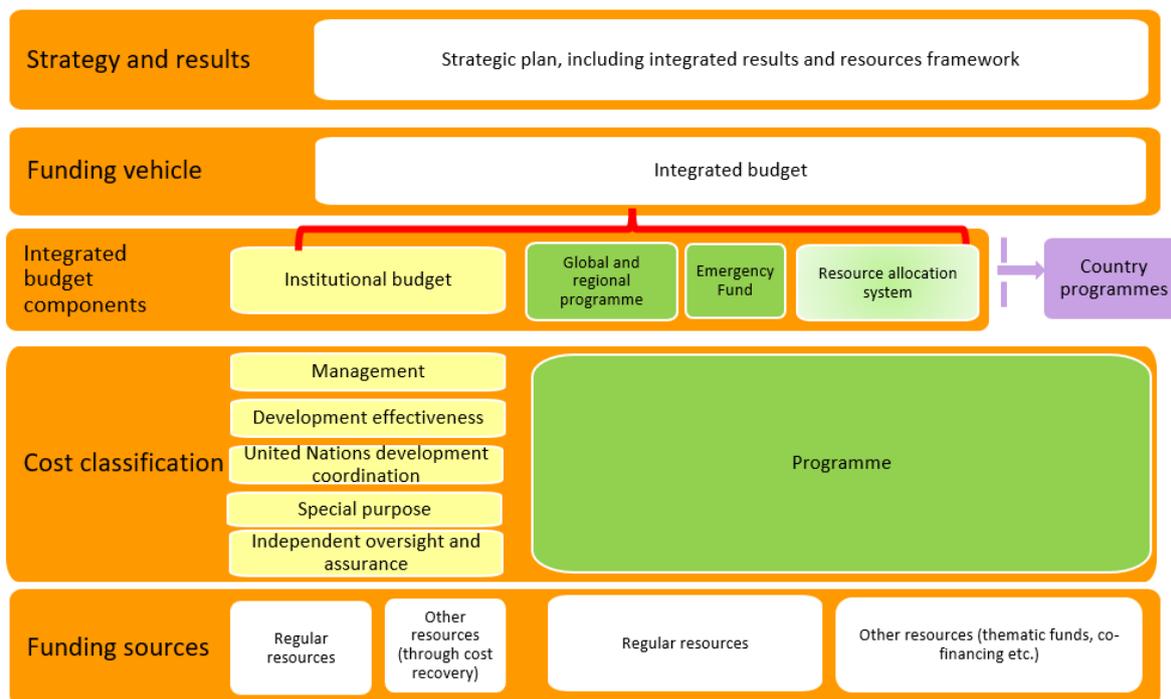
<sup>59</sup> A/77/5/Add.8, para.11.

<sup>60</sup> DP/FPA/2021/8, paras. 120 and 121.

<sup>61</sup> The tier I countries are the 54 programme countries that have not met any of the three indicator thresholds: the need for family planning is satisfied with modern methods (75 per cent); maternal mortality ratio (70 per 100,000 live births); and the gender inequality index (0.3) (DP/FPA/2021/8, paras. 81–84).

<sup>62</sup> UNFPA, Policies and Procedures Manual, Resource management policy (2 November 2022), para. 2.

Figure VI  
**Connections between the strategic plan, the integrated budget, cost classifications and funding sources**



Source: Prepared by JIU based on the UNFPA resource management policy.

## 2. Predictability

### Resource mobilization

78. In an ever-growing competition for scarce resources, careful planning and implementation of resource mobilization strategies is pivotal to ensuring the predictability and subsequent sustainability of any voluntarily funded organization.

79. In September 2015, UNFPA presented its resource mobilization strategy<sup>63</sup> to the Executive Board pursuant to Board decision 2014/25, in which the Board requested the Fund to continue to explore incentives, mechanisms and funding windows to broaden its donor base, to improve communications with donors and to continue dialogue on options to enhance the quality of contributions to finance development results.

80. The objectives of the UNFPA resource mobilization strategy are to:

- (a) Maintain and broaden the traditional donor base;
- (b) Expand the non-traditional donor base;
- (c) Increase contributions from programme countries;
- (d) Increase contributions from, and build strategic partnerships with, the private sector, civil society, philanthropic organizations, the general public, international financial institutions and global public-private alliances.

81. In its decision 2015/18, the Executive Board welcomed the UNFPA resource mobilization strategy and its objectives. In its decision 2017/25, the Board requested UNFPA to improve its funding reporting and encouraged UNFPA to present to the Board an overview of funding gaps and an analysis of their impact on the implementation of the strategic plan. In response to this decision, UNFPA issued a proposal on structured funding dialogues in

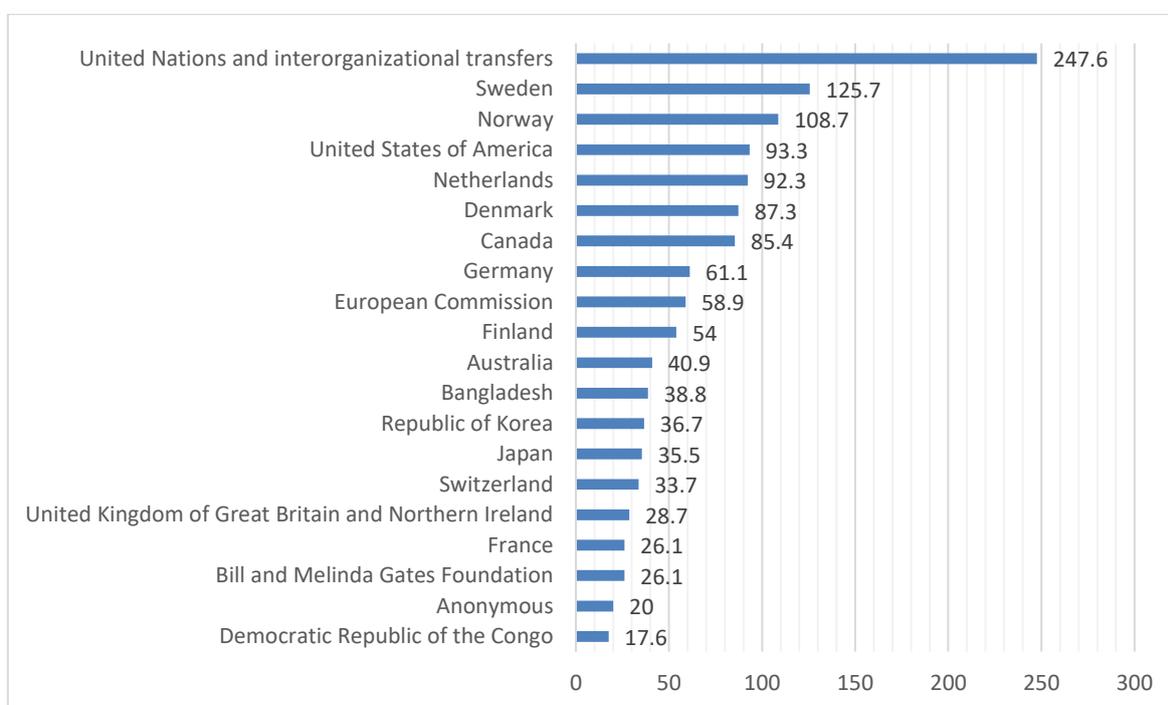
<sup>63</sup> DP/FPA/2015/11.

July 2018,<sup>64</sup> and the Fund has presented a report on the structured funding dialogue annually since 2019. The report provides an overview of resource trends, the current situation and funding perspectives, including associated risks and contingency measures. At the time of conclusion of the present review, UNFPA indicated that a new resource mobilization and partnership strategy had been finalized and endorsed by the UNFPA Executive Committee.

82. As shown in figure VII, \$1,318.4 million, or 87.6 per cent of the Fund's 2021 revenue, was contributed by the top 20 donors, of which 16 are traditional donors, while the remaining 4 may be new sources of revenue or one-time contributors. Furthermore, from an analysis of the top 20 donors to the strategic plan for 2018–2021, it can be concluded that UNFPA has a high level of dependence on a limited number of contributors. In the period from 2018 to 2021, 20 contributors provided an average of 82.25 per cent of the annual UNFPA budget. The decrease in the top 10 donors' share in gross contributions corresponds to efforts by UNFPA to broaden its donor base by engaging middle-income and emerging-economy countries, as well as private-sector donors.<sup>65</sup> The donor ranking in 2021 is shown in figure VII below.

Figure VII

**Top 20 donor contributions in 2021 (core and non-core)**  
(Millions of United States dollars)



Source: Prepared by JIU based on UNFPA statistics (see <https://www.unfpa.org/data/donor-contributions>).

83. It is important to point out that for the last four years the main contributor has been the United Nations system (including pooled funds and interorganizational transfers). However, it should be noted that the figures for United Nations and interorganizational transfers include contributions originating from the European Commission, other donor countries of the Development Assistance Committee of the Organisation for Economic Co-operation and Development, programme countries, the Global Fund to Fight AIDS, Tuberculosis and Malaria and the World Bank Group. It could be said that that fact indicates that the role of UNFPA in advancing development system reform is increasing and that it has become a leading partner in specific areas of expertise for joint-effort mechanisms, but it also highlights the Fund's dependency on continued collaboration with other voluntarily funded

<sup>64</sup> DP/FPA/2018/10/Add.1.

<sup>65</sup> DP/FPA/2022/4 (Part I/Add.1), para. 68.

organizations that depend on the same donor base and which, in an increasingly financially restricted scenario, might also need to reduce their interorganizational activities.

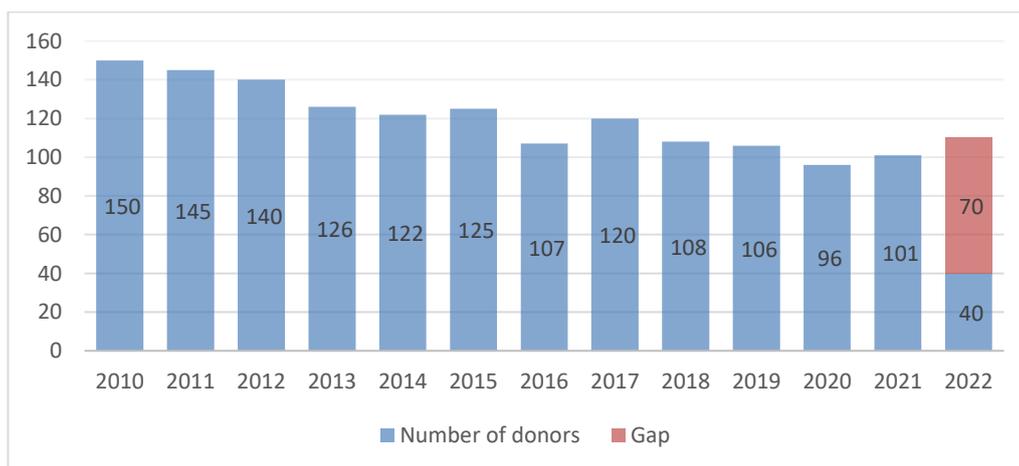
84. In this context, UNFPA plans to continue to expand its donor and contribution base and increase co-financing through its thematic funding mechanisms, while making progress in generating revenue from sources other than direct contributions of traditional donors. Increasing new partnership modalities, including private-public sector modalities, and expanding the donor base remain of great importance to diversifying the sources and maintaining the volume of UNFPA revenue.

**3. Financial sustainability**

**Resource structures**

85. Through the Fund’s strategic outreach and mobilization efforts at the global, regional and country levels, the overall number of donors to core resources rose from 96 in 2020 to 101 in 2021. As at 1 May 2022, despite the launch of the 2022 core campaign and repeated calls through the Executive Board and the structured funding dialogues, only 40 countries had pledged support to the UNFPA core budget, the same number as last year at that time,<sup>66</sup> and 70 donors away from reaching the 2022 target, as can be seen in figure VIII.

Figure VIII  
**Number of core contributors, 2010-2021, and the gap to reach the target of 110 donors for 2022**

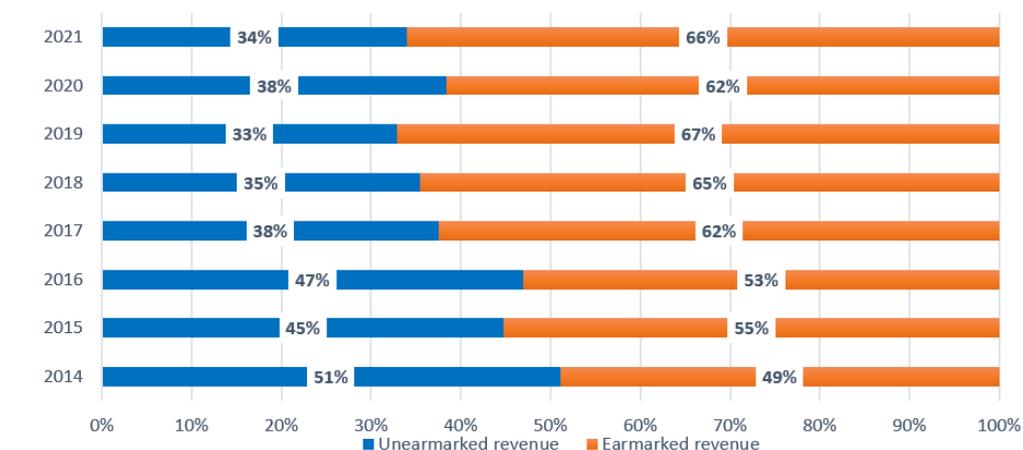


Source: Prepared by JIU based on DP/FPA/2022/10, figure 11.

86. At the same time, other resources (earmarked) have accounted for over 60 per cent of revenue since 2017 (figure IX). According to the integrated budget for 2022–2025, the Fund expects to receive in total of \$5.75 billion in four years, of which it is expected that 71 per cent will be other resources.

<sup>66</sup> DP/FPA/2022/10, para. 38.

Figure IX  
**Total revenue (unearmarked and earmarked)**  
 (Percentage)



Source: Prepared by JIU based on reports of the Board of Auditors (A/77/5/Add.8, A/76/5/Add.8, A/75/5/Add.8, A/74/5/Add.8, A/73/5/Add.8, A/72/5/Add.8, A/71/5/Add.8, and A/70/5/Add.8).

87. In her annual statistical and financial review, the Executive Director stated that the decrease in unearmarked contributions, as well as the increase in the use of highly earmarked funding instruments and continued reliance on a small group of key donors, posed a significant concern to UNFPA, due to the impact on programme flexibility, the higher administrative costs created and the challenges and risks to programme planning, implementation and continuity.<sup>67</sup>

88. In the integrated budget for 2022–2025, it is noted that the outcomes and outputs determined by the strategic plan for 2022–2025, are supported by both regular and other resources. Among them, output 1 (policy and accountability) and output 4 (population change and data) are mainly funded by regular resources.<sup>68</sup> While outputs 1 and 2 are funded by both regular and other resources, a relatively greater portion is covered by regular resources. In addition, almost all of the budget for the organizational efficiency and effectiveness outputs (administration, accountability, ICT and human resources) is expected to be covered by regular resources.<sup>69</sup>

89. The continued growth of earmarked contributions and the decrease in unearmarked contributions pose a problem not only for financial stability, but also for the predictability of resource allocation and the sustainability of the funding model. The challenge was described by UNFPA in its response to a question in the corporate questionnaire about the limitations and restraints imposed by earmarked and unearmarked contributions in the budget process. It noted that:

The distribution of other resources income, while aligned with Executive Board mandates, is governed by the respective donor agreements. Thus, the limitations of the earmarked nature of funding are the complexity of planning for activities and results, a multitude of funding sources that offices have to manage and the resulting fragmentation of activities. The complexity of timing compounds this..., as the earmarked donor agreements are not aligned with the strategic planning or the country programme cycle, [as does] the complexity of the reporting for each respective agreement, as the requirements vary and are increasingly deviating from standard agreement templates.

<sup>67</sup> DP/FPA/2022/4 (Part I/Add.1), para. 11.

<sup>68</sup> DP/FPA/2021/9, para. 52.

<sup>69</sup> Ibid., table 4.

90. In addition, the annual structured funding dialogue report provides the Executive Board with extensive information regarding resource trends and forward-looking funding perspectives. However, it does not offer a concise road map for improving resource mobilization, achieving the funding targets and increasing the donor base. **The Executive Director should closely monitor the efforts made to achieve the funding targets and increase the donor base and non-core resources received for humanitarian responses and report regularly to the Executive Board, in the structured funding dialogue report, on the actions taken, including corrective measures, if any, on this matter, and update the resource mobilization strategy.**

#### Cost recovery

91. As part of the actions foreseen in the implementation of the strategic plan for 2022–2025, UNFPA will seek “to strengthen its capacity to prepare clear and fully costed programme funding proposals”<sup>70</sup> through the rigorous application of its cost recovery policy.

92. Cost recovery allows for better planning and implementation of the integrated budget by ensuring that the direct and indirect costs of project execution are covered and that the considerable amount of earmarked contributions contribute effectively to the core functions of the Fund. It is important to keep in mind that resources generated through cost recovery are utilized to cover the costs associated with the implementation of projects. In 2021, as a result of the application of the above-mentioned policy, UNFPA obtained \$58.9 million in revenue.<sup>71</sup>

93. Cost recovery refers to the requirement of an organization to ensure that regular resources are not used to subsidize the implementation of programmes funded from other resources. The cost-recovery methodology recognizes that certain functions integral to the existence and advancement of an organization’s mandate must be carried out regardless of the volume of programme implementation. Therefore, funding for these critical functions must be assured from regular resources.<sup>72</sup>

94. UNFPA has pointed out that there are still challenges to be faced in the implementation of the cost recovery policy, in particular with regard to the ability of the Fund to recover all the direct costs from the implementation of the programmes and projects, due mainly to conditions established by donors on the use of resources.

## B. Financial and budgetary framework

95. The financial management of UNFPA is governed by the UNFPA Financial Regulations and Rules, and only the Executive Board can make amendments and exceptions to the Regulations. The Executive Director of UNFPA is responsible and accountable to the Executive Board for all phases and aspects of UNFPA financial activities and can delegate authority to other UNFPA or UNDP officials under rule 103.1 of the Financial Regulations and Rules. The Inspector considers that the current revised Financial Regulations and Rules, which entered into effect in 2014, are comprehensive and clear and provide adequate guidance to management.

96. UNFPA also has extensive policies and procedures on administrative, budgetary and financial matters. Resource planning and budgeting policies provide guidance on cost recovery, resource management and implementation of the institutional budget. Along the same lines, in the area of resource mobilization, UNFPA has a policy and procedures for the management of non-core funds. Policies on financial operations and bookkeeping, facilities and administrative services, and procurement provide further and detailed assurance of correct control over resources and procedures.

97. **Nevertheless, the Inspector is of the opinion that, while the numerous policies, procedures and guidelines of UNFPA provide it with a satisfactory administrative,**

<sup>70</sup> DP/FPA/2021/8, para. 103.

<sup>71</sup> A/77/5/Add.8, chap. IV, para. 17.

<sup>72</sup> DP/FPA-ICEF-UNW/2020/1, para. 7.

**budgetary and financial framework, the fact that they are in different formats and locations and lack document symbols can render their use by Member States and potential donors difficult. Accordingly, the Executive Director may wish to publish a digital compilation containing the Financial Regulations and Rules and all the related policies, in the same format and using appropriate document symbols.**

### **Internal control**

98. UNFPA implements its internal control framework in conjunction with the enterprise resource planning policy (issued in April 2020).<sup>73</sup> The framework outlines the principles of internal control and accountability. UNFPA defines internal control as a process effected by the Executive Board, management and all other personnel that is designed to provide reasonable assurance regarding the achievement of objectives relating to operations, reporting and compliance. In the framework, it is indicated that the effective application of internal controls rests on three cascading levels of control, in line with the “three lines of defence” model, supplemented by an external line of defence (see box 2 and figure X).<sup>74</sup>

#### Box 2

#### **“Three lines of defence” model applied in the UNFPA internal control framework<sup>a</sup>**

- First line of defence: the first line concerns functions that own and manage risks and controls. The functions are carried out by all organizational personnel at field, regional and headquarters offices. The first line personnel apply existing policies and procedures in their daily work to ensure that objectives are met and that resources entrusted to UNFPA are properly managed. Examples of first line functions include contract or partner engagement management, procurement activities and human resources management.
- Second line of defence: the second line concerns functions that oversee risks and controls which are designed to monitor the operational effectiveness of the first line and mitigate related risks. Second lines are performed by regional offices and headquarters divisions. Some units and individuals at the headquarters, regional and country office levels also carry out both first line and second line functions. Examples of second line functions include planning and budgeting processes, quality management and assurance, and results and performance management.
- Third line of defence: the third line concerns functions that provide independent assurance of the efficiency and effectiveness of the processes and controls in place. The third level is undertaken by internal audit and other independent internal units, such as investigation, evaluation and ethics.<sup>b</sup>
- Within the UNFPA three lines of defence model, the Board of Auditors and JIU are considered the external line of defence.

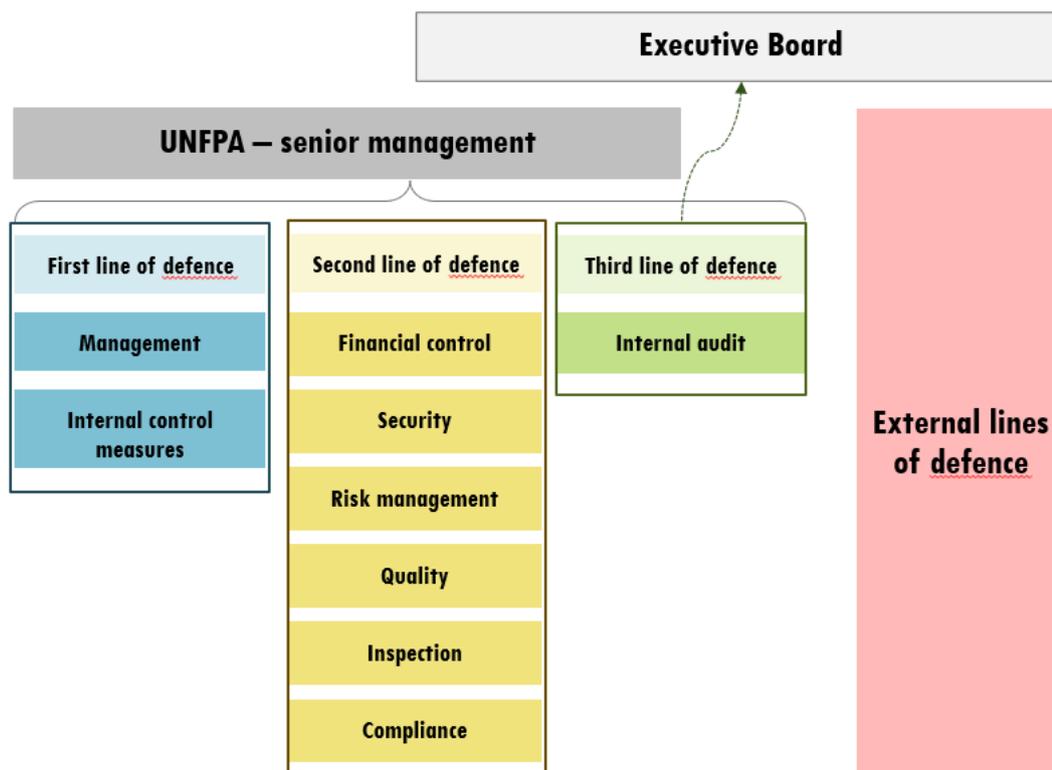
<sup>a</sup> In 2020, the Institute of Internal Auditors updated the model from the “three lines of defence” to the “three lines” model. However, JIU follows the terminology applied in the UNFPA internal control framework effective from September 2016. See IIA, “The IIA’s three lines model: an update of the three lines of defense” (July 2020).

<sup>b</sup> The UNFPA internal control framework indicates that the third line of defence functions are undertaken by internal audit and other independent internal units such as investigation, independent evaluation and ethics. However, JIU is of the view that only the internal audit functions correspond to the third line.

<sup>73</sup> See the discussion of the enterprise resource management framework in sect. VII.A.

<sup>74</sup> UNFPA, Policies and Procedures Manual, Internal control framework (September 2016), sects. II and III.

Figure X  
UNFPA three lines of defence



Source: Prepared by JIU based on the UNFPA internal control framework.

99. Furthermore, article XIV of the UNFPA Financial Regulations and Rules deals with internal control with respect to financial administration. It outlines control mechanisms in the implementation of financial rules and procedures in bookkeeping, recording, transactions and segregation of duties based on the internal control framework.

100. In addition, the resource management policy provides a supplementary internal control mechanism through the integrated accountability checklist, which offers budget holders<sup>75</sup> a way to ensure that resource implementation is in accordance with the Financial Regulations and Rules, policies and procedures.

101. The Inspector is of the view that UNFPA has adequate procedures and sufficient internal control mechanisms so that the Fund can effectively realize its objectives.

## C. Procurement and shared services

### 1. Procurement

102. In order to ensure better preparedness, reduce lead times and hidden costs, and increase efficiency and effectiveness, UNFPA, as one of the world's largest public-sector providers and the lead United Nations organization for the procurement of sexual and reproductive supplies, established a new Supply Chain Management Unit. As of January 2022, the Unit is operational and oversees and coordinates all country, regional and global procurement activities across development and humanitarian operations. It is expected that

<sup>75</sup> Division Directors, Heads of Offices, Regional/Subregional Directors and Representatives are responsible and accountable for implementing programme and institutional budget resources and are referred to as "budget holders".

the application of procurement fees will result in a \$5.8 million reduction in the integrated budget in the course of four years.<sup>76</sup>

103. Quality assurance is part of the Supply Chain Management Unit activities, which include prequalification of suppliers, technical evaluations, quality control and monitoring of products, and maintenance of specific standards through inspection, sampling and laboratory testing.

104. For various products, prequalification is undertaken before contractual agreements with internationally recognized suppliers are entered into. In the case of medicines, a quality assurance policy for contraceptives and other medicines exists and is aligned with international quality standards supported by the World Health Organization.

105. The Inspector is of the opinion that the establishment of the Supply Chain Management Unit should provide UNFPA with the support necessary for its procurement activities, as well as to satisfactorily oversee and coordinate UNFPA country, regional and global procurement and quality assurance measures. It should be noted that the Unit's operational structure cannot be found in the integrated budget for 2022–2025 since it only includes posts funded under the institutional budget, while the posts of the Unit are funded from the procurement fees as direct costs.

## 2. Outsourcing

106. The extent of the collaboration between UNFPA and UNDP is recognized in several service-level agreements. Under a cost recovery model, UNDP provides UNFPA with services for the management of payroll, administration of employee benefits and management of health insurance, as well as travel and visa services, treasury services, cost-sharing provisions for the Office of the Joint Ombudsperson and cost-sharing arrangements for the resident coordinators.

107. There is further collaboration with UNHCR through the audit of share partners initiative, which deals with implementing partners, and the auction sales service agreement, while with UNOPS a memorandum of agreement exists for the provision of vendor review and sanction services.

**108. The Executive Director may wish to undertake a cost-benefit analysis of those activities and services outsourced to third parties whenever an agreement is up for renewal or a new service provider enters the market, in order to determine: (a) the convenience of continued collaboration; (b) the feasibility of creating the conditions to perform those services in-house; or (c) the feasibility of using global shared services centres.**

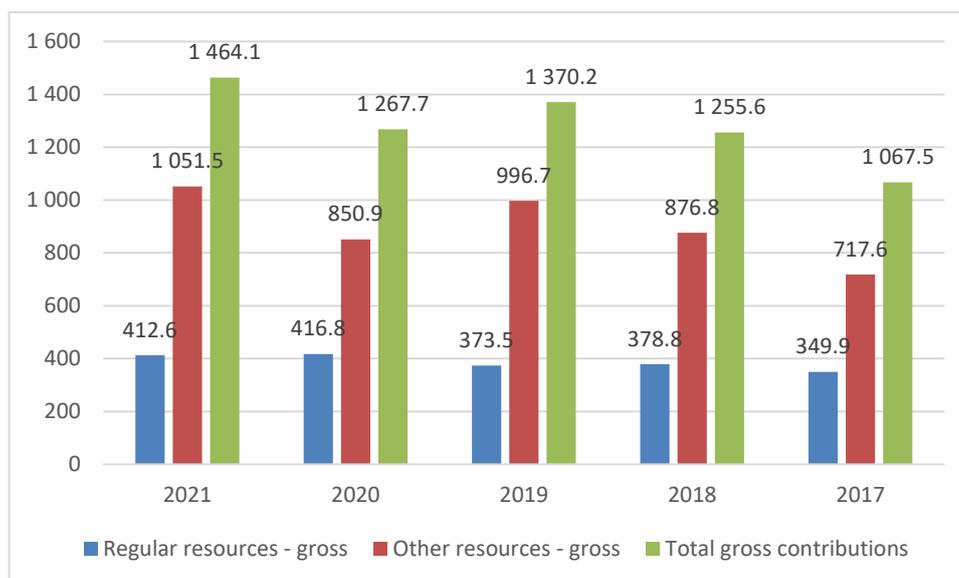
## D. Revenue and expenditure pattern

109. With regard to the financial report and audited financial statements of UNFPA for the year ended 31 December 2021, the Board of Auditors did not identify any significant error, omission or misstatement, but noted that there was room for improvement in areas such as human resources management, implementing partner management and procurement management, to mention a few.

110. As can be seen in figure XI, gross contribution revenue has consistently increased in the past five years, with the exception of 2020, which can be attributed to the effects of the COVID-19 pandemic. The ever-growing gap between regular resources and other resources can be clearly measured by comparing the 2017 and 2021 figures, with regular resources having increased by \$62.7 million (17.9 per cent) and other resources by \$333.9 million (46.5 per cent).

<sup>76</sup> DP/FPA/2021/9, para. 86.

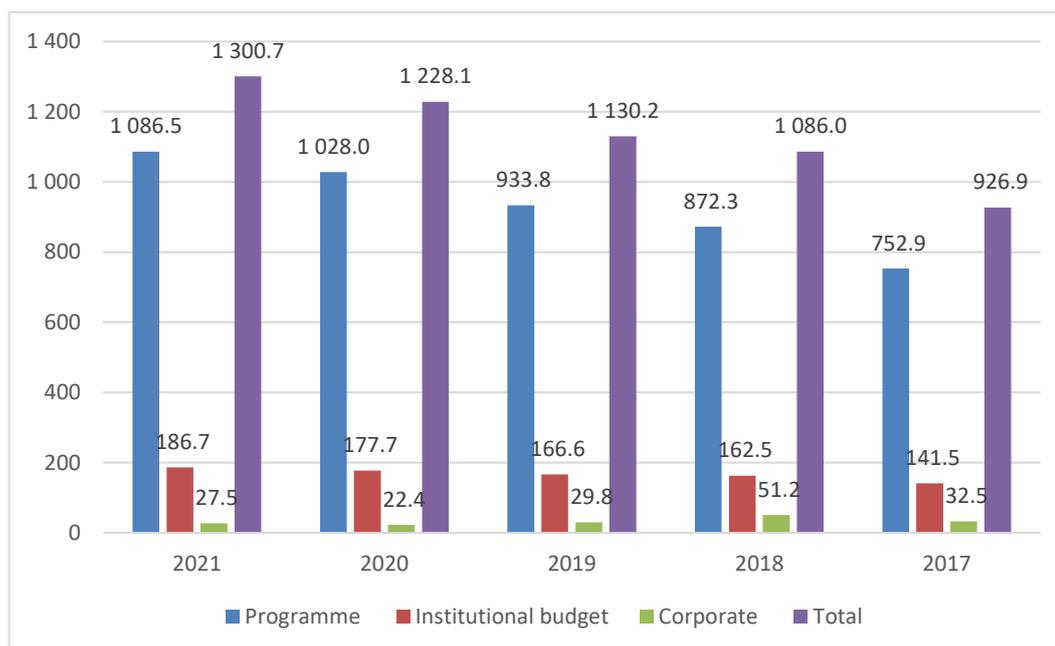
Figure XI  
**Gross contribution revenue for the period 2017–2021**  
 (Millions of United States dollars)



Source: Prepared by JIU based on reports of the Board of Auditors (A/77/5/Add.8, A/76/5/Add.8, A/75/5/Add.8, A/74/5/Add.8, A/73/5/Add.8, A/72/5/Add.8, A/71/5/Add.8 and A/70/5/Add.8).

111. UNFPA total expenses have steadily increased from \$926.9 million in 2017 to \$1,300.7 million in 2021 (40.3 per cent). In the same period, programme expenses increased by \$333.6 million, owing mainly to resumed spending on training, humanitarian response activities and the provision of life-saving sexual and reproductive health services. The institutional budget expenses increased less dramatically, from \$141.5 million in 2017 to \$186.7 million in 2021 (an average increase of 7.2 per cent annually) owing to the implementation of a new enterprise resource planning platform, higher staff costs and resident coordinator contributions. Finally, the corporate expenses, which are expenses that cannot be assigned to a specific strategic plan outcome, had a less stable evolution, reaching \$51.2 million in 2018 and then dropping to \$22.4 million in 2020, mainly because corporate expenses can be procurement costs, post-employment benefit liabilities or exchange rates.

Figure XII  
**Total expenses by purpose, 2017–2021**  
 (Millions of United States dollars)



Source: Prepared by JIU based on reports of the Board of Auditors (A/77/5/Add.8, A/76/5/Add.8, A/75/5/Add.8, A/74/5/Add.8, A/73/5/Add.8, A/72/5/Add.8, A/71/5/Add.8 and A/70/5/Add.8).

112. At the time of finalization of the present review, UNFPA had a strong financial position. Total revenue for 2021 was \$1,505.23 million and total expenses were \$1,300.68 million, for a surplus of \$204.56 million.

113. As noted by the Executive Director in her statistical and financial review for 2021, UNFPA closed 2021 in excellent financial health owing to the continued support of its donors and sound financial management practices, including processes and controls designed to keep the expenses within the available financial resources. She noted, however, that the outlook for 2022 and beyond remained difficult to predict owing to ongoing risks to peace and stability and uncertainties regarding the future course of the COVID-19 pandemic. Furthermore, shifting donor priorities and operational challenges could impact the ability of UNFPA to both generate revenue and implement its programme activities.<sup>77</sup>

<sup>77</sup> DP/FPA/2022/4 (Part I/Add.1), para. 87.

## V. Human resources management

114. The authority of UNFPA in matters relating to human resources derives from the Secretary-General, who for the purpose of implementing General Assembly decision 58/555 on personnel matters relating to UNFPA, delegated authority in such matters to the Executive Director effective 1 June 2004.<sup>78</sup>

115. The JIU team examined the contractual frameworks and modalities, recruitment practices, job classifications, grades, gender and geographical distribution of staff, delegations of authority, staff training and staff-management relations of UNFPA.

116. The JIU team conducted an online staff survey in order to establish the extent of UNFPA efforts to: (a) enhance strategic staffing and global mobility policies, practices and tools and streamline recruitment; (b) emphasize equitable representation, fair treatment and equal opportunity and foster a sense of belonging for all employees; (c) promote a corporate culture that embodies the organization's mission and values, embraces inclusion, enhances trust, supports innovation and accepts accountability; (d) continue to provide duty of care and promote the mental health/well-being of staff; (e) develop strong human resources analytics for timely and informed decisions; and (f) prevent sexual harassment of staff and personnel. The staff survey was made available at headquarters and regional, subregional and country offices from 1 to 22 September 2022 and resulted in a 24 per cent response rate, with 1,057 responses from approximately 150 different offices.<sup>79</sup>

117. The staff survey provided indications of the current state of management-staff relations and human resources management. The survey responses were corroborated in interviews with senior management, international Professional staff, National Professional Officers, General Service staff and staff representatives.

118. It is important to highlight that, since 2020, the Division for Human Resources has been undergoing restructuring and that this realignment has brought changes in the way that UNFPA handles human resources. From responses to the questionnaire and during interviews, the JIU team learned that UNFPA was creating the UNFPA 2030 People Strategy, with the objective of supporting the new strategic plan and organizational goals. After numerous requests for information on the People Strategy, the JIU team was informed that it would be launched on 13 December 2022 and that the document would not be available for review until then.

### A. Human resources framework

#### 1. Human resources policies

119. As noted above, since 2004, the Executive Director of UNFPA has had delegated authority from the Secretary-General in matters relating to human resources. Listed below are the framework and policies applied to UNFPA human resources matters. The section of the Policies and Procedures Manual on human resources policy in UNFPA, which was issued in 2007, guides the current co-existence of different policies. Where UNFPA has issued its own policy or has an established practice, the UNFPA policy or practice applies. However, if there is no UNFPA policy or practice the following hierarchy applies:

- (a) Charter of the United Nations;
- (b) Staff Regulations of the United Nations;
- (c) Staff Rules of the United Nations;
- (d) Human resources policies issued or past practice established by UNFPA;

<sup>78</sup> See ST/SGB/2004/10.

<sup>79</sup> As of 2021, according to the figures provided by UNFPA, the total number of staff was 3,154, and the total number of non-staff personnel (service contracts and United Nations Volunteers) was 1,165. Based on those figures, the JIU team estimates the response rate at approximately 24 per cent.

(e) Human resources policies issued or past practice established by UNDP, *mutatis mutandis*, in cases where a human resources matter is not regulated by a policy issued or past practice established by UNFPA and UNFPA has decided to apply the UNDP policy or practice;

(f) Human resources policies issued or past practice established by the United Nations Secretariat, *mutatis mutandis*, in cases where a human resources matter is not regulated by a policy issued or past practice established by either UNFPA or UNDP and UNFPA has decided to apply the United Nations Secretariat policy or practice.

120. The JIU team learned that the Division for Human Resources was currently assessing the possibility of incorporating the different policies in one UNFPA human resources policy. The existence of the different policies and their hierarchy of applicability is confusing and further complicates their administration.

**121. The Inspector encourages the Executive Director to establish a clear and comprehensive human resources framework for UNFPA by unifying the existing policies and streamlining their application.**

## 2. Contractual frameworks and modalities

122. There is extensive documentation on contractual frameworks and modalities. The existing human resources policy dates to 2007, but most individual policies have been recently updated. The fixed-term and continuing appointments policy was updated in September 2022. Annex I to the policy provides additional guidelines for the selection of staff for posts in the Professional and higher categories at field duty stations and at headquarters and for posts in the General Service category at headquarters (updated September 2022); annex II concerns the selection and reassignment of staff in international rotational posts (2013); annex III provides guidelines for the selection of National Professional Officers and General Service staff in field duty stations (2009); annex IV contains the terms of reference, scope, composition and procedure, and recommendations of the Compliance Review Board at headquarters for posts in the Professional and higher categories up to D-1, as well as for General Service posts at headquarters (September 2022); annex V provides the terms of reference, scope, composition and procedure, and recommendations of the Compliance Review Board at field duty stations for posts in the National Professional Officer category, as well as for General Service posts in field duty stations. (2009).

123. There are other contractual arrangements addressed in policies, including the employment of retirees (2017), the retention in service beyond the mandatory age of separation (September 2022) and the transfer, secondment or loan of staff among organizations applying the United Nations common system of salaries and allowances, as well as non-staff arrangements, such as individual consultants (November 2022), internships (2020) and service contracts (updated by UNDP in 2018).

124. The way institutions view working arrangements has changed significantly since the COVID-19 pandemic. In response to the JIU questionnaire, UNFPA confirmed that, before the pandemic, requests for flexible working arrangements were much fewer, amounting to approximately 300 per year, while in the first six months of 2022, there had already been 1,200 individual requests for such arrangements.

125. UNFPA has launched a new policy on flexible working arrangements with effect from February 2022. The new policy includes:

- (a) Flexitime, allowing for adjustment of start and end times of the working day;
- (b) A compressed working schedule (10 days in 9) for staff in the General Service category;
- (c) The introduction of additional options for remote work within the duty station:
  - (i) Up to three days per calendar week;
  - (ii) One calendar week on alternating weeks;
  - (iii) Two calendar weeks on alternating two-week periods;

- (d) The introduction of remote work outside the duty station for up to 60 working days per calendar year;
- (e) A one-time reimbursement of up to \$200 for the purchase of home office equipment;
- (f) A more decentralized approval process for flexible working arrangements.

### 3. Delegation of authority

126. At the beginning of the JIU review process, the only document on the delegation of authority that could be found was on the delegation of human resources management authority to the UNFPA-appointed representatives. During interviews held in October 2022 with senior management, the JIU team was informed that the policy on the delegation of authority in matters related to human resources was still pending. The team subsequently learned that the policy had been established and transmitted to offices in the field on 1 September 2022.<sup>80</sup> The JIU team regrets that the Division for Human Resources delayed the submission of the document to JIU, which had an impact on its ability to analyse and make further inquiries on the subject.

127. Since the arrival of the new Director of the Division for Human Resources in 2019, UNFPA has been undergoing a restructuring of its human resources functions, and one of the main changes has been the enhancement of the delegation of authority to the regional offices. However, the enhancement of the policy has been implemented through the introduction in each regional office of a Human Resources Business Partner, who reports directly to the Director of the Division for Human Resources at UNFPA headquarters in New York.

**128. The Inspector is of the opinion that the delegation of authority in matters related to human resources issued in September 2022 does not adequately delegate human resources functions, but rather expands centralized control in field duty stations through newly appointed Human Resources Business Partners. The Executive Director may therefore wish to consider broadening the delegation of authority to Regional Directors in a revised version of the document.**

## B. Human resources management

### 1. Recruitment practices

129. Recruitment practices are regulated by different policies established for different contractual arrangements. Annex VI of the policy on fixed-term and continuing appointments, provides guidelines on recruitment for fixed-term appointments in all categories.

130. In addition, under the policy on personnel of UNFPA, there is a policy that outlines all requirements, procedures and processes for the use of temporary appointments, including guidelines for the selection of Professional, National Professional Officer and General Services staff for headquarters and field duty stations.

131. The JIU team heard concerns expressed by staff in relation to issues regarding the implementation of the policy, in which allegedly unqualified staff had been recruited against certain posts. The JIU team followed up with UNFPA management on the status of two cases that were brought to the team's attention. It was informed that one case was currently under investigation, and thus UNFPA could not provide additional information. For the other case, the information provided was limited and did not offer the necessary elements to satisfactorily determine if the recruitment process had been carried out objectively. While the JIU team makes it clear that it has not investigated the composition of interview panels, the Inspector would like to convey her concern regarding the generally negative perception of certain aspects of the recruitment process, including the composition of interview panels. In both the JIU staff survey and interviews, the highest level of dissatisfaction expressed by UNFPA senior management and staff was related to the perceived lack of transparency in

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<sup>80</sup> Interoffice memorandum dated 1 September 2022 from the Executive Director addressed to representatives on the delegation of authority in matters relating to human resources.

recruitment processes and the extraordinarily long periods of time taken to fill vacant posts. In addition, the perception of poor responsiveness from the Division for Human Resources on these issues has exacerbated the negative opinion that staff and management have of the Division.

132. Annex I to the policy on fixed-term and continuing appointments provides that the Division for Human Resources, in consultation with the line manager, will establish an interview panel with the following minimum requirements: the line manager's designee (or the manager him/herself); a representative of the Division; and at least one other person.

133. The United Nations Secretariat has established more stringent requirements for the establishment of interview panels, including the requirement that one member of the panel should be external to the service/unit in which the vacancy is located and that at least one member of the panel should be a woman. In the view of the Inspector, the negative perceptions should be addressed through concerted action to demonstrate transparency and fairness in the recruitment process. UNFPA should put in place additional measures aimed at enhancing the objectivity and transparency of recruitment processes, including a greater use of assessment centres and the introduction of more stringent requirements in the composition of interview panels.

134. The implementation of the following recommendation is expected to contribute to enhanced transparency and accountability in the staff selection activities undertaken by UNFPA.

### **Recommendation 3**

**The Executive Director should ensure, before the end of 2023, that additional measures are developed aimed at enhancing the objectivity and perceived transparency of recruitment processes and continue to comply with established policies on the matter.**

## **2. Job classifications and grades**

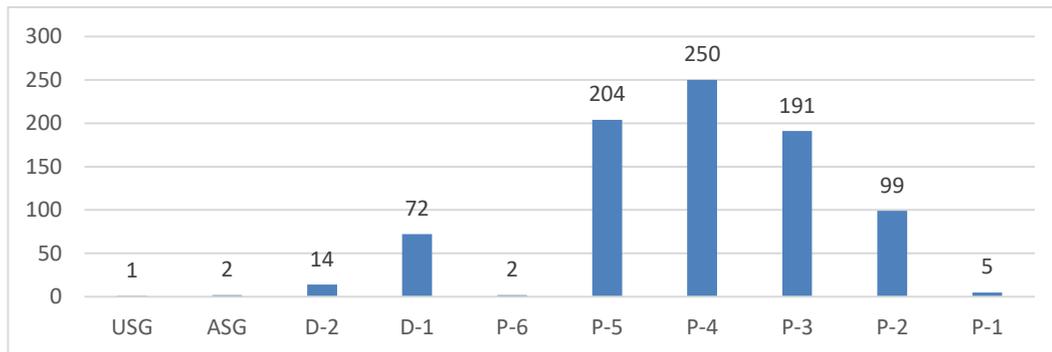
135. In UNFPA, job classifications and grades are determined based on the Master Standard promulgated by the International Civil Service Commission in 1980.<sup>81</sup> Following the point-factor rating system, organizations determine grades according to the job classifications.

136. With regard to the grade structure within UNFPA, according to 2021 data, Professional and higher category positions account for 840 posts (26.63 per cent); General Service and related categories for 1,376 posts (43.63 per cent); and National Professional Officers for 938 posts (29.74 per cent) of the total of 3,154 staff.

137. In the Professional and higher categories, the heaviest concentration of posts is in the P-4 and P-5 levels, comprising 454 posts, or 54 per cent of the total posts in the Professional and higher categories. In the General Service and related categories, staff at the G-6 and G-7 levels account for 703 posts, which is 51.9 per cent of the total number of posts in the General Service and related categories. For National Professional Officers, National Professional Officer C and National Professional Officer B staff account for 696 posts, which is 74 per cent of the total population of this category of staff (see figures XIII–XV).

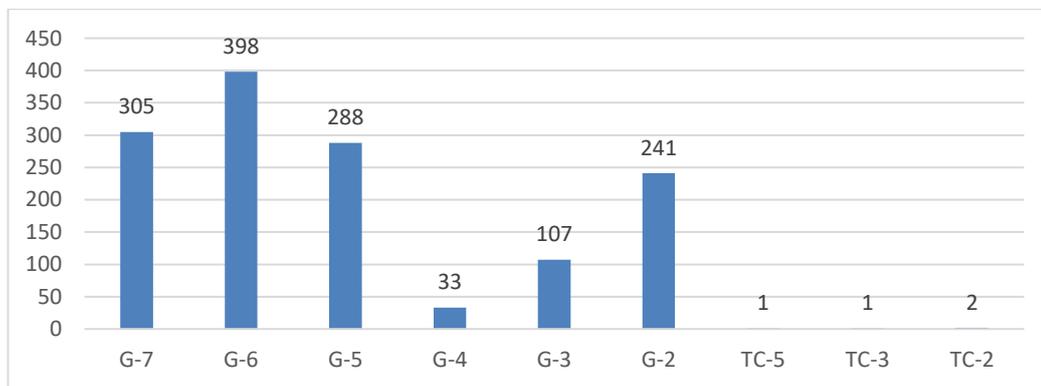
<sup>81</sup> A/35/30, annex XII.

Figure XIII  
**Distribution of posts in the Professional and higher categories, by grade level (840 posts)**  
 (Number of posts)



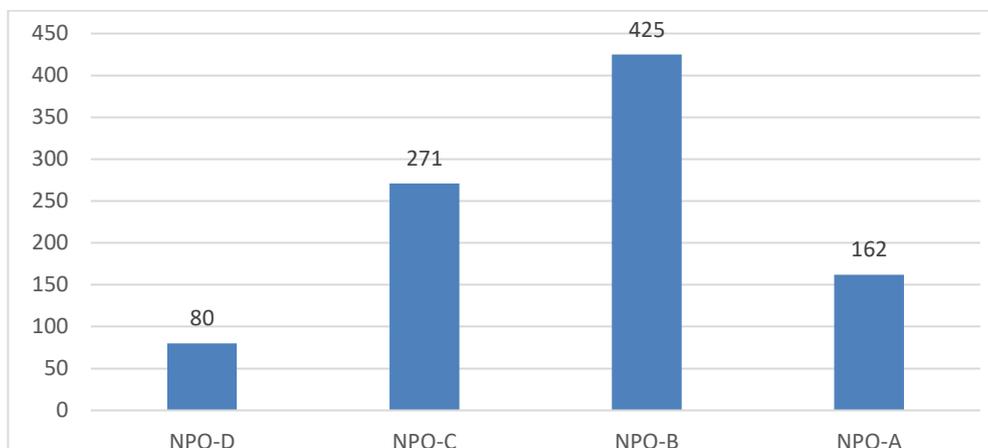
Source: Prepared by JIU based on information provided by UNFPA.

Figure XIV  
**Distribution of posts in the General Service and related categories, by grade level (1,376 posts)**  
 (Number of posts)



Source: Prepared by JIU based on information provided by UNFPA.

Figure XV  
**Distribution of posts in the National Professional Officer category, by grade level (938 posts)**  
 (Number of posts)



Source: Prepared by JIU based on information provided by UNFPA.

138. During interviews with senior management, it was mentioned to the JIU team that some job classifications and grades were lower in UNFPA than in other organizations (for

equivalent positions), and that this was one of the reasons that it was difficult to fill posts in some strategic areas of the organization. After careful review, JIU found no evidence that the job classifications and grades were determined incorrectly in UNFPA. In fact, for both the Professional and the General Service categories, a higher proportion of posts is concentrated in the higher grades (i.e. P-5 and P-4 for the Professional category and G-7 and G-6 for the General Service category).

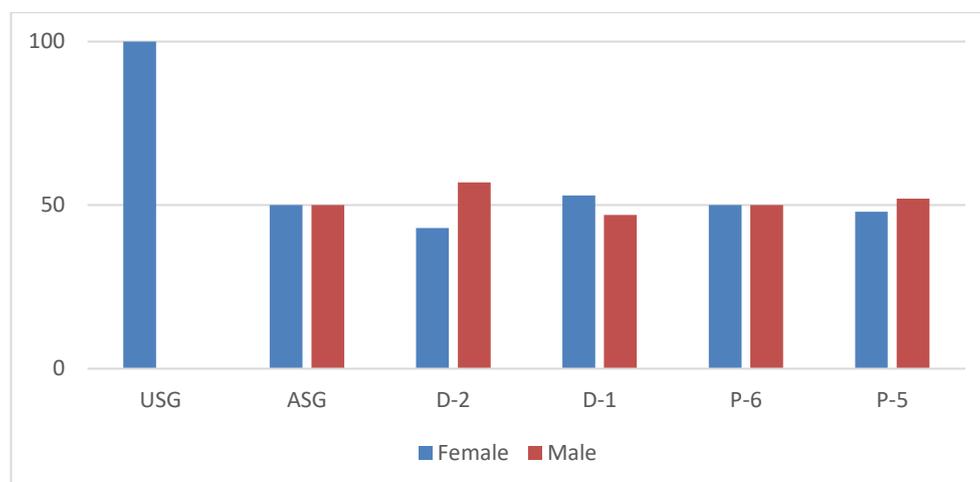
### 3. Gender and geographical distribution

139. According to data provided by UNFPA, the Fund is gender-balanced, with 51.7 per cent of staff being female and 48.3 per cent male and a slightly different distribution when only taking into account posts at the P-5 level and above (see figure XVI).

Figure XVI

#### Gender distribution at the P-5 level and above (2021)

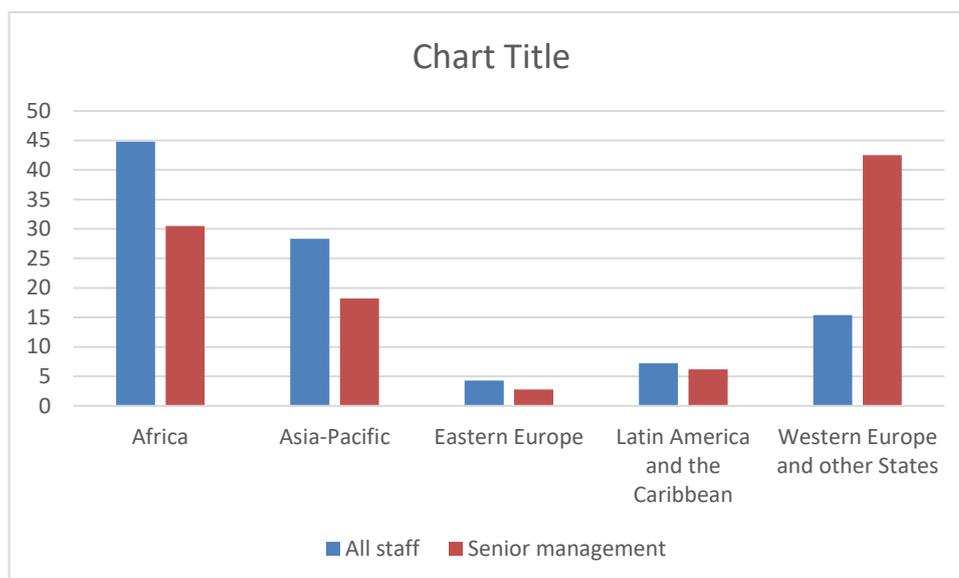
(Percentage)



Source: Prepared by JIU based on information provided by UNFPA.

140. With regard to geographical distribution, the largest representation comes from Africa (44.8 per cent), followed by Asia and the Pacific (28.3 per cent), Western Europe and other States (15.4 per cent), Latin America and the Caribbean (7.2 per cent) and Eastern Europe (4.3 per cent). These numbers change when only senior management is considered, with Western Europe and other States having the highest representation (42.2 per cent), followed by Africa (30.5 per cent), Asia and the Pacific (18.2 per cent), Latin America and the Caribbean (6.2 per cent) and Eastern Europe (2.8 per cent) (see figure XVII).

Figure XVII  
**Geographical representation (2021)**  
 (Percentage)



Source: Prepared by JIU based on information provided by UNFPA.

### C. Overall management-staff relations and human resources management

141. The conclusions reached in this section of the review do not come from a simple breakdown of answers to every element considered under the terms of reference, but are the result of careful consideration of responses to the JIU staff survey, the global staff survey conducted by UNFPA in 2018, the annual survey on facts and perceptions of United Nations personnel related to the prohibition of sexual exploitation and abuse conducted in 2021 and the corporate questionnaire, as well as policies and guidelines.

142. During its review, the JIU team received extensive cooperation from all areas of UNFPA, with the exception of the Division for Human Resources. Information concerning the People Strategy and human resources-related delegation of authority was provided with considerable delay, human resources officials were either reluctant to be interviewed or unavailable for interviews, and the data provided were oversimplified. Furthermore, from the JIU staff survey results as well as interviews held with over 50 UNFPA staff members, the Inspector concludes that, while there is no indication of serious mismanagement, there are several problems both in management-staff relations and human resources management that should be addressed by UNFPA leadership.

143. At the time of drafting of the present report, the People Strategy had not yet been launched, and a draft of the document was not made available to the team.

144. **The Inspector considers that, as part of its oversight function, the Executive Board could review the People Strategy and determine its alignment with expectations set out in the integrated budget for 2022–2025**, in paragraph 63 of which the following statement is made:

Recognizing that its staff is the Fund's most important asset, UNFPA has developed a human resources strategy that centres on attracting and developing a world-class staff, building leadership and management capacity, leveraging diversity and driving inclusion, including disability inclusion, enabling the achievement of gender parity throughout the organization and exercising a duty of care focused on organizational development where it matters most – in the field. To deliver on this strategy, UNFPA proposes a continued strengthening of the human resources function to refocus its resources, align its priorities and work closely with staff, managers and teams to improve its organizational effectiveness.

145. The definition, scope, principles and procedures of rotation of internationally recruited staff are provided in the policy on personnel of UNFPA, in which it is stated that “service as an internationally recruited staff member of UNFPA, which is a global, field-based international development organization, always includes the expectation to serve in different duty stations over the course of a career”, and furthermore that:

Rotation is mutually beneficial to the organization and to its staff. It contributes to a more effective and high-performing organization by staffing UNFPA country, subregional, regional and headquarters offices with the best-qualified staff on a systematic and managed basis. It is in the strategic and programmatic interest of UNFPA that staff members at headquarters have field experience and that managers in country offices have gained experience at headquarters and in other geographic regions.<sup>82</sup>

146. Notwithstanding the policy, the responses to the JIU survey of UNFPA staff indicated limited geographical mobility within the organization. Over 70 per cent of respondents indicated that they had only served in one duty station and 20 per cent that they had served in two or three duty stations. This information was confirmed during interviews, where one of the most common observations, including from senior management, was about the inadequate use of rotation, not only to broaden mobility, but also as a tool to reduce significant vacancy rates.<sup>83</sup>

**147. The Inspector encourages the Executive Director to make better use of the rotation mechanism by establishing a formal rotation programme that could contain, for instance, a catalogue of all posts subject to rotation, by grade, service period, location and hardship indicators, as well as more technical roles and functions.**

148. With regard to equitable representation, fair treatment, equal opportunity and fostering a sense of belonging for all employees, the interviews, as well as answers taken from the global staff survey and the JIU staff survey, showed that, in general, staff are proud of the work that UNFPA does. However, some dissatisfaction was expressed with respect to the differences in the treatment of international and national staff, the lack of equal opportunity, the complicated process for managing underperformance and non-performance, and the lack of incentives for exceptional performance, as factors that create a negative working environment.

149. The perceived lack of opportunity for career growth has created acute dissatisfaction among National Professional Officers and local staff, particularly at the regional office level. This is a matter that should be addressed by senior management as a priority. The approach should include appropriate management of expectations and a clear understanding of duties and responsibilities.

150. The Inspector notes the issues created by the different principles and salary scales used to remunerate international and national staff. While in certain duty stations high inflation and/or exchange rates may have a negative impact on national staff salaries, in other duty stations, paradoxically, the salary of national staff can be higher than the salary of their supervisors. The Inspector is of the view that the issue is not solely a UNFPA issue, and thus merits further consideration and could be the subject of a separate JIU system-wide review.

151. With regard to actions taken to promote a corporate culture that embodies the organization’s mission and values, embraces inclusion, enhances trust, supports innovation and accepts accountability, interviews with UNFPA leadership give a clear indication of its commitment and the actions taken to enhance trust and accept accountability. However, the overall feeling among the staff is that “nothing is being done”, especially in cases of abuse of authority and sexual harassment. The number of open investigation cases related to harassment, including sexual harassment, retaliation and misconduct, has been growing year after year, as indicated in section VIII below, and, despite the efforts made, the overall sense

<sup>82</sup> Policies and Procedures Manual, Policy on personnel of UNFPA: fixed-term and continuing appointments: staffing (September 2022), paras. 21 and 22.

<sup>83</sup> According to data provided by UNFPA on vacancy rates for 2022, 62 of 171 offices had vacancy rates of over 15 per cent. Of the 62 offices, 19 were located in headquarters and 43 were located in the field. Some offices reported vacancy rates of 66 per cent.

is that senior management does not take appropriate or timely disciplinary action against perpetrators of misconduct (sometimes the individual is just transferred to another duty station) or action against perpetrators is delayed to the point that the victim, or the perpetrator, leaves the organization before any formal disciplinary action is taken. Staff also felt that this behaviour by management was particularly acute when it was related to sexual harassment, abuse or exploitation.

**152. In order to build trust and improve the transparency of existing mechanisms, the Executive Director may wish to broaden the lines of communication between complainants and the different bodies that deal with misconduct by setting up a complaint tracking system in which all parties involved can follow the evolution and status of their cases, giving due consideration to the rules with respect to investigation procedures, confidentiality and privacy.**

#### **D. Staff association and staff-management dialogue**

153. Staff representation is pivotal in the discussion of human resources management. At headquarters, UNFPA has a joint Staff Council composed of representatives of UNFPA, UNDP, UNOPS and UN-Women. The Staff Council primarily interacts with the headquarters personnel and senior management stationed in New York.<sup>84</sup> At the field level, some UNFPA staff associations exist. However, JIU observed that in some field offices, the associations are ad-hoc, without formal statutes, regulations or even an election process. There is some collaboration among the staff associations of the United Nations entities within the regions, but it is not systematic. Several UNFPA field offices do not have their own staff associations. The establishment of staff associations could promote dialogue between UNFPA personnel and management and contribute to safeguarding the rights and interests of staff. At the same time, with the joint association format, UNFPA personnel could share and learn from experiences of other organizations regarding staff welfare, regional or field-specific issues, and improving the organization's governance. The Inspector notes that it is essential that senior management support and be open to the official establishment of staff associations.

**154. The Inspector encourages the Executive Director to continue to support the establishment and formalization of field staff associations in those locations where there is no such association as yet and in consultation with UNFPA personnel.**

155. The aim of the establishment of the regional Strategic Management Committee in the Eastern Europe and Central Asia Regional Office is to promote participatory and transparent management. It is a platform where senior management at the regional level and staff representatives discuss the strategic direction of the Office, overall staff well-being and security and coordinate different operational areas. **The Inspector is of the opinion that the Executive Director should consider the applicability of a similar committee in other UNFPA regional offices to promote dialogue between senior management and personnel.**

156. From the responses to the JIU staff survey and interviews with UNFPA officials, the JIU team noted the perceived lack of induction training for newly arrived personnel. Several officials and staff members indicated that it had led to an insufficient understanding of policies and procedures generally applied in UNFPA. Some officials also suggested that it might indirectly contribute to an increase in inadequate or unclear inquiries to different services (i.e. human resources and oversight services), management and support staff. The JIU team also noted that staff might not find a solution when encountering work environment or entitlement issues, owing mainly to the lack of information provided during the induction process. The JIU team also learned that, at the headquarters level, the Staff Council needed to be allocated time to present itself at the induction sessions for newly arrived management personnel (P-5 and above).

**157. The Inspector encourages the Executive Director to further enhance corporate induction and onboarding induction plans to ensure that newly arrived personnel**

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<sup>84</sup> Except UNOPS, which has its headquarters in Copenhagen. The representative from UNOPS is in Copenhagen.

**receive enough information to perform their duties properly. The Inspector is also of the opinion that it is important to include the participation of staff representatives in the induction sessions organized for newly arrived management personnel to inform them about their roles with respect to conflict resolution, staff welfare and work conditions and about other relevant policies.**

## VI. Information and communications technology management

158. The JIU team analysed the strategies, policies and tools referred to and used by UNFPA to improve and keep ICT systems efficient, effective and relevant to the achievement of UNFPA goals, including UNFPA efforts to implement the ICT transformation project.

### A. Information and communications technology framework

159. The UNFPA ICT policies and procedures define the ICT responsibilities, policies and procedural controls.<sup>85</sup> UNFPA employs a Google-based online collaboration platform in parallel with the Atlas enterprise resource planning system, with other add-on modules. The general direction pursued by ICT management is to prioritize the use of online collaboration and cloud tools. Meanwhile, it was noted from the JIU staff survey, as well as the interviews held by the JIU team, that some users encountered occasional compatibility issues in engaging with other United Nations agencies that use the Microsoft-based platform. ICT management suggested during interviews that UNFPA could conduct a comparative analysis of the online platforms, including their price, utility and compatibility, to determine which platform best responds to the Fund's needs.

### B. Information and communications technology transformation project

160. The strategic plan for 2022–2025 refers to the ICT transformation project.<sup>86</sup> Its main component is the implementation of a new cloud-based enterprise resource planning system called “Quantum”, which would replace Atlas. UNFPA is undertaking the project in partnership with other United Nations entities in a UNDP-led consortium.<sup>87</sup> In its response to the corporate questionnaire, UNFPA noted that the new system would deliver a modern, user-centric, multilingual platform accessible from different mobile devices. It would simplify the submission, tracking and approval of, and reporting on, its core business areas. It would also increase the visibility of end-to-end processes, improve data integration and strengthen reporting and risk management capabilities. Critically, the cloud-based solution would allow UNFPA to adapt and expand the platform to meet future organizational and global priorities.

161. Initially, UNFPA announced the ICT transformation project in September 2017 in the integrated budget for 2018–2021,<sup>88</sup> indicating that the global objective was to replace the ageing Atlas system, and proposed to spend \$24.2 million for the project between 2018 and 2021.<sup>89</sup> In this regard, the Audit Advisory Committee of UNFPA (currently the Oversight Advisory Committee) noted that the ageing, no longer fit-for-purpose ICT environment would increase the risk of cyberattacks.<sup>90</sup>

162. According to UNFPA management, another rationale was that, while UNFPA had jointly operated Atlas with UNDP, the Fund considered that the Atlas functions did not match the UNFPA strategy, structure and operations. In the integrated budget for 2018–2021 it was also noted that UNFPA had developed a comprehensive ICT strategy to address the situation and would assess a variety of options, “emphasizing the best value for money, including utilizing other United Nations organization resources, services and solutions, where feasible.”<sup>91</sup>

<sup>85</sup> UNFPA has several policies covering the process, procedures and standards in hardware, software, security infrastructure, access, server back-up, wireless policy and personal data protection. The UNFPA ICT policies and procedures are available at <https://www.unfpa.org/information-and-communications-technology-policies>.

<sup>86</sup> DP/FPA/2021/8, para. 105.

<sup>87</sup> The consortium includes UNFPA, UNDP, UN-Women, United Nations Volunteers, the United Nations Capital Development Fund, UNITAR, UNU and the United Nations System Staff College.

<sup>88</sup> DP/FPA/2017/10, paras. 71–76.

<sup>89</sup> *Ibid.*, paras. 71–72.

<sup>90</sup> DP/FPA/2018/6/Add.2, para. 13.

<sup>91</sup> DP/FPA/2017/10, paras. 73 and 74.

163. In its review of the integrated budget for 2018–2021,<sup>92</sup> the Advisory Committee on Administrative and Budgetary Questions encouraged UNFPA to collaborate with UNICEF and UNDP. The Advisory Committee also commented that, given the complexity of an enterprise resource planning upgrade and the UNFPA financial context, the Fund should further review and provide concrete options for the most cost-effective and appropriate technology to be utilized in the ICT transformation process, which should not result in an increase to the institutional budget for 2018–2021. In its revised integrated budget, the allocation for the project was reduced to \$20 million<sup>93</sup> and approved by the Executive Board in 2018.<sup>94</sup> However, the JIU team learned from the interviews held with senior management that the project had not been concluded and was still undergoing development and testing as of the time of writing the present review in October 2022 and that the total project-related expenditure incurred since 2017 amounted to about \$35 million thus far.

## 1. Delayed project

164. While the JIU team could not obtain a document describing the whole project process since its initiation, it was clear that the project had encountered multiple delays. The new enterprise resource planning project began in June 2018.<sup>95</sup> However, UNFPA senior management gradually noticed several project management issues. One senior official pointed to a lack of robust project management, including realistic planning and appropriate cost calculation. The Oversight Advisory Committee also expressed its concern over the available skills set within UNFPA for the project, indicating that it remained concerned that the requisite capabilities to deliver and ensure implementation of the ambitious ICT transformation, including that of the enterprise resource planning system, were still not fully satisfied.<sup>96</sup>

165. Given the difficulties in the initial project setting, UNFPA decided to embark on an enterprise resource planning project in parallel with the existing Atlas system. However, at that time, UNDP had also started developing a new system and, in December 2021, notified UNFPA that the Atlas system would be shut down by July 2022 and replaced by Quantum. In fact, at that stage there were few choices left for UNFPA and the Fund soon decided to jointly implement the new system with the consortium led by UNDP. Finally, owing to technical difficulties, the consortium has postponed its implementation until January 2023.<sup>97</sup>

## 2. “Go-live” of the new enterprise resource planning system expected in January 2023

166. UNFPA management and personnel interviewed acknowledged that postponing the “go-live” date of the new enterprise resource planning system until January 2023 was positive because it provided more time for UNFPA and other United Nations partners to prepare for implementation, including the provision of various levels of training. In addition, the new go-live date would facilitate alignment with the beginning of the calendar year. Many of those interviewed expressed concerns about the system readiness. The JIU team understood that, as of October 2022, some of the features of Quantum were still under development and that several key operations, especially in the financial area, contained critical bugs yet to be solved. The provision of comprehensive training for UNFPA personnel also remains challenging. Senior management is aware of the challenges, but is committed to the operationalization of the Quantum system by January 2023. As part of the ongoing management monitoring efforts of the project, the Chief Risk Officer and the Enterprise Risk Management Coordinator have performed a risk assessment of the implementation of the system and provided evaluation and mitigation measures for the risks related to the go-live of the new system.<sup>98</sup>

<sup>92</sup> DP/FPA/2017/12.

<sup>93</sup> DP/FPA/2018/8, table 1.

<sup>94</sup> Executive Board decision 2018/19.

<sup>95</sup> DP/FPA/2019/6/Add.2, para. 14.

<sup>96</sup> DP/FPA/2020/6/Add.2, para. 17.

<sup>97</sup> Information provided by UNFPA.

<sup>98</sup> See sect. VII.B below regarding this risk assessment.

167. As of the time of finalization of the present review, in January 2023, and taking into consideration the updated information provided by UNFPA, the Inspector is pleased to note that during October and November 2022, the Quantum consortium finalized the work on configuring the system and addressed all critical open items. As part of the user readiness programme, UNFPA conducted in-person and online training sessions throughout the months of November and December. Twenty-eight sessions were delivered to more than 250 designated office trainers. Through December 2022, UNFPA prepared data for the transition, and on 9 January 2023, the Quantum system successfully went live for UNFPA and other partner agencies. UNFPA confirms that, as of mid-January 2023, the system is working well, the first transactions have been processed in the system and initial user feedback is positive.

168. It should be noted that UNFPA chose a phased implementation of the Quantum system, and that, as a security measure, the old Atlas system will not be immediately turned off in 2023 in case of Quantum system malfunctions. Furthermore, two main custom Atlas modules (the global planning system and the shipment tracker) will be kept active until the end of 2023, owing to difficulties in conversion to Quantum-based modules. The Inspector acknowledges the importance of the phased implementation to reduce the risk of disruption.

**169. The Inspector is of the opinion that the Executive Director should consider leading a comprehensive review of the ICT transformation project once the new enterprise resource planning system goes live in 2023 and reporting on overall costs and issues related to the integration of the main information systems in place.**

### 3. Expectations of the new enterprise resource planning system

170. The JIU team learned that UNFPA had more than 25 software applications and modules currently in operation. From the JIU staff survey and the interviews held, the team noted that there were too many stand-alone applications which “do not talk to each other” and lack integration. Some officials also mentioned that it was not clear at times which application to use and under which circumstances. This is one of the issues that triggered the ITC transformation project. The idea is to enhance the integration of the systems and applications used by UNFPA and their interaction with the new enterprise resource planning system.

171. During the five years that the ITC transformation project has been in progress, requirements for the new enterprise resource planning system have grown. In particular, the new system will include and strengthen the following components:<sup>99</sup>

- (a) Monitoring of income forecasts and allocation;
- (b) Salary advances modality;
- (c) Travel and expenses module;
- (d) Supply chain management capabilities;
- (e) Shipment tracking system;
- (f) Recording of inventory transactions;
- (g) Evaluation of suppliers.

172. Finally, the new enterprise resource planning system is expected to address concerns in the areas of process visibility, internal control and effectiveness.<sup>100</sup> As discussed in section VII, UNFPA foresees the introduction of a new enterprise risk management system and risk management tools (i.e. risk assessment, monitoring and reporting through an integrated risk register) in parallel with the implementation of Quantum. **The Inspector encourages senior management to review the changes in the requirements and expected functionality of the new enterprise resource planning system since the launch of the ICT transformation project and ensure that those requirements are appropriately addressed.**

<sup>99</sup> In particular, see DP/FPA/2019/8, para. 90; DP/FPA/2020/1, paras. 51–53; DP/FPA/2021/1, para. 73; DP/FPA/2021/8, para. 105; and DP/FPA/2022/2, paras. 29, 31 and 48.

<sup>100</sup> DP/FPA/2021/1, para. 7.

173. The implementation of the following recommendation is expected to contribute to enhanced transparency and accountability in the implementation of the ICT transformation project.

**Recommendation 4**

**The Executive Director should closely monitor and report to the Executive Board in a regular manner the risks associated with the implementation of the ICT transformation project, paying particular attention to the costs and the functionality of the new enterprise resource planning system and its integration with current systems, and adopt mitigation measures as deemed necessary. Reporting should take place before the end of 2023 and thereafter at each annual session of the Executive Board until the transformation project is concluded.**

## VII. Risk management

174. In the present review, the structure and processes related to the risk management model used by UNFPA are analysed, including the latest high-risk threats that the Fund may face. In particular, the Inspector observed uncertainty and risk factors in the new enterprise resource planning implementation process and in the management of implementing partners. The present section also reviews the risk management and controls efforts made by UNFPA in those areas.

### A. Enterprise risk management framework

175. UNFPA introduced a new enterprise risk management policy in April 2022.<sup>101</sup> It outlines the processes and requirements for effective identification and assessment of, and response to, risks. In the policy, it is stated that enterprise risk management would enable UNFPA to achieve its strategic objectives, the Goals of the 2030 Agenda for Sustainable Development and transformative results through effective management of risks and by taking advantage of opportunities”.<sup>102</sup> The Division for Management Services was previously responsible for enterprise risk management operations. With the introduction of the new policy in 2022, the Office of the Executive Director took over the responsibilities, and the Chief of Staff became the Chief Risk Officer. Currently, the Chief Risk Officer, the Enterprise Risk Management Coordinator and the enterprise risk management secretariat coordinate and operationalize the enterprise risk management activities at headquarters and the field offices.

176. The new policy follows the model of the Committee of Sponsoring Organizations of the Treadway Commission.<sup>103</sup> It also addresses the requirements underlying the reference maturity model for risk management developed by the High-level Committee on Management. It includes, in a comprehensive manner, the enterprise risk management benchmarks proposed by JIU in 2020.<sup>104</sup>

177. The Office of Audit and Investigation Services conducted an assessment of the enterprise risk management process in 2020 ahead of the introduction of the new policy.<sup>105</sup> The Office noted the existence of the perception that the risk management exercise at the field offices was a “mere formality with no direct link to programme delivery and operational activities”.<sup>106</sup> The Office also observed that attitudes toward the process largely depended on individual viewpoints and different levels of understanding. It found that the enterprise risk management exercise was often perceived as a compliance checklist in addition to an already heavy clerical workload. As a result, the Office recommended additional efforts to strengthen the organizational risk culture.<sup>107</sup>

178. Following the audit by the Office of Audit and Investigation Services, UNFPA shifted its risk assessment to prioritizing the high-risk business units and offices. The enterprise risk management secretariat also started to provide more tailored risk assessment criteria based

<sup>101</sup> UNFPA, Policies and Procedures Manual, Enterprise risk management (1 April 2022).

<sup>102</sup> *Ibid.*, para. 1. The UNFPA policy also follows the definition of enterprise risk management suggested in the report of JIU entitled “Enterprise risk management: approaches and uses in united Nations system organizations (JIU/REP/2020/5), namely: “ERM is an organization-wide process of structured, integrated and systematic identification, analysis, evaluation, treatment and monitoring of risks towards the achievement of organizational objectives”. It is fundamentally about managing uncertainty, which includes both threats and opportunities. The objective of ERM is to help ensure the organization’s sustainability and enable it to meet its goals by better preparing for the future and uncertainty.

<sup>103</sup> The mission of the Committee of Sponsoring Organizations is to help organizations improve performance by developing thought leadership that enhances internal control, risk management, governance and fraud deterrence (see <https://www.coso.org>).

<sup>104</sup> See JIU/REP/2020/5.

<sup>105</sup> Assessment of the UNFPA enterprise risk management (ERM) process, Final report, No. IA/2021-04 (27 July 2021).

<sup>106</sup> *Ibid.*, paras. 42–46 and recommended action 5.

<sup>107</sup> *Ibid.*, paras. 68 and 69 and recommended action 10.

on the specific operations of the units or offices, including risk management sessions to improve risk assessment understanding. Currently, the overall risk management exercise is implemented through an in-house application called “MyRisk”. The application is part of the strategic information system. The system links the risk management exercise at the corporate level and produces risk registers. In practice, the secretariat performs a preliminary assessment to identify high-risk units or offices. The risk management focal point of the high-risk unit or office conducts annual risk assessments by providing relevant information on MyRisk, including a description of the risk, its impact and probability, and risk responses, leading to a classification of risks (i.e. low, medium or high). The assessed risks are then validated by the head of the unit or office and sent to headquarters for review by the Chief Risk Officer and the enterprise risk management secretariat. The Inspector welcomes the efforts made to promote an organizational culture relating to risk management activities.

179. With the introduction of the new policy, UNFPA aims to increase the risk literacy within the Fund, expanding its enterprise risk management from fiduciary risk management to a more comprehensive strategic level of risk management, including reputational risk management. For example, with respect to reputational risk management, UNFPA is introducing the “shield” framework, which provides guidance to UNFPA staff, across all levels and locations, in the preparation for and management of issues and crises that have the potential to affect the Fund’s reputation and the reputation of UNFPA leadership in the short and long term.

180. UNFPA is also considering the further integration of enterprise risk management activities currently operated through MyRisk. The JIU team observed that MyRisk contained several limitations, which the enterprise risk management secretariat manually addresses when necessary. UNFPA expects to resolve current limitations through the further integration of the enterprise risk management tool. Initially, UNFPA planned to incorporate a new tool in the new enterprise resource planning system (Quantum), which is expected to be launched in January 2023. However, the Office of Audit and Investigation Services noted that the requirement to incorporate risk management modules or elements in the new system had not been formally brought to the attention of the enterprise resource planning project management panel for prioritization. The Inspector fully agrees with the statement of the Office that the concurrent development of a new enterprise risk management framework and a new enterprise resource planning system presents a unique opportunity to design and implement risk management tools that are integrated with business processes and controls that could help bring about a positive transformational effect on the organization’s risk culture. UNFPA, in its comments on the present review, indicated that the MyRisk application had recently been updated to align it with the new enterprise risk management policy and include several additional features.

181. The new enterprise risk management policy provides that the enterprise risk management secretariat must procure or develop a corporate enterprise risk management information technology application with data integration with the enterprise resource planning system and other transaction monitoring tools, and that this is a key requirement for implementing the policy. It is also indicated in the policy that, in addition to serving as a repository for risk assessment and response documentation, the corporate enterprise risk management application must facilitate the measurement and monitoring of key risk indicators and provide automated workflow features for all risk management processes and actions and that, in this regard, the enterprise risk management policy must be implemented in the period 2022–2024, as indicated in the policy implementation timeline.<sup>108</sup>

182. According to the planned timeline, a new enterprise risk management tool should have been procured in 2022 and launched in the first six months of 2023. However, as of the time of preparation of the present report, UNFPA expected to launch and go live with the new Quantum system in January 2023 (it was originally planned for July 2022). Furthermore, it seems that, as a consequence of delays experienced in the implementation of the new enterprise resource planning system and poor project planning, another opportunity has been missed. The JIU team learned that the new Quantum system might not be compatible with the strategic information system and its MyRisk module. ICT management indicated that

<sup>108</sup> UNFPA, Policies and Procedures Manual, Enterprise risk management, paras. 17 and 19.

UNFPA was reviewing requirements and technical options to implement an integrated planning system during 2023 that would incorporate required elements of the strategic information system and MyRisk. **The Inspector is of the opinion that in order to spread the use of enterprise risk management systems within UNFPA, the new enterprise risk management tools should be easy to access and integrated, to the extent possible, with the new enterprise resource planning system. The Inspector encourages senior management to take the necessary steps to promptly develop or select and procure a corporate enterprise risk management information application in line with the requirements established in the enterprise risk management policy.**

## **B. Risk assessment of the implementation of the enterprise resource planning system**

183. As discussed in section VI, the JIU team noted concerns expressed by UNFPA senior management about the delays in the implementation of the new enterprise resource planning system. In this regard, UNFPA conducted a risk assessment in October 2022 in order to determine the risks associated with further delays in the go-live date of the system. The JIU team observed that the assessment identified risks in several areas, including user provisioning (i.e. access rights and assignments), data migration (i.e. transfer of supplier information), payroll transactions, outstanding bugs, communication of changes in the process, disruption of reporting to the stakeholders, uncertainty over account closing activities, lack of training and inadequate post-go-live support. As indicated by UNFPA in its initial comments to the present review and as recommended in the mitigation plan, the enterprise resource planning project board closely monitored and managed the identified risks, including by assigning risk owners and identifying further mitigating actions. The project board's regular monitoring of risk helped steer the project to a successful go-live in January 2023.

184. As discussed in section VI, the ICT transformation project has experienced delays due to changes in the overall direction related to the implementation of the new cloud-based enterprise resource planning system (Quantum). In addition, some of the functionality initially expected to be part of the new system (i.e. risk management modules) will not be included in the Quantum system owing to, among other things, the late incorporation of UNFPA in the Quantum project led by UNDP. This fact has not facilitated the inclusion of UNFPA-specific requirements into early project planning. Consequently, UNFPA is forced to find its own individual solutions for those functions not provided by the Quantum system, thus incurring additional costs. In fact, certain modules of the Atlas system will continue to be operational after the Quantum system is launched. All of these facts will add hidden costs to the overall implementation of the ICT transformation project. There is a need to clarify which of the functionalities initially foreseen by UNFPA as part of the new enterprise resource planning project will be delivered by the Quantum system and which will not be part of Quantum and will therefore require specific solutions, and how these will be integrated.

## **C. Risk management and controls over implementing partners**

185. In 2021, UNFPA spent \$427.98 million for delivery of programme activities through implementing partners, representing approximately 33 per cent of the total expenditure.<sup>109</sup> The proportion of the expenditure channelled through implementing partners and the number of implementing partners (1,651 in 2021) have remained relatively stable in the past few years. In its annual report for 2021, the Office of Audit and Investigation Services indicated that 10.2 per cent of the investigations opened in 2021 involved allegations of fraud related to implementing partner activities.<sup>110</sup>

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<sup>109</sup> See A/77/5/Add.8, chap. V, note 17; and A/77/240, table 11.

<sup>110</sup> DP/FPA/2022/6, figure 3.

186. The JIU team reviewed the UNFPA corporate-level risk register and noted that UNFPA had identified several risks and established relevant risk mitigation measures related to implementing partners. As part of its internal control mechanisms, UNFPA employs the policy and procedures for selection, registration and assessment of implementing partners,<sup>111</sup> which are regularly updated. The Division for Management Services enforces and monitors the assessment of implementing partners. The Policy and Strategy Division monitors and enforces the policy and procedures for the selection and registration of implementing partners. For example, to facilitate the implementation of implementing partner assessment and other assurance elements, the Division for Management Services prepares and distributes the implementing partner assurance guide. The guide for 2022 includes the criteria and threshold for the mandatory implementing partner assurance activities (spot checks and audits). It also provides a step-by-step guide to implementing the assessment. At the regional office level, international operational managers generally ensure the application of internal controls and support the operations of the country and territory offices within their respective regions following the policy and the guide.

187. According to the policy, and as a precaution, when the value of resources to be allocated to the implementing partner exceeds a cumulative total of \$100,000 during the programme cycle, a “micro-assessment” must be done. The micro-assessment assesses the partner’s control framework and classifies the partner according to a risk rating (low, moderate, significant or high). Based on the risk rating, UNFPA determines the type and frequency of the assurance activities to be undertaken subsequently, such as spot checks and external audits. For assurance activities, UNFPA employs the services of several audit firms, engaged on inter-agency, headquarters-managed long-term agreements, that are specialized in public sector audits; however, regional and country offices have the option to use local auditors. Offices can piggyback on the long-term agreements and experience of other United Nations entities with reputable local audit firms. The JIU team reviewed the latest list of implementing partners active since 2018 and information on their assurance activities.

188. The JIU team looked at a sample of several implementing partners to confirm that UNFPA performed assessment activities as required by the policy. The JIU team noted no material anomalies. However, UNFPA does not currently perform the assessment activities for implementing partners (international NGOs and academic institutes) if they are operating in non-UNFPA programme countries. According to UNFPA, the non-programme countries are those where UNFPA does not have a programme of assistance to the Government and developmental indicators are high. In such countries, UNFPA relies on the functioning of the national regulatory systems. The Inspector is of the view that the systematic exemption given to the implementing partners operating in UNFPA non-programme countries might not signify appropriate management of the risks regarding the implementing partners.

189. Interviews with management, both at headquarters and the regional offices visited, confirm the commitment of the Fund to implementing robust diligence processes. UNFPA also recently launched a new control framework, the “last mile assurance framework” (see box 3), to strengthen the supply chain management handled by implementing partners. The Oversight Advisory Committee mentioned in its 2022 annual report to the Executive Board that the last mile assurance activities had been a positive development, bringing much-needed transparency to in-kind transfers, which had been increasing over the years.<sup>112</sup> However, the proper and timely implementation of the implementing partners assurance procedures represents a permanent challenge. On this point, the Board of Auditors noted in its latest audit report of the UNFPA financial statements as at 31 December 2021 several discrepancies between the annual implementing partners assurance plan and information entered into the assurance system, and recommended reinforcing the controls.<sup>113</sup> UNFPA in its initial comments to the present review indicated that those recommendations of the Board of Auditors had been addressed and that it had requested their closure.

**190. The Inspector welcomes the control framework established for activities undertaken by implementing partners. Nevertheless, the significance of the resources**

<sup>111</sup> Available at <https://www.unfpa.org/admin-resource/partnerships-1>.

<sup>112</sup> DP/FPA/2022/6/Add.1, para. 19.

<sup>113</sup> A/77/5/Add.8, chap. II, paras. 68–92.

**entrusted to implementing partners deserves permanent attention on the part of UNFPA, given the inherent risk of fraud and challenges regarding their performance. Senior management should therefore make additional efforts to continuously undertake the assurance activities established in the implementing partners control framework and reflect the results thereof in the relevant information systems in a timely manner.**

Box 3

#### **Last mile assurance framework**

In 2018, UNFPA launched the last mile assurance framework. The framework is a process to ensure that UNFPA programme supplies are adequately managed and safeguarded by implementing partners across the supply chain. It aims to minimize waste and fraud and reach the service delivery points or beneficiaries promptly and effectively.<sup>a</sup> The framework is composed of five key controls:<sup>b</sup>

- (a) Supply chain maps visualizing the key component of the implementing partner's supply chain. UNFPA updates it annually;
- (b) Supply chain management capacity assessments identifying the weaknesses of the implementing partner's supply chain management and measures to improve it;
- (c) Supply chain management risk assessments assessing the risk in the handling and distribution of supplies, focusing on external, delivery and fiduciary risks. Based on the assessment, UNFPA assigns a risk score and determines the additional control activities;
- (d) Programme supplies reports providing detailed information on the following elements during the programme period:
  - (i) Receipts and distribution of UNFPA programme supplies;
  - (ii) Waste and losses during the reporting period;
  - (iii) Stocks on hand available for future distribution;
- (e) On-site verifications and audits quantifying the actual level of fiduciary and delivery risk within the supply chain through spot checks and independent external audits and by identifying "red flags". The verifications include the following:
  - (i) Tracing of deliveries and distributions down to the receiving facilities;
  - (ii) Reviewing inventory records;
  - (iii) Measuring the waste and losses;
  - (iv) Inspecting implementing partners' facilities against a set of warehousing and inventory management standards;
  - (v) Assessing the effectiveness of inventory accounting controls.

<sup>a</sup> See UNFPA, Policies and Procedures Manual, Implementing partner review and sanctions, para. 5 (e). In particular, the "last mile" refers to the facilities and other points at which beneficiaries can access the supplies (see A/77/5/Add.8, para. 30).

<sup>b</sup> See <https://www.unfpa.org/supplychain#last-mile>.

## VIII. Oversight functions, monitoring and evaluation

191. One of the objectives of the present review is to determine if the oversight structure of UNFPA is efficient and effective. The following paragraphs contain a description and an analysis of the oversight structure and the interrelations among the main oversight components, including their roles, independence and reporting lines.

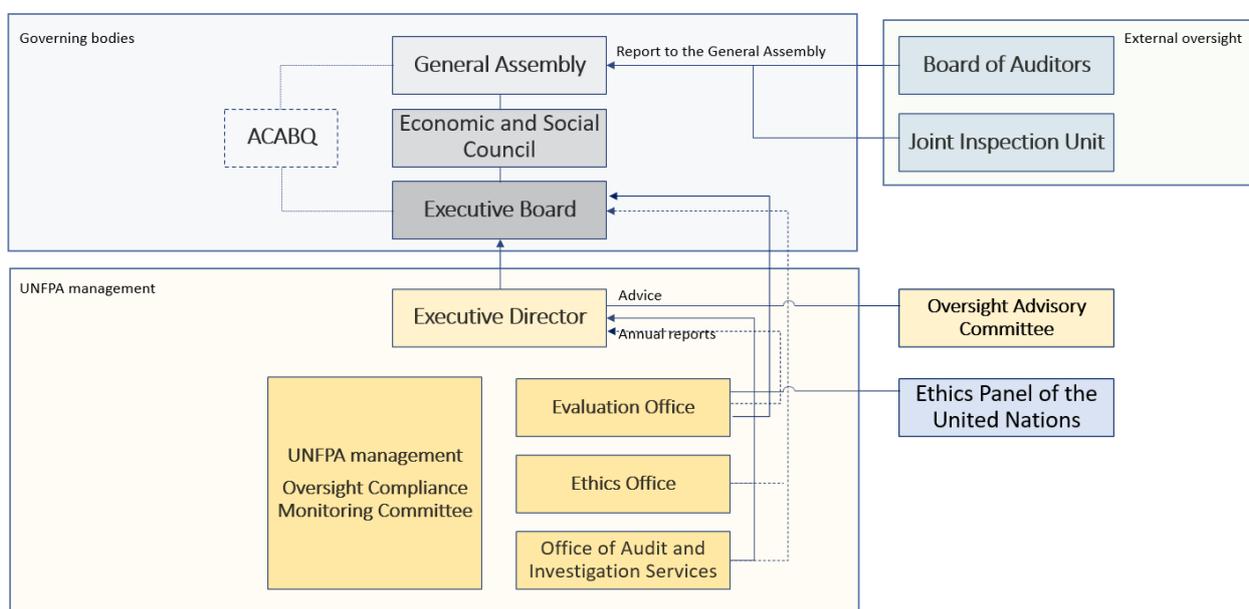
192. The revised UNFPA oversight policy was approved by the Executive Board of UNFPA in its decision 2015/2.<sup>114</sup> The policy sets out the oversight roles and responsibilities within UNFPA, as well as the principles, purpose and scope of oversight, including definitions of oversight-related concepts. In the policy, oversight is defined as follows:

Oversight means the processes by which to ensure organizational, programme, financial, operational and individual accountability, effectiveness of internal controls, including prevention and detection of fraud and malpractice. The General Assembly, in resolution 63/272, paragraph 4, affirmed that oversight is a shared responsibility of Member States, the organizations and the internal and external oversight bodies. Oversight results from the combination of fiduciary and management oversight.<sup>115</sup>

### A. Oversight structure

193. The oversight structure at UNFPA consists of the Executive Board, the Office of Audit and Investigation Services, the Oversight Advisory Committee,<sup>116</sup> the Evaluation Office, the Ethics Office, the Oversight Compliance Monitoring Committee, the Board of Auditors and JIU. Figure XVIII illustrates the relationships among the different oversight actors.

Figure XVIII  
UNFPA oversight structure



Source: Prepared by JIU.

#### 1. Executive Board

194. The oversight role and responsibilities of the Executive Board of UNFPA were established by the General Assembly in its resolutions 48/162 and 49/128. In those

<sup>114</sup> It replaced the previous oversight policy of September 2008.

<sup>115</sup> UNFPA, Policies and Procedures Manual, Oversight policy (30 January 2015), para. 1.

<sup>116</sup> Also referred to as the Audit Advisory Committee in the oversight policy.

resolutions, the Executive Board was requested to oversee, on a regular basis, the response of the Fund to the needs of countries regarding activities to strengthen national population and development programmes, including the specific requests from developing countries for assistance, and to submit annual reports to the Economic and Social Council at its substantive session, including recommendations for improvement of field-level coordination.<sup>117</sup>

## **2. Leadership: the Executive Director and senior management**

195. Management is responsible for setting up the governance and risk management processes, as well as the internal control framework, including the measurement of performance and mechanisms to prevent and detect fraud and corruption or any misuse of resources. Management is responsible for taking action on investigation reports and taking appropriate disciplinary or administrative measures as the result of an investigation, according to the UNFPA disciplinary framework, the policy on protection against retaliation for UNFPA staff and the vendor sanction mechanism for other contractual parties.

196. Management presents to the Executive Board a comprehensive response to the annual reports of the Evaluation Office, the Ethics Office and the Oversight Advisory Committee, as well as the annual report on internal audit and investigation activities. This response is intended to provide assurance with respect to the functioning of internal controls and includes an update on the implementation of internal and external audit recommendations.<sup>118</sup>

## **3. Office of Audit and Investigation Services**

197. A detailed description of the mandate, responsibilities and authority of the Office of Audit and Investigation Services is set forth in its charter. The Office covers internal auditing and investigations and provides advisory services to the organization. These activities are carried out to provide reasonable assurance to the Executive Director, the Oversight Advisory Committee and the Executive Board.

198. The Investigation Branch of the Office investigates complaints of any alleged wrongdoing committed by staff, vendors, consultants, implementing partners or other third parties doing business with UNFPA, including retaliation against whistle-blowers.

199. The Director of the Office of Audit and Investigation Services reports to the Executive Director and presents an annual report to the Executive Board on internal audits, investigation activities and advisory services. The report is publicly available. The Office conducts its assurance activities based on a risk-based audit plan approved by the Executive Director after review by the Oversight Advisory Committee.

## **4. Oversight Advisory Committee**

200. In accordance with the oversight policy,<sup>119</sup> the Audit Advisory Committee, also referred to as the Oversight Advisory Committee, constitutes a fiduciary oversight body of UNFPA and assists the Executive Director in fulfilling her/his responsibilities for accountability, risk management, internal controls, financial management and reporting, and the fiduciary oversight process, including external audit matters, internal audit, investigation and evaluation functions, and ethics.

201. The primary role of the Oversight Advisory Committee is to advise the Executive Director. The Committee is composed of five expert members external to the organization and appointed by the Executive Director. The oversight roles and responsibilities of the Committee are set out in its terms of reference approved by the Executive Director.

202. The Committee meets with the Executive Director and the directors of other oversight entities at least twice a year and usually three times a year in separate private sessions.

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<sup>117</sup> General Assembly resolutions 48/162, annex I, para. 22, and 49/128, para. 32.

<sup>118</sup> UNFPA, Policies and Procedures Manual, Oversight policy, para. 25 (f) (ii).

<sup>119</sup> *Ibid.*, sect. V. F.

## 5. Evaluation Office

203. Evaluation at UNFPA serves, inter-alia, as a means to demonstrate accountability to stakeholders.

204. The Evaluation Office reports administratively to the Executive Director. Its main functions are described in the evaluation policy<sup>120</sup> endorsed in 2019 by the Executive Board. The Executive Board is the custodian of the evaluation policy and approves the evaluation policy and the quadrennial budgeted evaluation plan. It considers the annual reports on evaluation submitted by the Office. The Executive Board also considers the Executive Director's annual report on the use and follow-up of evaluation recommendations.

205. UNFPA evaluations cover activities funded by both regular and other resources and fall into two main categories:

(a) Centralized evaluations, which are commissioned by the independent Evaluation Office. These evaluations are undertaken by independent external evaluators. However, the independent Evaluation Office may decide to conduct selected evaluations itself. Centralized evaluations have a strategic scope or address organization-wide issues. The results of centralized evaluations are presented to the Executive Board;

(b) Decentralized evaluations of country, regional and global programmes, which are managed by the business unit responsible for the programme being assessed and are conducted by independent external evaluators pre-qualified by the Evaluation Office, which also approves their terms of reference.<sup>121</sup>

## 6. Ethics Office

206. The Ethics Office advocates for and promotes ethics within UNFPA and provides guidance to management and staff in accordance with the Charter of the United Nations, the core values and principles of the United Nations, the standards of conduct for the international civil service and the relevant decisions of the Executive Board.

207. In accordance with the UNFPA policy on protection against retaliation, the Ethics Office reviews complaints of retaliation and refers cases to the Office of Audit and Investigation Services for further investigation when necessary.

208. In addition, the Ethics Office is responsible for reviewing potential conflicts of interest for senior appointees who will perform control functions that are not covered by the appointment vetting processes of the Secretary-General. It also takes responsibility for the strategic development and implementation of the financial disclosure programme. The Ethics Office participates in relevant inter-agency forums and facilitates harmonized approaches with other United Nations bodies, specifically the Ethics Panel of the United Nations.<sup>122</sup>

209. The Ethics Advisor is appointed by the Executive Director after ensuring that a pre-appointment review of conflict of interest is conducted by an independent entity. The Ethics Advisor reports to the Executive Director and serves as a member of the Ethics Panel of the United Nations and the Ethics Network of Multilateral Organizations. The Ethics Advisor submits an annual report to the Ethics Panel of the United Nations. The report is also provided to the Executive Director and is presented to the Executive Board.

210. The objectives of the Ethics Office in 2021 were threefold: (a) increase the visibility and accessibility of ethics services; (b) promote confidence in the Ethics Office as a practical, necessary and trusted resource; and (c) extend the reach of the Office to more personnel (through training, virtual engagement and delivery of services).<sup>123</sup> UNFPA has increased resources for the Ethics Office under the new integrated budget for 2022–2025, including a

<sup>120</sup> DP/FPA/2019/1.

<sup>121</sup> *Ibid.*, paras. 12 (a) and (b).

<sup>122</sup> The Ethics Panel of the United Nations (formerly known as the United Nations Ethics Committee) was established in December 2007 with the issuance of the Secretary General's bulletin entitled "United Nations system-wide application of ethics: separately administered organs and programmes" (ST/SGB/2007/11) to help ensure coherent application of ethical standards within the United Nations.

<sup>123</sup> DP/FPA/2022/7, para. 7.

new P-4-level post. UNFPA has also set up an Integrity Group, a group of independent but interconnected offices that deal with internal justice matters and staff welfare. The Group includes the Office of Audit and Investigation Services, the Ethics Office, the Legal Office, the Protection from Sexual Exploitation, Abuse and Harassment Coordinator, the Ombudsman and the Division for Human Resources. It aims at improving prevention and early resolution, as well as increasing trust in existing response mechanisms.

#### **7. Oversight Compliance Monitoring Committee**

211. The Oversight Compliance Monitoring Committee, previously known as the Audit Monitoring Committee, is an internal coordination mechanism, chaired by the Deputy Executive Director for Management, with secretarial support provided by the Executive Office. Its terms of reference are in the final stages of approval. The Committee meets every month to discuss and share information on oversight matters, as well as to follow up on the status of internal and external recommendations. Headquarters divisions and regional representatives are also part of the Committee.

#### **8. Board of Auditors**

212. The Board of Auditors conducts independent audits and issues a report to the General Assembly on: (a) the audit of the financial statements and relevant schedules relating to the accounts of UNFPA for the financial period; (b) compliance of transactions with the Financial Regulations and legislative authority; and (c) such information as the Board deems necessary with regard to the efficiency of the financial procedures, the accounting system, the internal financial controls and, in general, the administration and management of the organization, as well as the status of implementation of audit recommendations.

213. The Board assesses the work of the internal audit function and further coordinates with the Office of Audit and Investigation Services in order to avoid duplication of effort and to determine the extent of reliance that could be placed on the work of the latter. The Board receives a copy of all internal audit reports and, on an annual basis, the approved audit workplan of the Office and the list of fraud cases that have been completely investigated and cases of presumptive fraud.

#### **9. Joint Inspection Unit**

214. The oversight role and responsibilities of JIU are set forth in relevant General Assembly resolutions.<sup>124</sup> The unique role of the Unit as the only external and independent system-wide evaluation, inspection and investigation body allows it to include in its annual programme of work subjects considered relevant to secure management and administrative efficiency and to promote greater coordination both between United Nations entities and with other internal and external oversight bodies.

215. The Executive Director of UNFPA presents annually to the Executive Board a report on the follow-up and implementation of the JIU recommendations at UNFPA.

### **B. Oversight independence, transparency interaction and reporting lines**

216. UNFPA has strengthened its independent oversight activities, with investments in oversight growing at a higher rate than overall income projections. The new integrated budget included, inter-alia, a substantially increased investment in the investigation function.

217. The new cost category “independent oversight and assurance activities”, included in the integrated budget for 2022–2025,<sup>125</sup> accounts for \$60.5 million, or 1.2 per cent, of the total proposed budget for 2022–2025. It consists of the budgets for the centralized evaluation

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<sup>124</sup> General Assembly resolutions 2150 (XXI), 2360 (XXII) 2735 (XXV) A and 2924 (XXVII) B. By its resolution 31/192, the General Assembly decided to establish the Joint Inspection Unit as a standing subsidiary organ and approved the statute of the Unit with effect from 1 January 1978.

<sup>125</sup> See Executive Board decisions 2019/21, para. 4, and 2020/10, para. 11, on continued increased investments for independent oversight functions.

function (\$17.2 million) as well as the audit and investigation functions (\$43.3 million – with \$16.3 million for investigation, \$18.7 million for internal audit, \$5.7 million for the directorate, including the Oversight Advisory Committee, and \$2.6 million for UNFPA contributions to JIU and external audit costs. These amounts include additional resources to allow for an enhanced focus on investigation and a strengthening of the evaluation function.<sup>126</sup>

218. The oversight structure constituted by the entities described above provides a solid oversight framework for UNFPA activities. The different oversight roles played by the above-mentioned entities are linked by well-established processes, including appropriate monitoring and regular reporting mechanisms. However, in the view of the Inspector, there is room for enhancement of the independence and transparency of some oversight activities, as described below.

## **1. Executive Board measures to enhance transparency and perceived independence**

219. In the view of the Inspector, the distinction between governance and management is very important. Governance includes, inter-alia, guiding policies, making important strategic decisions, setting budgets and overseeing operations, while management involves implementing those policies and decisions.

220. It is widely recognized that oversight activities, as well as some key strategic managerial positions, demand the establishment of protective measures, or firewalls, to preserve independence and reduce the perception of conflict of interest within relevant bodies in accordance with generally accepted best practice and professional standards.

221. WFP and ILO can serve as examples to illustrate the use of protective measures established by oversight bodies. WFP indicates that members of its Independent Oversight Advisory Committee are not eligible for any employment with WFP for at least five years immediately following the last day of their tenure on the Committee. Furthermore, they should not be or have been within the five years prior to appointment, employed or engaged in any capacity by WFP or a WFP Executive Board delegation.<sup>127</sup> Similarly, ILO requires that members of its Independent Oversight Advisory Committee should not currently be or have been within the three years prior to their appointment a member of the ILO Governing Body.<sup>128</sup> Additionally, and as described in other parts of the present review, the Governing Body of ILO and the Executive Board of WFP both play a key role in the appointment of the members of their respective Independent Oversight Advisory Committees. Consequently, members of the governing organs are barred from becoming members of the Committees as a measure to protect the independence of the Committees. The Governing Council of the European Central Bank provides another external example of the application of protective measures aimed at avoiding conflict of interest (see annex I).

222. The description above is not exhaustive. It is just a sample of some of the protective measures and limitations included in the respective terms of reference of different oversight management entities that are intended to preserve independence and avoid a perceived conflict of interest.

223. Most of the UNFPA oversight entities have established such protective measures. For example, the directors of the Evaluation Office, the Office of Audit and Investigation Services and the Ethics Office are appointed for a fixed term of five years, renewable once, and are thereafter barred from working for UNFPA.<sup>129</sup> Furthermore, the terms of reference of the Oversight Advisory Committee require that for a candidate member to be considered independent, she/he should not have any material relationship with UNFPA. Furthermore, a candidate may not be considered unambiguously independent, if she/he is or has been an employee of UNFPA or served on its Executive Board within the last three years, or has been a senior member of the Government of a Member State within the last three years or holds

<sup>126</sup> DP/FPA/2021/9, para. 18.

<sup>127</sup> WFP, Terms of reference of the Independent Oversight Advisory Committee (November 2021).

<sup>128</sup> ILO, Terms of reference for the Independent Oversight Advisory Committee of the International Labour Office (March 2021).

<sup>129</sup> UNFPA, Policies and Procedures Manual, Oversight policy, paras. 42, 50 and 55.

any other Board mandates or Member State Government appointed position that might infringe on his/her independence.<sup>130</sup>

224. While the Executive Board members of UNFPA are excluded from being members of the Oversight Advisory Committee, given that they are not considered unambiguously independent, the Inspector could not find additional protective measures in the terms of reference or rules of procedure of the Executive Board that would prevent Board members from being eligible for employment with UNFPA in other strategic positions, including senior management positions, for a period following the end of their tenure as Executive Board members.

225. The Executive Board is responsible for making decisions, guiding and overseeing UNFPA activities, including the management of UNFPA, which is responsible for implementing the decisions taken by the Board. The engagement by UNFPA of former members of the Board as part of its senior management structure, or as members of any of its oversight entities, creates a perception of conflict of interest that demands the establishment of additional protective measures, such as “cooling-off” periods, to guarantee the independence of decisions made and their immediate and subsequent implementation. In the view of the Inspector, the immediate employment by UNFPA of members of the Executive Board, without the establishment of a cooling-off period, creates a perception of biased and non-transparent recruitment practices.

226. The Inspector is aware that such measures are not yet common across the boards of the United Nations system; however, she is firmly convinced that such measures are necessary, given that oversight is a shared responsibility of Member States<sup>131</sup> exercised through, inter-alia, their participation in governing bodies and boards. Furthermore, oversight officials are subject to measures aimed at protecting independence and promoting transparency in accordance with professional standards and best practice. Moreover, as noted in the UNFPA oversight policy, the “tone at the top” regarding the expectations for orderly, ethical, economical, efficient and effective conduct from all UNFPA staff at all levels and at all times, set by the Executive Board and the UNFPA Executive Director, as part of the UNFPA management philosophy, operating style and organizational culture, is the foundation for effective oversight”.<sup>132</sup>

227. The implementation of the following recommendation is expected to contribute to enhanced transparency and accountability in the management of the UNFPA.

#### **Recommendation 5**

**The Executive Board should consider and spearhead, before the end of 2023 and in consultation with the Secretary-General, the implementation of protective measures regarding the limitations of employment of its members by UNFPA aimed at promoting independence and transparency and reducing the perception of conflict of interest in the overall management of UNFPA.**

## **2. Independence of the Oversight Advisory Committee**

228. In its report on the audit function in the United Nations system, JIU defined an audit committee as an independent advisory expert body that is part of the governance structure of the organization and a prerequisite for good governance.<sup>133</sup>

229. IIA defines audit committees as entities that provide oversight by offering objective advice and recommendations to the board on whether the organization’s governance, risk management and internal control processes are suitably designed and working as intended. In the 2008 position statement of the Meeting of Representatives of Internal Audit Services of the United Nations Organizations and Multilateral Financial Institutions, which is non-

<sup>130</sup> UNFPA, Oversight Advisory Committee terms of reference (12 May 2021), para. 19.

<sup>131</sup> General Assembly resolution 63/272, para. 4.

<sup>132</sup> UNFPA, Policies and Procedures Manual, Oversight policy, para. 8.

<sup>133</sup> JIU/REP/2010/5 and JIU/REP/2010/5/Corr.1, sect. IV.A.

binding, the purpose of the audit committee is similarly defined, namely, as an independent advisory body primarily to assist the governing body and the executive head of a United Nations entity and other multilateral institutions in fulfilling their oversight and governance responsibilities.<sup>134</sup>

230. In the terms of reference of the Oversight Advisory Committee, it is indicated that “the primary role of [the Committee] is to advise the Executive Director, taking into account the organization’s process for monitoring compliance with the regulations adopted by ... UNFPA”<sup>135</sup> and this point is confirmed in the oversight policy.<sup>136</sup> The Committee is composed of five members, external to the organization and appointed by the Executive Director. The Office of the Executive Director provides the secretariat for the Committee through the Executive Board Branch. In addition, the Executive Director approves the terms of reference of the Committee.<sup>137</sup> These points were confirmed in interviews with senior management, including the Chair of the Committee.

231. While relevant documentation, as well as interviews held, confirm that the Chair of the Committee has free and unrestricted access to the Executive Board, the Board of Auditors and any other entity having an oversight or governing function in relation to UNFPA, it cannot be concluded that the Committee is a fully independent oversight entity, as further substantiated by previous work of JIU and by the examples provided by other United Nations entities.

232. WFP and ILO both have established Independent Oversight Advisory Committees which may serve as examples of the independence expected of such a committee. At WFP, the Committee serves in an expert advisory capacity and provides independent, expert advice to the Executive Board and the Executive Director in fulfilling their governance responsibilities, including ensuring the effectiveness of the Programme’s internal control systems, risk management, audit and oversight functions and governance processes. Since the role of the Committee is to provide objective advice, members are to remain independent of the WFP secretariat and the Executive Board and be free of any real or perceived conflict of interest. The process for selection of members of the Committee involves a selection panel formed by members of the Executive Board. Two members of the WFP secretariat, selected by the Executive Director, may provide secretarial support to the work of the panel; however, those members of the secretariat are not involved in the decision-making regarding the selection. The Executive Board considers candidates recommended by the selection panel for approval of appointment.<sup>138</sup>

233. ILO follows a similar pattern. The Independent Oversight Advisory Committee is a subsidiary body of the Governing Body. Since its role is to provide objective advice, members are to remain independent of the International Labour Office, the Governing Body and the International Labour Conference, and should also be free of any real or perceived conflict of interest. A selection panel (comprising a representative of the Government group chair and representatives of regional groups, the employers’ group and the workers’ group) propose a list of candidates to the Governing Body for final consideration and approval.

234. In its review of audit and oversight committees in the United Nations system, JIU determined that the reporting arrangements for such committees can be clustered into three distinct categories: (a) those reporting directly to the governing body; (b) those reporting to both the governing body and the executive head of the organization; and (c) those reporting to the executive head only. The last category is not considered independent according to the criteria for good practices.<sup>139</sup>

235. The Inspector concludes that the Oversight Advisory Committee cannot be considered an independent oversight committee, given that the selection and appointment of its members and the approval of its terms of reference are the responsibility of the Executive Director.

<sup>134</sup> See JIU/REP/2019/6, para. 16.

<sup>135</sup> UNFPA, Oversight Advisory Committee terms of reference, para. 1.

<sup>136</sup> UNFPA, Policies and Procedures Manual, Oversight policy, para. 58.

<sup>137</sup> UNFPA, Oversight Advisory Committee terms of reference, para. 21.

<sup>138</sup> WFP, document WFP/EB.2/2021/9-A.

<sup>139</sup> JIU/REP/2019/6, p. iv.

Furthermore, its primary role is to advise management, and it reports directly to the Executive Director. These elements need to be revised in line with audit best practices. If these changes are not implemented, the name of the Oversight Advisory Committee should be changed to truly reflect its role (e.g. Management Advisory Committee or something similar) and an independent audit advisory committee should be established in line with oversight professional standards and practice. The oversight policy should also be revisited in order to reflect relevant changes.

236. The implementation of the following recommendation is expected to contribute to enhanced transparency and accountability in the management of UNFPA.

#### **Recommendation 6**

**The Executive Board should consider, before the end of 2023, either the establishment of an independent oversight advisory committee to oversee UNFPA activities or the enhancement of the independence of the current Oversight Advisory Committee in accordance with best practices and oversight professional standards, including with respect to its terms of reference, the appointment of its members and reporting lines, which should be subject to the approval and the direct supervision of the Executive Board.**

### **3. Office of Audit and Investigation Services**

237. The Office of Audit and Investigation Services plays a fundamental role in oversight activities within UNFPA, as described in previous paragraphs. Its mandate is enshrined in its charter, which is currently under revision. The last revision of the charter was approved by the Executive Director in January 2018. The current revision will incorporate, inter alia, changes made on 12 May and 16 August 2021 to the roles of the Director of the Office as the Secretary of the Oversight Advisory Committee and as the focal point at UNFPA for all matters related to JIU, which are now under the responsibility of the Executive Office. Those changes were made in line with, and to better conform to, professional standards and best practice.<sup>140</sup> In addition, the revisions to the charter will address opportunities for improvement, as recommended in the external quality assurance conducted by IIA in December 2021. It will also reflect changes and improvements identified by the Office in a self-assessment undertaken in 2021, which included proposals on its independence and changes arising from a survey of charters of counterpart offices in other United Nations organizations, which was conducted to identify lessons or practices that could either be learned or adopted.

238. The Inspector welcomes these changes, in particular the transfer of the Oversight Advisory Committee secretariat to the Executive Office. In her view, the previous positioning of the secretariat within the Office of Audit and Investigation Services created a conflict of interest, given that the Committee is intended to, inter-alia, review the Office, including its charter, as well as its scope, plans, activities, resources, staffing and organizational structure. Furthermore, in accordance with the terms of reference of the Committee and in line with the UNFPA oversight policy, the Committee participates in, reviews and advises on the selection and any intended removal of the Director of the Office of Audit and Investigation Services and provides input to his/her performance assessment.<sup>141</sup> It should be noted that, in practice and as confirmed in the interviews held, the Committee does not provide input to the performance assessment of the Director of the Office, despite the provisions included in its terms of reference. Its role is limited to consultations held during the selection of the Director of the Office.

239. As at 31 December 2022, the Office of Audit and Investigation Services had 30 approved posts and 3 individual contractors: 1 Director post, 26 Professional posts and 3 General Service posts. The Office of Audit and Investigation Services directorate is composed of the Director (with an ad interim appointment), two Professional posts (1 of them

<sup>140</sup> DP/FPA/2022/6, para. 3.

<sup>141</sup> UNFPA, Oversight Advisory Committee terms of reference, paras. 17 (e) and (f).

vacant) and one General Service post. The Internal Audit Branch includes three Chief of Unit posts, nine Auditor posts (3 of which were vacant at year-end) and one dedicated General Service post to support the team. The resources allocated to the Investigations Branch include two Chief of Unit posts (both vacant), seven Investigations Specialist posts (2 of which are vacant), three Investigation Analysts posts and one dedicated General Service post to support the team. The overall vacancy rate in the Office increased from 15 per cent in 2020 to 22 per cent in 2021. The vacancies were partially compensated for through the recruitment of consultants.<sup>142</sup> The latest figures provided by UNFPA indicate that the vacancy rate for the Office of Audit and Investigation Services is 25 per cent. For the Internal Audit Branch the rate is 23 per cent. The Office has restructured the Investigations Branch by: (a) splitting it into two units with two Chiefs, each responsible for three regions, to disperse responsibilities for supervision of Investigators and review investigation reports; and (b) establishing the Intake, Policy and Reporting Unit. The Office hired external quality assurance experts to perform quality control of investigation reports.

240. The Office issued 10 reports in 2021. The rating of eight of those reports was “partially satisfactory, with some improvement needed”. The 10 reports contained 68 recommendations, 38 of which (56 per cent) were ranked high priority. With respect to headquarters and process audits, the Office issued three reports,<sup>143</sup> which contained 35 recommendations, 26 of which (74 per cent) were ranked high priority.

241. In 2022, the Office completed five business processes (on individual giving, fast-track procedures, headquarters travel management, implementing partners management and social marketing) one programme audit (the Spotlight Initiative) and one country office audit (Somalia), some of which were started in 2021. The Office plans to complete three additional business processes and 12 country office audits in 2022. In addition to delivering internal audit and investigation services, the Office provides advisory services to UNFPA management to promote improvement in governance, risk management and internal control processes. Those advisory services are documented through advisory reports, advisory memorandums and comments provided in the review of policies and procedures as well as memorandums of agreement (or their equivalent) with donors.

242. The internal audit four-year rolling plan for country offices shows that audits planned for the current cycle include: 14 country offices in 2023, 14 country offices in 2024 and 17 country offices in 2025. UNFPA has approximately 138 offices worldwide (regional, representational, subregional, country and territory offices). At the present pace, it would take roughly nine years to audit all offices worldwide.

243. The Inspector is of the view that nine years is an excessive period and that, preferably, all offices away from headquarters should be subject to audit at least once during the strategic planning cycle (4 years). However, the resources required to achieve this target must also be taken into consideration, and perhaps a gradual approach could be put in place, with a final target of a shorter audit cycle for all offices away from headquarters (e.g. 5 years).

244. The Executive Director should assess the allocation of additional resources to the Office and develop a plan aiming at the reduction of the audit cycle for UNFPA offices away from headquarters.

#### **4. Investigations by the Office of Audit and Investigation Services**

245. The Office of Audit and Investigation Services is also responsible for conducting investigations into the following types of allegations of wrongdoing:

(a) Internal investigations: misconduct by UNFPA staff, ranging from fraud and corruption to different types of harassment, including retaliation against whistle-blowers, sexual exploitation and abuse, and other violations of applicable regulations and rules;

<sup>142</sup> DP/FPA/2022/6, paras. 14–18.

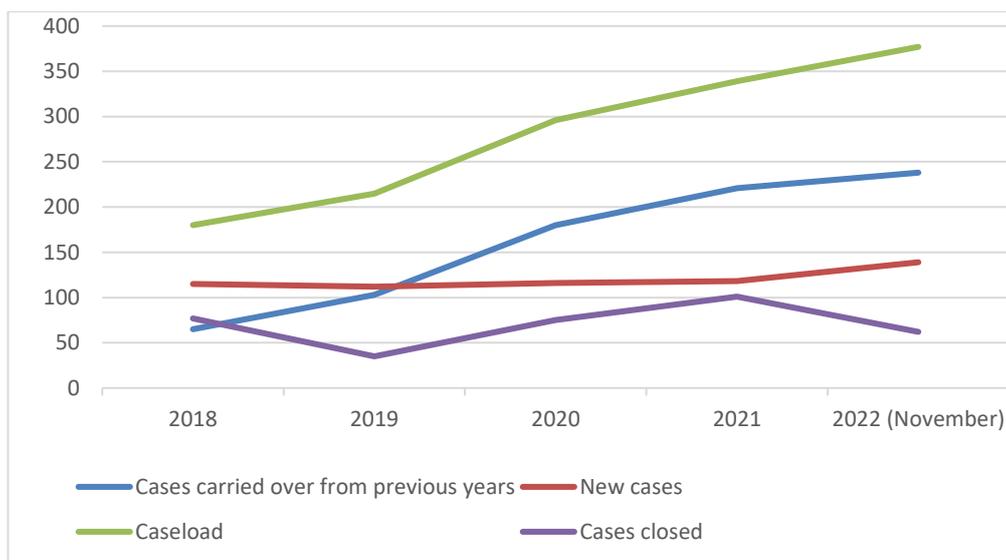
<sup>143</sup> An audit of the workplan management process, an assessment of the enterprise risk management process at headquarters and an audit of the Regional Operations Shared Service Centre in the East and Southern Africa region.

(b) External investigations: proscribed practices by third parties, including corrupt, fraudulent and other unethical practices committed to the detriment of UNFPA;

(c) Third-party-led investigations: the Office follows investigations of fraud as well as of sexual exploitation and abuse involving implementing partner personnel.

246. An analysis of the overall investigation caseload for the period 2018–2022 shows that the number of new cases received each year has remained stable since 2018, with a slight increase in 2021 and 2022 (see figure XIX). However, the number of cases closed every year is still below the annual intake. UNFPA thus faces a growing carryover and overall caseload despite the significant increase in the number of cases closed each year.

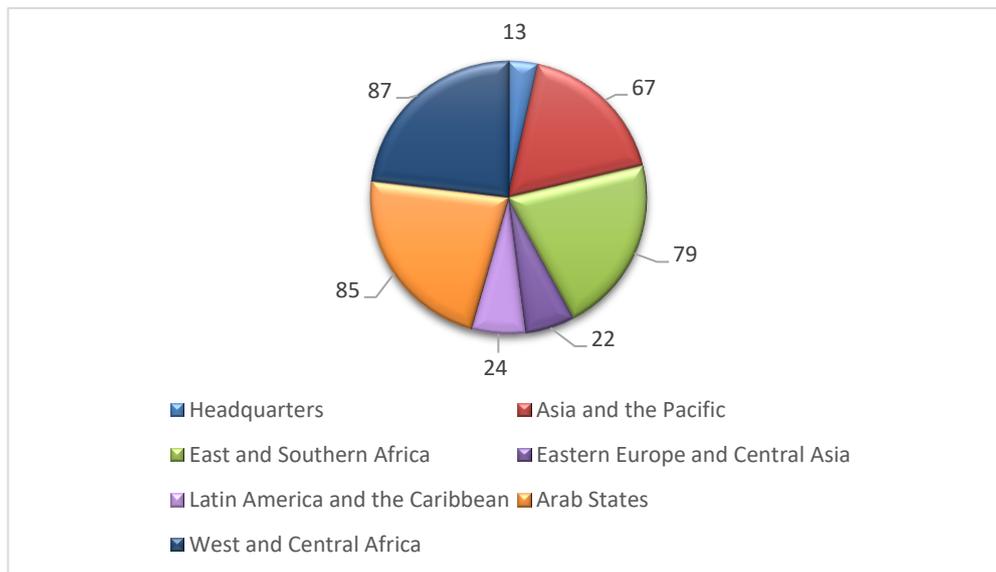
Figure XIX  
**Caseload of the Office of Audit and Investigation Services (as at 20 November 2022)**  
 (Number of cases)



Source: Prepared by JIU based on data provided by UNFPA.

247. It should be noted that most of the caseload comes from the regional and country offices, with headquarters representing less than 0.5 per cent. Three regions account for two thirds of the caseload (West and Central Africa, 23 per cent; Arab States, 22.5 per cent; and East and Southern Africa, 21 per cent;) Figure XX illustrates the breakdown of the caseload by region.

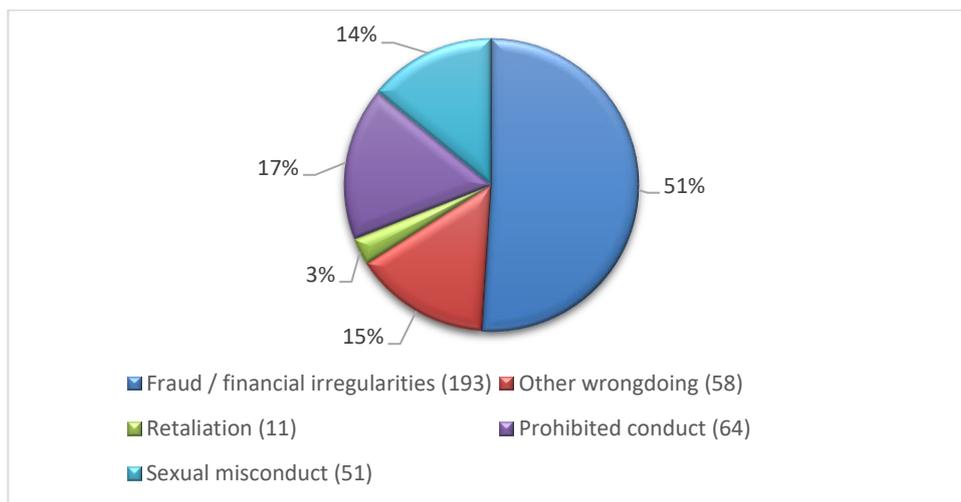
Figure XX  
**Office of Audit and Investigation Services caseload, by region (as at 20 November 2022)**  
 (Number of cases)



Source: Prepared JIU based on data provided by UNFPA.

248. The caseload of 377 cases as at 20 November 2022 is broken down in figure XXI using the new harmonized categories for reporting cases. The figure shows that more than half of the cases, or 193 cases, are related to fraud or financial irregularities (99 of those cases, or 26 per cent, relate to implementing partner fraud).

Figure XXI  
**Caseload of the Office of Audit and Investigation Services, by category (as at 20 November 2022)**  
 (Percentage)



Source: Prepared by JIU based on data provided by UNFPA.

249. From 2018 to 20 November 2022, the Office closed 355 cases, of which 219 concerned UNFPA personnel (62 per cent). Of those 219 cases, 56, or 26 per cent, involved senior UNFPA personnel, (personnel at the P-5 level or above). Similar percentages can be observed in the number of open cases: of the 310 open cases as at 20 November 2022, 181 concern UNFPA personnel (58 per cent), and of those, 49 cases, or 27 per cent, involve senior personnel.

250. Members of the Executive Board expressed concern about the increased investigation caseload in 2022, while welcoming the increase in the number of cases processed by the Office in 2021 compared with previous years. They requested information on UNFPA plans to increase resources to the Office.<sup>144</sup>

251. The Inspector is also concerned about the backlog and the increasing number of investigation cases. The number of new cases for 2022 (139 as at 20 November) has already surpassed the total intake in 2021 and it is the highest in the last five years. This issue is compounded by the high vacancy rate within the Office, in particular the posts of the Chiefs of the two units of the Investigations Branch, which has an impact on its performance. The Director of the Office is a retiree from the United Nations system holding an ad interim appointment in the midpoint of a fixed-term contract of two years.

252. In the view of the Inspector, the critical mission of the Office demands a more stable human resources structure, the urgent filling of vacant positions and a long-term vision on the part of its leadership. As indicated in other parts of the present review and as a conclusion drawn from the staff survey launched by JIU, there is a perception among UNFPA personnel that nothing is being done with regard to the number of cases currently under investigation, even though management actions with respect to investigations are made public on the UNFPA website. In addition to public reporting of management actions, the Office engaged in several outreach activities during 2022 to inform staff of its mandate, the efforts made and the results achieved. This included, among other things, participation in several regional leadership meetings, the holding of ad hoc town hall meetings at the regional and country office levels and participation in the induction of new senior UNFPA personnel. One result of these advocacy efforts is that complaints received by the Investigation Branch in 2022 increased by 40 per cent and consultation of the Office by Representatives, Directors and staff also increased significantly. The perception that nothing is being done does not reflect the efforts made by the Office or the results achieved, given that the number of cases closed has increased considerably in the last two years; however, the number of new cases is still high, and an additional effort must be made to reduce the current backlog and to inform staff at large of the efforts made and the results achieved.

253. The Inspector is of the opinion that a coordinated approach, involving the entities concerned, is necessary to tackle the growing backlog of cases under investigation, and in this respect welcomes the “integrity family” initiative intended to facilitate information-sharing among the Ethics Office, the Office for Audit and Investigation Services, the Legal Office, the Office for Human Resources, and protection against sexual exploitation and abuse and sexual harassment focal points.<sup>145</sup>

**254. However, in the view of the Inspector, additional efforts must be made to accelerate the reduction in the number of open investigation cases through the urgent filling of vacant positions, including leadership positions, in the Office of Audit and Investigation Services. Consideration must also be given to the extraordinary allocation of temporary resources for the urgent reduction of the backlog in investigation cases.**

## 5. Whistle-blowing

255. According to the UNFPA oversight policy, whistle-blower means an individual who, in good faith, has reported wrongdoing or cooperated with a duly authorized audit or investigation. The Director of the Office of Audit and Investigation Services is responsible for putting in place mechanisms to report allegations of prohibited practices and any other unethical behaviour and the Ethics Advisor is responsible for maintaining mechanisms to receive and review complaints of allegations of retaliation against whistle-blowers.<sup>146</sup> It should be noted that the objectives of the Ethics Office in 2021 were threefold: (a) increase the visibility and accessibility of ethics services; (b) promote confidence in the Ethics Office

<sup>144</sup> DP/2022/26, para. 18.

<sup>145</sup> Ibid, para. 32.

<sup>146</sup> UNFPA, Policies and Procedures Manual, Oversight policy, paras. 1, 19 and 20.

as a practical, necessary and trusted resource; and (c) extend the reach of the Office to more personnel.<sup>147</sup>

256. The responses provided to the JIU staff survey indicated that 36 per cent of all respondents agreed that UNFPA had appropriate whistle-blower mechanisms, 22 per cent “mostly agreed”, 10 per cent either “disagreed or mostly disagreed” and significantly, almost one third of respondents (32 per cent) answered either “neutral” or “no opinion”. A considerable number of comments provided by staff qualified the implications of using whistle-blower mechanisms, indicating that whistle-blowing is often used against staff. These same views were collected by the JIU team during the interviews and focus group meetings held with staff, including staff representatives. Furthermore, several interviews held confirmed the lack of trust, knowledge and information on the part of the staff regarding the mechanisms and options available to them to report wrongdoing, harassment and other types of misconduct.

257. The Inspector welcomes the efforts made by UNFPA oversight entities, in particular the Office of Audit and Investigation Services and the Ethics Office. There has been a positive evolution in different indicators, such as the number of people trained and the number of requests for ethics advice and guidance. Notable outputs in 2021 included:

(a) The provision of services by the Ethics Office more than doubled (996 persons served, up from 430 in 2020 and 309 in 2019);

(b) A record number of individuals sought advice and guidance from the Ethics Office. Advisory services increased by 117 per cent (455 persons served, up from 209 in 2020 and 186 in 2019). This included a significant increase (226 per cent) in advisory requests related to interpersonal conduct, fair application of rules and policies and wrongdoing (111 in 2021, up from 34 in 2020 and 29 in 2019);

(c) The Ethics Office achieved a new milestone in the number of personnel trained, increasing the number by 129 per cent (2,641, up from 1,150 in 2020 and 317 in 2019).<sup>148</sup>

258. As noted in the report of the Ethics Office for 2021, “the UNFPA organizational context demands greater transparency, accountability and responsiveness to misconduct and retaliation than ever before”.<sup>149</sup> The results of the staff survey conducted by JIU, as well as views often expressed in interviews and focus groups, also confirm the need to pay further attention to staff-management relations.

259. The Inspector welcomes the approach, actions taken and objectives established for 2021 by the Ethics Office, given that those objectives address the urgent need to increase the visibility of and trust in staff protection mechanisms, including whistle-blowing. However, those efforts must be supplemented through management action and additional efforts to communicate, in a transparent manner, actions taken and results achieved.

<sup>147</sup> DP/FPA/2022/7, para. 7.

<sup>148</sup> Ibid., para. 9.

<sup>149</sup> Ibid., para. 6.

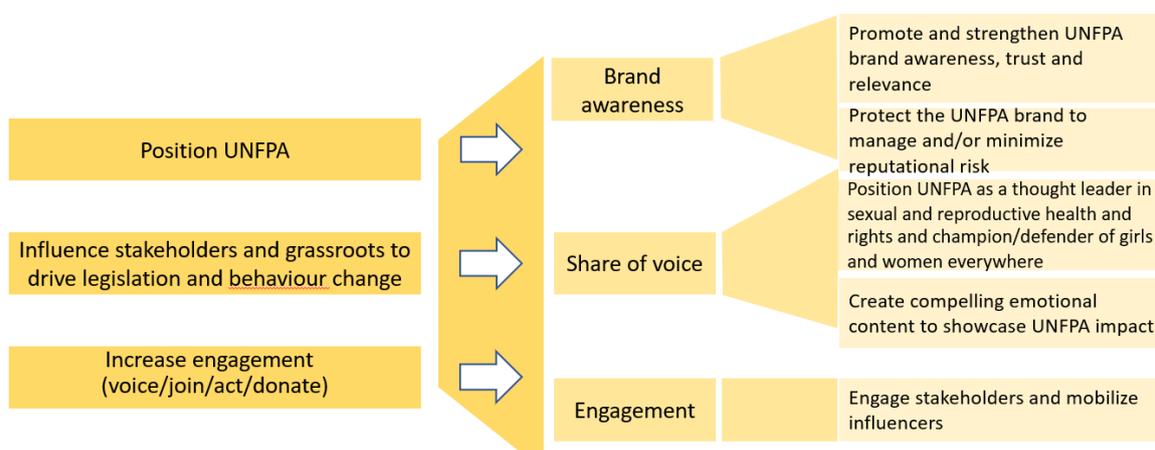
## IX. Outreach and partnerships

260. In its review, the JIU team sought to determine whether the UNFPA outreach strategy engaged stakeholders and key audiences in an effective manner, ensuring that they contribute to the achievement of institutional objectives and positioning UNFPA as a relevant, trusted and authoritative voice on sexual and reproductive health and rights.

261. After undertaking an extensive desk review and conducting interviews, the Inspector is of the view that the framework for communication in UNFPA is clear, consistent and comprehensive and provides governance and guidelines through diverse detailed policies.<sup>150</sup>

262. The UNFPA global communications vision and strategy provides a road map to “promote, protect and evolve”<sup>151</sup> the UNFPA communications operating framework by using as many platforms and vehicles<sup>152</sup> as possible to spread the message of its mandate, through an overarching communications strategy (see figure XXII) that seeks to increase engagement, influence stakeholders and position UNFPA as a leader in sexual reproductive health and rights by building the UNFPA brand.

Figure XXII  
Overarching communications strategy



*Source:* Prepared by JIU based on a presentation on the UNFPA global communications vision and strategy.

263. Reflecting the way that the work of UNFPA affects people’s lives is the central element in constructing the UNFPA brand. Thus, careful planning around content to ensure a people-centred approach is key because successful branding is achieved by creating an emotional connection with the target audience. The UNFPA “audience-first” approach<sup>153</sup> seeks to create this connection through the use of different media, of which social media, Goodwill Ambassadors and other celebrity spokespersons and the UNFPA website seem to be the most relevant, as they provide the possibility of obtaining data relating to audience interest.

### A. Social media

264. The UNFPA social media policy aims to: encourage UNFPA personnel to use social media to communicate and help them to do so with confidence; ensure that the Fund speaks

<sup>150</sup> The public information and communications policy, the social media policy, the policy and procedures for UNFPA work with Goodwill Ambassadors and other celebrity spokespersons, the website policy, the publications policy and the policy for information disclosure.

<sup>151</sup> Presentation on the UNFPA global communications vision and strategy, 16 March 2022.

<sup>152</sup> Such as social media, Goodwill Ambassadors and other celebrity spokespersons, the UNFPA website, publications, opinion pieces, partner visibility and campaigns.

<sup>153</sup> DP/FPA/2021/8, para. 113.

with one voice in the digital realm by streamlining the Fund's social media activities and reinforcing its brand through consistent messaging, graphics and images; help protect the reputation and integrity of UNFPA and the United Nations as a whole, as well as the privacy, security and well-being of UNFPA employees.<sup>154</sup>

265. UNFPA is active on all current social media platforms and focuses on achieving visibility on mainstream platforms. The extent of the UNFPA presence on social media is shown in table 1; however, regional and country-level engagement on social media is much broader.<sup>155</sup>

Table 1  
UNFPA main accounts on social media (November 2022)<sup>a</sup>

<i>Platform</i>	<i>Followers</i>	<i>Number of posts (monthly average)</i>
Facebook	503 000	52
Instagram	168 000	30
Twitter	301 700	79
YouTube	30 000	4

<sup>a</sup> Data refers to the main accounts and does not include regional and country office accounts or senior management individual accounts.

## B. Goodwill Ambassadors and other celebrity spokespersons

266. The aim of the UNFPA policy on Goodwill Ambassadors and other celebrity spokespersons is to reach large, new audiences and create greater public awareness of the importance of sexual and reproductive health and reproductive rights, UNFPA and its mandate, through the engagement of prominent and respected third-party advocates.<sup>156</sup>

267. While UNFPA has strong and relevant Goodwill Ambassadors and celebrity spokespersons (see table 2), not all regions have Goodwill Ambassadors that audiences can relate to, and thus further work needs to be done. In this context, the Executive Director may wish to engage regional and/or honorary ambassadors for Latin America and the Caribbean and Africa.

Table 2  
UNFPA Goodwill Ambassadors and other celebrity spokespersons (November 2022)

<i>Name</i>	<i>Nationality/region of influence</i>	<i>Instagram followers</i>	<i>Facebook followers</i>	<i>Twitter followers</i>
Crown Princess Mary of Denmark <sup>a</sup>	Denmark/Europe	651 000	359 000	n/a
Ashley Judd	United States/Global	629 000	606 000	386 000
Isha Sesay	United Kingdom/Europe	64 000	n/a	298 000
Natalia Vodianova	Russia Federation/Global	3 500 000	n/a	310 000
Catarina Furtado	Portugal/Europe	698 000	405 000	n/a
Princess Basma Bint Talal	Jordan/Middle East	18 400	1 500 000	n/a
Queen Mother Gyalyum Sangay Choden Wangchuck	Bhutan/Asia	n/a	37 000	n/a

<sup>a</sup> The social media presence of the Crown Princess is through the digital platforms of the Royal House of Denmark.

<sup>154</sup> Policies and Procedures Manual, Social media policy (15 January 2019).

<sup>155</sup> Search conducted by JIU. There are numerous official UNFPA regional and country office social media accounts (88 on Twitter, 50 on Instagram and 115 on Facebook).

<sup>156</sup> UNFPA, Policies and Procedures Manual, Policy and procedures for UNFPA work with Goodwill Ambassadors and other celebrity spokespersons (30 July 2021).

### C. Website

268. The website plays a fundamental role in building a picture of UNFPA as a relevant, trusted and authoritative voice on sexual and reproductive health and rights by providing data about how the Fund changes people's lives. It has a broad selection of themes, interactive data and carefully written stories and news. The main website is constantly updated and is the most relevant calling card of the organization. In addition to the main website, regional and country offices have their own websites that provide a regional and local outlook on the work of UNFPA, bringing its goals and results closer to the locations where activities are undertaken.

269. The UNFPA partnership with the mobile application "Flo" has increased the Fund's visibility. Flo is a popular women's health application globally, which is used to track menstruation and predict cycles. Over 240 million people have downloaded Flo, and 48 million people use it on a monthly basis. With over 100 medical experts, Flo supports women and people who menstruate during their entire reproductive lives and provides curated cycle and ovulation tracking, personalized health insights, expert tips and a fully closed community for women and people who menstruate to share their questions and concerns. The Flo health application is available in more than 22 languages.<sup>157</sup> It is an excellent example of outreach and the use of technology and communications as a means of getting a message across. However, information about Flo and its partnership with UNFPA can only be found in two 2018 UNFPA press releases. Thus, the Executive Director may wish to increase the visibility given to partnerships that contribute to spreading the UNFPA message.

### D. Stakeholder engagement and the United Nations Population Fund brand

270. In a voluntarily funded agency, the ability to engage stakeholders and effectively generate and maintain public support for its objectives is critical to achieving strategic goals. Outreach, communications and resource mobilization are interlinked. A sufficient amount of resources, both human and financial, should therefore be allocated to ensure the desired outcomes.

271. As part of the integrated budget for 2022–2025, UNFPA projects to spend \$7.7 million on corporate partnerships, communication and resource mobilization as follows: an investment in resource mobilization of \$1.7 million focused on maximizing the potential of partnerships with the World Bank and other international financial institutions as well as United Nations pooled funds for the UNFPA mandate; an investment in communications of \$4.1 million for improved brand protection and crisis management, surge capacity for humanitarian communications and improved outreach; and an investment in corporate partnerships of \$1.9 million, to help rally the private sector worldwide in support of the UNFPA mandate and its three transformative results.<sup>158</sup>

272. The issue of human resources is also a matter that should be considered when discussing stakeholder engagement and brand awareness. The Division for Communications and Strategic Partnerships is projected to be the largest division within headquarters in terms of posts by organizational unit,<sup>159</sup> with 18.5 per cent of the total number of posts planned for headquarters.

273. However, according to the presentation on the global communications vision and strategy made by UNFPA on 16 March 2022, 12 per cent of offices have no full-time communications staff and 25 per cent of the communications personnel are interns, United Nations Volunteers or on service contracts. Furthermore, 45 per cent of offices report that their communications lead is part of management. The interviews carried out by the JIU team, both at headquarters and at selected regional offices, served to confirm this and to provide an indication that the country offices lack the resources necessary to meet external demands and

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<sup>157</sup> See <https://flo.health>.

<sup>158</sup> DP/FPA/2021/9, para. 73.

<sup>159</sup> Ibid., annex 1, summary table 1.

consistently engage stakeholders. Often, the responsibility for communications is a part-time job shared with other activities. The need for training and professionalization is of particular importance in the area and should be considered a pressing matter when financial and human resources are reviewed.

**274. The Executive Director may wish to establish short- and medium-term plans for training in communications and the use of technology and social media in order to professionalize the communications function and to facilitate further engagement of relevant stakeholders and the achievement of UNFPA communication objectives.**

## **E. Partnerships**

275. The UNFPA partnership scheme is built mainly around the need to obtain resources to support its mandate. This practical approach to partnerships should be understood in the context of an organization financed exclusively through voluntary contributions. In fact, the Division for Communications and Strategic Partnerships, through the Resource Mobilization Branch and the Strategic Partnerships Branch, coordinates all corporate resource mobilization and partnership-building efforts. Resource mobilization efforts are carried out through a decentralized architecture, through UNFPA Representation Offices and Regional Resource Mobilization and Partnerships Advisers based in the six regional offices.

### **1. Partnerships framework**

276. Partnerships take different forms, and, in addition to resource mobilization for the implementation of UNFPA programmes, extend to areas such as advocacy, visibility, communications, and financing for global sexual and reproductive rights of women and girls. The main partners are Governments, parliaments, non-governmental organizations, faith-based organizations, academia, United Nations entities, international financial institutions, intergovernmental organizations, the private sector, private foundations, media and communications partners. UNFPA partnerships usually fall into four models: resource mobilization, including financial support and in-kind donations of goods and services; innovation, including academic institutions, contributing to new solutions; outreach to promote the broad endorsement and visibility of UNFPA; and alliances to build political and financial support for the Programme of Action of the International Conference on Population and Development and the Sustainable Development Goals by partnering with civil society organizations and parliamentarians.

277. UNFPA has established an important network of implementing partners consisting of more than 1,600 organizations. These are entities to which the Executive Director has entrusted the implementation of UNFPA programme activities specified in a signed document. They assume full responsibility and accountability for the effective use of UNFPA resources and the delivery of agreed outputs.<sup>160</sup> UNFPA selects and entrusts implementing partners, such as Governments, NGOs, academic institutions or United Nations entities, in accordance with its policy and procedures for selection, registration and assessment of implementing partners and based on their expertise, comparative advantage, capacity and access to beneficiaries. As part of the selection process, UNFPA assesses the capacity of implementing partners to prevent sexual exploitation and abuse. When selecting implementing partners, UNFPA prefers Governments and local NGOs, particularly local women-led NGOs. Private sector entities are not part of the implementing partner network. Implementing partners are service contractors who are responsible for the delivery of services, and consequently are discussed in another section of the present review from a risk assessment perspective, including assurance procedures applicable to them (see sect. VII.C above).

278. Partnerships have been identified in the UNFPA strategic plan for 2022–2025 as an accelerator, crucial to the implementation of the Sustainable Development Goals, and are

<sup>160</sup> United Nations Population Fund Financial Regulations and Rules (UNFPA/FIN/REG/Rev.10), regulation 2.1 (k).

thus reflected in several key policy frameworks, such as the resource mobilization strategy and the strategic partnerships framework for 2022–2025.

279. As indicated in its response to the JIU corporate questionnaire, UNFPA is currently finalizing a new resource mobilization and partnership strategy. The strategy will focus on the following: (a) strengthening partnerships with key government donors; (b) attracting new government donors (emerging donors) via a partnerships model; (c) strengthening and expanding multilateral partnerships; (d) attracting diverse donors, including the private sector, philanthropic entities, individuals, international financial institutions and regional banks; (e) increasing programme countries' contributions; (f) positioning UNFPA as a partner of choice for humanitarian funding; and (g) supporting countries in transition from funding to financing.

280. According to UNFPA, the new strategy is connected with the strategic partnerships framework for 2022–2025. The aim of the framework is to bring corporate engagement with private strategic partners to the next level by: (a) consolidating existing priority partnerships; (b) expanding strategic partnerships; (c) proactively influencing partners; (d) scaling up external communications on partnerships and public positioning of UNFPA as an impactful partner and leader in the sexual and reproductive health and rights arena; and (e) empowering and building capacity with respect to private strategic partnerships at all levels of the organization. The framework is complemented by a new strategy for engagement with civil society organizations and parliamentarians for 2022–2025, which focuses on partnerships, particularly with women-led, feminist and youth-led groups and movements, to advance progress towards shared goals around sexual reproductive health rights and gender equality.

281. UNFPA applies due diligence procedures to the selection of potential partners, including consultation of information available through system-wide initiatives, such as the United Nations Global Compact<sup>161</sup> and the United Nations Partner Portal. The United Nations Secretariat, UNFPA, UNHCR, UNICEF and WFP, with operational support from the United Nations International Computing Centre, have joined forces to deliver the United Nations Partner Portal, a platform for civil society organizations to engage with the United Nations on partnership opportunities. The Portal is designed to facilitate a harmonized, efficient and easy collaboration between the United Nations and its partners.

282. While UNFPA has some policies in place, there is currently a lack of differentiation in modalities for engaging with NGO partners, which can, at times, lead to a heavy administrative burden being placed on some of the smaller NGO partners. In its response to the JIU corporate questionnaire, UNFPA indicated that it was in the process of developing a more differentiated partnership approach to resolve this issue.

## 2. Private-sector and other strategic partnerships

283. Private-sector contributions to UNFPA have steadily increased over the past decade. In 2021, UNFPA received about \$67 million in contributions from the private sector and foundations, involving some 100 partners.<sup>162</sup> The UNFPA Supplies Partnership, the organization's flagship thematic fund, continued to attract new investments from the private sector, predominantly from foundations. This included \$56 million in emergency support from three foundations, including the Bill and Melinda Gates Foundation and the Children's Investment Fund Foundation. Private corporations also contributed emergency support to the UNFPA Supplies Partnership through the donation of cash and in-kind goods.

284. UNFPA has scaled up outreach to the public. In 2021, the final year of the start-up phase of the UNFPA Individual Giving Programme operations, UNFPA raised \$2 million from 23,000 donors in over 180 countries worldwide. Over 60 per cent of all donations raised were in support of UNFPA core resources. Overall, the Individual Giving Programme

<sup>161</sup> The United Nations Global Compact supports companies in doing business responsibly by aligning their strategies and operations with 10 principles on human rights, labour, the environment and anti-corruption and taking strategic action to advance broader societal goals, such as the Sustainable Development Goals, with an emphasis on collaboration and innovation (see <https://www.unglobalcompact.org/what-is-gc/our-work>).

<sup>162</sup> DP/FPA/2022/10 and DPA/FPA/10/Corr.1, paras. 66 and 67.

exceeded its 2019–2021 target by 23 per cent, further demonstrating the potential for this important source of funding for the organization.<sup>163</sup>

285. UNFPA is committed to United Nations development system coordination and has clear modalities for engaging in partnerships with United Nations entities at the global, regional and country levels. At the global level, UNFPA works with the broader United Nations system to develop technical, programmatic and humanitarian guidance, as well as technical reports, through inter-agency mechanisms (i.e. the United Nations Sustainable Development Group, the High-level Committee on Programmes and the Inter-Agency Steering Committee on humanitarian response) and bilateral strategic partnerships (i.e. with the Development Coordination Office, UN-Women, UNICEF, UNDP, WHO, the United Nations Office for the Coordination of Humanitarian Affairs, UNHCR, the Department of Economic and Social Affairs of the United Nations Secretariat, the Office of the Envoy of the Secretary-General on Youth and others). A South-South and triangular cooperation strategy has been developed aimed, inter-alia, at strengthening the ability of UNFPA regional and country offices to mobilize resources.

### 3. Partnerships: work in progress

286. The UNFPA approach to partnerships is further elaborated in various corporate partnership frameworks, strategies and guidelines, several of them currently under revision and/or yet to be finalized. The Inspector observes that, overall, some progress has been achieved in areas already identified as priorities in the previous resource mobilization strategy of 2015,<sup>164</sup> which included a road map describing the partnerships and new channels that UNFPA was exploring in securing funding and its commitment to increasing contributions from, and building strategic partnerships with, the private sector, civil society, philanthropic organizations, the general public, international financial institutions and global public-private alliances,<sup>165</sup> including efforts to attract and diversify donors and new partnerships.

287. Attracting new donors to diversify the funding base can be challenging. While resources obtained in the past years show an increasing trend, additional progress can be made in expanding partnerships with non-traditional donors. Despite the efforts made, UNFPA remains reliant on its top 20 donors, which are predominantly Governments, for over two thirds of its funding. UNFPA management is aware of this issue and continues to develop resource mobilization initiatives to address these challenges, which are discussed in section IV of the present review.

**288. The Inspector expects that the new strategies and instruments being developed will address the partnership challenges expressed in the 2015 resource mobilization strategy and reiterated in the strategic plan for 2022–2025. In her view, the new strategy should include relevant and clear indicators aimed at facilitating the monitoring and regular reporting, through the structured funding dialogue reports, of progress and results achieved through different partnership channels (i.e. the private sector, civil society organizations, international financial institutions, academia and the media).**

<sup>163</sup> Ibid., para. 70.

<sup>164</sup> DP/FPA/2015/11.

<sup>165</sup> Ibid., para. 17 (d).

## Annex I

### **Article 17, paragraph 1, of the code of conduct for high-level European Central Bank officials, on post-employment rules**

17.1. Members shall inform the President or Chair of the respective high-level European Central Bank (ECB) body and the Ethics Committee in writing of their intention to engage in any gainful occupational activity in the two-year period from the end of their term of office or from the date of cessation of their function as a member of a high-level ECB body.

Moreover, they may only engage in a gainful occupational activity with:

(a) A significant or less significant credit institution after the expiry of a period of one year from the end of their term of office or from the date of cessation of their function as a member of a high-level ECB body;

(b) Any other financial institution not identified in paragraph (a) above after the expiry of a period of six months from the end of their term of office or from the date of cessation of their function as a member of a high-level ECB body;

(c) Any entity engaged in lobbying in relation to ECB, or consultancy and/or advocacy for ECB or for any institution identified in paragraphs (a) or (b) above after the expiry of a period of six months from the end of their term of office or from the date of cessation of their function as a member of a high-level ECB body.

Moreover, members of the Executive Board and of the Governing Council may only engage in a gainful occupational activity with:

(d) A counterparty to the Eurosystem in monetary policy or foreign exchange operations after the expiry of a period of one year from the end of their term of office or from the date of cessation of their membership of the Executive Board or of the Governing Council, as applicable;

(e) A payment or settlement system operator, a central counterparty or a provider of payment instruments subject to ECB oversight after the expiry of six months from the end of their term of office or from the date of cessation of their membership of the Executive Board or of the Governing Council, as applicable.

## Annex II

### Overview of actions to be taken by participating organizations on the recommendations of the Joint Inspection Unit

		Intended impact	United Nations and its funds and programmes														Specialized agencies and IAEA														
			CEB	United Nations <sup>a</sup>	UNAIDS	UNCTAD	ITC	UNDP	UNEP	UNFPA	UN-Habitat	UNHCR	UNICEF	UNODC	UNOPS	UNRWA	UN-Women	WFP	FAO	IAEA	ICAO	ILO	IMO	ITU	UNESCO	UNIDO	UNWTO	UPU	WHO	WIPO	WMO
Report	For action		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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<b>Recommendation 1</b>	<b>a</b>							<b>L</b>																							
<b>Recommendation 2</b>	<b>d</b>							<b>L</b>																							
<b>Recommendation 3</b>	<b>a</b>							<b>E</b>																							
<b>Recommendation 4</b>	<b>a</b>							<b>E</b>																							
<b>Recommendation 5</b>	<b>a</b>							<b>L</b>																							
<b>Recommendation 6</b>	<b>a</b>							<b>L</b>																							

#### Legend:

- L:** Recommendation for decision by legislative organ
- E:** Recommendation for action by executive head
- : Recommendation does not require action by this organization

#### Intended impact:

**a:** enhanced transparency and accountability; **b:** dissemination of good/best practices; **c:** enhanced coordination and cooperation; **d:** strengthened coherence and harmonization; **e:** enhanced control and compliance; **f:** enhanced effectiveness; **g:** significant financial savings; **h:** enhanced efficiency; **i:** other.

\* As listed in ST/SGB/2015/3.