

**CONCLUSIONS OF THE 21<sup>ST</sup> MEETING  
OF THE FINANCE AND BUDGET NETWORK****World Food Programme, Rome, 24-25 June 2013****TABLE OF CONTENTS**

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## ANNEXES

Annex I – Agenda

Annex II - List of Participants

## I. Introduction and Welcoming Remarks

1. The Finance and Budget Network held its 21<sup>st</sup> session on 24-25 June 2013 at the World Food Programme (WFP) in Rome. 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/ceb/mtg/fb/september-2012>
3. The FB Network welcomed Mr. Manoj Juneja, Assistant Executive Director, Resource Management and Accountability Department and CFO of WFP. In his opening speech, Mr. Juneja highlighted the importance of improving efficiency and effectiveness of the individual agencies and the collective UN System to enhance transparency, to control cost and to manage risks, within the challenging zero-growth environment imposed by the critical global financial situation. In this context, he emphasized the relevance of face-to-face meetings as an opportunity to cover tangential issues and share good practices, for avoiding duplication of work. Mr. Juneja further underlined the crucial role played by collaboration, information and knowledge sharing in formal and informal setting. Finally, Mr. Juneja introduced his colleagues of WFP Sean O'Brien, Finbarr Curran and Robert Opp who would attend the meeting and wished the FB Network fruitful discussions on the challenging agenda.

## II. Actions by the FB Network in response to the HLCM Strategic Plan

4. The HLCM Strategic Plan for 2013-2016 (CEB/2013/HLCM/2) was approved at the 25th Session of HLCM and endorsed by the CEB on 5th April 2013. The Strategic Plan was developed in consultation with all the CEB Member Organizations and identifies five Priority Issues where the focus of the committee should be. The recently adopted Quadrennial Comprehensive Policy Review (QCPR) of operational activities for development of the UN System was one of the key intergovernmental mandates that HLCM referred to in the identification and selection of its priorities, together with the Secretary-General's Five Year Action Agenda. The work of the HLCM Networks will be guided by the Strategic Plan in the respective areas of expertise. Following agenda items cover two working areas that fall into the remit of the FB Network.

### IIa. Common definition of operating costs and a common and standardized system of cost control

*(Speaker: FBN Co-Chair - Darshak Shah - for decision)*

#### **Documentation:**

- ✓ *CEB/2013/HLCM/FB/12 Summary note on the work done by UNDP, UNFPA, UNICEF and UN Women on Common Cost Classification*

#### Background and status quo

5. One of the priorities identified in the HLCM Strategic Plan is "Measuring and Communicating Results". The aim of this activity is to improve consistency in financial results reporting to Member States. This activity is also mandated in the QCPR resolution (A/RES/67/226) paragraph 159, which "*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”.*

6. Although the QCPR resolution only makes reference to Funds and Programmes, at the last session of the HLCM there was consensus that this item be discussed with the entire FB Network to explore the possibility of a common definition of costs.

7. In 2010, UNDP, UNFPA, UNICEF have implemented common cost definitions approved by the respective Executive Boards with the view of presenting integrated budgets to the joint boards in September 2013. The common cost definition was later adopted by UN Women. On behalf of UNDP, Mr. Shah summarized for the Network the results achieved in this area by presenting the common cost classification model as follows:

- a. **Development activities:** These comprise cost associated with “programmes” and “development effectiveness” activities which contribute to the effective delivery of development results, as follows:
  - i. **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.
  - ii. **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.
- b. **United Nations development coordination:** this comprises activities and associated costs supporting the coordination of development activities of the United Nations system.
- c. **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.
- d. **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.

8. FB Network members were called to decide whether to create a Working Group with the aim to identify the scope of this work, including the feasibility of harmonization with the cost categories jointly implemented by UNDP, UNFPA, UNICEF and UN Women, and by identifying links with the results based budgeting, indirectly the cost recovery practices, and the scope of a common system of cost control as requested by the QCPR.

## Summary of the discussion

9. The experience shared with the FB Network by the agencies who have implemented the common cost classification was that the exercise was very time and labor consuming. However, the results were highly welcomed by Member States as they allowed for increased transparency and comparability among the agencies. The agencies amended their financial rules and regulations to reflect the cost categories and prepared the 2012 Financial Statements based on such common costs. The common classifications are also used to compare IPSAS based budgets to the actual expenses and linked to the results framework of the agencies.

10. Agencies noted that there would be the need for further refinement or clarification of the proposed categories for example to enable differentiation between administrative costs that could be directly attributable to programme delivery, and those which were indirectly attributable. Work would also be needed in respect of capital costs. Agencies also highlighted the need to introduce a category of costs targeted for humanitarian assistance.

11. Agencies also highlighted the link of cost categories with the organizations' funding models, which differ considerably across the System, and raised the potential risk of losing shares of funding if costs were to be allocated to, for instance, long-term capital investments. Along the same lines, the allocation of costs to core and non-core funding should consider the different definitions applied by agencies in this area.

12. It was noted that a high-level common cost classification does not impede a breakdown of the costs into more detailed functional clusters and cost-lines to keep required granularity and to allow the mapping of the categories to the ones agreed for the CEB Financial Statistics. Such costs can then be aggregated to reach high-level comparability.

13. The FB Network was reminded that the QCPR resolution itself makes explicit reference to the different business and funding models of the UN System thereby allowing room for flexibility, provided that justification for different treatments of cost categories is explicit.

14. The FB Network highlighted the link of a common cost classification with the progressive implementation of IPSAS by the UN System, which already increased transparency and comparability of the costs incurred for achieving results. Therefore, the Network was of the view that any common cost classification should be compatible with the IPSAS accounting definitions. Furthermore, the Network recognized linkages and potential benefits of a common cost classification for implementing cost accounting. The Network therefore was of the view that collaboration among finance, budget and accounting offices is a prerequisite for successfully carrying out this activity.

15. Some organizations reported that they already apply cost categories similar to the ones implemented by the aforementioned four agencies. Proposal was made to start from a common definition of management costs (including a clear definition of staff costs), where there would be more room for common ground and the benefit for a harmonized cost recovery rate would be evident. Due consideration should be given to the work of the CEB in preparing the annual reports on Budgetary and financial situation of the organizations of the United Nations system (A/67/215), which contains harmonized reporting categories for revenue and expense.

16. The FB Network stressed that further clarification is required on the meaning of standardized system of cost controls requested by the QCPR resolution, as it is difficult to define the "right" cost for a service, which is influenced by a number of factors, including the cost of living of the location where the service is rendered.

17. The FB Network expressed concerns about the timeline prescribed by the QCPR which seems challenging to meet.

## **Conclusions and action points**

18. The FB Network recognized the need to report results on this task to the HLCM, in line with the QCPR recommendation. The Network further recognized the usefulness and importance of this exercise to increase comparability and transparency and unanimously agreed that a common cost classification is a prerequisite for any standardized system of cost controls, as well as for a harmonized approach to cost recovery and to results based budgeting. Therefore, right sequencing of the activities is crucial for the positive outcome of this work.

19. The FB Network noted the relevance of the task in light of the focus of Member States on the comparability between the Organizations' budget levels and the increasing weight placed by Donors on efficiency and effectiveness.

20. The FB Network highlighted the challenges linked to the inherent differences in business and implementation models and expressed the view that this harmonization exercise can only be carried out starting with a high-level common cost classification. The approach should be phased, starting from the institutional budget and cascading into the programme costs at a second stage. A more granular level of common classification would follow the agreement on high-level categories.

21. The FB Network agreed to establish a Working Group lead by UNICEF and including agencies with different business models. The Working Group should comprise staff from accounting, finance and budget, and draw on the work performed by UNDP, UNFPA, UNICEF and UN Women. Bearing in mind the challenges faced by the agencies who implemented the common cost classification, the FB Network noted that the Working Group ToRs should keep the scope of the exercise at a manageable level with a clear and realistic timeline. As discussed, the Working Group should also look into the linkages with cost accounting, potentially drawing on the work undertaken in this area by the UN Secretariat.

22. Following agencies volunteered to participate to the Working Group: WHO, UN, IAEA, UNRWA, FAO, WFP, UNEP, ITU, ILO, UNESCO, UNFPA and UNDP, the latter with a role of knowledge sharing. The ToRs of the Working Group will be submitted to the FB Network at the next meeting for endorsement.

## **Iib. Proposal of a reference Risk Management, Oversight & Accountability model for common positioning by the UN System with Governing Bodies**

*(Speaker: FBN Co-Chair - Nick Jeffreys - **for decision**)*

### **Documentation:**

- ✓ *CEB/2013/HLCM/FB/13 Stocktaking Survey of Control, Risk Management and Oversight Systems in place in UN Organizations*

## **Background and status quo**

23. A further priority identified in the HLCM Strategic Plan is the "Strengthening of the risk management and oversight architecture" of the UN System. This is also mandated in the QCPR resolution paragraph 167, which "(...) *calls for further efforts to ensure coherence and complementarity in the oversight functions, audit and evaluations across the United Nations development system*".

24. This priority is founded upon strengthening the United Nations entities' trust-based relationship with Member States on the effectiveness and quality of control frameworks in place in the Organizations. The focus is on "better controls, not more controls". Therefore, clarity on risk

management and oversight mechanisms will allow focusing on key risks and on better channeling of resources to key programmatic areas.

25. The ultimate deliverable is the Proposal of a reference Oversight & Accountability model for common positioning by the UN System with Governing Bodies. Such a model would offer a strong, system-wide reference for Organizations in discussions with Governing Bodies, as a system wide reference on what suitable and proportionate risk management, oversight and accountability should look like. This would ideally alleviate the burden for Organizations of fragmented requests for controls from several separated entities.

26. The first key activity agreed upon for this priority is the “Design and launch a comprehensive stock-taking and comparative survey of controls, risk management and oversight models in place”. UNESCO and UNFPA offered their availability to co-lead this exercise. The structure and format of the survey presented to the FB Network under this agenda item have been developed by the CEB Secretariat, UNESCO and UNFPA with inputs from UN-RIAS and other colleagues across the UN System.

27. The survey encompasses more than the financial related aspects of an Organization and will solicit input from other HLCM Networks (IT, Procurement and HR).

28. The FB Network was called to comment on and endorse the structure, scope, level of detail of the survey, and agencies were expected to confirm their participation so as to create a Working Group to carry out the activities related to this goal.

### **Summary of the discussion**

29. The FB Network was initially joined by representatives of UN – RIAS who shared their proposed amendments to the survey:

- a) The survey should be integrated to better capture the aspect of internal governance of controls;
- b) The area focused on risk management should include an assessment of the likelihood and impact of the identified risks;
- c) The risk management aspect should be separated from the concept of statement on internal controls as finance is only one of the areas that an internal control framework should cover.

30. The FB Network noted that the lack of a common model in the area of oversight and control, and agreed that there would be value in moving towards such a model.

31. The FB Network recognized the value and comprehensiveness of the survey. However, organizations expressed strong concerns on how the results of the survey could be interpreted by stakeholders. The Network identified the potential risk that the survey could be used to set higher requirements of practices in place and be used to justify the need for additional oversight and control mechanisms. This would conflict strongly with the ultimate goal, which is to agree on an acceptable baseline of controls in place and show the progresses that the UN System accomplished over the past years in the areas of controls, risk management and oversight so as to give comfort to Member States and other external parties.

32. The FB Networks emphasized that the key aspect of value-for-money and the quality as well as the impact of the controls in place should be captured and conveyed very clearly to external parties.

33. The FB Network also noted that a valuable source of information on this subject would be the JIU Report on Accountability Frameworks in the UN System (JIU/REP/2011/5) which includes recommendations that should be re-visited and worked on.

34. Recognizing the extremely broad spectrum of this task, which covers programmatic as well as management areas and practices in the areas of Information Technology and Human Resources, the FB Network questioned the ownership of this activity as it should perhaps involve also the HLCP and potentially be raised at the CEB level.

### **Conclusions and action points**

35. The FB Network unanimously noted the challenge posed by this mandate by the HLCM due to significantly diverse business models. However, it was clearly reiterated that the goal envisaged in the HLCM Strategic Plan is to focus on a high level of harmonization which would result into an agile and comprehensive baseline model rather than a mandatory list of requirements.

36. The FB Networks agreed unanimously that the activity should at this stage be kept under the auspices of the Network in collaboration with the other Networks and with the support of HLCM when and where needed.

37. The FB Network recognized the concerns expressed by several agencies with regard to the use of the survey across all the CEB Member Organizations. In order to initiate the task, the FB Network therefore agreed to start with a review, based on the survey, of the practices in place in a limited number of organizations by means of interviews. This would allow better capturing qualitative aspect of the oversight and controlling mechanism in place, including the effectiveness of the current frameworks.

38. For this purpose, the survey will be refined so as to better cover the area of Governance and capture the aspects of costs and benefits resulting from the oversight mechanisms currently in place.

39. Under the co-lead of UNESCO and UNFPA, who will coordinate this exercise, following organizations volunteer to be interviewed: WFP, UNDP, WIPO, UNHCR UNOPS and UNFPA. The findings of the first round of interview will be reported to the FB Network at its next VC and/or via e-mail.

### **III. Implementation of Statement on Internal Control in Financial Reports – Challenges and Lessons Learned**

*(Speaker: Ms. Lopa Giacobbi, Chief, Policy Section, BFM, UNESCO - for discussion)*

#### **Documentation:**

✓ *Presentation by UNESCO*

### **Background and status quo**

40. A number of Organizations are introducing to their Financial Reports the Statement of Internal Control (SIC), as part of overall improvements in the quality and transparency of financial information submitted to their member states.

41. UNESCO shared its experience and approach in implementing the SIC, which was a step needed for strengthening internal controls in line with the request by Member States for an annual written attestation from Senior Management and an annual statement on internal control from the Director-General.

42. To assist the Director General in writing UNESCO's Statement on Internal Control, each Assistant Director General as well as Director of Bureau/Office/Institute was required to write the attestation on internal control for his/her own purview and was personally accountable for its content.

43. UNESCO worked according to an implementation timeline over the biennium 2010 – 2011. To facilitate the task of the individual attestations, the two following initiatives were launched throughout UNESCO:

- a) A self-assessment tool listing key questions to be answered in order to better auto-evaluate the effectiveness of a control environment developed by Internal Oversight Service (IOS) for Field Offices. A similar tool has been developed to support Headquarters (HQ) Sectors and Bureaus.
- b) To encourage a wider application of the Internal Control Framework throughout the Organization, the BFM/FPC drafted and disseminated a standard methodology.
- c) For financial and administrative matters, BFM/FPC also assisted in the operational application of the methodology, helping identifying key risks and related controls.

### **Summary of the discussion**

44. Some organizations shared their recent experience in including a SIC to the Financial Statements which greatly added weight to the trust of external stakeholders including Member States to the quality of financial reports.

45. Agencies also reported the increasing trend shown in Member States requesting an Enterprise Risk Management framework with limited recognition of the financial resources needed for such an exercise.

46. Other organizations shared actions undertaken to address the recently increased focus on risk management, including the introduction of risk-based budgeting, taking into account corporate and specific risks when preparing their programmes and budget proposals, as well as education for stronger awareness and response by management of risks on an organizational.

47. Organizations who implemented the COSO Framework for internal controls informed that, as a first step, they carried out an internal survey addressed to the managers of the organization as an assurance statement of the procedures in place. The results were then submitted to two levels of supervision. The managers greatly appreciated the resulting common guidelines.

48. The Organizations stressed the importance, for the success of this exercise, in setting the tone at the top and involving senior management.

### **Conclusions and action points**

49. The FB Network recognized that the maturity levels of organizations in the area of internal controls still differ significantly and not all organizations are ready to implement a SIC yet. In connection to this, the FB Network was reminded that the IPSAS Task Force has an ongoing working focus group that aims to standardize the SIC templates for the UN System based on maturity of internal control systems.

50. The FB Network noted that, should one existing framework like the COSO be collectively identified as the most suitable for the basis of a common framework, Organizations should endorse it as the best methodology without engaging in unnecessary further efforts to which would only lead to

additional costs. However, it was emphasized that room for different implementation modalities should be kept, especially in consideration of different business models like levels of decentralization.

51. The FB Network agreed that the knowledge and experience sharing by Organizations who implemented the SIC is very valuable and that the UN System, through the FB Network, should show pro-activeness in this area as auditors will surely increase requests for the SIC.

52. In light of the connection of the SIC with the reference oversight, risk management and internal controls framework addressed in Agenda Item 2b., the FB Network agreed that this aspect should be included in the work of the Working Group established for Item 2b and further knowledge sharing on SIC implementation will be requested at the upcoming FB Network meetings.

#### **IV. Terms of Reference of the Finance and Budget Network**

*(Speaker: FBN Co-Chair - Nick Jeffreys - for discussion)*

##### **Documentation:**

- ✓ *CEB/2013/HLCM/FB/14 Draft ToRs of the FB Network*

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

53. The FB Network was presented for the first time with draft Terms of Reference (ToRs) lying out the purpose and activities as well as the working arrangements of the Network. These were developed in line with the recently adopted revised working modalities for the HLCM. The Network members were called to review and comment on the draft ToRs with the aim of adopting the final ToRs at the next FB Network meeting.

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

54. Member organizations agreed that paramount goal of the Network is to continue striving for harmonization of financial and budgetary practices across the UN System and this should be the guiding principle of the Network's activities.

55. However, organizations also noted the inherent limitations to the extent to which the FB Network can take decisions of behalf of the respective organizations in cases where decision making authority rests with Member States and/or Governing bodies

56. The FB Network recognized the importance of adopting clear Terms of Reference which should however allow for a certain level of flexibility for the activities of the Network to align to new priorities that will emerge during the forthcoming years.

57. Following changes to the ToRs were proposed by the Network.

#### **I. Purpose and Activities**

- a) Clearly specify that FB Network members have the authority to represent their organization and take executive decisions on follow up actions without the need to further consult internally, on the items that do not require, based on internal regulations, a higher level of decision making body.
- b) Include as a chapeau that the FB Network should work with the aim, availability and willingness to find solutions and agreement on action points based on the broadest possible consensus but not on the basis of a quorum.

- c) Include explicit reference to increased cost effectiveness and efficiency and a stronger link to results as ultimate goal for the efforts of the FB Network in the direction of harmonization of policies, as also prescribed by the QCPR.
- d) Specify the role of the FB Network within the budget process of the Jointly Financed Activities as the ultimate review and endorsement body on behalf of Organizations.

## **II. Working Arrangements**

- e) Specify that the Chairs are in charge for two years with the option of renewal for another two years term with a staggering approach to as to retain the expertise of one of the Chairs, when joined by the new co-chair.

## **Conclusions and action points**

58. The FB Network agreed on the proposed changes which will be incorporated into the revised draft of ToRs.

59. The revised draft will be circulated electronically to the Network for last comments and for final electronic approval.

## **V. After Service Health Insurance (ASHI) – Study on Funding Options** *(Speaker: Pedro Guazo – UN - for discussion)*

### **Documentation:**

- ✓ *Presentation by UN: ASHI Study on Funding Options*

## **Background and status quo**

60. The UN Secretariat presented on the outline of the document on the funding options for ASHI that will be presented to the General Assembly this fall. Acknowledging the importance of harmonization of ASHI practices as also identified in the HLCM Strategic Plan, the FB Network members were called to comment on the outline presented by the UN on the funding modalities and possibly establish a Working Group to identify a common approach to fund the growing ASHI liabilities as well as identify other areas of opportunity in this important topic.

## **Summary of the discussion**

61. The UN presented the main results of its study on funding options. The updated UN ASHI liability valuation shows an amount of USD 3.943 billion for 2012. This amount could be decreased by around 1% should the mandatory age of separation be increased to 65 years.

62. The approach taken by the UN to fund the ASHI related liabilities can be summarized as follows:

- a) No initial lump sum funding would be requested.
- b) Transform the pay as you go amount, which is the cost of current retirees using the benefit, into a rate to be added to the standard staff costs (similarly to the funds contributed to the staff pensions), instead of being recorded as a special expense. This will represent approximately 2.5% of the total staff costs.

- c) Include also as a percentage of the standard costs the estimated service cost (i.e. the cost of active staff accruing ASHI in a year). This rate, for 2012, would result in 4.5% of the total estimated staff cost (equivalent to USD 200 million) and represents the minimum amount that the UN needs to contribute to the funding, to cover the yearly increase of the liability.
- d) In addition to the 4.5%, the UN proposes a contribution of 2% of total staff costs to cover the present value of the ASHI liabilities accrued in the past to be collected over a time period of 20-25 years, which represents the average remaining working life of the UN staff.
- e) This contribution would be required for all staff, irrespectively of the funding source (regular budget, extra-budgetary or voluntary contributions, and peacekeeping missions) as the UN recognizes that staff will in most cases be redeployed from one source to another.

It is relevant to mention that the only marginal funding to be asked is that included in points c) and d), since b) is already been covered.

63. It was clarified that the growing trend of the UN ASHI liability over the period 2010-2012 is to be mostly explained by changes in the discount rate (6% in 2010, 4.5% in 2011 and 2012). The UN further informed the Network that it is collaborating with the BOA (UK, China and Tanzania) and has agreed to update the discount rate for the ASHI liability on a yearly basis while the census would be reviewed every two or three years. It was agreed that this arrangement should be escalated to the Panel of External Auditors so that the treatment is equitable to every UN entity.

64. Agencies who conducted a full Asset and Liability Management (ALM) study on the ASHI related liabilities and related investment strategies, conveyed to the Network the usefulness of such studies and strongly encouraged other agencies to follow this path.

65. Some agencies specified that, due to the different nature of funding between assessed and voluntary organizations, and considering that IPSAS requires organizations to disclose the liability but not to fund it, a common funding approach would be rather challenging as the incentive for stable assessed organizations to keep such funds ahead of the actual need is limited. This would most likely also result in differences in the target amounts to be funded.

66. The FB Network also recognized the need to establish a mechanism to charge donors and Member States should they decide to withdraw from the funding pool of organizations, with respect to the liabilities accumulated over the years of their participation.

67. Recognizing that one key element that influences the amount of the liability to be funded is the actual cost of the services provided, which leads to the contribution rates from the agency and from staff, some organizations highlighted that there is room for better communication with, and increased awareness by staff on the best value for money options of the different plans offered.

68. The UN informed the FB Network that disparity in benefits provided by retirement packages across the UN System is also under the radar of the ACABQ which emphasized the need and room for a harmonization effort.

69. The FB Network unanimously recognized that any analysis on the ASHI liability should not be segregated from considerations on the asset side, i.e. the investments of the funds, including the return and risk profile of the investment strategy.

70. The FB Network stressed the usefulness of increased information sharing on the ASHI practices, by expanding the last survey carried out by the CEB Secretariat to include information on frequency of actuarial valuation, firms used for ALM studies, benchmarks applied for the investments.

### **Conclusions and action points**

71. The FB Network acknowledged the extremely complex nature of this subject, as it involves aspects relating to agencies' funding models, human resources practices, investment approaches. The FB Network further recognized the large differences within the UN System in this area, which indicate that the Organizations are not at a stage for a common approach for the funding yet.

72. Nevertheless, the FB Network:

- a) Recognized the need for continued information sharing and cooperation across UN System organizations on the ASHI practices
- b) Agreed to set up a Working Group led by the UN tasked to undertake the work described here below:
  - i. Share further information on the current different ASHI practices with a holistic Asset and Liability approach, by identifying the variables that impact the liability, including different benefits provided by the plans, the reasonability of the underlying actuarial assumptions e.g. the discount rate, as well as the assumptions and factors related to the investment side, including asset allocation and the resulting expected return.
  - ii. Explore ways on how to decrease the costs of the ASHI services among different countries and/or regions, potentially by negotiating common agreements by more than one Agency with the health insurance companies. This should be done in close collaboration with the Human Resources network, recognizing that the benefits of the different plans and the staff entitlements are highly driven by the decisions taken by the ICSC and if necessary by escalating the subject to the HLCM.
  - iii. Propose common criteria for the review of the assumptions underlying the liability drawing on the agreement reached by the UN with the BOA.
  - iv. Explore harmonized criteria with respect to the actuarial valuations across the entire UN System, in addition to the ones performed to date by the UN System for approximately 22 AFPOs.
  - v. Work closely with the Common Treasury Services Working Group who is actively exploring joint approaches for the investments related to ASHI funding and would provide technical expertise.

73. The CEB will seek interest by organizations in taking part to the Working Group led by the UN Secretariat, and the final participants of the Working Group will be communicated to the FB Network in due course.

## **VI. Status and Action of the FB Network Initiatives from the HLCM Plan on Harmonization of Business Practices (HBP) in the UN System – Common Treasury Services**

*(Speakers: FBN Co-Chair – Nick Jeffreys; Banking Services Project Leader, Carlos Perrone; UN, Treasurer- **for information**)*

### **Documentation:**

- ✓ *Presentation by WHO and IFAD*
- ✓ *Presentation by UN on Banking Services Project*

### **Background and status quo**

74. The Working Group on Common Treasury Services (WGCTS) was established in 2009 by the FB Network. Four harmonization initiatives have been identified and are continuously pursued by the WGCTS which has 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.

75. The FB Network was presented with the latest achievements and current status in the four areas of work, led by the respective Project Implementation Teams (PIT).

### **Summary of the discussion and status quo**

Banking: PIT is led by UNHQ (with UNDP, UNICEF and FAO). The following initial project tasks were completed:

- The top 25 countries (where fees are highest & service unsatisfactory) were identified by WGCTS, analyzed and divided into 5 categories.
- The countries have been scored and matched with locations of six main banks.
- Four phases have been proposed for RFPs divided by countries and/or Regions based on multiple criteria.
- Discussions and agreement on proposed phases were obtained.
- Communication with Resident Coordinators and identification of country finance offices assigned for RFP evaluation team are in progress.

Foreign currency management: PIT is led by UNHCR and WFP.

- The 2012 UN Harmonization Field Forex Survey Results and Annual Report from the eight participating agencies (FAO, UNESCO, UNHCR, UNHQ, UNICEF, WFP, WHO and UNDP) reports a substantive overall improvement on all determinant key criteria indicators: volumes, margins and savings.
- The centrally reported traded volumes for Field Offices increased by 46% or US\$ 0.8 billion, amounting to US\$ 2.4 billion in 2012 compared to US\$ 1.6 billion in 2011. The total field FX trading volume was US\$ 6.3 billion in 2012.
- The total savings increased by US\$ 2.3 million, amounting in 2012 to US\$ 22.7 million compared to US\$ 20.4 million in 2011.

- One of the participating agencies is transitioning in 2013 from a decentralized to centralized approach to all Field FX conversions. All other agencies have adopted a centralized Field FX conversion approach, representing on average 61%, with an overall range of 46% to 78%.
- The aim is to continue to identify all significant Field FX conversion flows for which centralized FX conversion processes can be applied and established. Further, the goal is to adopt best practice for FX field conversions that require to be centrally monitored and benchmarked against market maker conversions to maximize UN wide value creation and realizing of savings.

#### Investments: PIT is led by UNDP

- The Framework Investment Guidelines Document has been conceived and developed with the understanding that it is not a binding document. It is intended to capture examples of best practices. UN Agencies will adopt their own detailed investment guidelines, taking into consideration each organizations' mandate and operational characteristics. The second revision of the document was completed based on inputs received by numerous organizations. The final review and endorsement of the document is foreseen for the third quarter of 2013.
- The Multi-Agency RFP (six participating Agencies: UNDP, UNICEF, UNFPA, UNOPS, UN Women, UNCDF) for the management of the funds linked to the After Service Health Insurance (ASHI) is progressing, with 19 proposals received. The Multi-agency technical and evaluation panels were established and five bidders were short-listed by technical evaluation panel. The final bidder presentations are scheduled for 18 June 2013.
- The WGCTS continues to hold bi-annual Investment Forum teleconferences and has held three forums to date with full participation by the Working Group. The next forum will be held in September 2013.

#### Risk Management: PIT is led by FAO, WHO and IFAD

- Two documents were prepared by the lead agencies by elaborating the data received from WGCTS on TDs and MM funds: a snapshot of Time Deposits as at 31.12.12 (including % exposure, ratings per bank, and the distribution of investment per rating categories and per bank type [commercial or non-commercial]); a study on the variation of investments since data was last compiled for Q2 2012.

The survey will be reviewed at the end of the 1st semester 2013; and the Group will formulate suggestions (to be discussed and agreed) on how to evaluate banks.

#### Payments: PIT is led by UNHQ

- The implementation of the Citi Card Program has not progressed throughout the UN System as anticipated because of either technical problems with interfacing to existing ERP systems or Operational challenges that were not initially anticipated. Currently, three organizations are fully LIVE on selected products and five are in different phases of development.
- Therefore, the WGCTS has discussed the possibility of utilizing the Procurement Network as a means of increased awareness of and interest in the Citi Bank Program and has recognized that increased participation (if feasible) is projected to result in increased savings and rebates.

76. The FB Network was then presented with a focused report on the status of the Banking Project. The objective of this project is to have find efficiencies and a harmonized approach to the use of Banking Services in the field. To achieve this, the adoption of a Master Agreement with major global banking partners which addresses common legal issues, particularly as it relates to the Immunities and Privileges of the UN is a prerequisite. Furthermore, the goal is to have a centralized team which will issue RFPs, select the bank(s) on regional and country level, and provide the Agencies with information, guidance and best practices related to banks.

77. Following are the main achievements of the project to date:

- Six major international banks where the main activities of the UN Agencies take place were selected for negotiating Master Banking Agreements (Barclays, Citibank, Ecobank, HSBC, Standard Bank (Stanbic), Standard Chartered Bank). The goal is to have Global Banking Master Agreements negotiated for all Agencies, not only for the UN HQ. The UN Office of Legal Affairs (OLA) indicated that these Master Agreements would be finalized by the end of the summer.
- It was agreed in the Office of Legal Affairs (OLA) steering committee that the Model Agreements would not be used as a starting point and existing negotiated contracts would be used instead. The question on how existing agreements would be affected by new Master Banking Agreements is still open and must be resolved. The direction the group is moving toward is to have the new Master Banking Agreement superseding the individual agreements for all the aspects which are common to all staff (e.g. privileges and immunities) and include agency-specific annexes.
- A challenge faced by this specific project is that the banking requirements of the Agencies do not necessarily coincide with the needs of the UN Secretariat. Therefore, the question of one RFP covering both sets of needs also must be resolved.
- A further challenge is represented by the requirement for one Agency's staff to potentially be obliged to change their longstanding bank with the one identified through the common RFP.
- Lastly, the role of the Resident Coordinator into the RFP evaluation process must be cleared and there must be a balanced representation of countries with different type of UN presence, including peacekeeping missions, agency regional offices and country offices.

78. The FB Network was informed that mobile banking in the field has been working very well for some agencies in difficult locations of programme countries and should be investigated system – wide.

### **Conclusions and action points**

79. The FB Network expressed very high appreciation for this project for the tangible results it has achieve to date in terms of value for money, concrete saving as well as information and knowledge sharing through the website. This view was shared by all agencies, irrespective of the level of decentralization as well as the size of Treasury departments and operations.

80. The FB Network further recognized the extremely high value of the common banking project for streamlining and harmonization of the banks used by the Country Offices; the importance of the agility of the process was emphasized to add weight to credibility with programme governments. This message of urgency should be conveyed to the OLA from whom the full support is required. Furthermore, the FB Network agreed that should a competitive bid come from a bank that provides

benefits to staff, this should not be used as a discriminating factor, especially in light of the challenges incurred by staff in programme countries to obtain loans.

81. The FB Network further recognized the importance of a harmonized approach to the investment strategy of the funds related to ASHI, which by nature require longer durations and potentially riskier asset classes, to achieve the rate of return projected by the actuarial studies. This area should be analyzed in a holistic manner on an ALM basis, considering the differences in funding models as well as the discount rates assumed in the actuarial studies. The critical role of the CTSWG in suggesting specifically these strategies was highlighted (please also refer to agenda item V).

82. The FB Network will continue to be updated at its meetings on the outcome of the Investment Forums and the development in the four key harmonization areas from the Common Treasury Service Working Group.

## VII. Cost-sharing arrangements of the UN Security Management System:

### VIIa. Governance of the UNSMS Budget

*(Speaker: Iva Goricnik Christian, UNFPA - for discussion)*

 **Documentation:**

✓ *Draft report from the lead agency (UNFPA)*

#### Background and status quo

83. Looking forward to the absolute need to address the structural issues currently preventing a viable a sound process for the budgeting of jointly financed costs by UNSMS member organizations, a Working Group led by UNFPA and participated by the UN Secretariat, UN DSS, UNICEF, UNHCR, UNDP and the CEB Secretariat, was established at the 19th FB Network meeting in September 2012 to review the governance and process related to the development and approval of the jointly-financed UNSMS.

84. The FB Network was called to comment on the draft proposal by UNFPA which, due to time constraints, had not yet been discussed among the WG.

#### Summary of proposal by UNFPA

85. The lead of the Working Group summarized for the FB Network the main issues identified that pose challenges to a predictable and transparent budget process. The main structural challenge for the definition and apportionment of the UN Security Costs, which are a Jointly Financed Activity (JFA), lie in the different budgetary practices of the UN Secretariat, where the UN Department of Safety and Security (UN DSS) services are hosted, and the budgetary practices of participating organizations that also benefit from the security services in Headquarters and on the field.

86. Participating organizations work with a fixed budget set at the start of their respective budgetary periods and they are expected to manage vacancy rates and other expenses within the budget appropriations approved by their legislative bodies.

87. The UN Secretariat commences with an initial budget (initial appropriations), based on approved activities, which is updated and reforecast each year to take account of actual expenditure patterns (revised and final appropriations). This practice is known as recosting and it has led, in the

past biennia, to higher revised and final appropriations, as well as expenses. These higher amounts are not presented for approval by the organizations which however are billed and called to pay for the services rendered, but did not account for these expenses in their budget ahead of the biennium.

88. It is also noted that the UN Secretariat is expressly prohibited by General Assembly mandate to manage vacancy rates in order to achieve budgetary savings. This practice is not sustainable anymore by participating organizations, especially in the current financial situation that calls for budget cuts.

89. The proposal by the lead agency was to distinguish the following two concepts:

- a) Budget appropriation: the total amount approved by the General Assembly for specified purposes in a budget period, against which commitments may be entered into and expenses incurred for those purposes up to the amounts so approved.
- b) Budget ceiling: total amount approved by the participating organizations in the jointly-financed activities for specified purposes in a budget period. The budget ceiling constitutes the maximum amount agreed to be cost-shared by the participating organizations and forms the basis for budgetary commitments by participating organizations in their own budget proposals. The ceiling should be based on a fully costed budget proposal, taking into account forward estimates for vacancy rates, inflation and exchange rates, thus eliminating current issues with budget recosting. Any revision to the ceiling should be formally approved by the IASMN and FB Network before higher spending can take place.

If desired, a range could be applied to the budget ceiling. Any upward revision within the range (e.g. 3%) could be approved without formal revision by IASMN and FB Network. Revisions above the ceiling would have to be submitted for joint review and approval.

90. The proposal foresees that the approval of the UN DSS biennial budget be done by IASMN and FB Network, rather than HLCM, in line with the HLCM vision to delegate operational matters to the networks, an focus on strategic matters.

### **Summary of the discussion**

91. The Network complimented the presenter for the proposal which was recognized to go into the right direction. The Network reiterated the inherent differences between the budget practices of the UN Secretariat and the other organizations, as well as the need for a certain amount of flexibility in the UN DSS budget, whose services have by definition an element of unpredictability. However, the Network unanimously stressed the goal of a compromise solution.

92. The Network was informed that this issue is currently also being analyzed by the Office of the Controller of the UN Secretariat with the aim of narrowing this structural gap in budget procedures.

93. Some agencies expressed concerns about the potential confusion for Member States and Governing Bodies of presenting two different amounts for appropriation and ceiling.

94. The FB Network unanimously stressed the absolute prerequisite for the ceiling to be based on explainable assumptions for foreign exchange and inflation figures, as well as realistic vacancy rates for UN SMS so as to avoid the need for recosting.

95. On a broader governance issue, one organization raised the question of how, in the existing environment of oversight, such an issue with its financial risk implications was not identified earlier; another organization, referring to this comment and citing the governance issue regarding the process of signing MOUs for security services that may have financial implications for other organizations, recommended that the identification of other potential gaps in governance be proactively pursued.

96. The FB Network was reluctant to support the concept of a range in addition to the ceiling, as this would open the door for revisions and go against the final goal to achieve a stable budget amount. It would therefore disincentive a sound budget preparation process based on fully costed and justified assumptions.

97. The Network was informed of the outcome of the discussions of the IASMN steering committee that took place in May 2013, where there was clear consensus by Agencies, Funds and Programmes (AFPs) on the agreement of the establishment of a budget ceiling which would allow for predicable and transparent budgeting procedure. In line with this unanimous decision, the IASMN is therefore working on the basis of a fully costed budget for the next biennium of USD 218.6 million, as agreed at the 20<sup>th</sup> FB Network.

98. Furthermore, the Network was informed that the IASMN is undertaking a strategic review of the UN SMS Jointly Financed Activities, which would be concluded within the forthcoming 6 to 12 months. The review is expected also to increase communication between IASMN and UN DSS so as to put IASMN in a better position to argue for and increase or decrease of the UN DSS budget in the phase of its preparation.

99. Representatives of UN DSS informed the Network that the ceiling of USD 218.6 million established by IASMN is based on actual vacancy rates expected for the biennium 2012-2013. Such vacancy rates would have to be maintained in order to keep the budget within that ceiling.

100. For the biennium 2014-2015, UN DSS informed the FB Network that the following vacancy rates are being used:

- a) 7.2% for local staff for budgetary purposes, as the actual vacancy rate is 10%;
- b) 7.0% for international staff.

101. UN DSS representatives confirmed that the current budget embeds the actual vacancy rates. However, the practice of recosting is driven by the General Assembly which will take place in the forthcoming months.

### **Conclusions and action points**

102. The FB Network unanimously welcomed the concept of a budget ceiling as also established by the IASMN, which for the biennium 2014-2015 is set at USD 218.6 million. The ceiling should be based on fully costed budgets and explainable assumptions and not be subject to revisions. The appropriations should never be higher than the ceiling, and neither should be the final billing to organizations.

103. The FB Network agreed that it would not welcome increases in the budget over the approved ceiling of USD 218.6 million for 2014-2015 and therefore further discussions between the FB Network and UN DSS would be needed in case recosting from the GA would result in higher billings for the agencies.

104. The FB Network was not supportive of the concept of a range as it would reopen the door for unexplained increases to the budget.

105. The FB Network expressed the wish to finalize this effort soon, preferably within September 2013.

106. The Lead of the working group will incorporate the comments into the revised draft of the paper for the Working Group so as to finalize the proposal to be submitted to the Working Group. An ad-hoc FB Network VC will be scheduled to finalize the matter.

## VIIIb. Briefing by the Working Group on Safety and Security Costs

*(Speaker: Sean O' Brien - WFP - for decision)*

### Documentation:

- ✓ *Final report on the activity of the Working Group*
- ✓ *Discussion paper 4*

### Background and Status Quo

107. The Working Group on Safety and Security Costs, led by WFP, worked to develop an approach that guarantees a transparent, consistent, predictable and equitable method for the allocation of the jointly financed part of the UN SMS costs amongst participating agencies.

108. In May 2013 the WG finalized Discussion Paper 4 following two Video Conferences of the WG on 3 December 2012 and on 23 May 2013.

109. The FB Network was presented with the final report on the activity of the Working Group for decision. The final report had not been the subject of a dedicated Working Group meeting. However, the content and conclusions presented in the report were directly summarized from the four papers and the Working Group's discussions. The Lead of the WG summarized the Terms of Reference of the WG and the conclusions reached in respect of all the requested areas of work.

110. The FB Network was requested to:

- i. Acknowledge that the ability to charge specific programmes for safety and security-related costs is ultimately dependent on the cost-sharing mechanism implemented. A direct link would require using security cost and head count by country, but fully accurate attribution may not be attainable as security needs and expenditures shift throughout the biennium.
- ii. Acknowledge that, given constrained budgets in the current zero-growth environment, minimal appetite and consensus currently exists for any significant change to the apportionment of the JFA.
- iii. Endorse the recommendations that should future work be conducted on the JFA cost-sharing formula the following be considered:
  - a. The evaluation criteria established should be the basis for assessing appropriateness, viability and efficiency;
  - b. Funding mechanisms should not rely on data from TRIP or the Security Level System;
  - c. The nature of the security activities (Central vs. Field) should be evaluated;

- d. Willingness for realignment of the JFAs and UN Regular Budget should be explored.
- iv. Acknowledge that the agreed upon budget review process and templates have streamlined budget approval and increased transparency and provide the necessary information to allow organizations to attribute and, perhaps, mainstream a large portion of their JFA costs into programmes.
- v. Accept the conclusion that the financial implications of the Security Level System are negligible.
- vi. Endorse the recommendations with respect to local cost-share that:
  - a. The Security Management Team, AFPOs and respective country directors should provide adequate oversight of budgets and headcounts to ensure those benefiting from the services are paying for the services;
  - b. UN DSS should not contribute to the LCS; and
  - c. The local headcount should be retained as the apportionment method.
- vii. Acknowledge the Working Group's recommendation that surge costs not be included in the JFA and accept the options identified for providing surge contingency:
  - a. Authorize expenditure of unspent JFA funds for use as surge contingency;
  - b. Re-define use of existing funds for 'unforeseen and extraordinary expenses' to provide the finance for short-term surge activity;
  - c. Categorize surge funding as 'Central Activity' for the benefit of all UN AFPO's resident staff or those travelling in the field;
  - d. Seek CERF, extra-budgetary or CAP funds for surge incidents of longer duration; and
  - e. Higher Risk locations with historic surge incidents should include surge contingency within the programme bid.

### **Summary of the discussion**

111. The FB Network and UN DSS representatives thanked WFP for the extremely thorough review and the solid work performed over the years by this WG which forms a basis for any future review of this matter.

112. The FB Network acknowledged that in the constrained budgetary environment the review performed by the WG confirmed that the currently applied cost sharing formula is the most appropriate as the appetite for changing it diminished over the past year.

113. Some agencies however expressed the view that the practice of the minimum threshold for UN SMS services is not equitable as it penalized smaller agencies that have limited use of security services.

114. It was clarified that the use of TRIP or Security Level System for budgetary purposes is to be highly discouraged because such systems are security tools; using these systems as a basis for the

Security budget entails the risk of taking budgetary driven decisions rather than prioritizing strategic security issues. Moreover, staff does not always use them and using them as a basis for budgetary purposes could represent a further disincentive to use of such systems.

115. Some members of the Network highlighted that there is still the need to carefully review the security services funded jointly vis-à-vis the locally cost shared security services, to provide further evidence that there is no subsidizing, overlap and duplications in the services rendered and in the billed amounts. To this regard, UN DSS representatives agreed to share with the Network the guidelines which detail what services are covered by the Locally Cost Shared (LCS) budgets to be posted on the CEB website.

116. It was reaffirmed that trying to centrally review the local security budgets could potentially detract from the ownership of their security from the local county teams and in any case should be done by IASMN.

117. With regard to participation of UN DSS to the LCS, it was clarified that being the UN DSS a Jointly Funded Activity, should UN DSS participate to the LCS, the funds would have to come from joint financing thereby creating a circular funding process between the JFAs and the LCS. In such a way, AFPOs would be paying for the same services in a diluted way.

118. Recognizing the joint need and ownership of this Jointly Financed Activity, the FB Network expressed the wish that the ongoing Strategic Review of the IASMN focuses first on the Jointly Financed portion of the security services.

119. UN DSS informed the FB Network that the WG of the IASMN reviewing the JFAs met in New York recently. The full report and recommendations by the WG would be presented to the IASMN full body meeting in September 2013 in Montreal.

### **Conclusions and action points**

120. It was noted that consensus was not reached on an alternative JFA cost-sharing option; therefore the current formula for apportionment of the Jointly Financed portion of the UN SMS services will be maintained, as approved by the General Assembly. The formula distributes the total cost based on percentage shares derived from the headcount of field staff of the organizations as provided by Organizations to the CEB Secretariat (all personnel based in countries not members of the OECD for whom the United Nations system had a responsibility in terms of security and safety, irrespective of their type and/or duration of contract), with a minimum level of participation (floor) of \$75,000.

121. The headcount applied for this exercise will be the official census received by the CEB Secretariat as published on the CEB Website, in line with the headcount used for all other Jointly Financed Activities. There was broad consensus that organizations participating in the UNSMS may not exclude headcount in non-OECD countries from the cost-sharing formula because such exclusion would result in cross-subsidization by other organizations (since services provided by the JFA cannot be specifically applied to only certain field staff).

122. UN DSS representatives will share with the FB Network the UN SMS guidelines which include details on the services covered by the Locally Cost Shared (LCS) budgets.

123. The FB Network requested the IASMN to report on the outcome of the Strategic Review at the earliest opportunity, by including further clarification on the separation of the jointly financed from the locally cost shared services.

124. The FB Network acknowledged the considerations included in the Final Report of the Working Group as reported in paragraph 109 above. The Working Group on Safety and Security Costs, having completed its terms of reference, is to be considered closed.

### **VIII. Any Other Business and Closing Remarks**

125. The Network agreed that the next FB Network meeting, to be held via Video Conference, should take place in late November or early December 2013. The face-to-face meeting should be maintained at two full days, possibly during the last week of June.

126. One potential host of the next face-to-face meeting, to be confirmed, could be ICAO in Montreal.

127. One proposed agenda item for the next meeting was the relationship of the UN System with the European Union as a donor. This, even more so in light of the fact that the EU is moving away from the Financial and Administrative Framework Agreement (FAFA) signed in 2003.

128. The Chairs reiterated that the FB Network is tasked with providing leadership and guidance on financial and budgetary practices across the UN System and is further empowered by the newly adopted HLCM working modalities. The FB Network must therefore continue to strive toward achieving results and show concrete contribution to the UN System.

129. The Chairs closed the meeting by deeply thanking WFP for the excellent hosting and facilities, the CEB Secretariat for the facilitation, and all the FB Network members for their participation to the fruitful discussions.

## Annex I - Agenda

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### 1) Opening of the meeting

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### 2) Actions by the FB Network in response to the HLCM Strategic Plan

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#### a. Common definition of operating costs and a common and standardized system of cost control

(Speaker: FBN Co-Chair - Darshak Shah - *for decision*)

**HLCM Strategic Plan Priority E. Measuring and communicating Results**

 **Documentation:**

- ✓ CEB/2013/HLCM/FB/12 Summary note on the work done by UNDP, UNFPA, UNICEF and UN Women on Common Cost Classification

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### 3) Implementation of Statement on Internal Control in Financial Reports – Challenges and Lessons Learned

(Speaker: UNESCO - *for discussion*)

 **Documentation:**

- ✓ Presentation by UNESCO

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### 4) Terms of Reference of the Finance and Budget Network

(Speaker: FBN Co-Chair - Nick Jeffreys - *for discussion*)

 **Documentation:**

- ✓ CEB/2013/HLCM/FB/14 ToRs of the FB Network

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### 5) After Service Health Insurance (ASHI) – Study on Funding Options presented by UN

(Speaker: Pedro Guazo – UN - *for discussion*)

**HLCM Strategic Plan Priority B: Re-designing and innovating the UN business model: right sourcing, common services, and new technologies.**

 **Documentation:**

- ✓ Presentation by UN: ASHI Study on Funding Options

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### 6) Status and Action of the FB Network Initiatives from the HLCM Plan on Harmonization of Business Practices (HBP) in the UN System - Common Treasury Services

(Speakers: FBN Co-Chair – Nick Jeffreys; Banking Services Project Leader, Carlos Perrone; UN, Treasurer- *for information*)

**HLCM Strategic Plan P Priority B: Re-designing and innovating the UN business model right sourcing, common services, and new technologies.**

 **Documentation:**

- ✓ Presentation by WHO and IFAD
- ✓ Presentation by UN on Banking Services Project

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**Side event: Presentation by Pricewaterhouse Coopers and Citigroup - "Disaster Recovery: Role in Internal Control System and Financial Implications"**

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## 7) Cost-sharing arrangements of the UN Security Management System

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### a. Governance of the UNSMS budget

*(Speaker: Iva Goricnik Christian, UNFPA - **for discussion**)*



#### **Documentation:**

- ✓ *Draft paper from the Lead Agency of the Working Group (UNFPA)*

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### b. Briefing by the Working Group on Safety and Security Costs

*(Speaker: Sean O' Brian - WFP - **for decision**)*



#### **Documentation:**

- ✓ *Final report on the activity of the Working Group*

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## 8) Conclusions

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## Annex II

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