Attended is the draft report on agenda items:

10(e) Headquarters staffing review

10(g) Interagency Procurement Services Unit
Agenda Item 10(e): Headquarters Staffing Review

1. Under item 10(e) of the Council's agenda, the Committee had before it a Note by the Administrator, Headquarters Staffing Review (DP/476). Introducing this item, the Deputy Administrator outlined developments since the Administrator had informed the Governing Council at its twenty-sixth session of his intention to undertake studies of headquarters' and representative field offices' staffing requirements. Referring to the timing of the actions connected with these studies, the Deputy Administrator informed members that the planning and fact-gathering phases of the field survey were expected to be completed by about the end of 1980. If all went well, the Administrator's conclusions and recommendations could begin to emerge by the middle of 1981. Therefore, the Administrator's decisions on the combined Headquarters and Field Studies would not be available for submission to the Council's twenty-eighth session, nor could the 1982-1983 biennial administrative budget, with its March 1981 publication deadline, be prepared on the basis of such decisions. The problem was how to deal satisfactorily with these issues of timing taking into account the objective of minimizing the duplication of work for the Council.

2. There were other uncertainties to be considered as well: the size of the Programme in future years, the way in which new IPF allocations might affect allocation of staff as between headquarters and the field, the role of the Resident Co-ordinators and the completion of the ISIP exercise for improved financial and programme management. There were already growing pressures for staff increases to carry out the much higher level of delivery. The Administrator, meanwhile, was attempting to avoid requests for increases in staff pending the results of the Headquarters and Field surveys.

3. The Administrator was proposing, therefore, that the results of these studies and the related budgetary submissions for 1982-1983 might be handled as follows:
1980-1981

a. The Administrator would direct his staff to prepare the 1982-1983 biennial budget at the normal time (i.e., beginning in the late fall of 1980) with a view to permitting its review by the Administrator and the submission of the final documentation for translation and distribution for the Council in March 1981.

b. This budgetary submission would be prepared, taking into consideration the views expressed by the Council at its twenty-sixth session with respect to format and improvements largely on the basis of the present organizational arrangements and staffing patterns at both headquarters and in the field. However, having due regard to the Field Office aspects of the survey, it might be advisable to show those staffing figures in the budget in aggregate terms. It would be submitted for the Council's review and approval at its twenty-eighth session, together with the comments of the ACABQ.

c. The budget would essentially be submitted on a zero-growth basis, that is, in real terms, it would provide for existing staff plus cost increases associated with that staff. It would probably also be necessary to propose staff increase where they were needed for newly approved functions, including new field offices (if any), and for other true exigencies. In each case, the Administrator would personally decide that the increase was absolutely essential to carrying out the workload of the Programme.
d. The Administrator would submit to the Council's twenty-ninth session such revisions to the budget as he found necessary from a management, staffing and operational standpoint. The relevant report would include full information on both the Headquarters and Field Studies and would relate the conclusions and recommendations flowing from these studies to the proposed revisions in the 1982-1983 biennial budget.

e. In view of the time-consuming nature and the cost and the documentation involved, this 1982 submission would be made in as simplified a form as possible: it would avoid presenting again a full-scale budget document. Emphasis, where applicable, would be on the reason for shifts in staff and resources and the effect thereof.

Discretionary authority for the Administrator

f. In order to keep UNDP functioning as effectively as possible between now and the Council's consideration of the budget in 1981 and the review scheduled for 1982, it would be necessary for the Administrator to have the Council's understanding that during this period, he would expect to redeploy staff and resources between headquarters units, from headquarters to the field and, as necessary, from field location to field location as in his judgement might be required. Inherent in this would be his authority to take such subsidiary administrative actions as might become necessary.
4. The Deputy Administrator concluded by stating that the objective was to enable the Administrator to carry out his administrative responsibilities effectively during the next two years, while ensuring that the Council was in a position to exercise its review and oversight functions during this period. He asked the Committee to note and approve these modalities.

Summary of discussion in the Committee

5. A number of members stressed that they looked forward to a more rational use of staff in UNDP as well as to more decentralization, stressing that notwithstanding the increase in programme, staff increases -- and therefore administrative budget expenditure -- should be kept to a minimum. Several members also stated that in the desk-to-desk study and in the Integrated Systems Improvement Project, the Administrator had been given extremely powerful tools with which to effect changes in personnel policy, financial procedures and the over-all management, control and organization of UNDP. An observation made at the twenty-sixth session of the Council was recalled by one member, which indicated that the desk-to-desk study should not be used simply as a justification for staff increases, but rather as a mechanism to review the efficiency and effectiveness of UNDP. Hope was expressed that the Administrator would continue to take this point of view into account.

6. One member, while expressing appreciation for DP/476 and for the Deputy Administrator's statement, regretted that a fuller account of the study was not possible at present. The member further agreed that a "zero growth" basis for staffing in the interim was welcomed and he looked forward to the separate document in 1982 giving the survey's conclusions. The member expressed the hope for general staff reductions in the long run. Another member, while agreeing with the
Administrator's proposal, asked for further information on the discretion requested to redeploy staff during the interim, since it was his understanding that the Administrator already possessed that flexibility. Still another member referred to the role of the Resident Co-ordinators, one of the uncertainties mentioned by the Deputy Administrator, and asked whether their function could be elaborated upon.

Response of the Administration

7. The Deputy Administrator noted that while the Administrator possessed flexibility in borrowing and in shifting posts, a major redeployment of staff might be considered to be within the competence of the Council and that was the reason for the Administrator's setting forth the information contained in "f" above. He further observed that while the Secretary-General had issued detailed descriptions of the Resident Co-ordinator's functions, the impact of and time required to carry out these functions by UNDP staff could not yet be gauged. This issue might become clearer over the next year, as Resident Co-ordinators assumed their posts.

8. In concluding the item, the Chairman noted that the report on both Headquarters and Field surveys would be submitted for the Council's consideration at its twenty-ninth session (1982) with the biennial budget for 1982-1983 being considered at its twenty-eighth session (1981) on the basis described by the Deputy Administrator.

Agenda item 10(g): Interagency Procurement Services Unit (IAPSU):
Interim Report of the Administrator

1. Under item 10(g) of the Council's agenda, the Committee had before it, for consideration the Interim Report of the Administrator on the Interagency Procurement Services Unit (DP/492). Introducing the item, the Acting Assistant Administrator, Bureau for Special Activities, emphasized that the Unit had achieved savings far beyond
its administrative costs. He also pointed out that the Executing and Specialized Agencies had been making increasing use of the Unit's services. He stressed that IAPSU concentrated on certain areas of procurement so as not to stretch its staffing resources too thinly. He also referred to the Unit's progress in utilizing non-convertible currencies and in generating greater procurement of common user items from the developing countries. He closed by calling attention to the opportunities for co-operation with the Special Unit for TCDC and stated that though much had been accomplished, much remained to be done.

Summary of the discussion in the Committee

2. Members of the Committee were virtually unanimous in their expression of satisfaction with the work of the Unit. In particular, the common approach to procurement and the substantial savings realized were emphasized as having justified the Unit's operation. Several members also referred to the increase in procurement from developing countries and the greater use of non-convertible currencies as being worthy of commendation. Other members, however, stated that, in their view, concentration on the utilization of non-convertible currencies should not be to the detriment of other suppliers. All members agreed that the most effective way to promote more equitable geographic distribution of suppliers was to improve the flow of project information and to expand relevant information activities in general.

3. One member referred positively to the recent decision of the High-level Meeting on TCDC, which called for continued surveys to identify suppliers in developing countries. He also urged that information officers be posted in the developing countries and that the Committee recommend field surveys for this purpose. Several members, referring to the Unit's efforts to redress the geographic imbalance of procurement practices, stated
that such activities were instrumental in helping to implement General Assembly resolutions 3201 (S-VI) and 3202 (S-VI) on the establishment of the new international economic order. Several other members, while expressing their satisfaction with the progress made towards more equitable geographic distribution of suppliers, emphasized that quality and cost should remain the prime considerations. Still on the subject of geographic distribution, one member referred to a study undertaken by the Secretary-General which indicated that firms located in the headquarters cities of Agencies were shown preference with respect to procurement.

4. With respect to the currency of payment, several members stated that payment to countries with accumulated non-convertible currency balances should be made in the respective countries' own currencies. One member specified that in his view, there should be no payments in convertible currencies to countries with accumulated non-convertible currencies. Another member stated that since his Government contributed to UNDP in both convertible and non-convertible currencies, payments to his country should be made in both kinds of currencies.

5. At the invitation of the Chairman the representative of the International Trade Center (ITC) briefly summarized the relevant activities undertaken by his organization in co-operation with a number of United Nations system organizations. He pointed out, however, that because of limited resources available from the ITC Trust Fund, it was becoming increasingly difficult to participate in IAPSU's programme.