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UNITED NATIONS FUND FOR POPULATION ACTIVITIES
BUDGET ESTIMATES FOR THE ADMINISTRATIVE AND PROGRAMME
SUPPORT SERVICES FOR THE YEAR 1983

and

SUPPLEMENTARY APPROPRIATIONS FOR THE YEAR 1982

Report of the Advisory Committee on Administrative
and Budgetary Questions

Attached is the report of the Advisory Committee on Administrative and Budgetary Questions on the UNFPA Budget estimates for the administrative and programme services for the year 1983 and Supplementary appropriations for the year 1982.

UNITED NATIONS FUND FOR POPULATION ACTIVITIES

Budget estimates for the administrative and programme support
services for the year 1983

and

Supplementary appropriations for the year 1982Report of the Advisory Committee on Administrative and
Budgetary Questions

1. In accordance with the provisions of rule 111.6 of the Financial Regulations and Rules of the United Nations Fund for Population Activities (DP/36), the Advisory Committee on Administrative and Budgetary Questions has considered the Executive Director's budget estimates for the administrative and programme support services of the Fund for the year 1983 and supplementary appropriations for the year 1982 (DP/1982/25). During its consideration of the estimates the Committee met with the Executive Director of the Fund and his senior assistants.

Form of presentation

2. In paragraphs 1 to 5 of his report (DP/1982/25) the Executive Director states that the form of presentation of the Fund's budget proposals for 1983, while basically similar to that for 1982 (DP/531 and Corr. 1-3), incorporates several changes suggested by the Advisory Committee in its previous report (DP/532/Corr.1, paragraph 2). In this connection the Advisory Committee believes that the usefulness of Table B would be enhanced if it also included the corresponding data for the previous financial period. Similarly, the individual staffing tables by programme (that is, Tables I-4, I-7, I-11, I-13, I-15 and I-17) should show the proposed staffing changes, including the redeployment of posts between programmes. In Table C, the amounts for programme II-1 (Administration and Finance Division) should be broken down and show separately the reimbursement to UNDP and the United Nations. The Advisory Committee is also of the view that the emphasis of the programme narratives should be shifted from being mainly a description of the UNFPA organizational structures and their corresponding activities to giving more budgetary information^{1/} for example, justification of redeployment of posts and resources between programmes. ^{2/} Table II-2 of the budget document which lists UNFPA Deputy Representatives and Senior Advisor on Population (henceforth referred to as UNFPA Deputy Representatives) by country and grade for the proposed financial period should also include corresponding information for the previous year.

Supplementary appropriations for the 1982 administrative and programme
support services budget

3. The Executive Director recommends that the Governing Council approve supplementary estimates in the amount of \$1,505,087 for the Fund's administrative and programme support services budget for 1982 (DP/1982/25, paragraph 22 (b)). The

^{1/} See also paragraph 14 below.

^{2/} See also paragraph 22 below.

Advisory Committee notes that this would increase the total appropriation for 1982 by 16.1 per cent, from \$9,345,579 to \$10,850,666. The revised estimate of \$10,850,666 is 3.0 per cent of total income for 1982 which is now estimated at \$136 million 3/ (*ibid.*, paragraph 10).

4. The increase of \$1,505,087 includes \$537,268 for reimbursement to the United Nations for payments made to UNFPA staff members entitled to national income tax reimbursement. 4/ The Executive Director states that "the amounts involved refer to 1981 and earlier years during which insufficient amounts were appropriated in the annual budgets of UNFPA to fully cover the income tax reimbursement" (*ibid.*, paragraph 19). In response to its inquiries the Advisory Committee was informed that the request would settle all such tax reimbursements due for the years 1978 to 1981. The Advisory Committee recommends acceptance of the request. In this connection the Committee is of the view that the United Nations Tax Unit which deals with the matter should be requested to speed up its billing procedures in order to reduce the need for ex-post-facto requests by UNFPA.

5. The balance of \$967,819 is required to meet increased charges by UNDP for administrative and management services rendered to UNFPA in 1981 (\$170,749) and 1982 (\$797,070). UNFPA's initial appropriations for this purpose amounted to \$570,820 for 1981 and \$633,610 for 1982. Thus, UNDP is now seeking a total of \$741,569 for 1981 and \$1,430,680 for 1982. The Advisory Committee was informed that UNFPA accepted the additional charges requested by UNDP for 1981 and notes the Executive Director's explanation in paragraph 20 of his report (DP/1982/25) that the supplementary request "was not placed before the Governing Council last year [because] the supporting documentation was not presented to UNFPA until after document DP/531 had been finalized". As regards the revised estimate for 1982, however, the Executive Director reports that UNDP informed UNFPA in November 1981 that following a detailed study of the costs of the services provided to UNFPA, UNDP decided to charge UNFPA more for those services. He adds that "UNDP and UNFPA are currently discussing the increased subvention charges submitted by UNDP and the actual amount to be paid will depend upon the outcome of these discussions", (*ibid.*, paragraph 21). Information provided to the Advisory Committee by UNFPA and UNDP indicates that there is need for further negotiation. Unless the matter is resolved before the Governing Council adjourns its twenty-ninth session in June 1982, the Advisory Committee recommends that the Governing Council approve the additional request of \$170,749 for 1981 but not approve the Executive Director's request for \$797,070 for 1982. Such additional requirements related to 1982 as may arise once the negotiations with UNDP have been completed and more accurate figures are available, can be included in supplementary estimates to be submitted to the Council in 1983.

6. For the reasons given in paragraphs 4 and 5 above, the Advisory Committee recommends that the Governing Council approve the Executive Director's request for revised appropriations for 1982 in the reduced amount of \$708,017. If the Governing Council accepts the Advisory Committee's recommendation, paragraph 22 (b) of the recommendations of the Executive Director in document (DP/1982/25) will have to be amended accordingly.

3/ The Executive Director's revised estimate of income for 1982 of \$136 million is 7.5 per cent less than his original estimate of \$147 million contained in document DP/531 and Corr. 1-3.

4/ \$271,336 in expenditures were incurred under this heading in 1981. An

Budget estimates for 1983

7. The Executive Director estimates the Fund's administrative and programme support services budget for 1983 at \$11,362,543 (DP/1982/25, paragraph 13).

8. The methodology and assumptions used in the preparation of the estimates for 1983 are described in paragraphs 12 to 16 of the document. In this connection, the Advisory Committee notes that for 1983 the Executive Director has applied a lower staff turnover and delayed recruitment deduction, namely 2 per cent as compared to 3 per cent in 1982, 4 per cent in 1981, and 5 per cent in 1980. According to the Executive Director this is based on "prior experience" (*ibid*, paragraph 12). In response to its inquiries the Advisory Committee was informed that only two posts in the professional category were vacant.

9. The Advisory Committee notes from Table C that the estimates for 1983 (\$11,362,543) are \$2,016,964 or 21.6 per cent higher than the initial appropriations for 1982 (\$9,345,579 excluding the revised estimate of \$1,505,087 being requested - see paragraph 3 above) and 19.4 per cent higher than expenditure in 1981 (\$9,514,584). These figures exclude the cost of the UNFPA Deputy Representatives budgets (see paragraphs 20 to 23 below).

10. The estimate of \$11,362,543 for the administrative and programme support services budget in 1983 corresponds to 7.6 per cent of the Fund's expected income in 1983 of \$149 million (DP/1982/25, paragraph 10). In this connection the Advisory Committee recalls that in recent years income has tended to be lower and the administrative budget higher than initially forecast. The figures for 1981 and 1982 are given in the following table:

	<u>1981</u>	<u>1982</u>	<u>1983</u>
- Initial income estimate	\$159 million	\$147 million	\$149 million
- Initial admin. and programme support services budget appropriation/estimate	\$3,275,667	\$9,345,579	\$11,362,543
- Initial admin. budget as percentage of income	5.2 per cent	6.4 per cent	7.6 per cent
- Revised income estimate	\$125.5 million	\$136 million	-
- Revised admin. and programme support services budget appropriation/estimate	\$9,514,584 ^{a/}	\$10,850,666 ^{b/}	-
- Revised admin. budget as percentage of income	7.6 per cent	8.0 per cent	-

^{a/} Includes \$1.25 million in non-recurrent expenditures connected with move of UNFPA to the Daily News Building in 1981.

^{b/} \$10,053,596 if the Governing Council accepts the Advisory Committee's recommendation in paragraph 6 above.

11. If the UNFPA Deputy Representatives budgets 5/ for the years 1981 (\$4,939,236), 1982 (\$4,215,639) and 1983 (\$4,766,572) are added to the administrative and programme support services budgets for those years, the percentage of resources used for administration and support becomes even greater (11.5 per cent in 1981; 11.1 per cent in 1982 and 10.8 per cent in 1983). In this regard, the Advisory Committee recalls paragraph 12 of its report (DP/413) to the Governing Council on the Fund's budget estimates for 1980 in which the Committee stated that:

"The Administrative and Programme Support Services of UNFPA provide the essential administrative backing for the Fund's projects in the field. While there is no fixed numerical relationship between the two, growth in the size and number of field projects leads to increased requirements in terms of administrative and programme support services. At the same time, care must be taken to ensure that growth in the latter does not outstrip growth in field projects, for otherwise the proportion of resources available for the execution of projects will decline".

12. The Executive Director states that of the total increase of \$2,016,964 in the Fund's administrative and programme support services budget for 1983 over the initial appropriations for 1982, \$912,984 is resource growth and \$1,103,980 inflationary increases (DP/1982/25, Table D). As can be seen from Table D, most of the resource growth (\$872,691 out of \$912,984) is for reimbursement to the United Nations and UNDP for administrative and management services to be rendered in 1983. The balance of \$40,293 relates to the proposed reclassification of three posts at the professional and higher levels (\$9,394), the application of a lower turnover factor (\$24,349), and increases for consultants and overtime (\$6,050).

13. UNFPA now has a staffing table of 166 posts, of which 83 are at the professional and higher levels (one Under-Secretary-General, two Assistant-Secretaries-General, 2 D2, 9 D1, 13 P5, 19P4, 19 P3, 18 P2/1) and 83 are general service (25 at the principal level) (Table A). The three reclassifications requested for 1983 are as follows:

One P5 to D1 - Chief, Asia and Pacific Branch,
Programme Division (para. 7)

One P4 to P5 - Deputy Chief, Asia and Pacific Branch,
Programme Division (para. 8)

One P4 to P5 - Deputy Chief, Interregional and Global
Projects Branch, Programme Division (para. 8)

The Advisory Committee has no objection to the three proposed reclassifications.

14. A detailed breakdown of UNFPA's staffing for 1983 by organizational unit and grade is given in Table B. A comparison of that table with Table B in the Executive Director's estimates for 1982 (DP/531 and Corr. 1-3) shows that several posts at professional and higher levels have been redeployed between programmes as follows:

one D1 post from Policy and Evaluation Division to Interregional and Global
Projects Branch, Programme Division

one P5 post from Technical Branch, Technical and Planning Division to Policy
and Evaluation Division

four P4 posts (one each from Office of the Executive Director, and from Direction, Programme Division; and two from Technical Branch, Technical and Planning Division)
to Policy and Evaluation Division; Africa, and Latin America and the Caribbean Branches, Programme Division; and Interregional and Global Projects Branch, Programme Division

two P3 posts from Africa, and Latin America and Caribbean Branches, Programme Division
to the Office of the Executive Director

one P2/1 post from Direction, Programme Division
to Programme Planning and Statistics Branch, Technical and Planning Division.

The reasons for these redeployments are not explained.

15. In paragraph 6 of his report the Executive Director states that:

"for the last two years he has refrained from recommending any additional posts and has reduced his reclassification requests to a minimum. It is the intention of the Executive Director, therefore, to make a complete review of the manpower needs of the Fund when preparing the next budget."

16. In this connection the Advisory Committee recalls that the Executive Director had proposed in documents DP/398, DP/483 and DP/531 and Corr. 1-3 the establishment of 22 new posts (7 of them at the professional and higher levels) and 13 reclassifications (10 of them at the professional and higher levels) for 1980; the establishment of 22 new posts (8 of them at the professional and higher levels) and 19 reclassifications (15 at the professional and higher levels) for 1981; and the reclassification of 6 posts (all at the professional and higher levels) for 1982. The action taken by the Governing Council is reflected in decisions 79/28, II, paragraph 1; 80/13, II, paragraph 3 and 81/7, III, paragraph 2.

17. In the circumstances, and bearing in mind the level of UNFPA resources the Advisory Committee trusts that the Executive Director will exercise utmost restraint in his future budget submissions.

18. For the reasons given in paragraph 5 above, the Advisory Committee recommends that the Governing Council similarly reduce the estimate of \$1,550,970 for reimbursement to the United Nations and UNDP (DP/1982/25, paragraph 15) by \$800,970 to \$750,000. 6/

19. Accordingly, the Advisory Committee recommends that the Governing Council approve the UNFPA's administrative and programme support services budget for 1983 in an amount of \$10,561,573 (instead of \$11,362,543 as requested). If the Governing Council approves the recommendation of the Advisory Committee, paragraph 22 (a) of the recommendations of the Executive Director in document DP/1982/25 will have to be amended accordingly.

6/ The amount of \$750,000 is based upon the Fund's initial appropriation
1982/25, Table I.2, item 6.1) plus

UNFPA Deputy Representatives budgets 7/

20. In part II, paragraph 3 of decision 79/28, the Governing Council reaffirmed:

"That UNFPA shall continue the practice of funding field co-ordinator and liaison officer posts from project funds and of including the data on such posts in the UNFPA administrative and programme support budgets for information purposes."

21. The Executive Director provides information on UNFPA Deputy Representatives budgets in Chapter II, paragraphs 50-53 and Tables II-1 and II-2 of document DP/1982/25. In paragraph 53 he states that in 1983 there will be 33 UNFPA Deputy Representatives - the same as in 1982. According to the Executive Director these posts "are not part of a permanent field establishment. They are transferred from country to country as needs of different programmes dictate" (paragraph 50).

22. The Advisory Committee notes in this connection that a comparison of Table II-2 in document DP/1982/25 with Table II-2 in document DP/531 and Corr.1-3 shows several changes in the level and location of the posts. Two Deputy Representative posts have been downgraded: one in China from L4 to L3 and one in Thailand from L6 to L4. Four others have been upgraded: in Fiji from L4 to L5, in India from L6 to L7, in Mexico from L4 to L5 and in Nigeria from L3 to L4. In response to its inquiries the Advisory Committee was informed that the grade of the Deputy Representative in a given country depended, among other things, on the qualifications and experience of the incumbent and that posts were not graded by country.

23. The budget estimates for the offices of the UNFPA Deputy Representatives total \$4,766,572 for 1983; an increase of 13.1 per cent over the revised 1982 budget of \$4,215,639 8/ (*ibid*, paragraph 53 and Table II-1).

Transfer of credits between programmes of the 1981 Administrative Budget

24. In accordance with Governing Council decision 81/7, III, paragraph 8, the Executive Director sought, in April 1982, the concurrence of the Advisory Committee in the transfer of \$391,824 from Programme III, Programme planning, appraisal and monitoring of the 1981 UNFPA administrative and programme support services budget to Programme II, Administration and public information support services.

25. According to the Executive Director over-expenditure in Programme II was due to higher requirements for salaries and wages (\$81,527), common staff costs (\$26,129) and general operating expenses (\$224,786) partly offset by savings under travel and transportation (\$5,468). Furthermore income from staff assessment was \$64,850 lower than estimated. The Advisory Committee was informed that the additional requirements for salaries and wages and the reduced income from staff assessment were due to the cost of overtime, consultants and temporary assistance arising from the delayed

7/ Previously known as UNFPA Field Co-ordinator and Liaison Officers budgets.

8/ The revised 1982 budget of \$4,215,639 is \$282,068 less than the initial estimate of \$4,497,707 submitted by the Executive Director in document DP/531 and Corr.1 to 3, paragraph 60.

implementation of UNDP's new computerized General Ledger Financial Report System. Common staff costs were higher because of unforeseen costs of separation of staff members. The additional general operating expenses were due primarily to non-recurrent items connected with UNFPA's move to the Daily News Building, the higher cost of United Nations pouch and postal services and miscellaneous office supplies and services.

26. Under-expenditure under Programme III was due mainly to savings from delayed recruitment and from two Professional vacancies.

27. The Advisory Committee has concurred in the proposed transfers.

Submission of biennial budget estimates for UNFPA

28. UNFPA now has an annual budget. By its decision 81/7, III, paragraph 3, the Governing Council requested the Executive Director

"to submit to the Governing Council at its twenty-ninth session a report on the plans of the Fund to submit biennial budget estimates for administrative and programme support services with a view to achieving this in time for the biennium 1984-1985 of the budgetary cycle of the United Nations Development Programme and funds administered by the Programme;" 2/

29. The Executive Director submits his views in document DP/1982/31. In paragraphs 3 to 5 he describes certain difficulties which the Fund may encounter in forecasting income (since most donor governments traditionally limit their pledges or contributions to one twelve-month period at a time) and inflation and currency fluctuations. Subject to these reservations and provided he is granted greater flexibility in the administration and management of the biennial budget the Executive Director states that "if the Governing Council decides that the Fund should convert to a biennial budget cycle for its administrative services and programme support budget, he would not anticipate any major difficulties which would prevent him from achieving the desired objective on schedule, i.e., in time to coincide with the UNDP biennial budget cycle 1984-1985. ... The first biennial budget of the Fund would therefore be presented to the Governing Council at its thirtieth session in 1983 and would cover the two-year period 1984-1985."

(*ibid.*, paragraph 6). According to the Executive Director the granting of greater flexibility would "lessen the need to return to the Governing Council in the 'in-between' years or at the end of the biennium for supplementary appropriations."

(*ibid.*, paragraph 8). He envisages that such flexibility as may be authorized "should include not only authority for the Executive Director to transfer allotments, as necessary, between line objects of expenditures but also to carry over into the second year of the biennium unexpended amounts from allocations made for the first year ... Likewise, if it becomes necessary to do so, he should be authorized to draw upon allocations which at the beginning of the biennium he had reserved for the second year of the biennium, in order to meet unliquidated commitments arising out of activities relating to the first year of the biennium." (*ibid.*, paragraph 8).

30. The Advisory Committee notes in this connection that in a biennial budget appropriations are approved for the biennium as a whole, and not on an annual basis. Hence, the allocation of resources to each year of the biennium would be a matter to be determined by the Executive Director. Consequently, the flexibility already granted to the Executive Director should be adequate.

31. The Advisory Committee notes the Executive Director's statement in paragraph 7 of his report (DP/1982/31) that "if a decision is taken by the Governing Council to convert the Fund's budgetary process to a biennial budget cycle, a number of amendments to the Financial Regulations and Rules will be necessary" and that it is his intention "to present a paper containing the proposed amendments to the thirtieth session of the Governing Council at the same time as he presents his first biennial budget." The Advisory Committee will consider any such amendments as may be proposed by the Executive Director prior to their submission to the Governing Council.

