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BUDGETARY, ADMINISTRATIVE AND FINANCIAL MATTERS

Supplementary estimates for the period 1980-1981

Report of the Advisory Committee on Administrative
and Budgetary Questions

1. The Advisory Committee on Administrative and Budgetary Questions has considered the report of the Administrator on supplementary budget estimates for the period 1980-1981 (DP/550).
2. The Administrator is proposing a total gross expenditure of \$248,507,000 for 1980-1981, an increase of \$35,631,500 or 16.7 per cent over the initial appropriations of \$212,875,500. Taking into account projected additional income of \$4,372,400 due to increased staff assessments, the total net increase becomes \$31,259,100 or 18.5 per cent.
3. As indicated in paragraph 3 of the Administrator's report the major elements contributing to the proposed increases in expenditure are the following:

	<u>\$</u>	<u>Percentages</u>
(a) New posts (salaries, wages and common staff costs)	2.2 million	6.2
(b) Increases in salaries, wages and common staff costs for existing staff	26.8 million	75.3
(c) Communications	2.4 million	6.7
(d) Electronic Data Processing (EDP) external services and operating costs for United Nations computer facilities (net)	2.2 million	6.2
(e) Miscellaneous	<u>2.0 million</u>	<u>5.6</u>
	<u>35.6 million</u>	<u>100.0</u>

The total of items (a), (c), (d) and (e) represents an increase of 4.1 per cent of expenditures, and item (b) represents an increase of 12.6 per cent.

4. As can be seen from the above table three quarters of the additional requirements relate to increases in salaries, wages, and common staff costs for existing staff. These increases are discussed in paragraphs 47 to 50 of the Administrator's report.

5. The additional request for \$2.4 million for communications represents the second biggest element of the supplementary proposals for 1980-1981. The Administrator indicates in paragraph 52 of his report that the additional cost of communications is "on the whole, due to inflation". He indicates, however, that he has "taken decisive action to curtail the rising costs of communications and the proposed estimate reflects such a limitation". The Advisory Committee requested a breakdown of the estimates for communications and received the following information:

Administrative budget for communications

	<u>Revised 1980-1981 estimates</u>	<u>1980-1981 appropriation</u>
<u>Headquarters</u>		
Cables and telex	2 361 100	1 226 800
Telephones - rental	650 800	568 200
Telephones - local messages	118 700	54 500
Telephones - long distance	500 100	333 400
Telephones - installation	48 500	32 300
Postages	196 400	130 900
Pouches	1 128 400	985 600
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Total Headquarters	5 004 000	3 331 700
 <u>Field</u>		
Cables and telex	1 790 700	1 568 500
Telephones - rental	437 200	383 000
Telephones - local messages	707 000	619 300
Telephones - long distance	767 700	672 500
Telephones - installation	139 000	121 800
Postages	297 500	260 600
Pouches	1 377 900	1 207 000
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Total Field	5 517 000	4 832 700
	<hr/>	<hr/>
Grand total	10 521 000	8 164 400
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6. As shown in the table in paragraph 3 above an additional amount of \$2.2 million is requested for new posts. In paragraph 5 of his report the Administrator requests a total of 63 new posts including 19 in the Professional category; 37 of the new posts would be for Headquarters while 26 are requested for the Field. The Field posts would consist of 25 for the Field office in the Democratic People's Republic of Korea and one regional information officer for the Regional Bureau for Arab States.

7. The additional posts proposed for Headquarters would consist of the following:

	<u>D1</u>	<u>P5</u>	<u>P4</u>	<u>P3</u>	<u>P2/P1</u>	<u>FSL</u>	<u>G5</u>	<u>G4/3</u>	LGS <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
Total	2	3	1	5	4	-	1	21	-	37

The Advisory Committee notes from paragraph 12 of the Administrator's report that in addition to what is shown in the above table, the staff of DMIS would be augmented by four L-4s and 11 L-3s for 1981 and 1982-1983. 1/

8. The proposal to establish four new posts for IATF is contained in paragraph 6 of DP/550. The Committee notes that the functions of the posts in question are already being performed by available staff resources. The Committee notes further the Administrator's statement that "The Administrative Committee on Co-ordination (ACC) has therefore agreed to extend the mandate of the UNDP/IATF until September 1982 and it is expected that this arrangement will continue through 1983" (DP/550, para. 6). In the opinion of the Committee, the extension of the IATF mandate to 1983 does not call for the establishment of the posts in question on a permanent basis. In any case, the Committee sees no compelling reason why the arrangements already in place for 1980-1981 should be changed by way of supplementary estimates six months before the end of the biennium. Therefore the Committee recommends against the four new posts for IATF with a consequential reduction of the 1981 estimates by \$124,000 gross.

9. The request for the Division of Management Information Services is described in paragraphs 8 to 14 of DP/550. Paragraph 9 of that document refers to Governing

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

Council decision 80/51 which noted that the Administrator would review the role and functions of DMIS, including the level of staff and other resources that might be required to ensure the successful completion, maintenance, operation and enhancement of UNDP information systems, and requested the Administrator to bring the results of the review to the attention of the Council in June 1981.

10. In the opinion of the Advisory Committee, decision 80/51 of the Governing Council does not constitute a specific request to add the posts in question in 1981. The Committee's view is that any proposals connected with the results of a review to be presented to the Council in June 1981 should have been reflected in the proposed budget for 1982-1983 which is being submitted to the same session of the Council. Supplementary estimates should be limited to unavoidable increases due to inflation or currency fluctuation or to the implications of specific requests of the legislative organs. They should not be used to make new administrative proposals at the end of a biennium; such proposals should be more properly considered in the context of an entire budgetary submission for a new biennium. The Committee therefore recommends that the Council consider the Administrator's request for one D-1, two P-5s and four General Service staff in the context of the proposals for 1982-1983, with a consequential reduction of the supplementary estimates for 1981 by \$284,000 gross.

11. As for the request for 15 "L" staff, the Committee has been informed that the provision of this temporary staff will result in significant savings on consultants. Considering that the temporary staff can be engaged only after the related financial resources have been approved at the forthcoming session of the Governing Council in June 1981, the Committee recommends a lump sum provision of \$350,000 gross for 1981, i.e. \$91,200 less than requested by the Administrator.

12. The Emergency Co-ordination Unit (ECU) is discussed in paragraphs 15 to 25 of DP/550. In paragraph 20 of DP/550 it is stated that an Ad Hoc Interagency Meeting of the Administrative Committee on Co-ordination had recommended "The creation of an Emergency Co-ordination Unit (ECU) within UNDP to serve as a focal point for security matters in relation to the UNDP field offices. To staff it, one professional and one General Service post have been redeployed from the Division for Administrative and Management Services. To make ECU effective, one additional professional and one more GS post are needed". The Advisory Committee has been unable to verify this statement. It would appear that ECU was established at the initiative of UNDP and that the initiative was subsequently welcomed by the Interagency Meeting in so far as ECU was to serve as the focal point for crisis management in those countries where UNDP resident representatives act as "designated officials".

13. The Advisory Committee is concerned over the tendency to create new administrative structures to deal with security problems. The Committee believes that although security matters are not new to UNDP it has yet to be demonstrated to the full satisfaction of the Committee that new secretariat units represent the best means of responding to the recent worsening of the security conditions in which UNDP operates.

14. It is the Committee's understanding that the specific measures by which the United Nations system will respond to the security situation have not as yet been determined by the system. In this regard the Committee is aware that ACC has endorsed a decision to establish a Global Security Fund at a level of \$400,000 subject to the approval of the General Assembly. Further, ACC has agreed that following the incorporation of agency comments, UNDP, in consultation with the Assistant Secretary-General, Office of General Services should issue the final version of a security plan and a security manual.
15. The Advisory Committee will revert to this question in connexion with its consideration of the proposal to establish a Security Fund. The comments and recommendations which it will submit to the General Assembly at its thirty-sixth session may have a bearing on UNDP security estimates, including the proposal to establish ECU. Under the circumstances, the Advisory Committee believes that the addition of staff for a security unit at this time would be premature, since the role of UNDP in the over-all security arrangements has not yet been determined. Accordingly the Advisory Committee recommends against the establishment of the P-4 and General Service posts requested by the Administrator. The consequential reduction in the supplementary estimates for 1981 is \$102,700 gross.
16. In paragraph 24 of DP/550 the Administrator requests an amount of \$200,000 for security related equipment. In the opinion of the Advisory Committee, whatever equipment is purchased should be on the basis of established criteria and the adoption of uniform standards. Bearing this in mind, and in view of what is stated in paragraph 15 above, the Advisory Committee recommends against provision of funds for the acquisition of security equipment at this time.
17. A total of 14 additional staff are being requested for UNDCF (six Professional and eight General Service).
18. As indicated by the Administrator in paragraph 28 of DP/550 the approved staffing level for UNDCF for the 1980-1981 budget biennium is nine Professionals and six General Service. The Administrator also indicates that he authorized the "advance recruitment" of six additional Professional and eight General Service staff in the period July 1979 to December 1980. The Administrator based his action on decision 79/21 of the Governing Council which, as quoted in paragraph 26 of DP/550, requested the Administrator:
- "(a) in recognition of the specialized personnel qualifications required for the conduct of a capital assistance programme ... to give due regard to the need for speedy and efficient staffing arrangements in the Fund", and
- "(b) to accord the Fund maximum flexibility in mobilizing administrative resources for an immediate implementation of partial funding, provided that the resulting administrative expenses do not exceed approximately 2 per cent of the annual project commitments made by the Fund."
19. The Committee has been informed that 11 of the 14 requested positions have already been filled. The Committee is not convinced that Governing Council

decision 79/21 in fact authorizes the actual recruitment of staff before the necessary posts have been approved by the Council after review by the Advisory Committee. The 1980-1981 staffing level for UNCDF was approved by the Governing Council in June 1979 only one month before the period (July 1979-December 1980) during which the "advance recruitment" of 14 additional staff was authorized. Even if the need for additional posts could not have been reported to the Council in June 1979, the Council could have been requested to provide additional posts at its session in June 1980. Instead, the following statement was placed before the June 1980 session:

"In order to allow effective implementation of the partial funding system, and following the Governing Council's decision 79/21 (paras. 6 and 7), the Administrator took the necessary steps to ensure speedy recruitment against approved vacant posts, as well as mobilization of administrative resources. At year end, candidates for all three vacant posts have been identified and approved for immediate recruitment. Further recruitment may prove to be necessary because of the substantially increased workload resulting from higher rates of project approval and implementation under the partial funding system". (DP/485, para. 10.)

20. The Committee notes that "speedy recruitment" was to be made "against approved posts" and that although it was pointed out that "further recruitment may prove to be necessary" there was no request by UNDP for additional posts.

21. The Council may wish to look further into this matter and to clarify its guidelines to the Administrator on the addition and recruitment of staff for UNCDF.

22. Additional requirements for the United Nations Volunteers are discussed in paragraphs 36 to 44 of DP/550. In paragraph 37 the Administrator indicates that he is recommending four additional Professional posts and six additional General Service posts. The proposal appears to be based on decision 80/41 of the Governing Council which requested the Administrator to submit to its twenty-eighth session "proposals for adequate staffing of the United Nations Volunteers, taking into account the expansion of the programme". 2/

23. The Committee questions whether this decision can be interpreted as an invitation to request additional posts for 1980-1981. Bearing in mind that the proposed budget for 1982-1983 will also be before the Council at the present twenty-eighth session, the more logical approval would be to request the additional staff in the context of the estimates for 1982-1983 rather than for the last quarter of the current biennium by way of supplementary estimates. The Committee therefore recommends against approval of these posts for 1981 with a consequential reduction of the supplementary estimates by \$280,500 gross.

24. EDP external services accounts for \$2.2 million of the 1980-1981 supplementary request (see para. 3 above). The Advisory Committee requested a breakdown of this amount and the following information was provided:

2/ The Advisory Committee notes that para. 26 of the Administrator's Annual Report on the United Nations Volunteers for 1980 (DP/535) implies that decision 80/41 further authorized the Administrator to "make any interim arrangements that might be required". The Advisory Committee finds no evidence of such authorization in decision 80/41.

Breakdown of proposed net cost increase of \$2.2 million
for EDP external services:

(a) Consultant services required to complete development of systems authorized under ISIP:	
- Project Budget System/Country Programme Management System	411.9
- Project Expenditure System	94.9
- Project Institutional Memory	72.0
- Income and Cash Management and Cash Forecasting	544.2
- General Ledger and Financial Reporting System	818.5
- Appropriations Control System and Budget Formulation System	88.9
- Payroll Interface System	55.7
- Automated Personnel System	110.0
Subtotal (a)	<u>2,196.1</u>
(b) EDP hardware/software related consultant services	131.8
(c) EDP hardware	525.0
(d) EDP software	132.0
(e) Miscellaneous EDP services	26.0
Subtotal (a)-(e)	<u>3,010.9</u>
(f) Savings in UNDP share of operating costs of ICC, Geneva and NYCS	<u>(800.0)</u>
Total net cost increase in EDP external services	<u><u>2,210.9</u></u>

25. As can be seen from the table in paragraph 3 above, there is an increase of \$2 million in miscellaneous expenditures. Information provided to the Committee indicates the following breakdown:

Breakdown of the proposed increase of \$2.0 million in
miscellaneous expenditures:

Travel to official meetings	89.7
Other official travel	632.0
External translations	(202.4)
External printing and binding, public information contracts	(416.6)
Rental and maintenance of premises	(188.7)
Utilities	(405.1)
Rental and maintenance of furniture, equipment and vehicles	483.7 <u>a/</u>
Miscellaneous services	136.8
Stationery and office supplies	60.0
Internal reproduction supplies	256.2 <u>b/</u>
Library books and supplies	(27.2)
Public information supplies, other supplies	96.7
Office furniture and equipment	551.1 <u>c/</u>
Vehicles	291.3 <u>d/</u>
UNDP reimbursement to the United Nations	421.7
Contributions to joint activities	286.3
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Total	<u>2 069.5</u>

a/ Of which 177.0 for headquarters, 303.7 for field offices, (1.0) for UNW and 4.0 for UNCDF.

b/ Of which 119.0 for headquarters, 123.2 for field offices, 11.0 for UNW and 3.0 for UNCDF.

c/ Of which 200.0 for security related equipment and 100.3 for office furniture and equipment for the new field office in Democratic People's Republic of Korea.

d/ Of which 31.6 for vehicles for the new field office in Democratic People's Republic of Korea.

26. The Advisory Committee notes that the additional amount of \$421,700 required for UNDP reimbursement to the United Nations includes some \$300,000 for legal services (see DP/500, para. 56). This confirms the concern of the Advisory Committee expressed in its report to the Council on the budget estimates for 1980-1981 (DP/412, para. 32).

27. The Advisory Committee found considerable difficulty with the draft appropriation resolution contained in DP/550. The Committee notes that the format of the draft appropriation resolution for the 1982-1983 biennial budget (DP/548) has been changed. The Committee requested a table in the format of the draft resolution in DP/548 which would summarize the requests contained in the draft resolution in DP/550 and has received the following:

Format used for 1982/83 biennial budget, DP/548, page 107	Budget items categories 1980/1981 budget	\$	Gross appropriations supplementary appro- priations, DP/550, pages 14-15, para- graph reference	\$	Estimated income sup- plementary appropri- ations, DP/550, pages 14-15, para- graph reference	\$	Net appropriations supplementary appropriations, DP/550, pages 14-15 paragraph reference
Resources of UNDP							
	Policy making organs	792 400	1				
	Executive direction and management	424 200	1				
	Programme management and support	8 702 600	1				
	Administrative and common services	23 137 000	1				
(i) UNDP exclu- ding OPE		33 056 200					
(iii) UNV	UNV	906 500	1				
(iv) CDF	CDF	1 668 800	1				
	Sub-total (i), (iii) and (iv)	35 631 500	1	4 372 400	2	31 259 100	2
	fund OPE	1 974 500	4 (a)	183 400	4 (b)	1 791 100	4 (b)
	UNSO funded OPE	-		-		-	
	CDF funded OPE	-		-		-	
	Support services to OPE	1 228 400	5 (a)	141 300	5 (b)	1 087 100	5 (b)
(ii) OPE		3 202 900		324 700		2 878 200	
(v) UNSO/UNEP joint ven- ture	UNSO/UNEP	-		-		-	
	Total UNDP resource (i) through (v)	38 834 400		4 697 100		34 137 300	
Resource of UNRPFRE							
UNRPFRE	UNRPFRE	938 700	6 (a)	85 200	6 (b)	853 500	6 (b)
Resource of UNSO							
UNSO	UNSO	267 600	7 (a)	15 300	7 (b)	252 300	7 (b)
		40 040 400		4 797 600		35 243 100	

As can be seen from the table, the total additional requirement requested for appropriation on gross basis is \$40,040,700, total additional income is estimated at \$4,797,600, leaving a total net proposed additional requirement of \$35,243,100.

Recapitulation

28. In paragraphs 8, 10, 11, 15, 16 and 23 above the Advisory Committee has made recommendations for reductions totalling \$1,082,400 gross and \$942,700 net in the supplementary estimates for 1981. If these reductions are applied against the requests contained in paragraph 2 of DP/550, the effect would be to reduce them to \$34,549,100 gross and \$30,316,400 net. If the Advisory Committee reductions are applied against the total estimated additional requirements referred to in paragraph 27 above, the effect would be to reduce them to \$38,958,300 gross and \$34,300,400 net.
