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Advisory Committee on
Administrative and Budgetary Questions

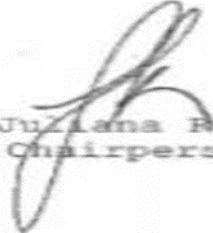
2 February 2026

Dear Ms. Sima Sami Bahous,

Enclosed herewith please find the report of the Advisory Committee on United Nations Entity for Gender Equality and the Empowerment of Women (UN-Women) Proposed Revisions to the Financial Regulations for UN-Women.

I should be grateful if you would place the Advisory Committee's report before the Executive Board at its forthcoming session.

Yours sincerely,


Juliana Huas
Chairperson

Encl.

Ms. Sima Sami Bahous
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United Nations Entity for Gender Equality and the Empowerment of Women (UN-Women)

Proposed Revisions to the Financial Regulations for UN-Women

Report of the Advisory Committee on Administrative and Budgetary Questions

I. Introduction

1. The Advisory Committee on Administrative and Budgetary Questions has considered an advance version of the report of the Executive Director of the United Nations Entity for Gender Equality and the Empowerment of Women (UN-Women) on the proposed revisions to the financial regulations. During its consideration of the report, the Advisory Committee was provided with additional information and clarifications, concluding with written responses received on 19 January 2026.

II. Revised Financial Regulations and Rules

2. The report of the Executive Director indicates that the revised Financial Regulations and Rules (FRRs) for UN-Women have been developed through a comprehensive review initiated as a response to Executive Board decision 2023/5 to have revised Financial Regulations for approval in the Second Regular Session of 2025. The review aimed to assess whether modifications were needed in light of organizational changes, updates to international public sector accounting standards (IPSAS), and evolving operational needs. The proposed changes reflect lessons learned from over a decade of UN-Women's operations and consider the harmonization of financial practices across the United Nations system. The review process sought to ensure that UN-Women's FRRs align as closely as possible with the FRRs of other United Nations funds and programmes, including those of the United Nations Children's Fund (UNICEF), United Nations Development Programme (UNDP) and United Nations Population Fund (UNFPA) while maintaining consistency with the FRRs of the United Nations, in line with the directives of the General Assembly's founding resolution. Given that the FRRs of these organizations have not been revised for several years, the proposed revisions to UN-Women's FRRs are largely aligned with their existing frameworks, but with necessary updates to reflect UN-Women's unique mandate and operational context (UNW-XXX, paras 2 and 5).

3. The report of the Executive Director indicates that the Executive Board has been requested to approve the proposed amendments to the UN-Women Financial Regulations as set forth in the annex to the report. The amended financial rules are provided for information. The report indicates that the revised FRRs aim to enhance the transparency, efficiency, and accountability of UN-Women's financial operations, align with the broader United Nations system, respond to the evolving needs of the organization and reflect the commitment to continuous improvement and the integration of best practices across the United Nations system (UNW-XXX, paras 3 and 16).

4. Upon enquiry, the Advisory Committee was informed that key provisions of the proposed amendments were reviewed by the Office of the Controller and the Office of Legal Affairs (OLA) of the United Nations Secretariat. A detailed comparison was also carried out, section by section, of the Financial Regulations and Rules of the United Nations, UNICEF, UNDP and UNFPA, and UN-Women with those of equivalent sections and then reviewed by the project team, policy owners or other stakeholders within UN-Women as well as by the legal team, with proposed changes arising from the review process. The Committee was furthermore informed that UN-Women worked closely with the UN Controller's office throughout the revision process, and the draft Financial Regulations and Rules were shared with UN-Women's external auditors from the Board of Auditors in the spring of 2025 with no comments provided.

5. The Advisory Committee notes the proposed amendments aim at enhancing the efficiency, transparency and accountability of the operations of UN-Women and at better aligning with the Financial Regulations and Rules of the United Nations, UNICEF, UNDP and UNFPA. The Committee considers, however, that the report does not provide detailed information on the process and criteria used to identify the specific Financial Regulations and Rules referenced for alignment and on the rationale of proposed changes. The Committee trusts that, to ensure further clarity, additional information and the section by section comparison documents with the Financial Rules and Regulations of relevant entities prepared by UN-Women will be shared with the Executive Board at the time of consideration of the present report.

III. Modifications to the Financial Regulations and Rules

6. The key changes proposed to the Financial Regulations and Rules are outlined in Section II of the report. The proposed financial regulations are contained in the annex to the report. The Advisory Committee was provided with information comparing the current and proposed FRRs and, upon enquiry, with additional information on the proposed changes as indicated in the paragraphs below.

Modifications reflecting organizational changes

7. The report of the Executive Director indicates that modifications to reflect the organization changes and the evolving structure are contained in the FRRs, particularly regarding how UN-Women has evolved from a project-based approach to a more programme-oriented structure (UNW-XXX, paras 7 and 11). Upon enquiry, the Advisory Committee was informed that the terms "programme" and "project" refer to two distinct but complementary levels within the organization's governance, results, and financial management architecture and the definition of project and programme. The Committee was informed that governance and approval authority are clearly differentiated, financial planning and control operate at two levels and monitoring and reporting requirements are also clearly delineated across programme and project levels. Furthermore, overall governance and accountability for programmes and projects are explicitly defined in the Planning, Monitoring and Reporting (PMR) Policy, the Delegation of Authority, and the Internal Control Framework. Programme

accountability rests with Regional and Headquarters Directors or Country Representatives, while project accountability rests with delegated project-approving authorities and implementing offices. The Committee was informed that these instruments collectively govern financial planning, approvals, control mechanisms, monitoring, reporting, and corporate assurance processes, ensuring coherence, transparency, and fiduciary integrity across all the levels of work of UN-Women.

Updates to financial language and terminology

8. As outlined in the report of the Executive Director, the existing language regarding the funding received by UN-Women from the United Nations Regular Budget has been updated to ensure consistency across the document. Specifically, references to “assessed contributions” have been replaced with “funding from the Regular Budget of the United Nations,” in line with the precise funding mechanisms available to UN-Women (UNW-XXX, para 8). Upon enquiry, the Advisory Committee was informed that as regards Regular Budget funding within the integrated budget, UN-Women ensures that activities funded from this source of funding are segregated and tracked as they relate to two distinct funding frameworks mandated by the General Assembly: the Regular Budget, supporting normative intergovernmental and coordination functions; and the Integrated Budget, which covers operational and programmatic activities and institutional costs approved by the Executive Board. From a systems perspective, these frameworks are clearly delineated in all planning and reporting instruments to prevent commingling of resources and to maintain clear attribution. Regular Budget allocations are also recorded under a specific fund code within Quantum, the Enterprise Resource Planning system of UN-Women.

9. The information provided to the Committee indicates that the proposed amendments to regulation 11.1 introduce an additional element with specific reference to the annual cycle of the United Nations Regular Budget in order to ensure that the regular budget period is consistent with the General Assembly decision on the budget period of the United Nations Regular Budget. **The Advisory Committee recalls that the United Nations Financial Regulations and Rules (UN FRRs) have not yet been amended to reflect the changes in the periodicity of the regular budget. The Committee is of the view that UN-Women Financial Rules and Regulations, in reflecting the period of the regular budget, should provide a general reference to the UN FRRs and recommends that a proposal in that regard be provided to the Executive Board as an amendment to proposed regulation 11.1.**

10. As regards the integrated and institutional budgets of UN-Women and the proposed changes to regulations 16.6 , the Committee was informed that the intent is for the Executive Board to continue with current approval processes and that the proposed changes were intended solely for the purposes of correcting the terminology given that the terms ‘integrated budget’ and ‘institutional budget’ were used interchangeably on occasion, resulting in inconsistent terminology. Upon enquiry as to why no change is being proposed to regulation 18.1, that also contains reference to approval of integrated budget by the Executive Board, the

Committee was informed of editorial errors in the proposed document and that both regulations 16.6 and 18.1 would be further updated to reflect the correct terminology. **The Advisory Committee trusts that all amendments proposed by UN-Women will be officially presented to the Executive Board, including as a corrigendum to the report, if appropriate.**

11. The Advisory Committee asked, but did not receive, information clarifying what would be the role of the Executive Board in the consideration of the integrated budget should the amendments to regulations 16.6 and 18.1 be approved. **The Advisory Committee acknowledges the importance of using precise terminology in UN-Women’s Financial Regulations. The Committee notes that the proposals to replace “integrated budget” with “institutional budget” in regulation 16.6 would introduce an important change from the framework provided in the current text. While noting UN-Women’s clarification that the proposed amendments reflect the current approval processes, the Committee is of the view that greater clarity should be provided to the Executive Board, in particular as it pertains to the role of the Board regarding the consideration/approval of the integrated budget, as this part of the budgetary process will no longer be reflected in the document should regulations 16.6 and 18.1 be amended.**

Host country contributions

12. The proposed amendment to regulation 7.1 (a) indicates that the word “partial” will be deleted (currently “partial waiver”) on the authorization to the Executive Director to grant a waiver of contributions by host governments, with the change proposed to provide for the use of full waivers when deemed appropriate by the Executive Director. Upon enquiry, the Advisory Committee was informed that establishing a new country presence is a rare occurrence and that such an establishment would involve negotiations regarding the amount and form of the contributions, in accordance with relevant decisions of the Executive Board, and taking into consideration the economic conditions of the countries concerned. Waivers are only needed in instances of a new presence and in highly exceptional circumstances where it would not be possible to make host country contributions to UN-Women. **The Advisory Committee notes that UN-Women considers that such waivers are to be decided on a case-by-case basis and trusts that more detailed information will be provided to the Executive Board on the existing practices and the cases with the attendant reasons that would necessitate the proposed change to the regulation.**

Independent Evaluation, Audit, and Investigation Services

13. The report of the Executive Director indicates that new regulations have been proposed in the FRRs to define the authority explicitly, reporting structures, and responsibilities of the Independent Evaluation, Audit, and Investigation Services (IEAIS), aligning the regulations and rules governing internal audit and evaluation functions with other funds and programs. The amendment reflects the growing importance of internal evaluation, audit, and

investigation services in safeguarding the financial integrity of UN-Women’s operations and the new regulation will be subject to modification only by the Executive Board, ensuring high-level oversight and accountability (UNW-XXX, para 9).

14. Upon enquiry, the Advisory Committee was informed that in terms of operational safeguards, IEAIS is also governed by its charter, approved by the Executive Director, which specifies access to information, independence and reporting lines. Management decides the budgetary resources provided to oversight and IEAIS has an obligation to report to the Executive Board annually its “view whether resourcing of the function is appropriate and sufficient to achieve the desired internal audit coverage”. Additionally, the Evaluation Policy identifies that UN-Women should aim to spend 2 to 3 per cent of programme expenditure on evaluation with this key performance indicator reported annually to the Executive Board.

15. As regards the proposed new regulation 26.2 and the reference to a service provider, upon enquiry, the Advisory Committee was informed that UN-Women has engaged the Office of Internal Oversight Services (OIOS) of the United Nations since 2018 as an investigation service provider under a memorandum of understanding. The Committee was also informed that the phrasing of regulation 26.2 allows for the unique set up of the UN-Women investigation function where some investigation activities are currently outsourced to United Nations investigation services. Furthermore, it emulates the rule in the current FRRs and provides clarity regarding the authority of UN-Women to outsource investigation services as UN-Women is the only fund or programme engaging a service provider. On the same issue, the Committee was informed that OLA had suggested that UN-Women replace “external service provider” in regulations 26.1 to 26.3 with “the oversight body of the United Nations”. According to UN-Women, although the word “external” was removed in the final proposed regulations, the term “service provider” was retained as UN-Women had also obtained services from the internal audit and investigation services of UNDP in the past and it was therefore considered important that the FRRs allow the Director to engage another service provider.

Trust Funds

16. The report of the Executive Director indicates that in order to enhance the clarity of trust fund administration, two new regulations and one rule have been proposed to standardize the process for creating and managing trust funds. According to UN-Women, this is consistent with the practices adopted by other UN entities and will streamline the operational procedures for managing these resources (UNW-XXX, para 10). Upon enquiry, the Advisory Committee was provided with additional information regarding the trust fund methodology for including amounts sufficient to cover administrative and indirect costs and was informed that the Executive Boards of UNDP, UNFPA, UNICEF and UN-Women have approved the joint cost-recovery policy (DP/FPA-ICEF-UNW/2020/1), including cost-classification categories, methodology and rates. The cost recovery policy provides a harmonized approach for charging and categorizing the indirect and direct costs that apply to trust funds and that UN-Women is taking steps to ensure full application of the harmonized approach to the trust funds, including by means of additional guidance and training for the trust fund secretariats.

17. As regards the new regulation 6.4 where the Executive Director determines the administration expenses to be covered by the trust funds, the Committee was informed that ultimate accountability for management and oversight is vested in the Executive Director of UN-Women to apply the harmonized cost recovery policy approved by the Executive Board. The administrative expenses in the proposed regulation 6.4 refer to both direct and indirect costs related to trust funds thereby ensuring that there is no subsidization of the trust fund expenses from the regular resources of UN-Women. The Committee was informed that the language aligns with that of UNICEF, which also has additional resources and special accounts, and applies the same harmonized cost-recovery policy as UN-Women.

18. The information provided to the Committee indicates that regulations 18.3 and 18.4 propose edits to ensure consistency with other funds and programmes. Upon enquiring as to the differences between existing regulation 18.4, where any balance would be reverted to the account held by UN-Women, compared to the surrender of balances under the proposed new regulation, the Committee was informed that the revisions to regulations 18.3 and 18.4 are to clarify that unused institutional budget allocations will be returned to the UN-Women account for reallocation through the budgetary processes and that funds received from donors for trust funds generally return to the donor. The Committee was also informed that in order to clarify the distinction, the management of UN-Women intends to edit regulation 18.3 to read “Appropriations from regular resources shall remain...” and regulation 18.4 to read “Appropriations from trust funds shall remain...”. **The Advisory Committee is of the view that the destination of unused funds, both in the institutional budget and in trust funds, should be clearly regulated in the Financial Regulations and reflect the Executive Board’s decisions on the matter. The Committee trusts that further justification on the proposed changes and any additional edits to regulations 18.3 and 18.4 required to ensure greater clarity will be provided to the Executive Board at the time of consideration of the present report.**

Procurement and Property Management

19. According to the report of the Executive Director, the language related to procurement has been revised to reflect contemporary practices and replace outdated references to the Global Compact. Additionally, the regulations governing the management and disposal of assets have been separated from procurement to improve clarity and align with best practices in other UN organizations (UNW-XXX, para 12). Upon enquiry, the Advisory Committee was informed that the section of the FRRs relating to procurement still applies to the actual procurement of property, plant and equipment and that the substantive change is restricted to rule 2501 on the establishment of a property survey board, in line with sister agencies, to govern disposals and losses of property and equipment. A new regulatory framework procedure is being developed in line with equivalent procedures in other such funds and programs as UNICEF and UNFPA that already have similar language in their FRRs. The Committee was also informed that the current thresholds for capitalization of assets remain based on UN-Women’s materiality policy for financial reporting for IPSAS financial statement purposes and that policies relating to procurement and property plant and equipment do not require revisions as a result of the separation beyond the new procedure noted above.

The Advisory Committee trusts that additional information on the establishment of the property survey board and the regulatory procedure framework being developed by UN-Women will be provided to the Executive Board at the time of consideration of the present report.

20. The proposed amendments to regulation 24.3 indicate the inclusion of language relating to sustainable procurement and the deletion of the reference to the procurement of goods and services from developing countries and countries with economies in transition as well as permitting regional, local and small vendors to participate in procurement opportunities in programme countries. Upon enquiry, the Committee was informed that the original regulation was based on outdated Global Compact language leading to its proposed deletion. The procurement of goods and services, as previously listed, will remain under the proposed regulation, and although not explicitly listed, includes such wider social and economic considerations as procurement from women-led businesses and small businesses, and women's economic empowerment.

21. As regards the reference to sustainable procurement, the Committee was informed that the amended regulation references the 2030 Agenda for Sustainable Development (A/Res/70/1) and specifically target 12.7 of Goal 12 which calls for the promotion of public procurement practices that are sustainable, in accordance with national policies and priorities. The amended regulation also references Goal 5 on gender equality. The Committee was informed that the United Nations Strategy for Sustainability Management (2020–2030) and the United Nations Model Approach to Environmental and Social Standards in United Nations Programming were furthermore used as the legal basis for the amendment. As a United Nations entity with a core mandate on gender equality and the empowerment of women, UN-Women's integration of gender-responsive procurement operationalizes both its institutional mandate and the commitment of the United Nations system to sustainable procurement. Gender-responsive procurement is recognized as a form of sustainable procurement that incorporates gender equality considerations into procurement decisions and therefore falls within the scope of sustainable procurement principles that are expected to be implemented in the best interest of the organization. The Committee was further informed that the amendment is required to update the regulation, the other funds and programs do not have an equivalent regulation in their FRRs, and the amended regulation will institutionalize the commitment of UN-Women at the highest regulatory level, ensuring consistency, accountability and its systematic application.

22. The Advisory Committee notes that the Global Compact is a voluntary initiative based on commitments by mainly private sector companies to implement sustainability principles and does not set the framework for United Nations procurement. Furthermore, while noting the goals of the 2030 Agenda for Sustainable Development, the Committee also notes that the concept of sustainable procurement has not yet been approved by the General Assembly. The Committee notes that the Secretariat has implemented outreach programmes specifically designed to engage women-owned businesses and that efforts in that regard can be pursued in accordance with the United Nations Financial Regulations and Rules and the procurement principles reflected in

Regulation 5.12 and UN-Women’s Regulation 24.2. The Committee therefore recommends against the proposed amendments to regulation 24.3.

Grants and financial assistance

23. As regards grants and financial assistance, the report of the Executive Director indicates a proposed new regulation to specifically address the use of financial assistance or grants in programme or project activities as this was identified as a gap in the existing regulations and rules. This regulation acknowledges the growing role of grants in both UN-Women’s programme delivery and trust fund management (UNW-XXX, para 13). Upon enquiry, the Advisory Committee was informed that grants are provided as part of a UN-Women implemented workplan and shall mean a contribution to a not-for-profit or civil society organization for capacity development purposes or as financial assistance provided directly or through an implementing partner or executing agency. Further, the term grant is intended to have equivalent meaning to “grant awards” used in the Proposed revisions to the Financial Regulations of the United Nations (A/80/367) and that UN-Women’s policies and procedures do not refer to grants in the context of funding received from the United Nations Regular Budget. The Committee was also informed that UN-Women has a Small Grant policy in place that defines eligibility and monitoring for direct grants made by its offices and that management is working on developing comprehensive grant policies and procedures in anticipation of approval of the revised FRRs for direct grant making.

24. In terms of the new proposed regulation 17.6, the Committee was informed, upon enquiry, that financial assistance covers a wider range of activities than support for capacity building and considering that the definition of “Grant” includes both grant support and financial assistance, the regulation could have been revised to simply refer to a grant. Nevertheless, programmatically and for the ease of using the regulations in day-to-day operations, the inclusion of both grant and financial assistance is considered beneficial. The Committee notes from information provided by UN-Women, that OLA had also recommended the deletion of “financial assistance” in regulation 17.6 and the definition of grant in regulation 28.2, but the language was retained given that it reflects UN-Women’s current programmatic activities, where both grants and financial assistance are used in program implementation. **While noting UN-Women’s intention to retain the term “financial assistance” in regulation 17.6, the Advisory Committee trusts that UN-Women will ensure that the related regulations and definitions provided in the Financial Regulations and Rules provide clear understanding as to the fact that financial assistance is a grant modality.**

Deletion of the pledging conference regulation

25. The report of the Executive Director indicates that no UN-Women-specific pledging conferences have taken place for several years, instead, UN-Women has joined the ECOSOC pledging conference, therefore the regulation related to pledging conferences is proposed for deletion as an obsolete regulation (UNW-XXX, para 14). Upon enquiry, the Advisory Committee was informed that UN-Women has not held a UN-Women dedicated pledging

session in some years as multi-year contributions are committed through multiple avenues for announcing voluntary funding commitments throughout the year. Multi-year commitments may be communicated during any session of the Executive Board, including, but not limited to, the Structured Dialogue on Financing held during the Second Regular Session of the Executive Board. Member States may also continue to make announcements through the annual ECOSOC Pledging Conference. The Committee was also informed that in the context of ongoing engagement, partners may convey funding commitments through bilateral consultations, high-level meetings, or formal correspondence, thereby providing flexibility to accommodate varying decision-making cycles and timelines.