UNFPA is including its report on the follow-up to the Joint Inspection Unit (JIU) reports as part of the Executive Director’s annual report in order to harmonize reporting arrangements with those of UNDP and UNICEF.

2. In 2002, UNFPA provided the JIU with inputs in the preparation of numerous reports and studies on a variety of topics, including: Management audit review of outsourcing in the United Nations and the United Nations funds and programmes; Support costs related to extrabudgetary activities; United Nations system revenue-producing activities; Option of lump sum payment as an alternative to the traditional shipment entitlements of staff; Reform of the administration of justice in the United Nations system: Options for higher recourse instances; and United Nations regional presence and coordination: The case of Arab countries. UNFPA also provided feedback and comments on a number of completed reports. Furthermore, selected JIU reports received were shared with concerned UNFPA managers for their information and consideration.

3. The following is a summary of comments made by UNFPA on those recommendations contained in the above-mentioned reports that are of most relevance to UNFPA.


Scope

4. The objective of the report was to determine if and to what extent outsourced operations conducted in 1999 and 2000 by the United Nations Secretariat and United Nations funds and programmes
had been consistent with policy directives contained in the General Assembly resolution 55/232, in particular with regard to the reasons, goals and criteria for outsourcing.

**Comments by UNFPA**

5. In general, UNFPA welcomed the comprehensive report and fully supported the principles expounded by the JIU under the eleven recommendations contained in the report. However, UNFPA urged that due consideration be given to the unique operating conditions and environments faced by individual agencies. As such, UNFPA considered that the JIU recommendations should remain as guidelines to assist agencies in the promulgation of outsourcing as a viable and cost-effective strategy to secure services that may be required due to a multiplicity of factors. In this connection, whether such skills are either unavailable in-house, temporarily required, outside the skill sets normally required within the organization or merely cheaper outside, in the Fund’s view it should be left to the organization concerned to determine the appropriate strategy to secure the requisite expertise. UNFPA also pointed out that while United Nations system guidelines on this subject would be very useful, it remained for individual agencies to determine how appropriate procedures would be applied. UNFPA raised the issue of decentralization and noted that outsourcing to appropriately qualified and reputable contractors, with appropriate oversight and control mechanisms in place, might prove an effective means of ensuring that decentralization objectives are achieved. UNFPA indicated that it was not in favour of imposing strict regulatory controls, which might effectively preclude such initiatives.

**Support costs related to extrabudgetary activities in organizations of the United Nations system**

**Scope**

6. From a broad, system-wide perspective, this report examined the establishment and application of extrabudgetary support-cost policies and discussed cost-measurement methodologies from a policy rather than a technical point of view.

**Comments by UNFPA**

7. UNFPA agreed with many of the observations in the report, and found that the JIU report provided insights and recommendations pertinent to initiatives under way in UNFPA to review the management of co-financing, including the treatment of cost recovery and overhead rates. UNFPA will be undertaking an analysis of direct and indirect programme support costs during 2003, in consultation with other United Nations agencies, with a view to submitting a revised policy for the Executive Board’s approval. Wherever possible UNFPA will endeavour to include recommendations contained in the JIU report in its proposal to the Board.

**United Nations system revenue-producing activities**

**Scope**

8. The objective of this report was to review United Nations system policies and practices relating to revenue-producing activities with a view to establishing a coherent policy framework for these activities and improving their management efficiency and effectiveness.
Comments by UNFPA

9. UNFPA found the study useful in that it covered a broad range of issues and provided helpful insight into the approaches and strategies used by United Nations organizations to address them. UNFPA noted that the topic would likely continue to be a growing area that could benefit from inter-agency dialogue and exchange of information. In the spirit of the United Nations reform and harmonization of practices, UNFPA indicated that it would consider tabling the matter for further review through an appropriate existing mechanism under one of the numerous reform initiatives currently underway.

The option of lump sum payment as an alternative to the traditional shipment entitlements of staff:
An overview of selected United Nations system organizations

Scope

10. The purpose of this JIU Note was to examine the scheme of shipment entitlements in the United Nations system and the lump sum option payment for initial appointments, change of duty stations and separation from service (repatriation).

Comments by UNFPA

11. UNFPA was of the opinion that the lump sum should be continued, as it has been received favourably by staff and cuts down on administration. Taking this into account, UNFPA suggested that it would be useful to have an analysis of current lump sum pilots being tested by other organizations to determine whether any changes would be needed in the approach. Such analysis could, for instance, examine how many staff have opted for lump sum versus the standard approach; what cost savings (if any) had been realized; and whether the lump sum amounts paid are too low or too high.

Reform of the administration of justice in the United Nations system: Options for higher recourse instances

Scope

12. The objective of this report was to consider, in the context of the reform of the administration of justice in the United Nations system, the possibility of establishing a higher recourse instance in respect of the binding decisions of the two main international administrative jurisdictions, namely, the International Labour Organization Administrative Tribunal (ILOAT) and the United Nations Administrative Tribunal (UNAT), in consultation with the organizations of the United Nations system, and bearing in mind the national legal systems of Member States.

Comments by UNFPA

13. UNFPA agreed with most of the recommendations contained in the report with the exception of the recommendation on the creation of an ad hoc panel to review judgements of the tribunals. UNFPA observed that it would be a costly and time-consuming mechanism. It also noted that if there were problems with the tribunal (exceeding its jurisdiction or making fundamental errors in procedure), then it
would be preferable to address and eliminate these problems rather than to add another layer to the justice system.

United Nations system regional presence and coordination: The case of Arab countries

Scope

14. The objective of this JIU Note was to look into the United Nations system organizations’ regional presence in the Arab countries, assess mechanisms of coordination of activities at the regional level and examine ways of enhancing them.

Comments by UNFPA

15. In general, UNFPA found that the Note did not sufficiently discuss the serious coordination issues revolving around important social issues. In addition, it shared its concern regarding the proposed role the UNDP Bureau of Arab States, through the UNDP Regional Cooperation Framework, would play as yet another mechanism for programming and coordinating United Nations system organizations’ support at the regional level.

16. UNFPA pointed out that the Executive Secretaries of the Economic Commissions, including the Economic and Social Commission for Western Asia (ESCWA), are already tasked with organizing annual meetings of the heads of regional bureaux/divisions to coordinate regional activities. In this connection, UNFPA supported the recommendation that a Regional Coordination Group (RCG) meeting focus on the formulation of a collective regional strategy and identification of intercountry or regional priorities and projects. UNFPA also commented that the RCG could constitute a regional mechanism to support the United Nations resident coordinator system in reporting on progress towards achieving the Millennium Development Goals at the country level. Moreover, UNFPA pointed out that the United Nations Development Group is already charged with the harmonization and coordination of administrative and operational activities of its membership. Adding a third layer to rationalize and coordinate a collective regional strategy and activities would therefore seem duplicative. In the Fund’s opinion programming for and coordination of actual activities as defined in the strategy should be the responsibility of the organization with the mandate/comparative advantage to do so.

Recommendation

17. The Executive Board may wish to take note of the present report.
Executive Board of the
United Nations Development
Programme and of the
United Nations Population Fund

Annual session 2003
6 to 20 June 2003, New York
Item 14 of the provisional agenda
UNFPA

UNITED NATIONS POPULATION FUND

DELEGATION OF FORMAL AUTHORITY TO THE EXECUTIVE DIRECTOR
ON UNFPA PERSONNEL MATTERS

1. This report is submitted to the Executive Board in order to begin the process of delegating formal
authority to the Executive Director in matters concerning UNFPA personnel. This process requires that the
Executive Board recommend to the General Assembly, through the Economic and Social Council, that
formal authority be delegated to the Executive Director by the Secretary-General. This delegation of
authority based on a decision of a deliberative body competent in respect of an organization such as
UNFPA has numerous precedents, including the delegation of such authority to the UNDP Administrator,
to the United Nations High Commissioner for Refugees and to the Commissioner-General of the United
Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA), among others.

2. Formal authority in matters concerning UNFPA personnel currently resides with the Administrator
of UNDP, as it has since 1969 when the Secretary-General placed UNFPA under the authority of the
Administrator. In 1972, the General Assembly placed UNFPA under its authority (resolution 3019
(XXVII)). This gave UNFPA authority over its operations and enabled UNFPA to establish, with the
approval of the UNDP Governing Council, its own financial rules and regulations; a priority system for
resource allocations; planning and programming procedures; and methods of programme implementation.
It also established that UNFPA would report directly to the UNDP Governing Council, the Economic and
Social Council and the General Assembly. Administratively, however, UNDP continued to represent
UNFPA in the field, administer UNFPA staff and provide financial services to UNFPA.

3. General Assembly resolution 34/104 of 1979 reaffirmed resolution 3019 (XXVII) and stated that
UNFPA is a subsidiary organ of the Assembly. It also noted that UNFPA should continue to avail itself of
the services of UNDP, including those of its representatives in the field. The General Assembly addressed
the issue of UNFPA representation in the field in decision 50/438 of 20 December 1995, formally
designating UNFPA country directors as UNFPA representatives.

4. Prior to 1983, the Administrator appointed the Executive Director of UNFPA. However, in 1983,
the Secretary-General, for the first time, directly appointed the Executive Director of UNFPA and has made
all subsequent appointments and reappointments of the Executive Director.

5. The request of UNFPA for formal authority in matters concerning UNFPA personnel has been
endorsed by UNDP. UNFPA also consulted with the Executive Office of the Secretary-General on this
matter, and it recommended, as advised by the United Nations Office of Legal Affairs, that UNFPA should
follow the process outlined in paragraph 1.

6. The delegation of such authority to the Executive Director would improve the management,
efficiency and accountability of UNFPA personnel services and remedy the anomaly noted by internal
auditors that while the Executive Director has substantive authority over UNFPA personnel, she does not
have the formal authority to appoint, administer or discipline UNFPA staff.

7. The delegation of personnel authority to the Executive Director would not have any direct financial
implications or added costs. UNFPA would continue to make use of, and pay for, certain personnel
services provided by UNDP. The cost of the personnel services assumed by UNFPA would be offset by a
corresponding reduction in the amount paid to UNDP.

Key background information

8. UNFPA pursued a similar process in 1991 based on the observation by the United Nations Board of
Auditors that the “involvement of the UNDP Administration in the personnel matters of UNFPA causes
constraints and cumbersome procedures”. The Board of Auditors, therefore, recommended “the
streamlining of the hiring process and the transfer of the contract procedure to UNFPA” in order to bring
about “a more economic and efficient use of resources” (see DP/1991/36, Annex 2). UNDP concurred with
this assessment and agreed that the Executive Director should have formal authority in matters concerning
UNFPA personnel. The Advisory Committee on Administrative and Budgetary Questions also endorsed
the delegation of formal personnel authority to the Executive Director (document DP/1991/40), noting that
“such authority would reflect the de jure and de facto status which the Fund already has in other areas
within the United Nations system” (para. 34).

9. The UNDP Governing Council concurred with this assessment and recommended to the General
Assembly, through the Economic and Social Council, that formal authority in matters of UNFPA personnel
should be delegated to the Executive Director by the Secretary-General (decision 91/36, para. 18). The
Economic and Social Council took note of this request, as contained in document E/1991/91/Add.1, and
reported on it in its official report to the General Assembly. The General Assembly took no action on the
item, as it was felt that the reform process initiated at that time by the Secretary-General should be given
time to unfold before entertaining requests on such matters.

10. UNFPA re-initiated its request in 1998 following a recommendation by the internal auditors that
UNDP and UNFPA should “clearly define the lines of authority and the responsibilities of each
organization with respect to both headquarters and field personnel”. Following extensive discussions on
this issue, in late 2000 the executive heads of the two organizations informed the Secretary-General that
they agreed that formal authority in matters of UNFPA personnel should be transferred to the Executive
Director of UNFPA. The request contained in this report to the Executive Board is the outcome of that process.

**Recommendation**

11. The Executive Board may wish to recommend to the General Assembly, through the Economic and Social Council, that, as proposed in this document, formal authority in matters of UNFPA personnel be delegated to the Executive Director by the Secretary-General.

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