

Information Note

**UNFPA management response to recommendations by
the Advisory Committee on Administrative and Budgetary Questions
in its [report on the UNFPA integrated budget, 2026-2029](#)**

Summary:

This paper provides the management response of UNFPA to the recommendations made by the ACABQ in its report ([DP/FPA/2025/12](#)) on the UNFPA integrated budget, 2026-2029.

Recommendation 1: The Advisory Committee recalls its recommendation that financial performance should be tracked throughout each year of budget implementation and provided as supplementary information to budget submissions (see also AC/2294, para. 5 and AC/2172, para. 3). The Committee notes that actual expenditures for 2023 and 2024 are now contained in the statistical and financial review for 2024, provided as supplementary information to this budget report. The Committee trusts that the information on actual expenditures for the two previous years will be provided as supplementary information to future budget submissions as a matter of routine.

UNFPA remains committed to providing comprehensive financial information to enhance transparency and accountability. The organization will continue to consistently provide detailed DP/FPA/information on financial performance and actual expenditures in its reporting to the Executive Board, complying with its mandates. UNFPA will continue its regular comprehensive reporting to the Executive Board via the annual report of the Executive Director, including its statistical and financial review on an annual basis, which includes this information as a matter of routine.

Recommendation 2: The Advisory Committee notes with concern the steadily declining level of overall funding and, in particular, of the share of core resources. While commending the strong fundraising efforts undertaken, the Committee encourages UNFPA to continue its efforts to diversify its donor base and engage with the private sector with the aim of increasing the level of available unearmarked contributions. The Committee trusts that further clarifications regarding the impact of this trend on the delivery of mandates will be provided to the Executive Board at the time of its consideration of the present report.

UNFPA acknowledges the critical impact of the steadily declining level of overall funding and particularly the share of core resources on its ability to deliver its mandate. The proposed budget reductions for the 2026-2029 cycle will make it challenging to sustain the same level of programmatic delivery and impressive results as in previous years. A prolonged loss of financial support could destabilize and threaten progress achieved by UNFPA and its partners in its mandate area over decades.

UNFPA also welcomes the Committee's encouragement to diversify its donor base and increase unearmarked contributions. UNFPA has proactively implemented a comprehensive resource mobilization strategy focused on broadening its partnerships to mitigate funding uncertainties, especially the declining share of core resources.

UNFPA reports annually to the Executive Board on the results achieved and the funding situation as a part of the annual report of the Executive Director and in the structured funding dialogue report.

Recommendation 3: The Advisory Committee trusts that further clarifications regarding the impact of the decrease in funding on the delivery of mandates for country programmes will be provided to the Executive Board at the time of its consideration of the present report. The Committee also trusts that UNFPA will continue to strengthen the link between resources and results and enable a holistic real-time overview of resource utilization, also through the use of enterprise resource planning solutions.

UNFPA will continue providing its Executive Board and other stakeholders with information regarding the level of funding for country programmes in future budget reports. In addition, the annual report of the Executive Director provides details on how UNFPA delivers on its mandate at the country office level, including within the current funding environment.

The link between results and resources has been strengthened with the recently developed UNFPA results-based management system, QuantumPlus, which is connected with the enterprise resource planning (ERP) system. In QuantumPlus units prepare yearly plans on results and resources and annual workplans with implementing partners that are centred on the outputs of their programmes. Activities and detailed budgets are also included in the results and resources plan prepared using QuantumPlus. The system provides units with an overview of the resources allocated for the results in their programmes and it is also used for monitoring and reporting.

Recommendation 4: The Advisory Committee notes the adjustment of the contribution rate for ASHI liabilities and trusts that more detailed information on the ASHI funding levels and change in cost assumptions will be provided to the Executive Board. The Committee considers that a clear methodology should be established for the determination of ASHI liabilities funding to avoid ad-hoc decisions and to ensure transparency in cost assumptions.

UNFPA will continue providing detailed information on after-service health insurance (ASHI) funding levels and cost assumption changes as part of its annual financial statements. To further assess the future ASHI liabilities funding, UNFPA is working with the company Ernst & Young to conduct an ASHI asset liability management (ALM) study. The purpose is to ensure that the assets set aside are sufficient to meet the long-term health insurance obligations of UNFPA to staff members and retirees.

Because ASHI commitments extend across several decades, it is critical to align the investment strategy with the projected growth of health insurance costs. The ALM study will help UNFPA to:

- (a) *Match assets to liabilities.* Ensure contributions and reserves can meet future ASHI benefit payments;
- (b) *Assess funding levels.* Compare current resources against projected obligations;

- (c) *Manage risks.* Address potential impacts of changes in medical cost trends, discount rates, demographics, and market conditions;
- (d) *Strengthen transparency.* Apply a consistent methodology that avoids ad-hoc decisions and reinforces financial governance.

By undertaking this study, UNFPA is building a clear, evidence-based plan to balance today's funding with tomorrow's obligations.

Recommendation 5: The Advisory Committee notes that the headquarters optimization initiative was launched in 2023. As a frontrunner in this effort, the Committee trusts that UNFPA will share its best practices and lessons learned with other United Nations entities. The Committee also trusts that UNFPA will measure and track the impact of the initiative on the Fund's operations and resources, and that an update will be provided in future budget reports.

UNFPA acknowledges and welcomes the Advisory Committee's recognition of its special role as a frontrunner in this regard. UNFPA will continue to measure and track the impact of the headquarters optimization initiative on the Fund's operations and resources and provide updates as part of the annual report of the Executive Director, as requested by the Executive Board in its decision 2024/18. As requested in the same decision, UNFPA will also ensure that an independent assessment is conducted, upon completion of the headquarters optimization process, facilitated through the Office of Audit and Investigation Services. This assessment will be shared with other entities.

Recommendation 6: The Advisory Committee notes that the savings of \$5.1 million in rental costs are separate and in addition to the broader headquarters optimization initiative.

UNFPA confirms and reiterates that the anticipated savings of \$5.1 million in office rent, starting in 2026, stemming from the relocation of its New York headquarters staff to new premises in New York, are indeed separate and in addition to the savings projected under the broader headquarters optimization initiative.

Recommendation 7: The Advisory Committee trusts that more detailed information on the clustering of functions, including the criteria used and selection of location, will be provided to the Executive Board at the time of consideration of this report.

UNFPA will provide regular updates to the Executive Board as the business model review process advances.

Recommendation 8: The Advisory Committee notes the UNFPA decision to exclude special purpose costs allocations from regular resources for 2026-2029. The Committee

also notes that the indicated savings of \$14.6 million reflect a change in the apportionment of the costs from regular resources to other resources instead of real savings. The Committee acknowledges the efforts of UNFPA to reduce pressure on its regular resources and trusts that best practices in that regard will be shared with other entities of the United Nations system.

UNFPA appreciates the Advisory Committee's acknowledgement of its decision to exclude special purpose costs allocations from regular resources for 2026-2029. By adopting this approach, UNFPA will alleviate pressure on its regular resources, while ensuring that the resources for country programmes are preserved as much as possible. UNFPA is committed to sharing best practices in this regard with other United Nations system entities, as it continues to seek efficiencies and optimize resource utilization.

Recommendation 9: The Advisory Committee trusts that more detailed and updated information on the review of the business model, including its impact on the allocation of regular resources to country programmes, will be provided to the Executive Board at the time of its consideration of this report and in the next report.

UNFPA acknowledges the Advisory Committee's recommendation and reaffirms its commitment to informing the Executive Board through a consultative process of the organizational and financial implications of the business model review decisions, as they are made. Indeed, the Executive Board [in its decision 2025/28](#) approving the budget, requested an update on the business model review "in advance of the first regular session 2026"; and UNFPA will, of course, comply with this request.

Recommendation 10: The Advisory Committee notes that as of 1 May 2025, the overall percentage of UNFPA posts in the field was 89.7 per cent. The Committee encourages UNFPA to continue efforts to enhance its field presence and activities (see also AC/2172, para. 20).

UNFPA acknowledges the Advisory Committee's encouragement to continue efforts to enhance its field presence and activities. UNFPA is, and will remain, a predominantly field-focused organization, with a clear strategic commitment to delivering impact where it is most needed.

Recommendation 11: The Advisory Committee reiterates its view that all staffing changes should be clearly presented with details regarding the level, nationality, function, organizational placement and incumbency status of posts, so as to enhance transparency in human resources management and enable a more meaningful analysis (see also AC/2294, para. 15).

UNFPA provides annual personnel statistics to the United Nations Chief Executives Board for Coordination (CEB), including geographic distribution and nationality. The breakdown of personnel by nationality across United Nations entities (including UNFPA) is available in the annual [United Nations System Personnel Statistics Report](#) (in the 2024 report, listed under table 10).

Recommendation 12: The Advisory Committee trusts once again that updated statistics on geographical representation and gender balance will be provided in future budget reports.

Please see below.

Recommendation 13: While acknowledging that UNFPA posts are not subject to geographic distribution, the Advisory Committee encourages UNFPA to recruit all categories of its personnel on as wide a geographical basis as possible. The Committee trusts that UNFPA will report thereon as a matter of routine in future budget reports.

UNFPA welcomes the Advisory Committee's encouragement and reaffirms its commitment to recruiting on as wide a geographical basis as possible. This commitment is guided by the established framework of the United Nations, as articulated in Article 101 of the Charter, staff regulation 4.2, and staff rules 4.4 and 4.6. UNFPA will report on the status of this matter to the Executive Board.

As for the reporting, please refer to Recommendation 11.

Recommendation 14: The Advisory Committee trusts that UNFPA will continue to strive to minimize divergence between the three cost-recovery rates (see also AC/2294, para. 22).

UNFPA remains committed to adhering to the approved joint cost recovery policy and ensuring the financial sustainability of the organization. This entails ensuring that cost recovery waivers continue to be strongly discouraged, and reporting on any waivers approved by the Executive Director in a detailed manner to the Executive Board, as required by the cost recovery policy. UNFPA will continue its annual detailed reporting as part of the structured funding dialogue including in joint cost recovery reports with other New York based agencies.

Recommendation 15: The Advisory Committee looks forward to receiving an update on the review of the cost recovery policy in future budget reports.

UNFPA will continue to provide comprehensive updates on cost recovery annually to the Executive Board as part of the structured funding dialogue. UNFPA will also continue to provide detailed information on cost classification and cost recovery to the Executive Board as part of its integrated budget proposals and the forthcoming joint harmonized reports.

Recommendation 16: The Advisory Committee notes the progress made by UNFPA to seek efficiencies, and trusts that further efforts will be made and an update provided to the Executive Board, including on the impact of the efficiency gains on the overall resource requirements of the Fund. The Committee trusts that UNFPA will continue to seek cost-sharing arrangements and efficiency gains, including with other United Nations entities, to further ensure coordination and efficiency and avoid duplication.

UNFPA acknowledges the Advisory Committee's recommendation and as detailed in the budget document, will make further efforts to seek cost-sharing arrangements and efficiency gains. Updates on efficiencies realized in the institutional budget will continue to be provided to the Executive Board in future budget submissions (compare table 5 and paragraphs 77-83 in the budget report for the UNFPA integrated budget, 2026-2029). UNFPA is deeply committed to the United Nations system-wide efficiency agenda and continuously strives for optimal coordination, efficiency and avoidance of duplication.

Recommendation 17: The Advisory Committee notes the progress made by UNFPA to strengthen its coordination with the United Nations development system, including with the Resident Coordinator system. The Committee reiterates the importance of inter-agency cooperation and coordination in leveraging synergies and avoiding duplications of effort (see also AC/2294, para. 27).

UNFPA remains committed to inter-agency coordination and system-wide coherence, actively engaging in the CEB, the High-Level Committee on Programmes (HLCP), the High-level Committee on Management (HLCM), the United Nations Sustainable Development Group (UNSDG) and the Inter-Agency Standing Committee (IASC) discussions, among other coordination platforms, to advance reforms and coherence.

UNFPA is also a strong supporter of the Resident Coordinator system, ensuring coherent support to governments through the United Nations Common Country Analysis and the United Nations Sustainable Development Cooperation Framework (UNSDCF) and leading a number of technical working groups at the country level. In 2024, UNFPA participated in over 100 joint programmes, contributed to several pooled funds demonstrating leadership in United Nations development system reform and collaboration.

Recommendation 18: The Advisory Committee trusts that the recommendations of the Joint Inspection Unit will be implemented in a timely manner.

UNFPA submits annual reports to its Executive Board that summarize Joint Inspection Unit (JIU) findings and management responses (the latest being [DP/FPA/2024/4 \(Part II\)](#) – Report on the recommendations of the Joint Inspection Unit in 2023).

UNFPA has provided detailed responses to the recommendations of the JIU, as mentioned in the comparative analysis of budgeting in organizations of the United Nations system ([JIU/REP/2024/3 \(Part I\)](#)), and will continue to work towards implementation of the outstanding ones in inter-agency formats, including the High Level Committee on Management (HLCM).

Recommendation 19: The Advisory Committee trusts that UNFPA will intensify its efforts to implement the recommendations of the Board of Auditors fully and in a timely manner.

UNFPA remains committed to implement the recommendation of the Board of Auditors (BOA) fully and in a timely manner and has a robust framework in place for addressing audit findings.

Progress on Board of Auditors recommendations:

As reflected in the report on the recommendations of the United Nations Board of Auditors for 2024, UNFPA continues to focus on addressing the underlying causes of recurring issues, rather than seeking rapid closure. UNFPA had fully implemented 19 of the 49 recommendations that were outstanding at the end of the 2023 financial year and, therefore, as of the end of the 2024 financial year, 30 recommendations remained outstanding, with 24 of those currently under implementation.

UNFPA maintains a strong record of financial management, having achieved 14 unqualified audit opinions from the Board of Auditors in a row.
