

RESOURCE MANAGEMENT POLICY**I. Overview and Policy Statement**

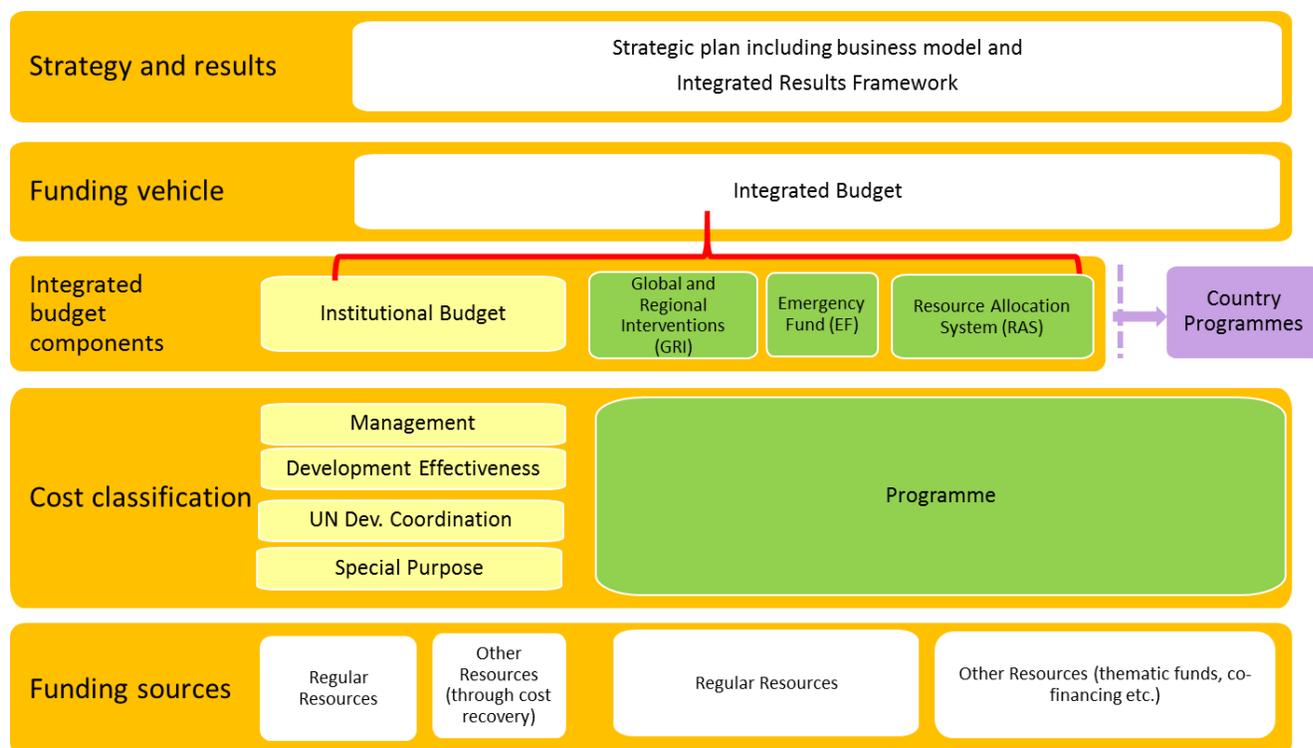
1. The purpose of this policy is to articulate the framework that governs the Integrated Budget, including planning, allocation and management of the corresponding financial resources. As such, this policy covers the full financial cycle of the management of resources at UNFPA. This policy provides the reader with an overarching understanding of resource management at UNFPA, including roles and responsibilities of individual units. It also includes references to the policies, guidance and tools that are applicable in specific cases.
2. The Integrated Budget is UNFPA'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. The main components of Integrated Budget are:
 - a) Institutional Budget (which includes costs classified as Management, Development Effectiveness, United Nations Development Coordination and Special Purpose); and
 - b) Programmes (which includes Resource Allocation System for allocation of regular resources to Country Programmes, Global and Regional Interventions, and Emergency Fund)
3. This policy establishes principles and procedures for the financial planning and administration of all resources (both regular and other resources) and all cost classifications, including the responsibilities of divisions at each individual stage. In particular, this policy establishes the following:
 - a) The preparation of Integrated Budget estimates must be based on income projections for the planning period and on the results framework of the Strategic Plan
 - b) The high level allocation of programme resources is prepared as part of the Integrated Budget. However, resource planning for individual programmes and interventions is decentralized to all offices
 - c) The distribution of regular resources is issued in line with the resource estimates approved in the Integrated Budget, subject to available income

- i In the event that resources available for distribution are higher than estimated in the Integrated Budget, the additional resources are allocated to Country Programmes or unfunded Executive Board mandates¹
 - ii In the event that resources for distribution are lower than estimated in the Integrated Budget, reductions and austerity measures are introduced for all cost categories
 - d) Throughout the year, regional directors may re-distribute country ceilings in accordance with the existing policies and guidelines
 - e) The distribution of other resources income, while aligned with Executive Board mandates, is governed by the respective donor agreements
 - f) Resource implementation and monitoring in UNFPA is decentralized to all offices
 - i Budget holders are responsible for programming and implementing Programme resources in accordance with relevant [Programme policies](#).
 - ii Budget holders are responsible for implementing Institutional Budget resources in accordance with the [Policy and Procedures for the Implementation of UNFPA's Institutional Budget](#).
 - g) Towards the end of each year, DMS Finance Branch issues account closure instructions to all offices². The Director, Division for Management Services prepares and submits to the Executive Director an annual financial statement for UNFPA.
4. The below chart shows the connection between Strategic Plan, Integrated Budget, cost classification and funding sources:

¹ Unfunded Executive Board mandates refers to EB decisions with financial implications that are issued outside of the Integrated Budget approval process

² For the annual closure instructions please contact the Finance Branch or visit the [Finance Branch Community site](#).

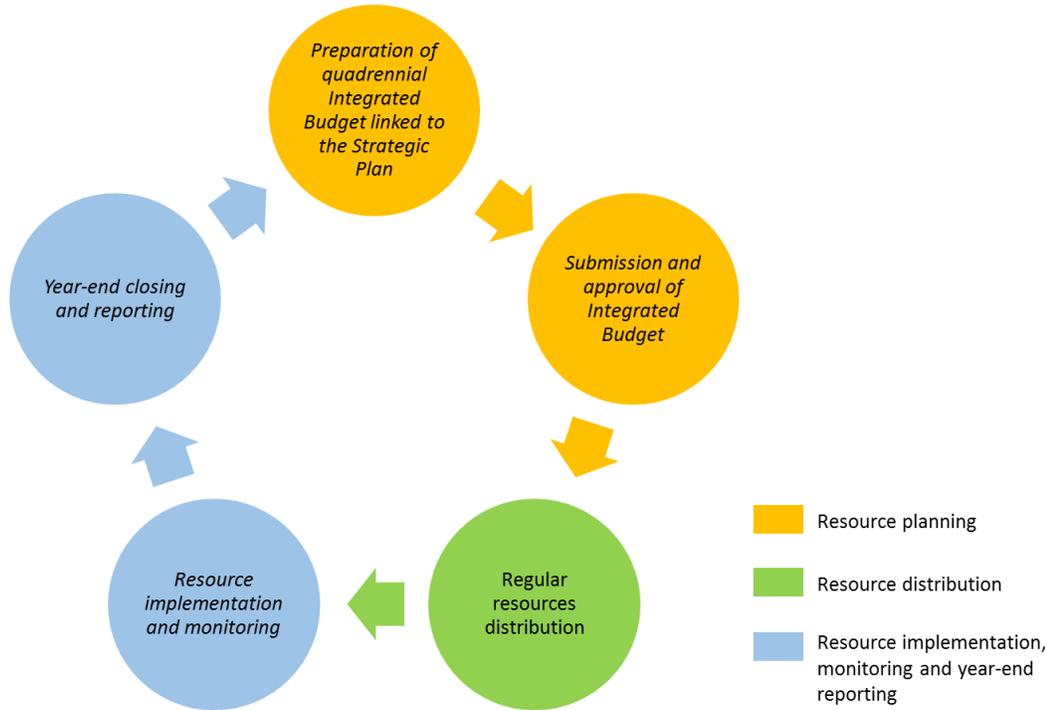
Chart 1: Connection between Strategic Plan, Integrated Budget, cost classification and funding sources

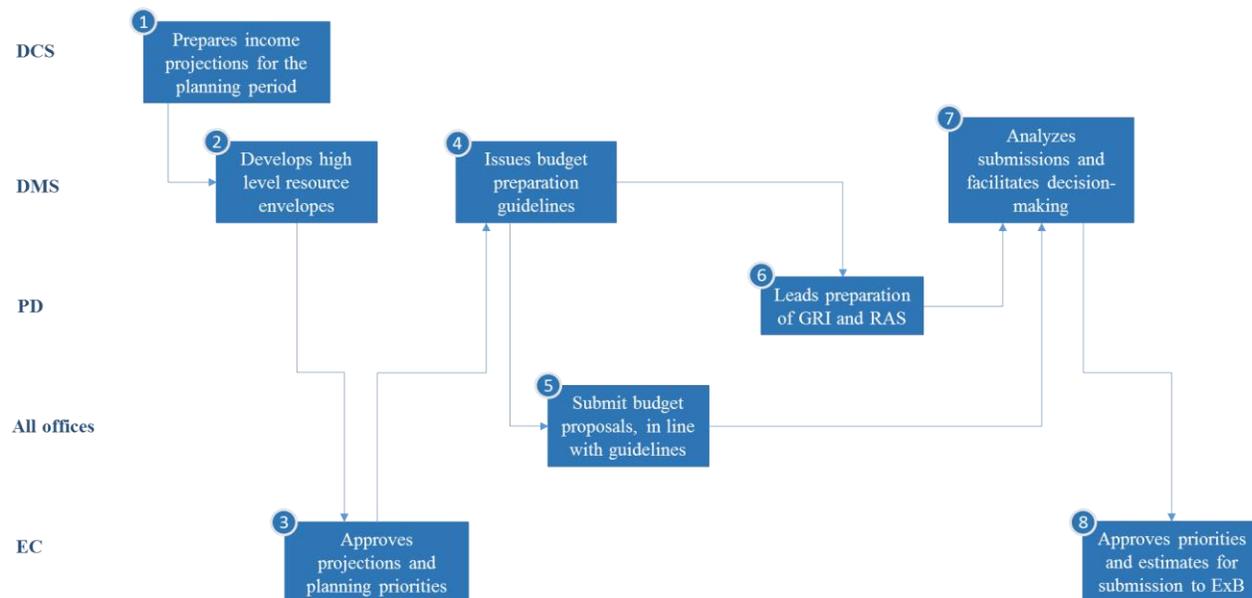


II. Flow-charts and Procedures

5. The management of resources in UNFPA is underpinned by three key processes, namely:
 - a) Resource planning
 - b) Regular resource distribution
 - c) Resource implementation, monitoring and year-end reporting
6. These processes cover the full financial cycle of the management of resources at UNFPA, as shown by the following graph:

Chart 2: Financial cycle of the management of resources at UNFPA



a) Resource planning:*Preparation of quadrennial Integrated Budget linked to the Strategic Plan*

- One of the key principles of results based management at UNFPA is the “development of a results-based strategic framework with the organization’s programmes and management activities aligned to the framework”³. While the results-based strategic framework is contained in UNFPA’s Strategic Plan, the corresponding resources for the organization’s development and management activities are allocated within the context of the Integrated Budget. As a result, the preparation of the Integrated Budget is made in close coordination with the preparation of the Strategic Plan.
- As a voluntarily-funded organization, UNFPA plans its resources based on anticipated income levels for the planning period, both for regular resources and for other resources. Such income projections form the basis for the preparation of the Integrated Budget that is submitted to the Executive Board for approval.
- The Integrated Budget contains a key financial table called Integrated Resource Plan that includes income projections for the planning period, and planned use of resources for all the

³ For more information, refer to [UNFPA results-based management policy](#)

cost categories. The planned use of resources is linked to the results of the Strategic Plan through the Integrated Results and Resources Framework.

10. The [results-based budgeting framework](#), as approved by the Executive Board decision 2011/10, uses the cost categories as a basis for linking results and resources:
 - a. Each classification category groups together certain elements that aim to deliver high-level types of results. As such, there is a results-based element embedded in the cost classification model;
 - b. The cost classification model covers the entire results chain of the organization, including development activities, management, special purpose and United Nations development coordination. As such, the cost classification model provides a solid basis for results-based budgeting.
11. Because the Integrated Budget constitutes the financial plan underpinning the Strategic Plan of UNFPA, income fluctuations impact the organization's ability to deliver on expected results.
12. At the beginning of the integrated budget planning processes, the Division for Management Services (DMS) prepares high-level resource envelopes for all cost categories, based on the projected income levels (both regular and other resources) provided by the Division for Communications and Strategic Partnerships (DCS). DMS submits proposals and scenarios to the Executive Committee, which discusses and assesses them in the context of the strategic vision for the planning period. Based on the outcomes of these discussions, the Executive Committee approves planning priorities as well as target envelopes for each cost category.
13. DMS issues Integrated Budget preparation guidelines for all offices, including country offices, regional offices, subregional offices and headquarters departments. The budget guidelines include strategic priorities for the planning period and guidance on budget targets, based on decisions made by the Executive Committee. For Institutional Budget costs, offices are requested to submit requests for the planning period as well as a narrative justification for such requests.
14. DMS aggregates and analyzes the submissions received from all offices, and facilitates Executive Committee decision-making to ensure that financing for strategic priorities as well as other cost increases are offset by efficiency savings, in order to conform to the identified envelopes.
15. For Programme Regular Resources, the Programme Division leads the preparation of the Global and Regional Interventions (which allocates regular resources to headquarters divisions and to regional offices) as well as the Resource Allocation System (RAS) and Resource

Distribution System (RDS) (which allocates regular resources to different country groupings and countries)⁴. Both elements are approved by the Executive Committee prior to submission to the Executive Board.

16. For programme other resources, the high-level income estimates serve as the basis for the estimates of cost recovery that will be credited to the Institutional Budget (thereby freeing regular resources for programmatic activities). The allocation of other resources is dependent upon the donor agreements that serve as framework for the implementation of the contribution. As a result, their allocation is not approved by the Executive Board as part of the Integrated Budget. Donor agreements must conform to the [UNFPA Cost Recovery Policy](#) and include all the direct and indirect costs related to the implementation of the corresponding programme.
17. After Executive Committee agreement on strategic priorities, investments and efficiencies for the planning period, DMS prepares the Integrated Budget document for submission to the Executive Board, with inputs from various stakeholders in the organization. The Integrated Budget is prepared on the basis of harmonized financial tables and other information as requested by Executive Board decisions.⁵

Submission and approval of Integrated Budget

18. Once the Integrated Budget document is finalized and internally approved by the Executive Director and/or Executive Committee, it is submitted to the Executive Board as a formal document for approval. Because the Executive Board requires a formal review of the budget by the ACABQ (Advisory Committee on Administrative and Budgetary Questions), the budget is submitted to ACABQ at the same time as it is submitted to the Executive Board.
19. While the full Integrated Budget proposal is submitted to the ACABQ, given its mandate the committee focuses mainly on the Institutional Budget component. UNFPA presents the budget to the ACABQ and provides answers to the committee's questions, including in writing. Based on this information, the ACABQ prepares its expert report, which the Executive Board takes into consideration when discussing the Integrated Budget proposal.
20. At one of its formal sessions (usually in September prior to the beginning of the budget period), the Executive Board meets to discuss and approve the Integrated Budget. The Executive Board approves the different components of the Integrated Budget as follows:

⁴ For more information on RAS and RDS, please go to the [Policy for Country Programme Regular Resource Allocation \(RAS\) and Regular resource Distribution \(RDS\) FOR 2014-2017 \(2014\)](#) and the [Guidance note on the Regular Resource Allocation System \(RAS\) and Regular Resource Distribution System \(RDS\) for the Strategic Plan, 2014-2017 \(2014\)](#)

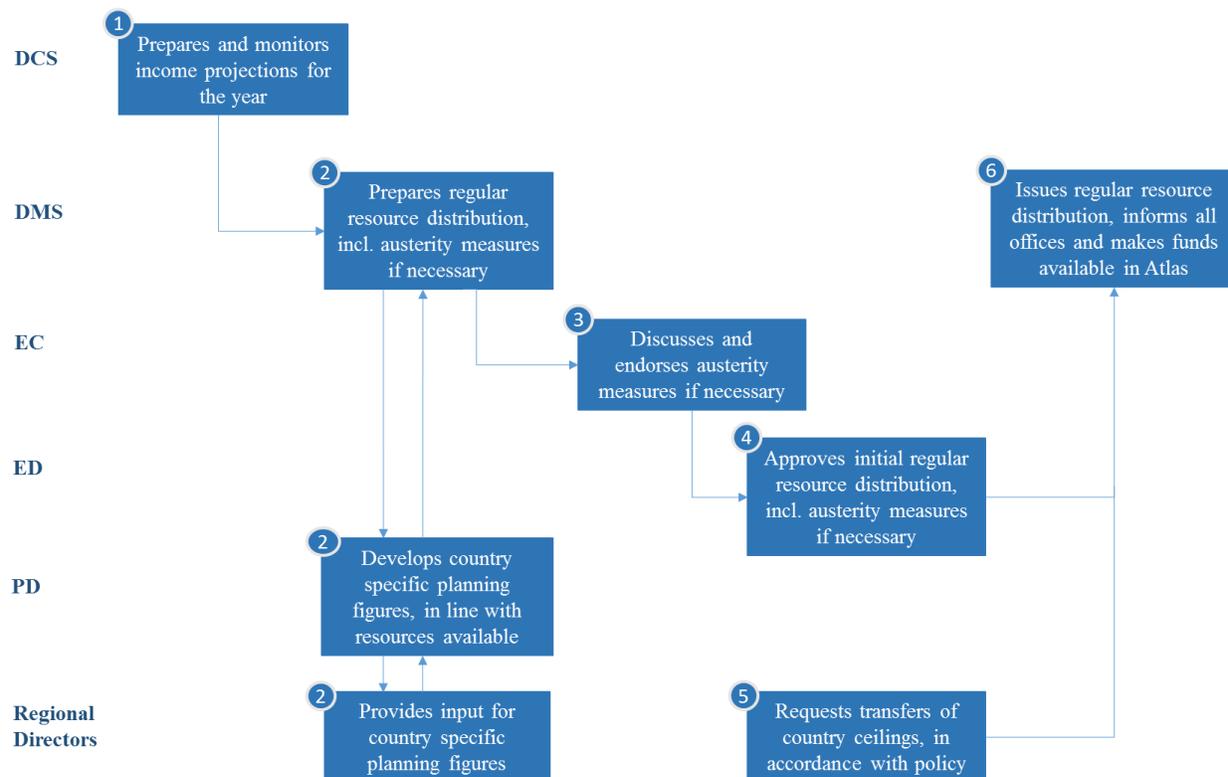
⁵ Note in particular Executive Board decisions 2010/32, 2012/27 and 2013/9

- a. Institutional Budget resources are approved as an *appropriation*⁶; therefore, Institutional Budget expenditure cannot exceed the nominal amount approved.
 - b. Programme resources:
 - i. Global and Regional Interventions resources are approved either as a nominal amount or as a percentage of available resources. In either case, expenditure levels cannot exceed approvals.
 - ii. Country Programme resources are approved in line with the Resource Allocation System (RAS). While aggregate amounts distributed will be in accordance with available resources, their distribution across countries follows Executive Board-approved ranges.
 - iii. The Emergency Fund is approved as a nominal amount which cannot be exceeded, except for the flexibility granted by the Executive Board under certain conditions (Executive Board decision 2015/3)⁷.
 - iv. Projected levels of other resources are included as part of the Integrated Budget proposal, as they are an integral part of corporate financial planning (including their impact on estimated cost recovery and use of resources ratios across different cost categories). The distribution of other resources income, while aligned with Executive Board mandates, is governed by the respective donor agreements. Such agreements and corresponding budgets should be prepared in conformity with applicable policies and guidelines⁸.
21. The Integrated budget is subject to a mid-term review, together with the mid-term review of the Strategic Plan. The mid-term review constitutes a top-down validation of the already approved estimates. As such, the internal preparation efforts are more streamlined. The external submission and approval processes are similar as is the case with the submission of the Integrated Budget.

⁶ An appropriation is a nominal amount approved for specific purposes, against which commitments may be entered into and expenditures incurred. For more information, please refer to the [UNFPA Financial regulations and rules](#)

⁷ The Executive Board authorized the UNFPA Executive Director to increase the emergency fund by up to \$2 million in a given year, if the number and extent of the emergencies so warrant

⁸ Please refer to Section V “Related Policies” for key policies and guidelines applicable in the context of donor-funded programmes

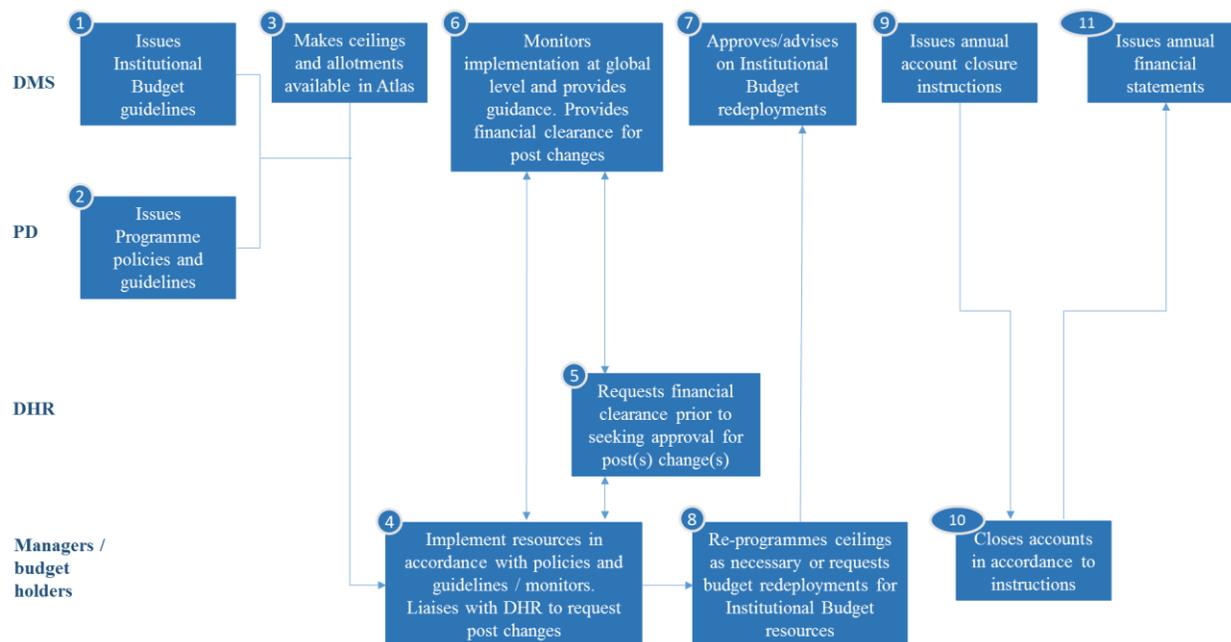
b) Regular resources distribution:

22. Before the start of each year, DMS prepares the Regular Resources Distribution Plan for the year under consideration, in line with the resource estimates approved in the Integrated Budget. The distribution plan is based on latest income estimates provided by the Division for Communications and Strategic Partnerships (DCS) for the year under consideration, as well as other resources available (e.g. anticipated unutilized resources of the previous year, interest earnings, adjustments to Operational Reserve requirements, etc.). It is important to note that due to the voluntary nature of UNFPA's funding, as well as the impact of exchange rate fluctuations, income projections at the time of resource distribution may differ from estimates available at the time of the preparation of the Integrated Budget.

23. DMS determines the total regular resources available for distribution to the various Integrated Budget components according to Executive Board decisions. This includes an amount for Institutional Budget, and an amount for Programmes (including Country Programmes, Global and Regional Interventions and Emergency Fund), and other Executive Board mandates. A small balance may be set aside for future distributions. Programme Division, in consultation with Regional Directors, determines the regular resources available for individual Country

Programmes in line with the Resource Allocation System (RAS) approved by the Executive Board.

24. In the event that resources available for distribution are higher than estimated in the Integrated Budget, the additional resources are allocated to Country Programmes or other unfunded Executive Board mandates. In the event that resources for distribution are lower than estimated in the Integrated Budget, reductions and austerity measures are introduced for all cost categories.
25. The distribution plan, including proposed austerity measures if applicable, is submitted to the Executive Director for approval. Once approved, DMS issues the Regular Resource Distribution Plan to all directors, representatives and chiefs of branches/offices. DMS makes regular resources ceilings and allotments available in Atlas for all departments to utilize.
26. Throughout the year, Regional Directors may re-distribute country ceilings in accordance with the [Guidance note on the Regular Resource Allocation System \(RAS\) and Regular Resource Distribution System \(RDS\) for the Strategic Plan, 2014-2017 \(2014\)](#). In the event that Regional Directors anticipate that resources will remain un-implemented in their region, they should inform Programme Division and DMS as soon as possible so that these resources can be re-deployed to other regions/offices with a view to optimize implementation.
27. As the year progresses, Regular Resource Distribution Plan revisions may be issued to reflect revised income projections, final amounts carried forward from the prior year, or any other significant change that may impact the distribution of resources. Accordingly, additional resources may be distributed to Country Programmes or other unfunded Executive Board mandates, or austerity measures may be necessary for all cost categories.
28. The Regular Resource Distribution Plans are available to all offices on the [Resource Planning and Budgeting Community site](#).

c) Resource implementation, monitoring and reporting:*Resource implementation and monitoring:*

29. Resource implementation and monitoring in UNFPA is decentralized to all offices. Headquarters division directors, heads of headquarters branches/offices, regional/subregional directors and representatives are responsible for the management of resources entrusted to them. As such, they are considered to be “budget holders”.
30. Budget holders are responsible for programming and implementing Programme resources in accordance with relevant [Programme policies](#), in particular the [Policy and Procedures for Development and Approval of the Country Programme Document](#) (for preparation of CPDs), the [Policy and Procedures for Preparation and Management of Workplans](#) (for preparation of workplans) and the [Policy and Procedures for Programme and Financial Monitoring and Reporting](#) (for implementation of programme interventions). The implementation of programmes and projects funded from Other Resources must conform to the [UNFPA Cost Recovery Policy](#) and include all direct and indirect costs.
31. Budget holders are responsible for implementing Institutional Budget resources in accordance with the [Policy and Procedures for the Implementation of UNFPA's Institutional Budget](#). Budget holders have the flexibility to adjust their budgets within a year, to enable them to

respond to changing priorities. Adjustments should in principle be budget-neutral, and within the parameters established in the Institutional Budget guidelines.

32. Budget holders are directly accountable for the management of their approved allotments/ceilings and are required to regularly monitor the implementation of the resources entrusted to them. The [Integrated Accountability Checklist](#) assists the budget holders in ensuring that resource implementation is in accordance with financial regulations and rules, policies and procedures.
33. Budget holders are responsible for implementing the financial resources entrusted to them in an efficient manner, to ensure maximum value for money in UNFPA operations and services.
34. Due to the financial implications of post changes, any requests for additional posts or changes in existing posts (regular resources funded) whether in the context of an office realignment or individual post actions, require a financial clearance from DMS. DHR will ensure that such financial clearance is obtained prior to submission for approval of the requested post(s) change(s). A step-by-step process for financial clearance of office realignments is detailed in the [Guidance note on Financial Assessment for Proposals for Office Realignments](#).
35. The Finance Branch and the Resource Planning and Budgeting Branch of DMS monitor expenditure and budget implementation at the global level, providing guidance to budget holders, as well as reports and analysis to facilitate corporate oversight.
36. During the course of the implementation period, budgets can be revised to reflect new realities and priorities. For Programme resources, budget holders can re-programme their ceilings and revise the corresponding workplans and budgets accordingly. For Institutional Budget resources, budget holders should submit a request (through the [Integrated Service Desk](#)) to the Resource Planning and Budget Branch of DMS, ensuring that any such request is budget-neutral (that is, any increases should be offset with commensurate decreases) within the parameters established in the [Policy and Procedures for the Implementation of UNFPA's Institutional Budget](#) and its related guidance note.

Year-end closing and reporting

37. For accounting purposes, UNFPA follows a calendar year that starts on 1 January and ends on 31 December. The year-end closure process generates the balances to reflect UNFPA financial position and historical performance. Towards the end of each year, DMS Finance Branch

issues account closure instructions to all offices⁹, including information and guidance on the various activities to be completed at each stage of the accounts closure process.

38. Unspent amounts for regular resources (both Programme and Institutional Budget) are reverted back to the general pool of UNFPA regular resources for distribution the following year following the process already discussed. As a result, offices cannot carry over any unspent regular resources from one year to another, irrespective of the Integrated Budget component (i.e. Institutional Budget, Programme, Emergency Fund etc.). This is different from unspent amounts from other resources, which are carried forward throughout the duration of the donor agreement, unless otherwise specified.
39. The Director, Division for Management Services prepares and submits to the Executive Director a financial statement for UNFPA as at 31 December each year in accordance with the internationally recognized accounting standards. [UNFPA Financial Regulations and Rules](#) require that the Executive Director submits annual financial statements to the United Nations Board of Auditors.

III. Definitions

Funding sources:

40. UNFPA's activities are funded through regular resources and other resources¹⁰. Regular resources are the bedrock of UNFPA's operations and their planning and distribution is governed by Executive Board decisions and mandates. Other resources are received from donors for specific programme purposes and their planning and distribution are guided by the corresponding donor agreements, within the overall umbrella of Executive Board's mandates.

Integrated budget:

41. The integrated budget is UNFPA's financial plan which underpins the UNFPA Strategic Plan and the results contained therein. The Integrated Budget encompasses all the cost categories approved by the Executive Board and provides the link between the results and resources of the organization within a single, integrated framework.

⁹ For the annual closure instructions please contact the Finance Branch or visit the [Finance Branch Community site](#).

¹⁰ For definitions of regular (also known as un-earmarked) resources and other (also known as earmarked) resources please refer to the UNFPA [Financial Regulations and Rules](#)

Cost Classification:

42. Costs arising from various activities are classified according to the framework, approved by the Executive Board¹¹. The cost classification is harmonized for the UNDP, UNFPA, UNICEF and UN Women and it enables strategic decision-making and analysis, both internal and external. The classification of activities and corresponding cost categories are:

- **Development activities:** These comprise costs associated with ‘programmes’ and ‘development effectiveness’ activities which contribute to the effective delivery of development results, as follows:

(a) **Programmes:** activities and associated costs traced to specific programme components or projects, which contribute to delivery of development results contained in country/regional/global programme documents or other programming arrangements;

(b) **Development effectiveness:** the costs of activities of a policy-advisory, technical and implementation nature that are needed for achievement of the objectives of programmes and projects in the focus areas of the organizations. These inputs are essential to the delivery of development results, and are not included in specific programme components or projects in country, regional, or global programme documents.

United Nations development coordination: This comprises activities and associated costs supporting the coordination of development activities of the United Nations system¹².

Management: This comprises activities and associated costs whose primary function is the promotion of the identity, direction and well-being of an organization. These include executive direction, representation, external relations and partnerships, corporate communications, legal, oversight, audit, corporate evaluation, information technology, finance, administration, security and human resources. Management costs are classified between recurrent and non-recurrent.

- **Special purpose:** This covers activities and associated costs of a cross-cutting nature that (a) are mandated by the General Assembly (i.e., not within the direct management control of the organizations); (b) involve material capital investments; or (c) do not represent a cost related to the management activities of the organization.

43. In addition, other distinct appropriations and reserves approved by the Executive Board, which are funded by regular resources, include:

- Humanitarian Response Reserve (Executive Board decision 2015/3)

¹¹ Ref. EB decision 2010/32

¹² The definition of United Nations development coordination costs refers to centrally managed contributions to the Resident Coordinator system. In addition, country offices can contribute locally to coordination costs through the use of programme resources.

- Reserve for Field Accommodation (Governing Council decision 91/36)
- Operational Reserve (UNFPA Financial Regulations and Rules)

IV. Related Policies, Guidance Notes and Tools

44. Below is a summary table of key policies, tools and guidelines in the context of resource planning and implementation. While the list is provided for easy reference, it does not substitute the full inventory of relevant policies and guidelines, which is available in the [Policies and Procedures Manual \(PPM\)](#):

Item	Description	Policy, guidance note, tool
Posts and Posts-related	Payroll monitoring Budgeting for posts Detail Assignments Learning and training	Standard post cost calculation tool Detail Assignment policy Policy for learning and career management Financial Assessment for Proposals for Office Realignments
Temporary assistance and consultants	Individual consultants	Individual consultants policy
Purchase of goods and services	Procurement Asset management (including attractive items) Transportation equipment (vehicles) Furniture and office supplies	Procurement policies and procedures Policy and Procedures for Fixed Asset Management Vehicle Management Policy and Procedures Office Supplies and Furniture Policy for Field Offices
ICT (Information Communication Technology) equipment	ICT equipment and maintenance contracts, connectivity, computer configurations, office automation, productivity software and systems development contracts	MIS Guidelines, Procedures, and Standards
Travel	Duty travel	Policy for Duty Travel
Hospitality	Hospitality	Hospitality and Events Policy
Premises	Lease negotiations, lease management, renovations, relocations Recovery of Rental Costs for Project Staff at Headquarters and Country Offices	Real Estate Management Policy for Field Offices Circular UNFPA/CM/06/21 dated 20 July 2006 on recovery of rental costs in HQ and COs

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Resource Management Policy

Item	Description	Policy, guidance note, tool
Reimbursements to UNDP	Payment to UNDP for services rendered Development of SLA and UNDP billing workflow	UPL Corporate MOU with UNDP
Common services	Development of MOU for common services	Standard MOU for Common services
Security	Implementation of security requirements	Security Accountability Policy Guidelines for Security Focal Points
Activities funded from other resources	Preparation of budgets for programmes and projects funded from other resources (donor-funded)	Cost Recovery Policy Guidance Note on Recovery of Direct and Indirect costs Procurement Activities Funded Through Non-core Resources