

UNITED NATIONS DEVELOPMENT PROGRAMME



Distr.
LIMITED

DP/1982/BFC/L.3/Add.3
9 June 1982

Original: ENGLISH

GOVERNING COUNCIL
BUDGETARY AND FINANCE COMMITTEE
Twenty-ninth session
June 1982

DRAFT REPORT OF THE BUDGETARY AND FINANCE COMMITTEE

Rapporteur: Mr. Finn Norman Christensen (Denmark)

Chapter II

ANNUAL REVIEW OF THE FINANCIAL SITUATION, 1981

B. Housing and office accommodation for field personnel

1. For its consideration of agenda item 7 (a), the Committee had before it the report of the Administrator on housing and office accommodation for field personnel (DP/1982/50).

2. In introducing the subject, the Assistant Administrator, Bureau for Finance and Administration, highlighted the great difficulties which UNDP experienced in obtaining adequate housing for UNDP staff and project personnel as well as adequate office accommodation. In particular, he referred to paragraph 28 of the report, which dealt with direct purchase of houses by UNDP. He informed the Committee of recent discussions held by the Administrative Committee on Co-ordination (ACC) concerning conditions in the field and of the Administrator's view that, while caution should continue to be exercised in engaging in direct purchases, he needed greater flexibility in determining when such a course of action was required.

Summary of the discussion in the Committee

3. During the course of the discussion, members generally supported the proposals contained in the Administrator's report. Questions were raised regarding the management processes which in two cases had led to deficits in the housing pools. Some members expressed the view that the description of housing conditions in the field could lead to the conclusion that some Governments were not fulfilling their obligations to the Programme, and that the Administrator, therefore, should strongly urge such Governments to respond adequately to the needs of the Programme.

4. Most members agreed with the proposal to devote part of the Reserve for Construction Loans to Governments to office accommodation, but some were of the view that the percentage proposed in the report (25 per cent) was somewhat high and should be scaled down until experience proved whether a lower proportion of the Reserve, such as might be approved by the Council for this purpose, was adequate. While members recognized that the purchase of houses by UNDP could involve certain difficulties, they agreed that under exceptional circumstances it could offer the best means of making adequate housing available to field personnel. One member requested clarification on the criteria for determining the size of each housing scheme. Other members questioned the basis of the interest rates charged on construction loans made to Governments and wondered whether the low rates charged to Governments were adequate.

Response of the Administration

5. In his reply, the Assistant Administrator, Bureau for Finance and Administration, explained that the losses in the two housing schemes had been incurred over a period of years and, considering the total number of houses administered by UNDP, these losses represented a very small amount. He pointed out that current procedures were designed to ensure that all rents due were properly collected. He further explained that while most Governments contributed to the programme in cash and might also be providing houses and office accommodation, some Governments found themselves in an economic situation that did not permit them to respond adequately to the need to provide housing or office accommodation. The criteria for determining the size of housing schemes, he explained, were based on the anticipated size of the programme and the availability of suitable housing in each country. With regard to the level of interest charged on housing loans, he said that these rates had been established at a fixed rate in the respective loan agreements for the total period of the loan. At the time the existing loan agreements were negotiated, the rates of 3.5 per cent, and later 5 per cent, while somewhat lower than commercial rates, were considered to be reasonable for the particular purpose for which they had been granted. The rates charged have been disclosed in the audited UNDP accounts each year and were made known to the Council at its twenty-sixth session.

Recommendation of the Committee

6. The Committee recommends that:

The Governing Council,

1. Take note of the Administrator's report on housing and office accommodation for field personnel (DP/1982/50) as well as the additional proposals made by the Assistant Administrator in his introductory statement relating to paragraph 28 dealing with the purchase by UNDP of housing units, and the views and comments of members of the Budgetary and Finance Committee thereon;

2. Approve the present arrangements for the provision of housing and office accommodation for field personnel;

3. Authorize the Administrator to utilize up to 20 per cent of the Reserve for Construction Loans to Governments for the provision of field office accommodation

4. Further authorize the Administrator to use UNDP funds for the purchase of housing units, on the understanding that this authority is to be exercised in a selective and prudent manner and only when the Administrator is fully satisfied that this is the only effective means of meeting the best interests of the Programme.
