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CEB
Chief Executives Board
for Coordination

CONCLUSIONS OF THE 46th SESSION OF THE FINANCE AND BUDGET NETWORK (1-3 JULY 2026)

In person (World Trade Organization, Geneva)

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I. Introduction

1. The Finance and Budget Network (FBN) held its 46th session on 1-3 July 2026 at the headquarters of the World Trade Organization (WTO) in Geneva. The meeting was co-chaired by Ms. Chitra Narayanaswamy, Controller and Director, Department of Program Planning and Finance, WIPO, and Mr. Andrew Rizk, Director, Finance and Corporate Services Division, WTO. The session was held fully in person, the first such format in several years, with a number of members and presenters joining online.

2. The session was opened by the WTO Director-General, Dr. Ngozi Okonjo-Iweala, who welcomed participants and underlined the critical role of chief financial officers and controllers across the UN system at a time of heightened uncertainty for the multilateral system. She emphasized that multilateral institutions needed to be reshaped and modernized, including in the way they were financed; that organizations needed to become more agile, streamlined and efficient while exploring more creative approaches to resource mobilization; and that safeguarding integrity, accountability and transparency through sound risk management, controls and credible reporting remained essential to maintaining the confidence of Member States.

II. Global Geopolitical and Economic Context

Presenters: *Mr. Stephen Pomper, Chief of Policy, International Crisis Group; and Mr. James Mazeau, Economist, UBS (virtual).*

Discussion:

3. Mr. Pomper offered an assessment of the evolving peace and security landscape and its implications for multilateralism. He described the current period as one of significant strain on the post-war international order, marked by major powers increasingly departing from its core principles, a rise in inter-State conflict and the use or threat of military force as an instrument of statecraft, and growing pressures towards militarization and deterrence, including asymmetric strategies. He noted the emergence of a new generation of regional mediators pursuing more circumscribed, practical objectives, and observed that emerging technologies were not yet subject to meaningful global regulatory norms. At the same time, he stressed that the core of the post-war legal and institutional framework, with its emphasis on sovereign equality, non-aggression and civilian protection, retained enormous value, that most mid-sized and smaller States continued to support a rules-based order, and that multilateral agencies continued to play a vital role in managing humanitarian crises. He concluded that recognizing the essential contours of the current moment was a precondition for defining a constructive lane for those working towards global public goods.

4. Mr. Mazeau presented an overview of the global economic and financial outlook. He noted that global growth remained resilient but fragile, with the energy price shock earlier in the year feeding through into renewed inflationary pressure and delaying the anticipated normalization of monetary policy in major economies. Long-term government bond yields had risen materially on the back of weaker fiscal positions, persistent deficits and inflation concerns, with government debt close to record highs in many countries and debt-servicing costs now among the largest budget items in several major economies. He observed that this environment raised questions about how governments would prioritize spending, including funding for international cooperation. On currencies, he highlighted the potential for renewed volatility in exchange rates, with implications for organizations managing multi-currency funding and expenditure.

5. In the ensuing discussion, FBN members raised questions on the outlook for sanctions, which were expected to remain a feature of the policy landscape, increasingly applied on a unilateral or bloc

basis even as agreement on multilateral regimes becomes more difficult; on the prospects for Security Council reform, which were assessed as limited in the near term given the requirements for Charter amendment; on risks to the role of the United States dollar as the global reserve currency, where a gradual trend towards diversification was acknowledged but no realistic near-term alternative was identified; and on corporate sentiment, which was assessed as broadly resilient, supported in particular by investment linked to artificial intelligence.

Conclusions:

6. FBN members noted that the external environment remains fragile and shaped by geopolitical tension, policy unpredictability, rising defence expenditure and constrained fiscal space among donors, with direct implications for the funding and operating environment of the multilateral system. The session provided an analytical framing for the subsequent discussions on financial strategy, resilience and adaptation.

III. HLCM Debrief and UN System Funding Outlook

Presenter: *Mr. Andrew Rizk, FBN Co-Chair*

Documentation:

- CEB/2026/HLCM/2 - Results of the FBN survey on revenue and expense projections
- CEB/2026/3 - Report of the 51st HLCM Session

Background:

7. At its 51st session in April 2026, the High-Level Committee on Management (HLCM) reviewed the evolving financial outlook for the United Nations system, including the implications of declining revenues, increasing financial uncertainty and the need to strengthen long-term organizational resilience. The FBN was invited to consider the implications for finance functions, organizational planning and future workstreams.

Discussion:

8. Members received a debrief on the main outcomes of the HLCM discussion and reviewed updated projections for UN system revenues and expenditures. It was noted that total UN system revenue, which had reached USD 74.3 billion in 2022, was projected to decline to approximately USD 54.3 billion by 2027, representing a reduction of 27 per cent from its peak. It was further noted that the impact would vary considerably across organizations, with some entities projecting reductions of around 30 per cent and others reductions of up to 80 per cent, depending on their funding models and reliance on voluntary contributions. The uncertainty surrounding the projections, including assumptions regarding the future receipt of assessed contributions was also flagged.

9. The discussion highlighted that many organizations were already implementing cost reductions through travel restrictions, workforce reductions, office consolidations, procurement savings, relocations and other cost-containment measures. It was reiterated, however, that efficiency initiatives alone would be insufficient to address funding shortfalls of the scale projected and that organizations would increasingly need to consider adjustments to programme delivery, organizational priorities and operating models.

10. An update was also provided on HLCM's request for further work on innovative financing opportunities, workforce adaptation and efficiency measures. The need for a better understanding of innovative financing approaches, their applicability across different organizations, and the scale of

potential financing markets was highlighted. It was noted that opportunities would differ significantly depending on mandates, funding structures and business models, and agreed that further analysis and exchange of experience would be valuable.

Conclusions:

11. The FBN took note of the financial outlook presented and the significant projected decline in UN system revenues, including that the scale of the projected reductions would require organizations to consider not only efficiency measures, but also broader adjustments to programme delivery and operating models.

IV. Insights from CFO Consultations: System-Wide Challenges and Ways Forward

Presenter: *Ms. Chitra Narayanaswamy, FBN Co-Chair.*

Background:

12. During the first quarter of 2026, the FBN Secretariat conducted a series of consultations with CFOs and Controllers across the UN system. The objective was to understand directly from members the most pressing financial challenges and where there is greatest need and opportunity for collective action, in order to ensure that the FBN's work programme remains grounded in the realities faced by organizations.

Discussion:

13. An overview of the key outcomes of the FBN consultations was provided, revealing a strong convergence around a set of shared challenges, organized into seven key findings. First, most organizations reported significant financial stress arising from continued uncertainty in the collection of assessed contributions, declining core resources, and increased reliance on tightly earmarked voluntary funding, with several entities noting prolonged liquidity risks linked to delayed or suspended contributions. Second, funding volatility had driven frequent budgetary adjustments, reductions in programme delivery capacity, internal restructuring and urgent cost-containment measures, with conditions attached to contributions creating further administrative burdens. Third, the ongoing UN80 reform and related restructuring processes had introduced considerable uncertainty for several entities. Fourth, many organizations highlighted challenges related to fragmented planning and budgeting systems and capacity constraints preventing full utilization of technology, with smaller entities in particular finding it difficult to keep pace in adopting new financial technologies, including AI-based tools, and calling for system-wide sharing of tools and platforms. Fifth, the FBN was recognized across the consultations as a valuable forum for information exchange and collective engagement, with the Task Force on Accounting Standards and the Working Group on Common Treasury Services highlighted as essential platforms for strengthening coherence. Sixth, members expressed a strong desire for more operational, action-oriented knowledge sharing, including how-to exchanges, repositories of existing tools and practices, and thematic expert-led sessions, noting that discussions could otherwise remain high-level with limited follow-up. Finally, a number of organizations had pointed to the need to modernize financial regulations and rules to reflect contemporary operating realities, digitalization and heightened funding volatility.

Conclusions:

14. The findings of the consultations were endorsed as the basis for the breakout group discussions under the following agenda item and, more broadly, as an input to shaping the FBN's work programme for 2026-2027, with a clear orientation towards practical outcomes and concrete steps forward.

V. Breakout Group Discussions: System-Wide Financial Resilience

Facilitators: *Ms. Maria Costa, Deputy Controller, United Nations Secretariat; Ms. Andrea Verhas, Comptroller, IOM; and Mr. George Kyriacou, Chief Financial Officer, UNDP. Plenary facilitated by the FBN Co-Chairs.*

Background:

15. FBN members rotated through three parallel breakout groups covering three of the key themes that emerged from the CFO consultations: (a) adapting finance functions in the face of sustained funding constraints and workforce reductions while maintaining robust controls, effective risk management and business continuity; (b) embedding scenario-based planning to support informed decision-making and resilience when navigating uncertainty; and (c) modernizing financial regulations and rules to enable more agile and effective operations. A facilitators was assigned to each theme with an objective of leading the discussions and subsequently reporting the key findings back to the plenary.

Discussion:

(a) Adapting finance functions in the face of sustained funding constraints and workforce reductions while maintaining robust controls, effective risk management and business continuity

16. On theme (a), the central tension identified was the extent to which resources for finance functions could be reduced before the controls, assurance and decision support on which organizations depend were themselves degraded. Group participants noted that demands on finance functions continued to grow, driven by expanding oversight and donor reporting requirements, increased earmarking and associated verification burdens, and the need to maintain multiple planning scenarios, even as resources contracted. Efficiencies had been achieved primarily in transactional areas, notably accounts payable, through automation and targeted, low-cost applications of AI, while more judgment-intensive functions such as budgeting and donor relations had proven less amenable to automation. Outsourcing of functions such as payroll and treasury was seen to work on a case-by-case basis rather than as a one-size-fits-all solution. While a widespread loss of institutional knowledge was not reported, members noted that sustained financial pressure risked weakening core control and assurance capacity, and that finance functions needed to communicate their value more effectively, including through fuller end-to-end costing of services. Caution was also urged with regard to large, unproven technology investments, with a reminder to consider incremental, in-house solutions using proven tools.

(b) Embedding scenario-based planning to support informed decision-making and resilience when navigating uncertainty

17. There was broad agreement that scenario planning was essential and should become a standing element of organizational planning culture rather than a crisis-driven exercise. FBN members emphasized that scenario planning was not a purely financial exercise: it should be organization-wide, engaging risk management, programme, human resources, procurement and strategic planning functions, with finance acting as a critical enabler. Results-based management and budgeting were identified as key enablers, allowing scenarios to be expressed in terms of impact on delivery and results rather than solely income and expenditure, which in turn strengthened dialogue with management and Member States. Members exchanged views on the appropriate degree of transparency towards governing bodies regarding scenarios, on planning horizons, and on the constraints posed by fixed costs, including staff costs, long-term leases and procurement arrangements.

(c) Modernizing financial regulations and rules to enable more agile and effective operations

18. Under this theme, group members identified potential misalignment between financial regulations and rules drafted in an earlier era and today's business models and funding sources. Common challenges included limited management flexibility to move funds between budget lines, constraints on the use of reserves, cross-subsidization and cost-recovery issues across funding sources, and the time intensiveness of passaging changes to financial regulations through governing bodies. There was support for moving towards principles-based, less prescriptive regulations that provided management with appropriate flexibility while preserving accountability, and for future-proofing regulations against changes in technology, payment systems and internal control frameworks. Members agreed that harmonization of financial regulations and rules across the system was neither feasible nor desirable given the diversity of governance structures and business models, but saw significant value in sharing principles, lessons learned and negotiation experience, and in closer coordination among entities that had common governing bodies or audit institutions.

Conclusions:

19. The FBN plenary discussion identified a rich set of potential actions for the FBN, including: developing a knowledge-sharing "marketplace" of proven technological solutions and practices; exploring, with the HR Network, rosters or pooling arrangements for finance professionals; collaborative approaches to implementing partner due diligence and monitoring; sharing of governance practices for voluntary contributions; creating a library of lessons learned and a reference template for scenario planning; strengthening structured engagement with the HR Network, the Procurement Network and strategic planning functions; and establishing a repository of principles and beneficial changes for the modernization of financial regulations and rules. The CEB Secretariat will consolidate the full set of proposals and circulate it to the membership for prioritization, with a view to agreeing a set of priority workstreams and associated actions for 2026-2027.

VI. Innovative Financing for the UN System

Presenters: *Mr. Bernard Ross, Director, MC Consulting; and Dr. Michael Franczak, Senior Researcher in Multilateralism and Global Governance, United Nations University Centre for Policy Research.*

Documentation:

- CEB/2026/HLCM/FB/5 - Terms of Reference for an assessment of Innovative Financing opportunities for the UN system
- CEB/2026/HLCM/FB/6 - Background to Innovative Financing in the UN
- CEB/2026/3 - Report of the 51st HLCM Session

Background:

20. At its 51st session in April 2026, the HLCM requested the FBN to commission a high-level, system-wide assessment of innovative financing options, including private sector engagement, philanthropy, data monetization and emerging financial instruments, to be conducted with external expertise and addressing the diversity of United Nations mandates and business models. The assessment was expected to identify the size of the opportunities, which mechanisms were ready to scale, the critical success factors, and where inter-agency pooling and cooperation could accelerate progress. Based on its findings, mandate- or business-model-sensitive working groups on innovative financing were to be established. The HLCM emphasized that innovative financing was not a substitute for core government contributions but could play a complementary role in diversifying funding sources and enhancing financial resilience.

Discussion:

21. The FBN had before it a draft Terms of Reference for undertaking an assessment of innovative financing mechanisms for the UN system, and received presentation from two external experts on innovative financing current practices and potential opportunities.

22. Mr. Ross presented an overview of the private philanthropic market and its accessibility to UN system organizations. He highlighted that individual giving accounted for the large majority of philanthropic funds, with growth concentrated among high-net-worth individuals and in legacy and bequest giving, while mass-market individual giving was broadly declining in most developed markets. Corporate giving remained a comparatively small and static share of the market, and headline corporate figures often required careful interpretation. The foundation market was highly concentrated, relationship-driven and largely transatlantic, with legal frameworks in many jurisdictions materially affecting the accessibility of legacy giving. He emphasized the importance of how organizations articulated their cause, of brand awareness, of realistic assessments of the cost of market entry and payback periods - bequest programmes, for example, typically took four to seven years to mature - and of matching fundraising ambitions to organizational competencies, capacity and culture. He was candid that private fundraising, while offering genuine opportunities for some organizations, would not offset the scale of recent reductions in public funding.

23. Dr. Franczak presented an overview of the initiatives that the United Nations University (UNU) has been undertaking related to innovative financing, including a taxonomy of innovative resource mobilization drawn from UNU's UN system-wide analysis, organized around revenue-generating services (such as registry-based services); pooling and de-risking mechanisms (including anticipatory action portfolios, reinsurance arrangements and guarantee facilities); taxes and levies (noting both the prominence and the limited replicability of solidarity levies, and the durability of binding industry-levy models that functioned as mutualized insurance); capital markets access (including frontloading mechanisms backed by long-term donor pledges and institutional bond issuance, which required legal capacity, a high-performing portfolio, scale and patience, potentially supporting a case for bundling across entities); and innovative member contributions (including digital public goods accepted as in-kind contributions and city-level co-investment models). He stressed that innovation was “novelty in context”, frequently involving the transfer of a model from one sector to another; that success in any modality depended on institutional credibility, baseline funding stability and appropriate legal structures; and that the system should prioritize mechanisms that were both modular and scalable in order to avoid a proliferation of small pilots.

24. In discussion, FBN members worked through a practical exercise on where individual organizations should - and should not - focus fundraising energy given their mandates, capacities and constraints, and reflected on the differences in opportunity between humanitarian, development and normative entities, including with respect to data monetization and digital assets.

Conclusions:

25. The FBN took note of the Terms of Reference for an assessment of innovative financing opportunities and agreed that the initiatives being carried out by UNU on a taxonomy of innovative financing mechanisms are complementary and could be brought together into a holistic response to the HLCM's request. It was suggested that the assessment be explicit about organizations' authorizing environments, distinguishing between opportunities available within existing mandates and those requiring Member State decisions, and that it should identify short-, medium- and longer-term tracks accordingly, with emphasis on modularity and scalability.

VII. International Non-Profit Accounting Standard (INPAS) and Reporting by Implementing Partners

Presenters: *Ms. Sam Musoke and Mr. Tim Boyes-Watson, International Non-Profit Reporting Forum (INPRF); discussion moderated by Mr. George Kyriacou, Chief Financial Officer, UNDP.*

Documentation:

- INPRF presentation on INPAS
- INPAS Practice Guide 1 - Harmonised Grant Reporting

Discussion:

26. The presenters introduced the International Non-Profit Accounting Standard (INPAS), published in October 2025 following six years of participatory development. INPAS was the first internationally applicable financial reporting standard designed specifically for non-profit organizations, built on IFRS for SMEs and drawing on IPSAS, including IPSAS 47 (revenue) and 48 (transfer expenses), with new content on fund accounting, accounting for grants and donations, and narrative reporting. Alongside the main standard, Practice Guide 1 on harmonized grant reporting offers a standardized, input-based grant report format that reconciles to the grantee's audited entity-level accounts, with defined flexibilities for additional analysis. Importantly, the practice guide could be used independently of INPAS adoption and by grantees applying other reporting frameworks, provided accounting policies are consistent. The presenters outlined the adoption trajectory, with several countries having announced or preparing adoption and a number of significant funders piloting or adopting the practice guide, and described the longer-term ambition of enabling greater reliance on entity-level audit - a "single audit" direction - to reduce duplicative grant-level assurance.

27. In the discussion, FBN members explored the relationship between INPAS and IPSAS and received assurance regarding their consistency; asked about the expected pace and phasing of adoption, the engagement of major institutional donors, and the treatment of output-based reporting requirements, which could be accommodated as supplementary analysis without disturbing the harmonized input-based structure; and raised the question of capacity constraints among implementing partners at country level, where the presenters described national working groups, engagement with training institutions and international financial institutions, and planned free resources. It was noted that the UN system had not been closely involved in the standard's development, and that the Network could seek representation in the standard's future maintenance through the practitioner advisory group. FBN members observed that broad donor acceptance of the harmonized format, and reduced audit and verification burdens for implementing partners, would be the point at which the benefits would become most tangible for UN organizations. The potential of a recognized standard to anchor capacity development of implementing partners and constituents was also highlighted.

Conclusions:

28. Noting that the UN system collectively channeled well in excess of $10 billion per year through implementing partners, the FBN recognized clear potential benefits of harmonization in this area. It was agreed that INPAS Practice Guide 1 could be examined in the context of the ongoing review of the Harmonized Approach to Cash Transfers (HACT), given the concentration of implementing-partner volumes among HACT-using agencies, and that the matter would be brought back to the FBN once that review had concluded. In taking this work forward, the needs of all stakeholder groups - donors, implementing partners, UN organizations, and oversight bodies - would need to be reconciled.

VIII. Financial Reporting: Task Force on Accounting Standards (TFAS) and Statement of Internal Control

Presenters: *Mr. Adnan Chughtai, Treasurer and Financial Comptroller and Director, Financial Management Department, ILO, and Chair of the TFAS; and Ms. Anny Zhang, ILO, moderator of the inter-agency exchanges on the Statement of Internal Control.*

Documentation:

- TFAS Virtual Interim Meeting Summary (5 and 7 May 2026)
- CEB/2026/HLCM/FB/3 - Statement of Internal Control (SIC) Practices Across the UN System - Outcome of inter-agency knowledge exchanges
- Progress Report of the TFAS (Reporting period: November 2025 - June 2026)

Discussion:

29. The Chair of the TFAS reported on the Task Force's three main priorities over the reporting period: sustained engagement with the IPSAS Board and monitoring of standard-setting developments; support to consistent IPSAS implementation across entities, including through the working groups developing system-wide guidance on IPSAS 47, IPSAS 48 and IPSAS 43; and structured engagement with the UN Board of Auditors and the technical group of the Panel of External Auditors, to ensure that system-wide guidance and audit expectations remained aligned. It was noted that two IPSASB consultations required FBN attention: Exposure Draft 97 on making materiality judgments, for which the TFAS would circulate a template response for entities to submit; and the consultation paper on the review of IPSAS 1 (presentation of financial statements), for which a TFAS group would prepare a common position.

30. It was noted that the next TFAS meeting is scheduled to take place on 28–30 September in Geneva, in hybrid format, and would review the outcomes of the current audit round with the participation of the Board of Auditors and the technical group. On sustainability reporting, it was confirmed that the IPSASB climate-related disclosure standard was not part of the IPSAS financial reporting framework and its adoption remained voluntary; entities receiving related audit queries could rely on that common position, while some organizations reported preparing analyses of the timeline, cost and implications of possible future adoption, and it was suggested that the topic be kept under system-wide foresight given its cross-cutting nature.

31. A substantial discussion followed on the growing length and complexity of financial statements and audit reports, and on divergent disclosure practices across external auditors. FBN members reported contrasting experiences: some had successfully streamlined their financial statements through materiality reviews conducted in consultation with their external auditors, while others faced a proliferation of additional disclosures and audit-report content, including comment on matters beyond the financial statements, together with growing performance-audit activity. Concerns were expressed about the proportionality, cost and value for money of audits, the challenges associated with auditor transitions, and the potential risk of inconsistent application of requirements across audit institutions. FBN members agreed on the value of common, technically grounded positions - including standardized note disclosures that could be streamlined system-wide - and of channeling these issues through the TFAS and the technical group of the Panel of External Auditors, whose members indicated a preference for consistent application across their UN clients. Entities were invited to send specific standard texts and disclosure issues to the TFAS Chair and Secretariat, and the forthcoming IPSAS 1 review was identified as an opportunity to clarify that the content of financial statements was the responsibility of the reporting entity.

32. Ms. Zhang presented the outcome of the three inter-agency knowledge-exchange meetings on the Statement of Internal Control (SIC) held over the previous months. The exchanges confirmed that organizations remained at different SIC maturity levels and that no uniform approach was required; that data validation remained challenging, with self-assessment checklists serving as the primary source and technology, including ERP-derived data and automated platforms, a potential enabler; that the SIC was a management statement which should remain outside the scope of the financial statement audit even where it was published with the financial statements; and that funding pressures and reform initiatives were reshaping the operational context reflected in SICs. It was noted that a shared folder had been established for FBN entities to deposit SIC templates, tools and issued statements on a voluntary basis. Three topics were identified for further exchange: updating accountability frameworks, further clarifying the three-lines model, and strengthening fraud risk assessment tools.

33. On fraud risk assessment, FBN members exchanged experiences with recent assessments, including the use of external expertise, data analytics and forensic approaches; discussed the institutional placement of the fraud risk function and its integration with enterprise risk management across the three lines; and noted definitional issues, including the treatment of presumptive fraud, that merited attention in any future work. Interest was expressed in a dedicated FBN exchange on fraud risk assessment tools and emerging trends, complementing the work of the Risk Management Forum.

Conclusions:

34. The FBN took note of the TFAS progress report and endorsed the proposed approach to the two IPSASB consultations, encouraging all entities to submit the coordinated template responses within the applicable deadlines. Members supported continued engagement with the Board of Auditors and the technical group of the Panel of External Auditors on streamlining financial disclosures and promoting consistency of audit practice, coordinated through the TFAS, and agreed to revert to these issues following the September TFAS meeting. On the Statement of Internal Control, the FBN welcomed the outcomes of the knowledge exchanges, encouraged continued voluntary sharing of templates and tools, and agreed that the identified follow-up topics be taken forward through the appropriate fora, including the Risk Management Forum.

IX. Joint Inspection Unit (JIU)

Presenter: *Mr. Mika Tapio, Executive Secretary, Joint Inspection Unit.*

Documentation:

- JIU Programme of Work 2026

Discussion:

35. The JIU Executive Secretary provided a practical overview of the status of the 2026 programme of work for the JIU. It was noted that carry-over reviews on decentralized evaluations, data governance and travel were at various stages of completion, the latter being a data-intensive exercise intended to establish an evidence base on travel expenditure. Among the 2026 reviews, those of most direct relevance to the Network were the retrospective analysis of how UN system organizations had addressed financing challenges, expected to be completed by the end of November, and the review of earmarked funding, which was commencing. Reviews on the three-lines model - focused on how the concept was institutionalized rather than on assessing the effectiveness or resourcing of individual lines - shared services, and digital transformation were also under way or starting, together with an internal study on the impact and uptake of JIU recommendations.

36. FBN members raised the issue of the cumulative burden of oversight-related surveys, interviews and reviews on organizations operating with sharply reduced capacity, particularly for smaller entities; the value of adapting questionnaires and interviews to the materiality and relevance of topics for individual organizations; the degree of prescriptiveness of some recommendations, where greater leeway in implementation would be welcomed; and the broader phenomenon of a growing oversight and assurance landscape - encompassing internal and external audit, evaluations, donor-led reviews and assessments - whose expansion had been driven largely by Member States and donors, but whose outputs were not always consolidated into a holistic picture, limiting the assurance value obtained. The Executive Secretary encouraged early engagement with JIU review teams on scope and relevance, described ongoing efforts to improve sequencing, including a dashboard of planned meetings and interviews and the combination of interviews across concurrent reviews, and outlined the coordination in place with OIOS and the Board of Auditors while acknowledging the practical limits of coordination across the full oversight landscape. He also encouraged organizations to empower and provide adequate capacity to their oversight focal points, to provide timely access to data, and to consider how consolidated reporting of oversight results could give Member States and donors a more holistic picture. He recalled that around 80 per cent of JIU reviews originated in proposals from participating organizations and that members would shortly be consulted on a shortlist for the 2027 programme of work.

Conclusions:

37. The FBN welcomed the open and practical exchange and the improvements made to sequencing and coordination following feedback provided at earlier sessions. FBN members were encouraged to engage early with the JIU on the reviews of greatest relevance to their organizations, particularly those on financing challenges and earmarked funding, and to respond to the forthcoming consultation on the 2027 programme of work. It was agreed that it would be valuable to continue the dialogue between the FBN and the JIU on an ongoing basis.

X. Working Group on Common Treasury Services (WGCTS)

Presenters: *Ms. Carmen Hett (UNHCR) and Mr. Carlos Perrone (UN Secretariat), Co-Chairs of WGCTS*

Documentation:

- Latest status on F2 Treasury initiative: USR Progress Dashboard

Background:

The Working Group on Common Treasury Services (WGCTS) serves as a platform for collaboration and knowledge-sharing across treasury functions.

Discussion:

38. FBN members received an update from the Chairs of the WGCTS, including progress under the HLCM-sponsored F2 initiative, aimed at reducing fragmentation and strengthening cooperation through common treasury services, shared infrastructure and greater harmonization across areas including banking, payments, cash management, foreign exchange, investments and treasury risk management. In particular, an update was provided on progress in developing a treasury service catalogue and pricing framework covering key treasury services, including banking connectivity, global payments, cash management and investment services. The importance of establishing transparent and comparable cost

structures to support informed decisions on participation, and to demonstrate the value proposition of shared service arrangements was highlighted.

39. The Working Group also reported on practical collaborative initiatives already in operation, including the Digital Hub for Treasury Solutions, which currently involves 15 agencies and supports multiple payment channels, including SWIFT, mobile payments and bank transfers. The Working Group Chairs noted reported savings of approximately $4.5 million since implementation, as well as significant reductions in transaction costs for certain humanitarian payment programmes. The session also highlighted ongoing work on AI-enabled treasury forecasting, liquidity management, digital payment solutions and other emerging technologies aimed at improving efficiency, resilience and operational agility across the UN system.

Conclusions:

40. The FBN welcomed the progress reported by the WGCTS and recognized the Group's role in advancing practical collaboration, innovation and shared treasury capabilities across the UN system. FBN members encouraged continued work on the F2 initiative, including the further development of service catalogues, pricing frameworks and shared service models, and emphasized the importance of continued dialogue between CFOs/Controllers and Treasurers on cost structures, adoption barriers and implementation approaches.

XI. An Efficiency Framework for the UN System

Presenters: *Dr. Tobias Flinspach, University of St. Gallen; Mr. Hans Baritt, Controller, UNHCR, and Mr. Karl-Ludwig Soll, Chief Financial Officer, UNOPS (co-leads of the proposed FBN Working Group); and Mr. Javier Barrantes Chavez, Chair, UNSDG Business Innovations Group (BIG) Efficiency Reporting Task Team.*

Documentation:

- Draft Terms of Reference for FBN Working Group on Efficiency Framework
- UNSDG BIG Efficiency Reporting Methodology

Background:

41. At its 50th session, the HLCM requested the FBN to develop, by the end of 2026, a common set of principles for measuring and reporting efficiencies, with a view to ensuring comparability and transparency across the United Nations system, drawing from the UNSDG BIG methodology; and to develop a set of key performance indicators for priority business processes, including clear definitions and baselines, for consideration by the Committee at its 52nd session.

Discussion:

42. The FBN received a presentation by Dr. Tobias Flinspach on contemporary approaches to process benchmarking and performance management, with a particular focus on measuring efficiency in support functions and administrative processes. Dr. Flinspach emphasized that efficiency should be viewed within a broader performance-management framework encompassing inputs, processes, outputs, outcomes and impact. He noted that, particularly in public and non-profit organizations, efficiency measurement should not focus solely on costs and resource inputs, but also on the value generated through organizational outputs and outcomes. He highlighted the importance of standardized process definitions and reference process models as prerequisites for meaningful benchmarking and comparability across organizations.

43. Dr. Flinspach outlined a benchmarking methodology consisting of four key elements: (i) development of a harmonized process model; (ii) allocation of costs to individual processes; (iii)

identification of process-specific cost drivers and KPIs reflecting volume, quality and complexity; and (iv) benchmarking through peer comparisons to identify improvement opportunities. Drawing on examples from the telecommunications, logistics and private sectors, he stressed that efficiency should be measured through a combination of resource inputs and multidimensional outputs rather than through cost indicators alone. The presentation further highlighted the growing role of digital transformation, robotics and artificial intelligence in improving administrative efficiency. Examples were shared from shared service centres and financial planning processes where robotic process automation and AI-assisted forecasting had reduced processing times, improved forecast accuracy and enabled more efficient allocation of resources.

44. Throughout the discussion, participants noted the challenges of obtaining comparable data, particularly on staff time and full-time equivalent (FTE) allocations, while welcoming the emphasis on practical, scalable approaches rather than highly complex time-recording systems. FBN members reflected on the relevance of the benchmarking approach to United Nations organizations, emphasizing the importance of balancing quantitative measures with quality and service-level considerations, and in recognizing differences in mandates, operating models and organizational contexts. Several organizations shared experiences with process costing, unit-cost measurement, shared service centres and productivity modelling, noting the value of benchmarking and process analytics for management decision-making and continuous improvement.

45. The FBN then received a presentation from Mr. Javier Barrantes on the work of the UNSDG Business Innovations Group (BIG) Efficiency Reporting Task Team. He presented the existing UNSDG efficiency reporting methodology, which serves as the basis for reporting efficiency gains to Member States through the Secretary-General's QCPR reporting framework. The methodology assesses efficiencies by comparing a defined baseline ("as-is") state with an improved ("to-be") state and measures gains across three dimensions: cost reductions and cost avoidance, monetized time savings, and improvements in effectiveness, service quality or risk reduction. Mr Barrantes also presented the results of the 2025 UNSDG efficiency reporting cycle, identifying methodological challenges that emerged during the reporting cycle. These included differing interpretations of efficiency gains versus cost avoidance, variations in establishing baselines and applying the "as-is" versus "to-be" methodology, and inconsistent treatment of items such as contractual changes, deferred expenditures and emerging AI-enabled efficiencies. He stressed the need for greater conceptual clarity and consistency to strengthen the credibility, comparability and usefulness of efficiency reporting across the United Nations system.

46. The co-leads of the FBN Working Group on Efficiency Framework introduced the draft Terms of Reference (ToR) for a UN system efficiency initiative, noting the increasing demand from governing bodies, oversight entities and Member States for clearer evidence of efficiencies achieved across the system. They noted that the absence of a common understanding of efficiency had resulted in inconsistent reporting practices and varying interpretations of concepts such as efficiency gains, cost savings and cost avoidance. The ToR therefore proposes work to establish a common conceptual framework for efficiency measurement, anchored in internationally recognized value-for-money principles, with two main objectives. The first is the development of commonly agreed definitions and principles for measuring and reporting economy, efficiency and effectiveness. The second is the gradual development of benchmarking methodologies and unit-cost measures for key administrative and support processes across organizations. The intention is to create a management tool that would support both external accountability and internal decision-making, including comparisons of service costs, shared service arrangements and business model choices across organizations.

47. In the discussion, FBN members broadly endorsed starting with definitions anchored in the value-for-money framework, with several suggesting the addition of an explicit "exit" category to capture conscious decisions to discontinue activities. The discussion also underlined the qualitative dimension of efficiency, including service levels and quality; cautioned against allowing efficiency to become a euphemism for cost-cutting, noting that in some functions the priority is preserving the minimum control framework required for the stewardship of public funds; and called for consistency between what organizations report through the QCPR process, to their governing bodies and to donors, supported by advocacy with Member States. FBN members also underlined the need for pragmatic and comparable methodologies that take account of differences in mandates and operating environments while providing a sufficiently robust basis for benchmarking and reporting.

Conclusions:

48. The FBN took note of the draft ToR, agreeing that work should begin with the development of common definitions and principles for efficiency reporting, with subsequent phases expected to address benchmarking methodologies, unit-cost measurement and the development of common indicators for priority business processes. There was general support for using a value-for-money framework as the starting point for the work and for continued engagement between the FBN and the UNSDG efficiency reporting task team. It was agreed that an update should be provided to the Fall HLCM session, with progress to be reviewed at the November 2026 FBN session.

XII. Cross-Cutting Network Issues: Human Resources Network (HRN)

Presenters: *Ms. Adelaide Barbier, Co-Chair, HRN, and Mr. Michael Rosetz, Senior Inter-agency Adviser, Human Resources, CEB Secretariat*

Discussion:

49. The Network exchanged views with the Co-Chair of the Human Resources Network (HRN) on a number of issues with significant financial and workforce implications. Discussions focused in particular on developments related to the International Civil Service Commission (ICSC) compensation review, including ongoing deliberations concerning benefits and allowances, the UN system compensation margin, and the potential financial and workforce implications of changes to existing compensation arrangements. FBN members noted concerns regarding recruitment and retention challenges, competitiveness of the UN common system, and the need to balance cost-containment measures with workforce sustainability and operational effectiveness.

50. An update was also provided on the implementation of local salary survey results and the budgetary pressures associated with retroactive adjustments, as well as efforts to strengthen inter-agency mobility arrangements. Discussions highlighted practical challenges relating to the treatment of financial liabilities, transfer of accrued entitlements and cost-sharing arrangements across organizations. An update was also provided on developments in workforce analytics, benchmarking and shared service delivery, and the FBN noted the importance of robust data and cost information to support workforce planning, organizational restructuring and evidence-based decision-making in a constrained financial environment.

Conclusions:

51. The FBN reaffirmed the importance of continued collaboration with the HRN on matters at the intersection of workforce management and financial sustainability. In particular, the FBN supported

further engagement on compensation-related developments, workforce costs, mobility arrangements, analytics and shared services, recognizing the need for coordinated approaches to workforce planning and organizational adaptation in the current financial environment.

XIII. Host Country Dialogue: Improving Efficiency and Effectiveness in the UN System

Presenters: *Ambassador Thomas Gürber, Permanent Representative of Switzerland to the United Nations Office and other international organizations in Geneva, accompanied by a delegation of the Swiss Confederation: Ms. Béatrice Ferrari, Director, International Affairs, Canton of Geneva; and Ms. Nina Frey, Executive Director, International Computation and AI Network (ICAIN).*

Panel discussion with: *Mr. Hans Baritt, Controller, UNHCR; Ms. Khuloud Odeh, Chief Information Officer, ITU; Mr. Karl Kalejs, Chief Information Officer, WIPO; and Mr. Sylvain St-Pierre, Chief Information Officer, UNHCR.*

Discussion:

52. The session was opened by the FBN Co-Chair, who welcomed the Swiss delegation headed by Ambassador Thomas Gürber, Permanent Representative of Switzerland to the United Nations and other international organizations in Geneva. The Co-Chair underlined that the dialogue was intended to be practical and solution-oriented, with particular attention to how UN organizations could deliver more efficiently and effectively, how AI could support those efforts, and how Switzerland's wider ecosystem, including public institutions, academia and the private sector, could assist the UN system.

53. In his opening remarks, Ambassador Gürber emphasized the role of Controllers and Chief Information Officers as key enablers of UN reform and innovation. He recalled that, following the recent financial and budgetary shock affecting many UN organizations, there remained momentum for reform and a continued appetite among relevant constituencies to pursue meaningful change for the UN system. He stressed that efficiency should not be understood only as short-term cost-cutting, but as a means to deliver sustainable impact, strengthen programmatic capacity and support mandate delivery.

54. Ambassador Gürber identified several of Switzerland's considerations for advancing efficiency-related initiatives. These included the need to focus on initiatives supported by robust business cases, refined cost-benefit analysis and credible evidence of long-term impact; the importance of overcoming organizational and psychological barriers to collaboration; the need to move quickly on initiatives that could be implemented in the shorter term; and the value of prioritizing measures with significant potential for system-wide benefit. Ambassador Gürber described digital transformation and AI as means to improve effectiveness and efficiency rather than as objectives in themselves. He referred to Switzerland's engagement in the AI space, including Geneva-based AI-related events and the upcoming high-level AI summit in 2027, and highlighted Switzerland's capabilities in expertise, computing, data storage and convening. He also stressed the importance of data quality and secure data management, given the sensitive nature of data held by many multilateral organizations.

55. The session then moved into a panel discussion on "An efficient and effective UN system: Delivering the AI-revolution at scale by harnessing the potential of cooperation with Swiss infrastructure, expertise and global networks". The panel discussion brought together representatives of the Canton of Geneva, the International Computation and AI Network (ICAIN), and UN organizations (members of the FBN and the CEB Digital Technology Network). The FBN Co-Chair introduced the panelists and moderated the discussion.

56. Ms Ferrari outlined Geneva's digital and AI environment, emphasizing stability, the absence of a geopolitical agenda in the technology space, the density of AI talent in Switzerland, and Geneva's focus on ethics and digital sovereignty. She referred to Geneva's constitutional recognition of personal

digital integrity, the role of local actors such as CERN and Infomaniak, and the work of EPFL and ETH on open-source and data-integrity-oriented AI models. Ms Ferrari also described several forms of support available to international organizations.

57. The next panelist, Mr Kalejs, expressed strong interest, on behalf of Geneva-based agencies, in collaboration with Switzerland, particularly in relation to data resources, infrastructure, storage and a "safe haven" approach for technology and data hosting. He highlighted the relevance of data sovereignty across the technology value chain, the potential of open-source large language models such as Apertus, access to Swiss academic and intellectual capabilities, and the value of Switzerland's multilingual and geographically strategic environment. He further noted the potential platform effect that could arise if multiple organizations and partners joined forces.

58. The following panelist, Ms Frey, described ICAIN as a platform combining access to supercomputing, high-quality datasets and relevant expertise. She noted that the network included supercomputing centres, academic institutions such as ETH, EPFL and NTU Singapore, and wider academic networks. Ms Frey explained that the International Geneva AI Innovation Program had been launched to strengthen UN and other international organizations based in Geneva in the delivery of their mandates. The programme connects UN teams with AI experts and can support access to supercomputing for activities such as model training, fine-tuning and adaptation to organizational needs. Ms Frey further identified emerging opportunities for collaboration, and efforts to bring together different Geneva-based AI and innovation programmes.

59. The next panelist, Mr Baritt, welcomed Switzerland's approach of engaging CFOs and CIOs in a practical working-level discussion and emphasized that efficiency should be understood as improvement and maximization of impact rather than simply reductions in expenditure. He noted that UN networks, including finance, human resources and procurement networks, were considering how AI applications could be brought into their work to identify savings and improve performance. Mr Baritt highlighted the importance of the private sector in supporting UN transformation, while also noting the practical difficulties of identifying partners that are genuinely committed to helping the UN. Drawing on experience, he distinguished between private-sector actors seeking reputation benefits, actors seeking eventual commercial contracts, and actors genuinely willing to contribute meaningful support. He suggested that governments and host states could assist by helping to screen and convene appropriate private-sector partners. Mr Baritt also noted the challenges of the UN system having multiple separate ERP, treasury and payroll systems, while also recognizing that immediate consolidation would raise legitimate operational and governance considerations.

60. Next, Ms Odeh provided an overview of UN80 work packages focused on ICT consolidation and a Technology Accelerator Platform, noting that these are helping to identify common challenges across the UN system that technology and AI could help address. She reported that the work had revealed substantial duplication and fragmentation in technology spending across UN agencies, while also demonstrating a high appetite for collaboration. Ms Odeh identified areas with comparatively strong potential for shared approaches, including cybersecurity, cloud services and vendor management. Ms Odeh cautioned that efficiency should not be considered sufficient on its own. She encouraged the UN system to consider how AI could improve the quality of decision-making, strengthen agility and risk management, and support mandate delivery.

61. Mr St-Pierre stressed that effective AI depends on organized and accessible data, and described UNHCR's work to bring data into safe environments where services could be consumed responsibly. Mr St-Pierre highlighted a potential beneficiary verifiable identification platform to be shared across major humanitarian agencies, which could improve the integrity of aid delivery, reduce registration

effort, and support planning on resource deployment. He underlined the importance of protecting highly sensitive information, including biometric information, in secure environments. He also underscored the need to identify concrete AI use cases with measurable returns, including reductions in effort, improvements in quality and performance, and stronger integrity controls.

62. Following the panel discussion, the FBN Co-Chair reported that a survey of CFOs had identified several potential areas in which system-wide AI capabilities could be useful from a finance perspective. These included AI-driven financial analytics and forecasting, financial reporting, early warning systems, process automation, accounts payable and procure-to-pay processes, and anti-fraud red-flagging. The survey also identified reliance on manual data mining, data quality and accessibility, and unclear return on investment and business cases as key pain points. The FBN Co-Chair also referred to the Network's continuing work on measuring and reporting efficiency, including discussions that highlighted the need for a consistent taxonomy of efficiency, including clearer distinctions between economy, efficiency and effectiveness, and the importance of being able to measure current processes before estimating gains from AI, robotics or other technologies.

63. During the Q&A, issues related to data sovereignty and the risk of long-term technology dependency were raised, including whether the UN system could avoid becoming locked into proprietary AI models and escalating licensing costs, and organizations were encouraged to consider the long-term implications of their AI choices. Another FBN member emphasized that the discussion should not focus only on internal UN efficiency. It was noted that programme countries have strong interest in digitization, artificial intelligence, digital health, financial inclusion and governance-related applications, and suggested that collaboration could also help bring technology benefits to programme countries and support mandate implementation.

64. In closing the session, Ambassador Gürber noted the set of follow-up issues that the discussion had surfaced. He identified the need to organize the landscape of efficiency initiatives according to criteria such as urgency, efficiency potential and governance viability; to focus on initiatives with the greatest short-term impact; and to clarify the taxonomy of efficiency, including the concept of improvement rather than cost reduction alone. Ambassador Gürber further identified the need to map the skills, business-process expertise and optimization models required to implement reforms, including by drawing on private-sector best practice.

Conclusions:

65. The discussion confirmed strong shared interest between the FBN and the host country, Switzerland, in pursuing efficiency as a means of improving effectiveness, quality and mandate delivery, rather than as a narrow cost-reduction exercise. It also emphasized the need for stronger measurement, credible business cases and prioritization of initiatives that can deliver tangible results. AI was recognized as a significant enabler of UN reform. At the same time, participants emphasized that AI requires strong data governance, data quality, secure infrastructure, responsible use, and careful attention to dependency, sovereignty and trust.

66. Switzerland's potential contribution was presented as multifaceted, including convening support, access to academic and technical expertise, support to AI innovation programmes, access to supercomputing resources, and assistance in engaging credible private-sector partners. The FBN proposed to follow up the discussion by developing a prioritized pipeline of concrete efficiency and AI-related initiatives that could potentially benefit from the support of the Swiss ecosystem, and to engage in further dialogue in this regard.

XIV. AI in the UN System and Related Workstreams of the Digital Technology Network (DTN)

Presenters: *Mr. Sylvain St-Pierre, Chief Information Officer, UNHCR; Ms. Khuloud Odeh, Chief Information Officer, ITU; and Mr. Karl Kalejs, Chief Information Officer, WIPO (Digital Technology Network representatives).*

Documentation:

- Report from DTN April 2026 session
- UN CIO AI forum: Operationalizing AI across the United Nations system (10 July 2026)

Discussion:

67. The DTN representatives presented the Network's current workstreams, including open-source technologies, the evolution of ERP landscapes, responsible AI governance, cybersecurity, data and technology sovereignty, strategic dependency risk, and communities of practice developing common baselines, measurement approaches and reference architectures. They underlined the extraordinary pace of change: capabilities that recently required substantial bespoke investment were now commoditized within months, agentic AI was moving rapidly from concept to deployment, and organizations had to build the discipline to continuously reassess - and where necessary retire - tools and approaches.

68. The discussion focused on the intersection between technology and financial management. It was highlighted that AI was reshaping the cost mix of business processes, with technology costs rising while total end-to-end process costs could fall, so that value had to be assessed at the level of the process rather than the IT budget line; that current financial and procurement models - multi-year commitments, licence-based pricing, CapEx/OpEx conventions - were poorly adapted to rapidly evolving, usage-priced AI services and needed rethinking, ideally jointly across finance, procurement, legal and technology functions; that vendor lock-in was a strategic risk, with interest in "AI factory" architectures that brokered a managed suite of interchangeable models, open-source options and sovereign data and compute layers; and that data consolidation and quality were the essential foundation, illustrated by practical examples of natural-language interrogation of consolidated financial and operational data, including for fraud detection.

69. During the discussion, some FBN members identified financial modelling and forecasting interventions as priority areas where they sought solutions, and discussed structuring technology investment into distinct categories -protected baseline, KPI-driven investment, gated proof-of-value innovation, and enabling investment in skills and governance - to support more meaningful dialogue with governing bodies. Workforce and change-management implications were also discussed, including the transformation of roles rather than simple headcount reduction, the importance of educating staff on the appropriate use of AI for analysis versus for judgment, and the cybersecurity implications of AI, which both raised the sophistication of threats, including social engineering, and strengthened defensive capability. A question was also raised regarding the accounting treatment of AI agents and related intangibles under IPSAS 31, which would be referred to the TFAS.

Conclusions:

70. The outcome of the discussion highlighted the importance of ongoing structured collaboration between the FBN and the DTN on how organizations would run their business in an AI-enabled future, including financial, procurement and workforce dimensions. It was proposed that the DTN consider including an FBN member in relevant DTN discussions to provide a finance lens, and that the FBN identify two to five specific, common use cases with high potential for efficiency or cost reduction to revert back to the DTN with for joint collaboration.

XV. Donor Conditionalities

Presenters: *Ms. Mona Khurdok, Chief, Quality Management Unit, UNFPA (Co-Chair, Rapid Response Mechanism), Ms. Lilian Nyang'aya, Deputy CFO, UNOPS (Co-Chair, Rapid Response Mechanism) and, Ms. Brigitta Kuhling, Senior Programme Management Officer, Office of the Controller, UN Secretariat*

Documentation:

- CEB/2026/HLCM/11 - HLCM Rapid Response Mechanism to Donor Conditionalities: Latest Developments
- CEB/2025/HLCM/33 - UN System-wide High-level Principles on Donor Conditionality

Discussion:

71. The Network received an update from the Co-chairs Mona Khurdok and Lilian Nyang'aya of the HLCM Rapid Response Mechanism (RRM). The RRM completed its first year of operation and now includes 27 UN entities. It was noted that the mechanism had reviewed 16 donor conditionality cases and had become an important platform for sharing experiences, comparing donor requirements and supporting coordinated responses to complex funding conditions. Discussions within the RRM have highlighted an increasing trend towards conditions extending beyond traditional fiduciary concerns to encompass sanctions compliance, transparency requirements, access to investigative information, additional verification and assurance requirements, implementation of non-UN sanctions regimes, and the flow-down of donor conditions to implementing partners and sub-partners. The Co-Chairs also noted that concerns had been flagged by RRM members regarding attempts to extend donor conditionalities to pooled and flexible funding arrangements, as well as the growing use of procurement-related restrictions and preferential sourcing requirements.

72. The FBN members were briefed on the operational implications of these developments, and the importance of protecting core UN principles, including independence, impartiality and the single-audit principle while responding to increased donor demands for transparency and assurance was emphasized. The presentation highlighted concerns about fragmented responses across organizations, varying approaches to donor negotiations, and the challenges of maintaining a coherent system-wide position where donor requirements were often supported by domestic legislation or policy objectives.

73. An update was also provided on ongoing discussions with the European Union under the Financial and Administrative Framework Agreement (FAFA), including issues related to audits, eligibility of staff costs, requests for additional supporting documentation, and new transparency and reporting requirements under the EU's evolving funding framework.

Conclusions:

74. The FBN welcomed the progress made through the Rapid Response Mechanism and supported continued efforts to strengthen coordination, information-sharing and collective engagement on donor conditionalities. FBN members noted the importance of developing practical operational guidance in support of implementation of the HLCM principles on donor conditionalities through the Working Group to be co-chaired by Ms. Brigitta Kuhling, UN and Ms. Mona Khurdok, UNFPA.

75. The RRM was encouraged to continue strengthening common approaches to issues such as sanctions, audit and assurance requirements, and leveraging existing accountability and oversight mechanisms to reinforce trust while preserving the integrity, independence and operational effectiveness of the UN system.

XVI. United Nations Security Management System (UNSMS) budget

Facilitator: *Mr. Andrew Rizk, FBN Co-Chair*

Documentation:

- CEB/2026/HLCM/FB/1 - Conclusions of the FBN review of the 2027 JFA budgets
- IASMN Summary of main points regarding the 2027 JFA Budget Discussion
- UNDSS risk-informed implementation plan of the JFA budget reduction

Background:

76. The 2027 JFA budget for the UNSMS was originally submitted to the FBN in March 2026. The FBN deliberations on the budget took place in the context of a highly constrained financial environment across the UN system, with many organizations having already undertaken significant budgetary adjustments, including reductions to both core and non-core resources, workforce downsizing, and the relocation or consolidation of headquarters functions. Several entities reported budget reductions of 25 to 35 per cent, declining funding forecasts for 2026 and 2027, and extensive restructuring exercises. These experiences are consistent with broader system-wide financial trends, with total UN revenue projected to decline significantly from its 2022 peak. Against this backdrop, FBN members emphasized the importance of ensuring that the UNSMS budget was aligned with prevailing fiscal realities and reduced programme footprints while continuing to support essential security requirements.

77. While acknowledging the challenging security context within which UN organizations are operating and expressing appreciation for the critical importance of the UNSMS and the cost efficiencies that had already been achieved by the UN Department of Safety and Security (UNDSS), additional options for reducing UNSMS costs were proposed for consideration during the consultations. These included further rationalization of staffing structures, particularly in New York, increased reliance on national staff, and a reassessment of the scale of headquarters-based functions. The FBN consultations also indicated a need to factor security costs into humanitarian and emergency funding appeals. It was proposed that consideration be given to including incremental security requirements as direct costs in humanitarian and emergency appeals, rather than having the related incremental costs absorbed through JFA-funded budgets, particularly as many CEB members do not maintain presence or programmes in humanitarian contexts.

78. Following several rounds of consultation with UNDSS, the FBN reached a decision in April to endorse a 2027 budget with a 10 per cent reduction from 2026, which was reconfirmed in May following subsequent communications from UNDSS.

Discussion:

79. The FBN Co-Chair opened the meeting by recalling the previous decision by the FBN to reduce the 2027 JFA budget for the UNSMS by 10 per cent compared with the 2026 budget, and noting that UNDSS had, since the FBN's decision in March, subsequently counter-proposed two alternative budgets: the first being a higher 2027 budget to cover one-time transition costs totalling an estimated USD 6.5 million, and the second being a phased approach to implementing the 10 per cent reduction over two years, effectively reducing the reduction in 2027 to 5 per cent and implementing the remaining 5 per cent budget reduction in 2028.

80. During the discussion, FBN members emphasized the importance of UNDSS' work and the critical need for an effective security framework across the United Nations system, particularly in complex and high-risk operating environments. At the same time, they stressed that their organizations are facing unprecedented financial constraints and the overwhelming consensus among FBN members was that, notwithstanding the operational concerns raised by UNDSS, they were not in a position to reverse the previously agreed decision to reduce the UNSMS budget by 10 per cent in 2027 given the financial circumstances facing their organizations. It was also noted that the positions presented by FBN members reflected consultation and alignment with both their security directors, including IASMN representatives where applicable, and the senior management of their respective entities.

81. Several members expressed a view that efficiencies and restructuring opportunities still exist within the UNSMS architecture, in line with previous guidance provided during FBN consultations with UNDSS, including suggesting that further shifts of resources from headquarters functions to field operations could be explored.

82. Progress made in dialogue between the Inter-Agency Security Management Network (IASMN) and UNDSS was acknowledged and supported, and the FBN called for continued dialogue between those bodies on risk assessments, service expectations, and clarification of roles and responsibilities between security actors. It was also noted that future UNSMS budget discussions should be based on a unified position from the IASMN in terms of the security services required.

83. While there was no appetite to reopen the previous FBN decision on the JFA budget, several FBN members expressed an openness to consider the possibility of a separate budget to fund one-time downsizing-related transition costs in 2027. However, these members called for a clear breakdown of any one-time transition costs with precise costing, and more detailed analysis of impacts of the budget reduction on operational security and duty-of-care obligations for UNSMS entities. It was noted that any such proposal for a separate one-time budget should be submitted as early as possible, as delays would reduce the opportunities to realize savings, and that questions as to the implications for operational security and duty-of-care obligations for UNSMS entities were to be discussed in the IASMN.

84. The UN Secretariat acknowledged the overwhelming sentiment of the meeting to not reopen the previous FBN decision. However, it did not agree with a 10% reduction to the 2027 budget and instead supported either of the two options proposed by UNDSS, as it viewed these as having implementation plans that would more responsibly manage the potential security risk exposure. The UN Secretariat noted that a 10% reduction could attract additional security risk exposure. In this context, the UN Secretariat was encouraged by the fact that FBN representatives had consulted their security advisors/IASMN representatives and senior management, which indicated that entities continue to accept security risk exposure, having disagreed with UNDSS' additional budget requests. The UN Secretariat noted that the question of unplanned security risk exposure could give rise to difficult discussions in the Fifth Committee of the General Assembly.

Conclusions:

85. The agenda item concluded with the following key messages:

a) There is broad support from UN organizations for UNDSS and recognition of the challenges of downsizing; however, it was reiterated that reductions to the JFA security budget are necessary given the financial realities facing UN entities.

b) The FBN maintains its previous decision to reduce the UNSMS JFA budget by 10 per cent in 2027. This position reflects both the financial realities currently facing UN organizations and consultation with security directors and senior management across participating entities.

c) Any consideration of a separate budget in the amount of USD 6.5 million for one-time transition support costs in 2027 would need to be submitted to the IASMN and FBN with precise costing and justification, noting that this is likely to be funded on a voluntary basis.

d) Future UNSMS budget discussions should be based on a unified position from the IASMN in terms of the security services required.

e) The FBN encourages UNDSS to work with its UN Secretariat counterparts to include security costs in humanitarian and emergency funding appeals.

XVII. Any Other Business and Closing of the Session

(a) Venue and dates of next FBN sessions

86. The 47th session of the Finance and Budget Network will take place virtually on 17 November 2026. FBN members expressed strong appreciation for the in-person format of the 46th session, including the use of breakout groups, and supported exploring an in-person format for the 48th session in spring/summer 2027, subject to the feasibility of travel budgets.

Annex I - List of participants

Co-Chairs: Ms. Chitra Narayanaswamy (WIPO) and Mr. Andrew Rizk (WTO)

Organization	Name	Title
CTBTO	Melissa Buerbaumer	Chief Budget and Finance
FAO	Aiman Hija	Director of Finance and Treasurer (*Connected remotely)*
FAO	William Marvin	Deputy Director, Finance Division (*Connected remotely)*
IAEA	Paul Sabatine	Director, Chief Financial Officer, Division of Budget and Finance
ICAO	Renata Mosoci	Head, Regular Budget Unit, Finance Branch
ICC	Pierre Ronziere	Acting Chief of Budget Section
ICJ	Carlos Alberto Juárez	Head of the Finance Division
IDLO	Alexandrine Brassart	Budget and Reporting Manager (*Connected remotely)*
IDLO	Albert Mola	Head of Finance
IFAD	Allegra Saitto	Controller & Director Financial Controller's Division (*Connected remotely)*
ILO	Adnan Chughtai	Treasurer and Financial Comptroller and Director, Financial Management Department
ILO	Fikri Gurzumar	Chief, Treasury and Accounts Branch (*Connected remotely)*
ILO	Anny ZHANG	Financial Governance Officer, Office of the Treasurer and Financial Comptroller
IMO	Moeen Arbid	Senior Finance Officer
IOM	Andrea Verhas	Comptroller and Director of the Department of Financial and Administrative Management
IOM	Kelly McBride	Director of Finance and Accounting Division
ITU	Brian Elliott	Senior Finance Management Advisor
ITU	Stefano Chiodaroli	Head, Accounts Division
ITU	Khuloud Odeh	Chief Information Officer
OPCW	Dawit Dembel Balcha	Head of Accounts, Reporting and Treasury
UN	Maria Costa	Deputy Controller
UN	Carlos Perrone	Treasurer (*Connected remotely*)
UN	Brigitta Kuhling	Senior Programme Management Officer, Office of Controller
UN	Michael Waser	Special Assistant to Deputy Controller
UN Tourism	Mónica González	Chief, Budget and Finance
UN Women	Kambou Fofana	Chief Finance Officer and Director of Division of Finance and Administration
UNAIDS	Sam Kambarami	Director, Finance and Accountability
UNAIDS	Ljiljana Todorovic	Chief, Budget and Resource Management
UNCCD	Soman Pillai	Chief of Administrative Services
UNDP	George Kyriacou	Chief Financial Officer
UNESCO	Sachin Bhatt	Director, Finance
UNESCO	Amol Khisty	Chief, Finance and Accounting section
UNFPA	Mona Khurdok	Chief, Quality Management Unit (*Connected remotely*)

UNHCR	Hans Baritt	Controller and Director, Division of Financial and Administrative Management
UNHCR	Carmen Hett	Treasurer
UNHCR	Ana-Maria Cristescu	Senior Policy Advisor
UNHCR	Sylvain St. Pierre	Chief Information Officer
UNICEF	Diane Kepler	Comptroller
UNICEF	Nazim Khizar	Deputy Director, Financial Reporting and Grants Monitoring (*Connected remotely*)
UNICRI	Kai Suelzle	Chief, Centralized Management Unit
UNODC	Catherine Perret	Chief, Financial Resources Management Service
UNOPS	Karl Soll	Chief Financial Officer CFO
UNOPS	Lilian Nyang'aya	Deputy CFO (*Connected remotely*)
UNRWA	Shadi Alabed	Director of Finance
WFP	Ally-Raza Qureshi	CFO ad interim (*Connected remotely*)
WFP	Maryna Mananikova	Director Financial Reporting
WHO	Sushil Rathi	Comptroller and Director of Finance a.i
WIPO	Chitra Narayanaswamy	Director, Department of Program Planning and Finance (Controller)
WIPO	Adelaide Barbier	Director, Human Resources
WIPO	Maya Bachner	Assistant Controller & Director Planning, Budget and Risk Management
WIPO	Karl Kalejs	Chief Information Officer
WMO	Krishna Varahan	Chief, Finance Division
WTO	Andrew Rizk	Director, Finance and Corporate Services Division
CEB Secretariat	Remo Lalli	HLCM Secretary
CEB Secretariat	Laura Gallacher	Senior Inter-Agency Adviser, Finance and Budget
CEB Secretariat	Elena Lukashik	Associate Expert, Budget and Finance
CEB Secretariat	Taara Chaudhuri	Associate Expert, Budget and Finance
CEB Secretariat	Michael Rosetz	Senior Inter-agency Adviser, Human Resources
External Presenters		
INPRF	Tim Boyes-Watson	Donor Engagement Director
INPRF	Sam Musoke	Adoption and Engagement Director (*Connected remotely*)
International Crisis Group	Stephen Pomper	Chief of Policy
JIU	Mika Tapio	Executive Secretary
MC Consulting	Bernard Ross	Director
UBS	James Mazeau	Economist (*Connected remotely*)
University of St Gallen	Dr. Tobias Flinspach	
UNSDG Business Innovations Group	Javier Barrantes Chavez	Chair, Efficiency Reporting Task Team (*Connected remotely*)
UNU	Dr. Michael Franczak	Senior Researcher in Multilateralism and Global Governance (*Connected remotely*)