



# Conclusions of the 23<sup>rd</sup> meeting of the Finance and Budget Network

International Atomic Energy Agency, Vienna, 16-17 June 2014

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## **INTRODUCTION**

1. The Finance and Budget Network held its 23rd session on 16-17 June 2014 at the International Atomic Energy Agency in Vienna. The meeting was co-chaired by the Network's spokespersons, Mr. Nick Jeffreys, Comptroller, WHO, and Mr. Darshak Shah, Deputy Assistant Administrator, Deputy Director and Chief Finance Officer, UNDP. The agenda as adopted is provided in Annex I. The list of participants is in Annex II.
2. All documents related to the session are available on the FB Network website at: <http://www.unsceb.org/content/june-2014>.
3. Ms. Janice Dunn Lee, Deputy Director General of Management welcomed the FBN members in the Vienna Conference centre facility and wished success to the FBN meeting and its conclusions.

### **I. Update on the latest development with the new Indirect Management Delegation Agreement of the European Union – *for information***

*Presenter: Mr. Pierre Harzé, Deputy Director UN/UNDP representation office in Brussels, UNDP*

#### **Documentation:**

- ✓ *CEB/2014/HLCM/FB/4: Presentation on the status of negotiations on IMDA.*

## **Background and status quo**

4. The first addendum of the existing FAFA came into force on 1st January 2014. Together with this addendum, revised Special conditions and General conditions are applicable to any new agreement of funding from the EU budget 2014-2020 or from the European Development Fund, starting 1st of August 2014. These revised conditions have raised a lot questions about their impact on the management of EU funds and the implementations of Actions by UN system Organizations.
5. The UNDP/UN representative office in Brussels leads the negotiations with the EC. The office has reported difficulties in negotiating with the EC due to the new financial cycle in the EC which implies new regulations and rules and thus new contractual templates.
6. The EC tends to have a “one size fits all” approach and would like to make no difference between UN agencies and private service providers. Thus the EC requests to have access to all internal documents and to be able to request an audit opinion. The EC requests also the reduction of the level of administrative/indirect costs which are currently at 7 per cent.

## **Summary of the discussion**

7. The FBN stressed the high importance of these negotiations and the close follow-up it gives to them. It was recalled that the EC is an important contributor to the UN agencies.
8. The resumption of the negotiations in June 2014 was perceived as a complete new negotiation, abandoning what was achieved previously after several months of discussion within the context of the FAFA.
9. It was noted that the new contractual templates proposed by the EC would implied a significant cost increase in implementing projects funded by the EC. Some FBN members shared that after a cost analysis, it turned out that they were actually subsidizing the implementation of EU projects because they had to have a team dealing only with EC requirements.
10. The FBN emphasized that, as it was agreed in the existing FAFA, the UN must have a special treatment compared to other service providers. In particular, the new requirements from the EC on accountability were too intrusive. It was underlined that the current work on oversight and accountability model addressed in item 7 of this meeting could be used to provide the EC the requested assurance on accountability.

11. It was also felt that given the current difficult situation of the negotiation, escalating the discussion to a higher level and maybe if needed the involvement of the chairs of HLCM and/or UNDG could ease the situation.
12. The FBN took note of the following requests from the EC which were considered as problematic:
  - a. The reduction of the administrative costs to less than 7 per cent;
  - b. The access to all documents by the EC;
  - c. Ex-ante pillar assessments;
  - d. Management declaration.

## **CONCLUSIONS AND FOLLOW-UP ACTIONS**

13. New templates on the EU delegation agreements received on 16 June were circulated by the UN Secretariat to all UN agencies for comments by 23 June. Comments were consolidated between 23 and 26 of June by the UN Secretariat and shared back with the EC. Consultations between the UN Secretariat and the EC resumed on 2nd July with the establishment of a new EC-UN working group. The consultative process would resume in the fall of 2014.

## **II. The UN system-wide IPSAS project – beyond 2015 - for review and approval**

*Presenter: Mr. Greg Johnson – Vice-Chair TFAS*



### **Documentation:**

- ✓ [CEB/2014/HLCM/FB/5: Recommendations on the system-wide IPSAS project beyond 2015.](#)

## **Background and status quo**

14. At the video conference meeting of the Task Force on Accounting Standards (TFAS) on 9 April 2014, the Task Force members endorsed the recommendations presented in the document reviewing the system-wide IPSAS project beyond 2015 (CEB /2014/HLCM/TF1). The review included the following recommendations:
  - a. To agree with an estimated budget of \$ 838,000 for 2016-2017, including travel, consultancy and one P-5 post;
  - b. To institutionalize the P-5 position within the CEB Secretariat in Geneva to support TFAS member organizations in their ongoing accounting standard work.

## **Summary of the discussion**

15. The FBN members recognized the pertinent work and very useful support provided by the IPSAS project team to the IPSAS Task Force members. The FBN members supported the proposal to continue the project beyond 2015.
16. Some agencies asked for more clarifications on the proposed budget, specifically on the amounts for consultancy and for travel. FBN members requested the IPSAS Task Force to revise the proposed budget and possibly to reduce it.
17. FBN members reiterated their support to a P5 position. However, given resource constraints, it was also discussed the possibility of a part time P5 position complemented by consultancy services. It was discussed whether the current proposal could justify a full time occupancy on the post. In order to make a better judgment on the proposal, some agencies requested a more detailed list of functions of the P5 post.
18. FBN members also put for further consideration the functions of the post related to its representation's role to the IPSAS Board, since the UN system has an observer status and has thus no voice whatsoever the decisions taken by the Board. The opportunity for more involvement of the UN system to the IPSAS Board was also discussed.

19. FBN members agreed that the P5 post should not be institutionalised, given the uncertainty of the continuation of the IPSAS project beyond 2016-2017. It was proposed to review the needs and progress of the project in two years' time.
20. It was also agreed that a final decision on the proposal should be taken by the end of 2014 at the latest, in order to have the necessary time to fill the post by the beginning of 2016.
21. It was reminded that the FBN could adopt the IPSAS project proposal at its next VC meeting, and that the HLCM does not need to endorse this decision.

### **CONCLUSIONS AND FOLLOW-UP ACTIONS**

22. The FBN members were very supportive of the work accomplished so far by the IPSAS Task Force. There was also support for the proposed project of the Task Force for 2016-2017.
23. The FB Network requested the Chair of the Task Force to submit a revised proposal for the system-wide IPSAS project beyond 2015, taking into account the following points:
  - a. The roles and functions of the P-5 position should be further clarified and outlined in detail, in connection to its substantive, coordination, and communication tasks.
  - b. Alternative options should be considered, in addition to the proposed option of a full time P5 position. Such option should include a provision for consultancy services, and/or part-time position(s).
  - c. The Network expressed its preference towards maintaining the project nature of the Task Force, without a structural integration of its staff resource in the work force of the CEB Secretariat.
  - d. The overall level of the budget should be subject to some further reduction, especially with respect to travel and consultancy expenses.
  - e. The Chair of the Task Force should circulate the revised proposal by e-mail to the FB network, with the objective to review it and formally adopt it at the next FBN meeting in the fall of 2014 at the latest.
24. The Chair of the IPSAS Task Force should further propose possible modalities for stronger and more effective representation of the UN system at the IPSAS Board.

### **III. Common definition of operating costs and a common and standardized system of cost control - *for approval***

*Presenter: UNICEF*



#### **Documentation:**

- ✓ *CEB/2014/HLCM/FB/2: Report of the Working Group on common costs classification.*

### **Background and status quo**

25. QCPR resolution paragraph 159. "requests the Secretary-General to present to the executive boards of the funds and programmes, by the beginning of 2014, a proposal on the common definition of operating costs and a common and standardized system of cost control, paying due attention to their different business models, with a view to their taking a decision on this issue".
26. In 2010, UNDP, UNFPA and UNICEF proposed common costs definitions, which were approved by their respective Executive Boards. A working group led by UNICEF and composed of ILO, FAO, UNESCO, UNEP, WHO, IAEA, WFP, UNFPA, UNDP, UN Secretariat, UNRWA and ITU, was created in 2013 to respond to this QCPR mandate. The terms of reference were approved at the December 2013 FB Network meeting. A template based on the common costs definitions of UNICEF, UNFPA, UNDP and UN-WOMEN

was developed and shared in the form of a survey in order to better capture information from participating agencies on their cost structure and their cost definitions.

27. An analysis of the replies, identifying the convergences and divergences were presented at the meeting. Where divergences appeared among agencies, the paper provided tentative cost definitions for discussion and review by Organizations.
28. The FB Network members were asked to review and approve the definitions of costs proposed in the report of the Working Group, in view of the formalization of a proposal on the common definition of operating costs and a common and standardized system of cost control in response to the QCPR mandate.

### **Summary of the discussion**

29. FBN members agreed that as far as the QCPR request on a common cost classification was concerned, a reply had been developed and implemented by the funds and programmes at the exception of an outcome on the definition of common and standardized system of cost control. This actual work was intended to adopt a common definition on operating cost in order to improve comparability and transparency among agencies.
30. It was recalled that the work had to be implemented in sequence: first the definition of a common cost classification before developing a standardized system of cost control.
31. Based on the common cost classification implemented by the funds and programmes and on the survey conducted by the Working Group, it was proposed to use one of the two following options to report on operating costs:
  - a. Use management costs as defined by each agency as a proxy for operating costs;
  - b. For each organization to identify expenses reported in its IPSAS financial statement and group them into one cluster of expenses called operating costs.
32. FBN members agreed to use management cost definitions as a proxy for operating costs. It was underlined that although management costs were not identically defined in each Organization, enough similarities existed to allow comparison among agencies.
33. It was recognized that cost control was already implemented in many Organizations at the time of elaborating budget strategies, which included a level of cost control. FBN members agreed to complete the report by adding a part in reply to the QCPR's request on the implementation of a standardized system of cost control.
34. FBN members underlined that the finalized report with the included definitions would be used as a reference document for any Organization willing to report on a common definition of operating costs.
35. Finally, FBN members agreed that the completion of the report, as detailed above, would end the work of the Working Group.

### **CONCLUSIONS AND FOLLOW-UP ACTIONS**

36. FBN members agreed that the conclusions of the Working Group on common cost classification would represent the basis for the UN System's response to the QCPR resolution paragraph 159 and that the document CEB/2014/HLCM/FB/2 will be used for this purpose pending the following two modifications:
  - The addition of the agreement by the FBN members to use costs classified as "Management" as a proxy definition for "operating costs", along the lines of the definition already adopted by UNDP, UNICEF, UN Women, and UNFPA.
  - The addition of a section explaining the position of the FBN members on the QCPR's call for a standardized system of cost control.

37. UNICEF agreed to finalize the document by adding the two points mentioned above with the support of UNFPA. The document would then be circulated to FBN members for a final endorsement before the next FBN meeting which would take place by December 2014.

#### **IV. Harmonization of rules and regulations, policies and procedures at the country, regional and headquarters level in the functional area of finance - *for information***

Presenter: UNICEF

 **Documentation:**

**[CEB/2014/HLCM/FB/7: Briefing note on Harmonisation](#)**

##### **Background and status quo**

38. QCPR resolution paragraph 155: “Requests the Secretary-General through the High-level Committee on Management and the United Nations Development Group to present plans for the establishment of common support services at the country, regional and headquarters levels, based on a unified set of regulations and rules, policies and procedures, at the country, regional and headquarters levels, in the functional areas of finance, human resources management, procurement, information technology management and other administrative services, for review by the Economic and Social Council and approval by the executive boards of the funds and programmes and the governing bodies of the specialized agencies by end of 2014, with a view to implementation by 2016.”
39. UNICEF is currently reviewing its policies and procedures in the finance area, with specific focus on the establishment of its own global shared service centre. UNICEF has requested policies and procedures from three other agencies to determine if harmonization would be possible in this policy review.
40. The FB Network members were called to discuss the opportunity and direction of any joint response to the request of QCPR para 155.

##### **Summary of the discussion**

41. It was recalled that a previous work had been conducted by a FBN Working Group on harmonized Financial Rules and Regulations which concluded that 41 per cent of regulations and 53 per cent of rules are common and applicable to all organizations.
42. One agency proposed to continue the development of the repository of agencies rules and regulations, and agencies policies and procedures which is currently managed by the Task Force on Accounting Standard in the CEB web site.
43. FBN members agreed that setting up a Working Group with the aim to harmonize policies among organizations would involve a lot of resources and time and was a much too big task to succeed. FBN members suggested that instead, as a starting point, practical experiments of common practices in the field, such as pooling procurement activities, or developing centres of services should be encouraged and expanded.
44. It was underlined that these experiments in the field such as pooling procurement activities would require to concretely adapt internal policies. While rules and regulations are decided at the level of the Governing Bodies and thus difficult to change, this difficulty should not prevent agencies to work together since policies and procedures are within the scope of management.
45. With a view to reporting to HLCM on progress made on this QCPR request, it was suggested to report on the progress accomplished in the treasury services Working Group, in the common definition of operating costs and in the procurement area.
46. One agency separately noted that having the same procurement rules would provide a united and much stronger position when negotiating with external entities such as the EU.
47. FBN members reiterated that benefits could be substantial when right sourcing at national, regional or global level to reduce management costs and also when using procurement agreements from other agencies.

## **CONCLUSIONS AND FOLLOW-UP ACTIONS**

48. FBN members agreed that the Network's response to the QCPR resolution paragraph 155, with respect to the harmonization of the regulatory and policy frameworks in the functional area of finance, would be represented by the outcomes of the following streams of work:
  - a. A proposal on the common definition of operating costs;
  - b. The work done by the Working Group on Common Treasury Services, in particular the work done on the Banking Services.
49. A comprehensive response would also include the work on collaboration and harmonization completed and ongoing within the Procurement Network as many aspects of this work have direct links with the financial policies and procedures.

## **V. After Service Health Insurance (ASHI) - *for discussion***

*Presenter: UN Secretariat*



### **Documentation:**

- ✓ *CEB/2014/HLCM/FB/6 Rev.1: Draft Terms of Reference - ASHI Working Group*

## **Background and status quo**

50. General Assembly resolution A/RES/68/244 requested the "Secretary-General to undertake a survey of current health care plans for active and retired staff within the UN system, to explore all options to increase efficiency and contain costs", and "to examine the option of broadening the mandate of the UN Joint Staff Pension Fund to include [...] administration of after-service health insurance benefits, and to report thereon at the seventieth session of the GA."
51. General Assembly resolution A/RES/68/253 on "United Nations common system: report of the International Civil Service Commission", also expressed "its deep concern about the long-term sustainability of the after-service health insurance scheme within the United Nations system, and in this regard invites the Commission to review, in the context of its annual report, the apportionment of health insurance premiums between the United Nations organizations and participants in both United States and non-United States plans".
52. At its December 2013 meeting, the FBN reviewed the draft TORs prepared by a Working Group led by the UN Secretariat, for a study to be undertaken in response to the discussions ongoing within the General Assembly.
53. The subsequent approval by the General Assembly of the above resolutions call for a multidimensional analysis of the matter, particularly from the HR and financial points of view.
54. The UN Secretariat presented the revised Terms of Reference for a study to be launched with the likely support of a consulting firm. The terms of reference would also be shared with the HR Network for their input at their July 2014 session.
55. The FB Network members were called to review and to endorse the draft Terms of Reference for a study on *options to increase efficiency and contain costs*, for submission to the HR Network at its July session and subsequent launch of the work.

## **Summary of the discussion**

56. FBN members underlined that addressing ASHI liability was not only a problem of voluntary funded agencies, since even for assessed agencies, ASHI charges would increase in the future and thus squeeze budgets. Depending on the demography of the agency, funding the liability should happen earlier or later and at a different rate for each agency, but the FBN members agreed that the best option for all type of agencies was to invest some funds in advance. In addition, it was stressed that a lot of potential cost savings could

be experienced through procurement (aligning procurement of insurance services among agencies), HR (using national health protection schemes) and investments, without cutting benefits of staff members.

57. Some agencies shared that they dealt with future ASHI liabilities by increasing the payroll of Staff accordingly to secure the needed funds at time of retirement of staff. The liability for all the past years when this system did not exist, was yet to be dealt with. It was also shared that still, even in such case the increase of the payroll meant the creation of a fund to retain these funds, and thus the need to create a specific mechanism to manage them.
58. FBN members draw the attention to the fact that adopting the pay-as-you-go scheme inferred that new Member States of an assessed organization would contribute to the cost of ASHI which accumulated from the past. However, if the ASHI liability was funded on an accrual basis, only the future costs would be financed by the new Member States, thus avoiding these Member States to bear costs from a time when they were not part of the organization.
59. It was explained that the actual version of the TORs was a revised version of the TORs presented in December 2013 taking into account the requests of the GA resolution A/68/244. These new TORs should respond to the GA resolution and also bring elements for the Working Group to work on.
60. It was understood that the reference of cost containment in the GA resolution A/68/244 was directed to elements such as the share of the UN contribution in the premium, designed plans and efficiency of the administration of ASHI. However, no request on financing the liability was addressed by the resolution because the GA decided that the UN would continue to pay ASHI on a pay-as-you-go mechanism.
61. Elements of the TORs of the Working Group can be summarized in five pillars:
  - ✓ Pillar I: How are the liabilities calculated by agencies, compare and possibly harmonise the disclosure methods used;
  - ✓ Pillar II: Comparing the existing funding options implemented by agencies with a view to draw best practices and to propose more efficient and effective approaches on definition, funding and management of ASHI Liability;
  - ✓ Pillar III: Analysing the existing investment options related to ASHI;
  - ✓ Pillar IV: Analysing the various options of managing ASHI, including one with UNJSPF;
  - ✓ Pillar V: Analysing cost drivers of ASHI and the possible alternatives of health insurance providers and a possible harmonization among agencies.
62. As discussed at the agenda item on the progress achieved by the Treasury Working Group, this Group already conducted a mini-survey on the various funding options implemented by some agencies and proposed to carry out the tasks of Pillar II.
63. Some agencies suggested that due to the huge size of the project, a phased approach would ease its implementation: pillar I to be completed before the end of 2014, a second stage to address the GA request with pillars IV and V, and finally a third stage with pillars II and III, which could also possibly be investigated at the same time as IV and V. It was also proposed to differentiate several outcomes out of the proposed Terms of reference: the ones of the Working Group, the ones of the consultancy firm and the ones of the GA requests.
64. It was proposed that the study to be done by a consultancy firm could benefit from the support of the Harmonisation of Best Practices Trust Fund of the HLCM. Thus a proposal for funding would be ready to be presented to the Steering Committee of the HBP Trust Fund. The sequence of actions was also discussed and needed to be clarified since the report to the GA is due by July 2015 in order to be presented to the 70<sup>th</sup> session of the GA. It was thus proposed that the results from the consultancy firm study be ready for review by the Working Group in fall 2014 in order to be discussed at the next FBN meeting before the

end of the year. A specific Video Conference of the FBN could also be organized before the FBN June meeting to finally review the report to the GA.

### **CONCLUSIONS AND FOLLOW-UP ACTIONS**

65. Several Organizations requested to participate in the Working Group which is now composed of: UN (lead), WHO, FAO, ILO, WFP, UNICEF, WIPO, UNESCO, UNHCR, IAEA, UNFPA, UNIDO, UNDP, ITU and UNJSPF. It was requested that each Member of the Working Group provided the UN and the CEB Secretariat with the name of a focal point, at the earliest possible.
66. FBN members reviewed the TORs and agreed that the Networks' work on ASHI should be organized as follows:
  - a. Deliverables specifically requested by the GA resolution;
  - b. Finalisation of the TORs for tasks to be assigned to an external consultant, including the review and the validation process by the FBN and the HLCM before the finalisation of the report;
  - c. Finalisation of the TORs of the FBN Working Group on ASHI.
67. A phased approach of the work was agreed according to the various pillars identified in the TORs. Phase one will start with pillar 1, for which a result is expected to be presented at the next FB meeting by VC (by the fall of 2014). Phase two will then start on pillar 2, 4 and 5 and will lead to a specific VC meeting beginning of 2015 to present the results.
68. The revised TORs based on the above comments should be circulated to the members of the Working Group for final review by the first week of July at the latest. They would then be shared with the HR Network at its mid-July meeting, for their approval. The TORs would then be presented to the HBP Working Group for funding approval.
69. Finally, the FB Network encouraged all Organizations, wherever possible and appropriate, to devise appropriate strategies to fund their liabilities, including ASHI. In addition, the FBN group underlined that the optimal level of funding of a liability was specific for each Organization and was depending of the demography, the financial policies and the economic situation of each Organization.

## **VI. Proposal of a reference Risk Management, Oversight & Accountability model for common positioning by the UN System - for approval**

*Co-presenters: UNFPA and UNOPS*



### **Documentation:**

- ✓ *CEB/2014/HLCM/FB/3: Draft model proposal on risk management, oversight and accountability.*

### **Background and status quo**

70. The HLCM Strategic Plan calls for the development of a “consolidated and trust-based relationship with Member States on the level and quality of controls in place in the Organizations to allow for rationalized oversight, focus on key risk and better internal resources allocation.”
71. Similarly, the QCPR Paragraph 167 “calls for further efforts to ensure coherence and complementarity in the oversight functions, audit and evaluations across the United Nations development system”.
72. The rationale for this deliverable is to strengthen trust by Governing Bodies and Member States. The adherence to a common reference Oversight & Accountability model would facilitate the coherent positioning of Organizations on this subject with their respective Governing Bodies.

73. A Working Group led by UNFPA and UNOPS was created in 2013 and a comprehensive stock-taking and comparative survey of control and oversight models was conducted. Intended to all UN agencies, the survey was finally taken by nine Organizations representing a fair sample of the UN system.
74. The report presented the results of the survey, and put them in the perspective of a model called “the Three Lines of Defence Model”, endorsed by the European Confederation of Institutes of Internal Auditing (ECIIA).
75. The FB Network members were asked to review the report of the Working Group and the proposed common reference Oversight & Accountability model contained therein, with a view to approve it for subsequent inclusion in other operational perspectives, as relevant (on HR, Procurement, and ICT), and submission to the fall 2014 session of HLCM

### **Summary of the discussion**

76. FBN members were reminded that the objectives of the Working Group was to strengthen the common positioning of UN Organizations with Member States and to come up with a reference model which all Organizations could adhere to, with the necessary adjustments and variations that their differences require. This work was also an opportunity to demonstrate that the quality of risk management, oversight and independent assurance in the UN system improved over the last few years.
77. The Working Group reminded that the report was based on a survey and interviews of nine Organizations. It presented the Model contained in the report as the final outcome of the Working Group.
78. FBN members emphasized that the report should not be considered as a prescriptive document with a list of practices to adopt, but preferably as a guideline which provided a platform to better communicate internally within Organizations and externally with stakeholders. The Model proposed in the report was based on “Three Lines of Defence Model” developed by the Institute of Internal Auditors. The Model provided Organizations with a framework to map out their own processes and identify relationships and responsibilities of different actors with respect to the different lines of defense. This helped all levels of management to fulfil their responsibilities with clarity.
79. FBN members also underlined that identified practices in the report could not be presented as best practices in the context of all UN Organizations given the relative small sample of participating Organizations. It was thus asked to the Working Group to modify the term best practice to a less prescriptive one such as effective practices.
80. FBN members recognized that the report was a first step. It provided a framework but did not go into implementation details nor provided an assessment of the status of UN Organizations in oversight and accountability. It was up to each organization to be guided by the Model and to design and implement oversight and accountability frameworks which would best fit with the requirements from their Governing Bodies and other stakeholders.
81. FBN members were reminded that the report did not detail quality standards to be used in order to avoid being prescriptive. A lot of quality standards exist, it was up to each Organization to select the one which would fit best its needs of self-assessment (on risk management, internal audit, internal control framework, etc.).
82. FBN members were informed that collected information was not sufficient to quantify the costs of oversight nor of the assurance systems.
83. FBN members asked the Working Group to amend the report by providing a chapeau to the document which would clarify the purpose of the report and its limitations, and by taking note of all comments made during the session. The amended report would be presented to the other Networks for review and approval before being presented to HLCM.
84. FBN members emphasized that this work showed the FB Network at its best.

### **CONCLUSIONS AND FOLLOW-UP ACTIONS**

85. The FBN members acknowledged the very good work done by the working group and the step forward brought by the report to reply to the request from the HLCM and the QCPR para 167.
86. The FBN Group requested to change the concept of best practices to a less prescriptive concept. In order to present the model to other Networks, the FBN members also agreed that the report should be completed by incorporating the comments from UN-RIAS and by adding a chapeau which would present the objective of the report. This work should be completed by the last week of June 2014. The report would be circulated to FBN members for final comments. The report would then be circulated to other Networks for comments, and would finally be presented at the 2014 fall session of the HLCM.

## VII. Common Treasury Services – Progress report - for information

*Presenter: FBN Co-Chair – Mr. Nick Jeffreys*



### **Documentation:**

- ✓ *CEB/2014/HLCM/FB/8: Briefing note on the progress by the Working group on Common Treasury Services*

### Background and status quo

87. The Working Group on Common Treasury Services (WGCTS) was established in 2009 by the FB Network. Four harmonization initiatives were identified and had been continuously pursued by the WGCTS which successfully achieved tangible results over the past years. The WG also set up a web-based knowledge sharing tool, the Treasury Community of Practice (TCOP) website which was fully launched and functional by January 2010.
88. The FB Network members received an update on the status of the four projects of the Working group on Common Treasury Services, namely Banking Harmonization, Foreign Currency Management, Investments and Risk Management and Payments.

### Summary of the discussion

#### Banking harmonization

89. The field banking services responded to the single UN approach and the QCPR on harmonization. RFPs for Bank's selection were completed in six countries and was foreseen in nine other countries by the end of 2014. It was reminded that in most cases, the selected Banks were already Banks used by most of the agencies, but the offered conditions by the Banks in the RFPs were much better than the previous conditions.
90. Another output was the draft of six contract templates to be used worldwide with the six main banks identified for the possible use by country offices. It was expected that such Global contract would simplify and save time for the opening of accounts in country offices, as well as eliminating bilateral negotiations. Similarly, a draft template was being developed for a USD RFP. The intention was to tender USD banks worldwide.
91. A financial status of the project on Banking Harmonisation was presented showing a balance at 1<sup>st</sup> May 2014 close to \$1 million. The remaining would be spent in the continuation of the project and its strengthening in the coming months.

#### FOREX

92. The success of the FOREX project was measured with a survey in 2013. The use of online trading platform and negotiations with Banks to allow currency trading internationally rather than locally, allowed Organizations to realise savings compared to the standard UN rate. The aim of the survey was to foster higher savings by practically shopping for the best rate.

93. Through the platform, Treasurers were able to see the rates obtain by others for each currency and with which trader, thus providing an opportunity to change for the best rates. The discussion platform among Treasurers was now mature on FOREX rates, and was starting to exchange on other FX issues such as hedging or longer term transactions.

#### Investments

94. The Investment framework document was approved at the 2013 December meeting of the Treasurers. The Treasurer group conducted risk analysis, defined counterparty banks eligibility criteria and monitored the exposure of the banks holding the time deposits of Organizations.

#### Citi Bank Payment Cards

95. An increasing number of agencies were using the prepaid card system, in particular for travel and purchase. In 2013, it generated more than \$660,000 of rebates which was distributed to participating agencies.

#### Other ad-hoc work

96. The treasury working group initiated an ASHI mini-survey to examine four areas of interest:
- a. Agencies with dedicated ASHI investments
  - b. Amounts of funds invested
  - c. Type of management of funds: internal or external
  - d. Total amount across all responding agencies.
97. The main results of the survey were available in CEB/2014/HLCM/FB/8. The Treasury group proposed itself to carry out part of the work of the ASHI study instead of giving it all to a consultancy firm.
98. It was reminded that countries where RFPs were conducted, were selected following collection of information by countries and after Treasurers' own analysis of what were their Organizations needs by countries. For 2015 list of RFPs, FBN members had an opportunity to express their country priorities to the Treasury Group until mid-October 2014.
99. It was also reminded that results of RFPs and in particular the use of the selected Banks was monitored through an interactive spreadsheet available on the Treasury forum. Agencies could follow which Banks were tendered and which Organizations changed Banks in each country.
100. Several agencies were experimenting mobile banking which reduced physical cash transfer risks. It was suggested that an exchange of experience among agencies would be beneficial to the FBN.
101. FBN members were satisfied to see the improvement in the Banking services project, especially since it had entered into full productivity. It was thus suggested that the Banking Services project set objectives and scheduled activities for the years to come.
102. Some agencies expressed concern about having one master agreement to be implemented with Banks in many countries, because it would become impractical to make changes at the agreement. It was clarified that following RFPs in countries, each interested agency would negotiate its own agreement with the successful tendered Bank(s). As an example, the USD RFP was originally foreseen as one global agreement to be signed upfront by all Banks and interested agencies, which was impractical for agencies. The implementation of the USD RFP had thus been stopped until an agreement was reached to allow each Agency to sign bilaterally with tendered Banks, although all contracts would have the same conditions following the RFP.

103. FBN members noted also that it was more and more difficult to work in internationally sanctioned countries because commercial banks were withdrawing from these countries. Some reflection at the FBN level should be conducted to explore ways of surrounding this issue.
104. Finally, it was reminded that the Treasury forum was a very useful tool and each agency was encouraged to exchange on experience or ask for support through the forum.

### **CONCLUSIONS AND FOLLOW-UP ACTIONS**

105. FBN members took note of the progress made in the four sectors of activities of the Working Group on Common Treasury Services, and supported the deliveries of the Working Group.
106. FBN members requested the Working Group to set time bound objectives for its work, in particular in banking services, since the work had entered into full implementation in 2014.
107. Noting the increasing use of mobile banking, it was requested that the Working Group started an experience sharing activity on this topic.

## **VIII. UN-SWAP: Tracking resources for gender equality and the empowerment of women – for information**

*Presenter: UN-WOMEN*

### **Documentation:**

- ✓ *CEB/2014/HLCM/FB/9: Briefing Note on UN-SWAP by UNWOMEN*

### **Background and status quo**

108. In April 2012, the CEB endorsed a system-wide action plan (UN-SWAP) to operationalize the system-wide policy on gender equality and the empowerment of women and accelerate gender mainstreaming within the UN system.
109. The UN-SWAP contained performance indicators that set out minimum requirements for UN entities on gender equality and the empowerment of women. In relation to financial resources, two indicators were defined:
  - Indicator 8 Financial resource tracking
  - Indicator 9 Financial resource allocation
110. UN entities are expected to report on the UN-SWAP Performance Indicators on an annual basis starting in 2012. UN Entities are expected to meet Indicators as soon as possible in order to meet UN-SWAP standards by 2017. Entities with a technical focus have until 2019 to meet the standards.
111. The FB Network members received a briefing on the actions to be taken to operationalize UN-SWAP, with specific focus on its financial management aspects.

### **Summary of the discussion**

112. FBN members were presented with the origin and the purpose of the UN-SWAP. It was recalled that indicators to track gender related resource allocation and expenditure, including through the promotion of the use, where appropriate, of gender markers, were mandated by the ECOSOC and by the QCPR.
113. It was brought to the attention of FBN members that a guidance note had been developed to guide the development of gender equality markers. The ultimate purpose of the gender markers was to produce comparable data across the system, which could thus be aggregated and serve as a monitoring tool.
114. The creation of a Working Group was proposed to support the implementation of the gender marker. The Working Group would also be an opportunity to exchange on best practices and lessons learned from different business models and accounting systems.

115. Several agencies showed willingness to be part of the Working Group. Beside the exchange of practice, it was also suggested for the Working group to work on guidance to ensure the comparability of the markers among agencies.

### **CONCLUSIONS AND FOLLOW-UP ACTIONS**

116. FBN members agreed to create a Working Group to share experience, to define a set of common standards in order to ensure the comparability of the results provided by the gender marker, and to promote these standards to achieve the goals set by the UN-SWAP.
117. UN-WOMEN (as one co-chair), WFP, UN, FAO, UNESCO, UNIDO, UNDP and WHO expressed interest in participating in this Working Group.
118. UN-WOMEN would prepare for the next FBN meeting, short terms of reference for this Working Group as well as a planning of meetings.

## **IX. A.O.B and Conclusions**

### **1. Budget governance of UNSMS and UNSMS 2014-2015 expenditures**

119. FBN members underlined the need to finalise the report from the Working Group on budget governance of UNSMS and to present it to the FBN for its next regular meeting in fall 2014. FBN members agreed also to look for more clarifications from the UN Secretariat about the billing for 2014-2015 UNSMS expenditures.

### **2. Headcount of ADB in Manila.**

120. FBN members proposed that IASMN at its June 2014 meeting would discuss the issue of the MOU between UNDSS and ADB, which excluded part of the staff of the ADB from the Headcount of fielded staff.

### **3. Next meetings of the FBN.**

121. The next FBN VC meeting was foreseen to take place in November 2014. The Network received a kind offer from PAHO to host the next face to face meeting at its headquarters in Washington DC, subject to the availability of appropriate conference facilities. The offer would be confirmed following the confirmation of the meeting dates of PAHO Governing Body. Alternative venue in North America would be Montreal (ICAO) or New York (UNDP).

### **4. US tax calculation**

122. The UN offered interested Organizations to be part of the discussion on US tax calculations with the USA authorities. WHO expressed its interest in being part of the discussion.

### **5. ICSC review on compensation package**

123. The FBN reiterated the importance of an early involvement by the HRN in the discussions and deliberations regarding the ICSC review, especially when it related to the financial impact of the proposals under development.

**ANNEX I**  
**LIST OF PARTICIPANTS**

Co-Chairs:     **Darshak Shah (UNDP)**  
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