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GOVERNING COUNCIL
BUDGETARY AND FINANCE COMMITTEE
Twenty-seventh session
June 1980

DRAFT REPORT OF THE BUDGETARY AND FINANCE COMMITTEE

Addendum

Rapporteur: Miss Miriam AL-AWADHI (Kuwait)

Attached is the draft report on agenda items:

- 7(a)(iii) UNFPA request for approval authority
- " " (iv) " budget estimates
- " " (v) " audit report
- 11(b) Feasibility of indexing the decisions of the Governing Council

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Consideration by the Budgetary and Finance Committee

1. Under agenda item 7 (a) (iii), (iv) and (vi) of the Council's agenda, the Committee had before it the following documents:

(a) Request for approval authority (DP/482);

(b) The UNFPA budget estimates for administrative and programme support services for 1981 and for supplementary allocations for 1980 (DP/483);

(c) Comments of the Advisory Committee on Administrative and Budgetary Questions on the UNFPA administrative budget for 1981 (DP/497); and

(d) The UNFPA audit reports (DP/434).

2. The Council first discussed item 7 (a) (iii), Request for approval authority, in plenary session but decided to refer the consideration to the Committee which adopted a decision on the subject.

3. Introducing the discussion on the budget estimates in the Committee, the Executive Director of UNFPA first noted that, in accordance with an ACABQ recommendation, UNFPA had changed the nomenclature of some of its organizational units but that these changes would not have any budgetary implications for 1981.

4. He said the Fund had presented a programme of \$159 million for 1981, requiring an increase of 24 per cent in contributions over 1980, and of 36 per cent over 1979. Expenditure had also been rapidly increasing and had reached \$131.6 million in 1979, a figure including \$14.5 million in unallocated funds carried forward from 1978. In 1979, of the total of \$131.6 million, \$123.6 million had been spent on project costs (including \$3.7 million for UNFPA field co-ordinators, \$2.6 million on United Nations over-head costs, and \$5.6 million on headquarters administrative costs. The request for increased administrative expenditures

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reflected high inflation rates and soaring energy costs and, as a result, increases for 1981, both at headquarters and in the field, were expected not only in real terms but also in monetary terms. These factors should also be taken into account when pledges were made to UNFPA. He said that UNFPA would appreciate if donors would pay their pledges earlier in the year.

5. The Executive Director said that the 1981 administrative budget of \$8.5 million was \$1.8 million higher than that for 1980. This reflected inflationary increases calculated at the rate of 11.7 per cent, and real increases amounting to 16 per cent over the 1980 budget. The increase in real terms was largely due to increased expenses for headquarters rental. The total budget estimates for 1981, however, would remain at the low level of 5.4 per cent of the projected 1981 programme, or of 8.9 per cent if the cost of the field staff were included.

6. The increases over 1980 reflected mandatory increases in salary scales and personnel allowances, amounting to 26 per cent of the increase. The costs of requested new posts and reclassifications represented 30 per cent of the increase. The balance of the increase was for travel and transportation, temporary services, overtime and other operating expenses, as well as an increase in the cost of UNDP and United Nations services provided to UNFPA on a cost reimbursable basis; these latter subventions had increased by 75 per cent over the last two budget years.

7. The staffing proposals - for eight new professional and 14 new general services posts and for the reclassification of 15 professional and four general services posts - were in line with the staff projections submitted to the twenty-sixth session (DP/405 and Corr.1). Requests for new professional staff were primarily at the P-1/2 level. The staff increases were needed for the analysis and appraisal

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of the large number of new project requests which were becoming increasingly sophisticated and of which many were being directly executed by the recipient countries with UNFPA monitoring assistance; the latter projects required more services from headquarters.

8. Field staff costs would increase in 1981 with the addition of co-ordinators offices in Mozambique and Papua New Guinea; a post had been established in China and one planned for Sudan, while the liaison post for the Mediterranean and Middle East had been discontinued in 1980. The co-ordinator in Honduras had been replaced by a national programme officer.

9. The Executive Director noted that ACABQ had recommended only two reclassification and that it had done so without an analysis of the changing responsibilities of each post. Rather, it had based its recommendation on the contention that there had been no changes in the job content. However, there had been a dramatic increase in the activities undertaken by UNFPA, often pursuant to General Assembly resolutions. He urged specifically the reclassification of the Assistant Executive Director's post from D-2 to ASG level, in view of the expanded responsibilities and the need for an officer at this level to conduct high-level negotiations with governments. UNFPA had also assumed new responsibilities in connexion with its participation in ACC and that, too, required strengthening of the staff, as did the need to expand multi-bilateral funding arrangements.

Summary of the discussion in the Committee

10. There was general support in the Committee for the Executive Director's request in DP/483 for a supplementary appropriation of \$100,000 for the 1980 administrative budget. The Committee also decided to take note of the UNFPA financial accounts for the year ending 31 December 1978 and of the audit report (DP/434), and to permit the Executive Director to transfer credits between programmes of the revised 1980 and the 1981 budget, with the concurrence of ACABQ.

11. There was wide divergence of opinion in the Committee concerning the UNFPA requests for additional staff and reclassifications. While several members favored approval of the Executive Director's requests in DP/483, in view of the excellent performance and increased future tasks of the UNFPA staff, many other members urged acceptance of the more modest suggestions of ACABQ (DP/497), although some felt that some modifications in terms of additional staff and reclassifications were possible. They argued that UNFPA should practice managerial prudence at a time when the flow of additional resources was uncertain and that UNFPA should try and maintain its good record of keeping administrative expenses low. It was also suggested by some that decisions on staffing and reclassification be made only after the review of the future role of UNFPA scheduled for the next session.

12. There was general agreement on the addition of a P-4 post in the Programme Division for an officer who would be in charge of multi-bilateral funding negotiations, as well as for some low-level professional posts in addition to what ACABQ had recommended. There was also general agreement on the reclassification of the chiefs of the Africa and Mediterranean and Middle East Branches from P-5 to D-1 level. The reclassification of the Assistant Executive Director's post from D-2 to ASG level was supported by a number of members, while others, opposed this reclassification, although some stated they were willing to join a consensus or that it could be considered along with the review of UNFPA's future role at the next session.

13. To facilitate a consensus, the Executive Director said he would list UNFPA's minimum staffing requirements in addition to those endorsed by ACABQ: a P-4 level officer to handle multi-bilateral negotiations; two junior posts (P-1/2), one in his office as Assistant Reports Officer to handle new tasks connected with UNFPA

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membership in ACC, and one in the Administration and Finance Division to handle the computerization of accounts; the corresponding general service personnel; and the reclassification of the Assistant Executive Director from D-2 to ASG level.

14. At two subsequent Committee meetings details of the minimum staffing requirements, as indicated by the Executive Director, were further discussed. There was support for a P-1/2 post to handle computerized accounts, as well as for the P-1/2 post to strengthen the Executive Director's Office. Comments were also made on the role ACABQ should play in the Council's process of budgetary approval: some members felt that ACABQ had a strictly advisory function, while others stated that ACABQ was in the best position to make responsible proposals since it considered budgets of individual organizations from a system-wide viewpoint and that its important role should not be eroded. One member expressed apprehensions over a possible top-heaviness in the Fund's management and one observer suggested that UNFPA staff be frozen pending the outcome of the review of its future role. On the other hand, confidence in the management of UNFPA and its performance was repeatedly expressed, and some members felt that the Executive Director must have some leeway in determining his staffing needs. Some members urged caution so that the percentage of UNFPA's administrative expenses of the total programme budget did not unduly increase if additions to the staff were made and future income did not meet expectations. Some members felt that there must be a correlation between the number of staff and staff efficiency.

15. At the third meeting devoted to considering UNFPA staffing, the Committee had before it DP/GC/XXVII/BFC/CRP.15, a result of private consultations in which it was recommended that the Committee approve two P-1/2 posts in addition to those endorsed by ACABQ (a total of five posts on that level), one P-4 post for the

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multi-bilateral officer and three general service posts beyond the three recommended by ACABQ. While some members were willing to accept this proposal, others still considered it excessive. Attention was also drawn to the number of proposed general service posts which, as one observer stated, were in excess of what had been presented as minimum requirements. One member strongly objected to the opposition voiced to this latest proposal and stressed that his Government had full confidence in the UNFPA administration, and although he would not automatically subscribe to all UNFPA staffing requests, he felt that UNFPA was probably understaffed. He recalled that UNFPA had asked for 22 new posts and ACABQ had granted 6; the Executive Director, in a spirit of compromise, had stated his absolute minimum requirements: three additional professional posts and the necessary support posts. The member said he had no objection to granting the three additional general service support posts. His position was supported by some members, while others maintained that, in view of the arguments put forward earlier, the number of posts suggested in CRP.15 was still too high. After further consideration of the matter, the Committee agreed to grant the P-4 post, four, rather than five, P-1/2 posts; and four general service posts. It was agreed that the placing of the new P-1/2 level staff would be left at the discretion of the Executive Director. The Committee also agreed to approve the reclassification of two P-5 posts to D-1 level and to reconsider the reclassification of the D-2 post at the next session of the Council.

16. At the suggestion of one member, supported by another, the Committee decided to review the question of the size of UNFPA's operational reserve at the next session, taking into account the decisions taken on the operational reserve of UNDP.

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Draft report of the
Budgetary and Finance Committee

Agenda item 11(b): Feasibility of indexing the decisions
of the Governing Council

1. For consideration of item 11(b), which had been referred to the Budgetary and Finance Committee by the Plenary, members had before them a Report of the Administrator contained in document DP/481.
2. Introducing the item, the Secretary of the Governing Council drew attention to the consultations which had taken place with officials of the United Nations regarding the manner in which the indexing exercise might best be carried out. He emphasized that a prime consideration had been to ensure compatibility of any index UNDP might establish with the index to proceedings of the General Assembly and ECOSOC that the Dag Hammarskjold Library intended to set up. The Secretary also referred to the linkage between the proposed index and the institutional memory programme currently being undertaken by ISIP.

Summary of the discussion in the Committee

3. One member, speaking on behalf of several others, expressed appreciation for the Administrator's report and, noting in particular that the cost for maintaining and operating the index was envisaged as very modest, supported the Administrator's proposed course of action.
 4. The Chairman of the Committee suggested that the recommendation contained in paragraph 15 of DP/481 be approved, as appropriately amended with respect to the wording referring to the financial aspects of the proposal.
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