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FINANCIAL, BUDGETARY AND ADMINISTRATIVE MATTERS

Budget estimates for the biennium 1982-1983

Report of the Advisory Committee on Administrative  
and Budgetary Questions

1. As provided for in rule 111.6 of the Financial Regulations and Rules of the United Nations Development Programme (DP/2/Rev.1), the Advisory Committee on Administrative and Budgetary Questions has considered the 1982-1983 biennial budget estimates for the administrative and programme support services of the Programme (DP/548).

General outline

2. On a net basis the budget estimates for UNDP (inclusive of United Nations Capital Development Fund and United Nations Volunteers) for the biennium 1982-1983 amount to \$261.25 million, an increase of \$92.66 million, or 55 per cent, over the approved 1980-1981 budget. In relation to the supplementary estimates being requested in DP/550, the proposed increase is \$61.4 million, or 31 per cent. The draft appropriation resolution also covers the budgets of the Office for Projects Execution (OPE), the United Nations Revolving Fund for Natural Resources Exploration (UNRFNRE), the United Nations Sahelian Office (UNSO) and the UNSO-UNDP/UNEP Joint Venture.

3. An analysis of the increase in the 1982-1983 estimates over the total estimates for 1980-1981 (including supplementaries) is shown in tables 10 and 11 of document DP/548. As can be seen from those tables, the major portion of the increase is due to inflation.

4. The Administrator states in paragraph 10 of document DP/548 that should the Governing Council reiterate its decision that the United Nations Capital Development Fund (UNCDF) be responsible for its own administrative expenditure, and should this decision be endorsed by the General Assembly, the biennial budget would be

reduced by some \$3.9 million (net), or 1.5 per cent, to \$257.25 million. The Administrator indicates in paragraph 11 of his report:

"A further reduction will be possible when UNV, which now is funded from UNDP resources at a net cost of about \$4.7 million for the biennium, will be able to finance at least part of its own costs from project support cost reimbursement (see agency support costs, DP/556, pp. 27-28)."

#### Staff

5. No new posts funded from the biennial budget are proposed for 1982-1983. It should be noted, however, that the budget estimates for the biennium 1982-1983 include the 63 additional posts which were requested in the supplementary estimates for 1980-1981 (see DP/550; the related report of the Advisory Committee (DP/551); and paras. 16-23 below).

6. The proposed staffing for 1982-1983 and its distribution between Headquarters and the field are shown in the table below.

#### Staffing proposals 1980-1981 and 1982-1983 (established posts)

	1980-1981 original (DP/396)	1980-1981 revised (DP/550)	1982-1983 proposed (DP/548)
Headquarters	559 a/	572	572
Field offices	3,545	3,571	3 571
UNV	37	47	47
UNCDF	15	29	29
	<hr/>	<hr/>	<hr/>
Total	4 156	4 219	4 219
	<hr/>	<hr/>	<hr/>

a/ Including 546 posts (DP/396), 1 post for the Governing Council secretariat (decision 79/73), 5 posts for Programme Support and Co-ordination/Bureau for Special Activities (decision 79/46) and 7 posts for Technical Co-operation among Developing Countries (TCDC) (decision 79/29). For relevant decisions, see Official Records of the Economic and Social Council, 1979, Supplement No. 10 (E/1979/40), chap. XXI.

7. In addition to the "regular establishment" as described above, UNDP also has staff funded from "extrabudgetary" resources. In 1980-1981, 176 such posts are provided as compared to 185 proposed for 1982-1983. The increase is analysed in the following table:

<u>Source of funds</u>	<u>1980-1981</u>	<u>1982-1983</u>	<u>Increase</u>
UNDP support services:			
UNDP executed projects	23	34	11
UNFPA subvention	12	16	4
JPO programme	10	13	3
UNRFFNRE	1	1	-
UNFDAC	1	1	-
Energy Account	-	1	1
Decade of Women	-	1	1
OPE (except UNSO)	58	58	-
OPE/UNSO funded	20	9	(11)
UNRFFNRE	14	14	-
UNSO	37	37	-
	<u>176</u>	<u>185</u>	<u>9</u>

8. The budget estimates for 1982-1983 in document DP/548 contain yet another group of posts. As stated in paragraph 23 of the Administrator's report:

"Excess posts in both the international and local categories are shown in the budget as 'non-funded'. Altogether there are 16 international and 109 local posts in the Arab States region and two international and 90 local posts in the Latin American region which have been classified 'non-funded'."

The excess posts are mainly due to the need to accommodate increases in the Africa and Asia and the Pacific regions without altering for 1982-1983 the over-all total of 3,571 UNDP "regular budget" field posts authorized for 1980-1981. (See DP/548, para. 20.)

9. According to the Administrator:

"No funds have been provided for this total of 217 posts. It is expected that either funding will be provided by extrabudgetary resources previously mentioned or they will be proposed to be reinstated if the field office survey shows this to be essential or they will be terminated as soon as is practicable. The Administrator should be authorized to take special action as regards local staff in the form of special termination compensation to facilitate the necessary reduction of staff." (DP/548, para. 23)

10. The Administrator goes on to state in paragraph 24 of the same document:

"To the extent that the above-mentioned non-funded posts have neither been financed by extrabudgetary resources nor been able to be terminated, the Administrator, if and as required, will revert to the Governing Council in 1982 with funding proposals. The same applies to the financial consequences of any transitional or other arrangements which may be necessary to accomplish the reductions in question."

and in paragraph 25, he states:

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"The above proposal implies an uncertainty concerning the final amounts of funds necessary in relation to these extrabudgetary posts. Should the Governing Council not be prepared to accept this uncertainty, it may wish to recommend to the Administrator that the redeployed posts proposed for the Africa and the Asia and the Pacific regions be frozen until the corresponding number of non-funded posts in the Arab States and the Latin American regions have been deleted from the biennial budget."

11. The Administrator states in paragraph 28 of his report that he

"has not at present requested any staff increases to meet the functions of United Nations resident co-ordinators which, in most cases, will fall to the resident representatives ... While it is difficult at this stage to assess the exact impact of the new functions, a conservative estimate for all 116 field offices would be that the increased workload corresponds to not less than 25 work-years of Professional staff, or about \$1.5-2 million per annum."

#### Other increases

12. The Administrator states in paragraph 48 of his report that

"other costs in his budget increase by about 33 per cent over now proposed 1981 levels, i.e., by an average of 15.5 per cent per annum. As has been mentioned earlier and as can be seen from table 10, the only volume increase, \$1.2 million, refers to security-related costs. All other increases are due to inflation and similar non-controllable factors."

#### Observations and recommendations of the Advisory Committee

13. The Committee notes the statement in paragraph 1 of document DP/548 that the presentation of the 1982-1983 biennial budget "attempts to meet" the comments of the Advisory Committee on the 1980-1981 budget document (DP/412). In the Committee's opinion, however, the presentation in document DP/548 is not an improvement over that in document DP/396.

14. One of the major areas of concern expressed by the Advisory Committee in its report on the 1980-1981 proposed budget was that increase should be clearly identified and fully justified. (DP/412, paras. 25-27). A careful reading of the supplementary budget proposals for 1981 in document DP/550, together with the estimates in document DP/548, leads to the conclusion that the proposals for 1982-1983 do not, in fact, represent "zero growth" when compared with the approved levels for 1980-1981.

15. It is stated in paragraph 3 of document DP/548 that the "zero-growth commitment was made on the understanding that new activities authorized by the Governing Council or otherwise entirely new circumstances could motivate an increase in real expenditure". However, in the same paragraph it is stated that "the Administrator is requesting an increase for such purposes already in 1980-1981 (supplementary estimates for 1980-1981 (DP/550))". As pointed out by the Committee in its report on the supplementary estimates, several of the requests

could not be justified in terms of activities in the 1980-1981 biennium and should have been proposed, instead, as increases for 1982-1983.

16. In its consideration of the 1982-1983 proposals, therefore, the Committee has not proceeded from "the technical assumption ... that the supplementary estimates for 1981 will be approved by the Governing Council" (DP/548, para. 3). Rather, the Committee has operated on the assumption that the requests for certain of the new posts would be removed from the 1981 base calculation and treated as new requests for purposes of the 1982-1983 estimates.

17. As can be seen from document DP/550 a total of 63 additional posts were requested by way of supplementary estimates for 1981. Twenty-five of these posts related to the new field office in the Democratic People's Republic of Korea, and 1 was for a regional information officer for the Regional Bureau for Arab States. The Committee assumes that these posts will be approved in the context of the supplementary budget estimates for 1981. The remaining 37 posts were proposed for Headquarters as follows:

	<u>D-1</u>	<u>P-5</u>	<u>P-4</u>	<u>P-3</u>	<u>P-2/P-1</u>	<u>FSL</u>	<u>G-5</u>	<u>G-4/3</u>	<u>LGS</u> <u>OLS</u>	<u>Total</u>
<u>Headquarters</u>										
Inter-Agency Task Force (IATF)	-	-	-	-	1	-	-	3	-	4
Division of Management Information Services (DMIS)	1	2	-	-	-	-	1	3	-	7
Emergency Co-ordination Unit (ECU)	-	-	1	-	-	-	-	1	-	2
United Nations Capital Development Fund (UNCDF)	1	1	-	4	-	-	-	8	-	14
United Nations Volunteers (UNV)	-	-	-	1	3	-	-	6	-	10
<b>Total</b>	<b>2</b>	<b>3</b>	<b>1</b>	<b>5</b>	<b>4</b>	<b>-</b>	<b>1</b>	<b>21</b>	<b>-</b>	<b>37</b>

In addition to what is shown in the above table, the Administrator proposed to further augment the staff of DMIS by 4 L-4 and 11 L-3 for 1981 and 1982-1983. 1/

18. The proposal to establish four new posts for the IATF is contained in paragraph 6 of document DP/550. In paragraph 8 of its related report the Committee

1/ Equivalent to P-4 and P-3 but with a different contractual status.

noted that the functions of the posts in question are already being performed by approved staff resources. The Committee went on to state its opinion that the extension of the IATF mandate to 1983 does not call for the establishment of the posts in question on a permanent basis. For this same reason the Committee recommends against the establishment of those posts for 1982-1983, with a consequential reduction of the estimates by \$311,000 gross.

19. The request for the Division of Management Information Services is described in paragraphs 8-14 of document DP/550. Two additional P-5 posts and 1 new D-1 post are proposed. One P-5 post would provide a Chief for the Computer Operations Section, the other P-5 would provide a Chief for the Data Administration Section, and the D-1 would be for the System Development Section. In addition, the Administrator is requesting the addition of 4 L-4 and 11 L-3 to reduce reliance on outside consultants.

20. The Administrator's proposals are the result of the review of the role and functions of DMIS, which he was requested to bring to the attention of the Council (see DP/550, para. 9). <sup>2/</sup> The Advisory Committee has been informed that the organizational structure and the level of staffing for DMIS reflect the fact that the peak development period for new management information systems in UNDP is over. However, it has also been explained to the Committee that although development will continue at a reduced rate, the resources required for maintenance and day-to-day operational support might increase. The aim is to reduce dependence on costly external consultants and to strengthen the in-house capabilities of DMIS. It is hoped thereby to achieve the net result within UNDP of a decrease in the total resources devoted to the development, maintenance and operations of management information systems during 1982-1983 as compared to previous years. In light of these explanations the Committee recommends acceptance of the requested 2 P-5 and 1 D-1. As for the 15 L staff requested, based on information provided to the Committee, and in view of the fact that DMIS will have some \$420,000 in consultant funds available to it in 1982-1983, the Committee recommends approval of the following:

1 L-3	Data administrator
1 L-3	Computer operations supervisor
1 L-3	Systems programmer
2 L-4	Systems analysts
3 L-3	Programmer analysts

The addition of 8 L staff recommended by the Committee, instead of the 15 proposed, would reduce the 1982-1983 estimates by \$1,077,100 gross.

21. The Emergency Co-ordination Unit (ECU) is discussed in paragraphs 15-25 of document DP/550. The observations and recommendations of the Advisory Committee

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<sup>2/</sup> This review was not made available to the Advisory Committee.

are contained in paragraphs 12-16 of its report on the supplementary estimates for 1981. Under the circumstances, the Advisory Committee believes that the proposals in document DP/548 relating to the addition of staff for a security unit and the provision of funds for the purchase of security equipment (see para. 16 of the Advisory Committee's report on document DP/550) be deleted at this time, with a consequential reduction of \$1,544,000 (\$244,000 for staff, \$1.3 million for security-related equipment) in the estimates for the biennium 1982-1983.

22. The situation as regards UNCDF is discussed in paragraphs 17-21 of the Committee's report on the supplementary estimates for 1980-1981. The observations of the Advisory Committee are contained in paragraph 21 of that report.

23. Additional requirements for the United Nations Volunteers are discussed in paragraphs 36-44 of the supplementary estimates for 1980-1981 (DP/550). In paragraph 37 of document DP/550 the Administrator indicates that he is recommending 4 additional Professional posts and 6 additional General Service posts. The Committee has no objection to the establishment of these posts for 1982-1983.

24. The introduction of the concept of excess, "non-funded" posts (see paras. 8-10 above) has complicated the consideration of the 1982-1983 budget estimates. The Committee recognizes the difficulties which the Administrator faces in this regard. The Committee draws the attention of the Governing Council to the uncertainty implied in paragraphs 22-25 of document DP/548 and to the possibility that considerable additional requirements may well arise. Indeed, the Administrator estimates that if all the "non-funded" posts were to be financed by UNDP, they would cost \$12.8 million in 1982-1983.

25. The Committee notes from paragraph 24 of document DP/548 that approximately \$600,000 million, corresponding to 32 unallocated General Service field posts, will be available to meet some of the transitional difficulties that may occur. The Committee is of the opinion that the potential financial impact of the "non-funded" posts in question can be further reduced if the strengthening which is to take place in the regions with increased IPF is phased in gradually. In so doing regard should be paid to the rate of attrition of UNDP staff in the other regions. Furthermore, despite what has been stated about the minimum complement of staff for field offices (DP/548, para. 16), every effort should be made at the earliest opportunity to redeploy international staff.

26. The Committee notes that the Administrator intends to come back to the Governing Council in 1982 with funding proposals for any additional expenditure which the "non-funded" posts may engender. The Committee recommends that the Administrator report to the Advisory Committee by April 1982 on the steps he will have taken or plans to take with regard to this question, together with the related financial implications. The Committee would also expect to have before it at that time the final results of the Headquarters and field office surveys. The Committee would then report to the Council in June 1982 on this matter. Should the Administrator deem it necessary, as a matter of urgency, to incur expenditure from the UNDP "regular" budget with regard to any of the "non-funded" posts prior to June 1982, he should seek the concurrence of the Committee to enter into the

necessary commitments, pending review by the Council of any related supplementary estimates.

27. The Advisory Committee notes the discussion of the biennial budget and total resources in the third cycle in paragraphs 49-64 of document DP/548. Table 5 of that document attempts to evaluate the development of the biennial budget and main programme delivery in constant prices (1976 dollars). The Committee found difficulty with this presentation. The main problem is, as pointed out in paragraph 52 of document DP/548, that "the deflationary factors used in table 5 are tentative". Moreover, no attempt has been made to include as a factor the expenditure on agency support costs. To give another view of the situation, the Committee has requested the following table, which is based on actual expenditure and which provides an indication of support costs paid to executing agencies.

28. The Committee notes the following statement in paragraph 64 of document DP/548:

"To reverse the trend of increasing administrative workload at Headquarters, a number of measures are now being taken or studied. These include further simplification of procedures, the elimination of less essential tasks and increased delegation to the field. It is expected that the implementation of these measures will lead to cost reductions during the coming biennium."

The Committee recommends that the Administrator report to the Council in June 1982 on the specific measures which have been taken in this regard and their impact.

29. In paragraphs 18-20 above, the Advisory Committee has made recommendations for reductions totalling \$2,932,100 gross (\$2,684,400 net) in the proposed budget estimates for the biennium 1982-1983. If the Advisory Committee reductions are applied against the total appropriations referred to in the draft appropriations resolutions for the 1982-1983 biennial budgets contained in document DP/548, the effect would be to reduce them to \$341,297,300 gross (\$256,889,900 net).

Main programme delivery - programme support and administrative  
services budget: 1976-1983

(Millions of United States dollars)

	<u>1976</u>	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>
1. Main programme delivery a/	410.8	349.4	449.1	558.4	684.4	809.4	868.5	931.5
2. Programme support and Admin. services budget (excluding sectoral support)	53.4	55.4	60.0	70.8	93.0	108.0	124.0	140.0
3. Percentage of 2 to 1	13.0	15.9	13.4	12.7	13.6	13.3	14.3	15.0
4. Support costs paid to executing agencies	55.3	45.3	58.2	73.4	88.0	105.6	113.3	121.6
5. Percentage of 4 to 1	13.5	13.0	13.0	13.1	12.9	13.1	13.1	13.1
6. Percentage of 2 + 4 to 1	26.5	28.8	26.3	25.8	26.4	26.4	27.3	28.1

a/ Includes IPF, Programme Reserve, cost sharing, Special Measures Fund for LDCs, SIS Industrial Services, GCCC, and CDF.

