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OTHER FUNDS AND PROGRAMMES

UNITED NATIONS FUND FOR POPULATION ACTIVITIES

BIENNIAL BUDGET ESTIMATES FOR THE ADMINISTRATIVE AND PROGRAMME
SUPPORT SERVICES FOR THE BIENNIUM 1984-1985

UNFPA FINANCIAL REGULATIONS

REVIEW OF THE STAFFING PATTERN AND MANPOWER REQUIREMENTS OF UNFPA

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 biennial budget estimates for the administrative and programme support services for the biennium 1984-1985, on the proposed amendments to the UNFPA financial regulations and on the Executive Director's review of the headquarters and field staffing pattern and manpower requirements of UNFPA.

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 for the Fund for the biennium 1984-1985 (DP/1983/23/Corr.1 and 2). The Advisory Committee also considered two other reports submitted by the Executive Director: one on proposed amendments to the UNFPA financial regulations (DP/1983/24 and Add.1 and 2/Corr.1) and the other, on his review of the headquarters and field staffing pattern and manpower requirements of UNFPA (DP/1983/25). During its consideration of these reports the Advisory Committee met with the Executive Director and his representatives.

Budget estimates for the Fund's administrative and programme support services for the biennium 1984-1985

2. In accordance with Governing Council decision 82/20, II, paragraph 3, the Executive Director submits for the first time biennial budget estimates for 1984-1985 in the amount of \$24,577,523 for the Fund's administrative and programme support services (DP/1983/23, paras. 1 and 9).

3. The Executive Director states that in presenting the budget proposals for 1984-1985 he has followed the same structure as that used for the 1983 budget (DP/1982/25) and has incorporated tabular and narrative refinements suggested by the Advisory Committee in its previous report (DP/1982/26). In paragraphs 11 to 14 of his report (DP/1983/23) he describes the methodology and assumptions used in the preparation of the estimates for 1984-1985. The Advisory Committee has found the presentation of the document to be generally satisfactory but recommends that in future budget submissions the Executive Director should give full justification for increases requested under various objects of expenditure (see paras. 12 and 13 below) without at the same time having to increase the size of the document. The Committee is also of the view that greater clarity could be achieved if the distinction between volume increases and cost increases were to be made at all levels in the tabular presentation.

4. The estimate of \$24,577,523 constitutes 8.6 per cent of the Fund's expected income of \$287.2 million for 1984-1985 (DP/1983/23, para. 5). At its request the Advisory Committee was provided with the following table which compares initial and revised income and budget estimates for three biennia:

	<u>1980-1981</u>	<u>1982-1983</u>	<u>1984-1985</u>
Initial income estimate	\$297,000,000	\$296,000,000	\$287,200,000 <u>b/</u>
Initial administrative and programme support services budget			
Appropriation/estimate	\$15,193,844	\$20,517,152	\$24,577,523
Initial administrative budget as a percentage of income	5.1 %	6.9 %	8.6 %
Revised income estimate	\$253,500,000	\$261,900,000 <u>a/</u>	-
Revised administrative and programme support services budget			
Appropriation/estimate	\$16,269,631	\$21,891,559	-
Revised Administrative Budget as a Percentage of revised Income	6.4 %	8.4 %	-

a/ 1982 (actual) = \$130,900,000
1983 (estimate) = \$131,000,000

b/ 1984 (estimate) = \$138,200,000
1985 (estimate) = \$149,000,000

5. The above table shows that while income has tended to be lower than forecasted, the administrative and programme support services budget has been higher than estimated. If the 1983 classification exercise (see paras. 8 and 9 below) and the Executive Director's recommendations regarding the budgets of the UNFPA Deputy Representatives (see paras. 19 to 22 below) are taken into account, then the Fund's administrative and programme support services budget is likely to be much higher. In this connection the Advisory Committee reiterates its previous opinion 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". (DP/413, para. 12)

6. As can be seen from table C of the Executive Director's report (DP/1983/23) the estimates for 1984-1985 of \$24,577,523 are \$2,685,964 or 12.3 per cent higher than the appropriation for 1982-1983 of \$21,891,559 and 51.1 per cent more than the net expenditure for 1980-1981 (\$16,269,631). In table D he attributes the net increase of \$2,685,964 to an inflation amount of \$2,879,946 offset by a negative resource growth of \$193,982. These figures do not include the cost of the UNFPA Deputy Representatives budgets (see paras. 16 to 18 below).

7. For 1984-1985 the Executive Director proposes no change in the number of posts approved for 1982-1983, i.e. 166 posts: 83 Professional and higher levels (one Under-Secretary-General, two Assistant Secretaries-General, two D-2, 10 D-1, 14 P-5, 17 P-4, 19 P-3 and 18 P-2/1) and 83 General Service (25 at the principal level) (DP/1983/23, table A).

8. In paragraph 6 of document DP/1983/23, however, the Executive Director states that "there is considerable disparity in the grades of some key personnel in UNFPA"; and indicates his intention to submit for consideration by the Governing Council at its thirty-first session, any post reclassification requests that might arise as a result of an office-wide job classification exercise that will be conducted for UNFPA during 1983. In response to its inquiries, the Committee was informed that the reference to "disparity in the grades" referred in particular to the current grade structure of posts for Chiefs of Branches in the Programme and Technical and Planning Divisions. Of a total of eight such posts five are currently at the D-1 level and three at the P-5 level. Other than the possibility that those Chiefs of Branch posts might be recommended for reclassification, the representatives of the Executive Director were not in a position to provide any preliminary indication at this time of the potential number of posts that may be reclassified upwards or downwards nor the related financial implications. They further informed the Committee that the classification exercise which would be conducted jointly with UNDP would commence in September 1983 with the expectation that the results would be available by spring 1984. The exercise would be conducted in accordance with classification procedures followed by the United Nations.

9. As regards the Executive Director's proposal in paragraph 6 of the document (DP/1983/23) that any reclassifications that might arise as a result of the job classification exercise "be implemented effective 1 January 1984, provided the Governing Council gives its approval at its thirty-first session", the Advisory Committee recommends that any post reclassifications proposed be submitted in the context of revised budget estimates which would be reviewed by the Committee in the first instance. This recommendation also applies to any UNDP post reclassifications that may be proposed by the UNDP Administrator in the context of UNDP's classification exercise. 1/

10. The Advisory Committee notes from paragraph 13 of document DP/1983/23 that for 1984-1985 the Executive Director has applied a staff turnover and delayed recruitment factor of 5 per cent (as compared to 3 per cent for 1982 and 2 per cent in 1983). According to the representatives of the Executive Director this reflects in part a deliberate policy of delayed recruitment for posts for programmes of low priority. They also stated that at the present time only four posts in the Professional category were vacant.

11. The Executive Director's estimate of \$798,100 for travel on official business in 1984-1985 is \$115,100 or 16.9 per cent more than the 1982-1983 appropriation of \$683,000 and will constitute 3.3 per cent of the Fund's administrative and programme support services budget estimates for the biennium (DP/1983/23), table I-2). In paragraph 11 and table D of the document the Executive Director attributes the entire increase to inflation. The Advisory Committee points out however that in paragraphs 18, 20, 22 and 26 of his report the Executive Director relates the increased travel resources proposed for the Office of the Executive Director, Administration and Finance Division, Information and External Relations Division and Technical and Planning Division to increased field programme activities and activities in connection with the International Conference on Population.

12. The 1984-1985 estimate of \$182,000 under permanent equipment is \$3,000 less than the appropriation of \$185,000 for 1982-1983 and includes \$82,000 for the acquisition of permanent equipment and \$100,000 for a new item of expenditure - office automation (ibid., table I-2). The Executive Director relates the latter request to efforts being undertaken to improve the efficiency of UNFPA's office services by, inter alia, the wider use of word processors (ibid., para. 11). In response to the Committee's inquiries, the representatives of the Executive Director indicated that the estimate of \$82,000 for acquisition of permanent equipment would cover the replacement of non-expendable property (including conference room furniture, calculators and office furniture) and acquisition of new items such as library and office equipment. They also indicated that the reduction in the estimate by \$103,000 (the 1982-1983 appropriation was \$185,000) reflected UNFPA's current policy of leasing rather than purchasing equipment to better take advantage of technological advances. In respect of the estimate of \$100,000 for office automation, in addition to increased use of word-processing equipment, it would also cover the costs of installing a telex machine and additional terminals linking UNFPA's finance office to that of UNDP. The Advisory Committee nevertheless found the information provided to be less than

satisfactory since, inter alia, it was not possible to make a distinction between those requests which were new and those which reflected regular acquisition and replacement programmes. The Advisory Committee trusts that in future submissions a clear explanation of the inter-relationship and differences between expenditure items 4.1 (Office equipment), 4.2 (Office automation), 5.3 (Computer services) and 5.8 (Rental and maintenance of office equipment) in Table I-2 will be provided in the narratives.

13. As can be seen from table I-2 of the document (ibid.) the Executive Director estimates requirements in 1984-1985 under other general expenses at \$4,287,450 as compared to an appropriation of \$3,681,610 for 1982-1983. The bulk of the increase of \$605,840 relates to increased requirements shown under rental and maintenance of premises (\$304,000), communications (\$146,900), rental and maintenance of office equipment (\$115,400) and office supplies and services (\$45,500). According to table D, \$456,520 of the increase under general expenses is attributable to inflation while the remaining \$149,320 is a real increase. The Executive Director explains the increases shown for communications and office supplies and services in paragraph 11 of his report (ibid.). However, the reasons for the significant increases shown under rental and maintenance of office equipment and rental and maintenance of premises are less apparent. As regards the increased requirements under rental and maintenance of office equipment which has been partially explained in paragraph 12 above, the representatives of the Executive Director provided a breakdown of the estimate of \$196,400 as follows: word processing (\$37,250), mail operations (\$11,500), photocopiers (\$46,200), documents printing and distribution (\$23,400), electric typewriters (\$72,400), facsimile (\$3,600), and water coolers (\$2,050). In respect of requirements for rental and maintenance of premises, the representatives of the Executive Director recalled that the arrangements for office accommodations entered into in 1980 for UNFPA's office accommodations provided for a 15 year lease at a fixed annual rate per square foot. There was, however, an escalator clause in respect of the maintenance costs of the office space occupied by UNFPA. The increase of \$304,000 requested reflects maintenance cost increases and provision for some office remodelling.

14. The representatives of the Executive Director informed the Advisory Committee that the estimate for 1984-1985 of \$2,826,300 for reimbursement to the United Nations and the United Nations Development Programme (see DP/1983/23, para. 12 and table I-2) comprised \$341,700 for the United Nations and \$2,484,600 for UNDP. The Advisory Committee notes that the latter amount reflects the agreement reached between UNFPA and UNDP during the twenty-ninth session of the Governing Council on the methodology for calculating the subvention. The Executive Director provides additional information on the subvention to be paid by UNFPA to UNDP for 1984-1985 in document DP/1983/INF/3. The Committee notes further that there may be need to increase the total subvention estimate for 1984-1985 by an amount not exceeding \$207,000 for increased internal audit coverage provided by UNDP.

15. The Committee trusts that the Executive Director will strive to achieve greater economies, particularly in those areas of expenditure most susceptible

to administrative controls such as travel on official business, communications, rental and maintenance of office equipment and office supplies and services. Taking into account its observations in this report the Advisory Committee recommends that the Governing Council approve UNFPA's administrative and programme support services budget for 1984-1985 in the net amount of \$24,577,523.

UNFPA Deputy Representatives budgets 2/

16. By decision 79/28, II, paragraph 3, 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".

17. The Executive Director provides information on the resource and staffing requirements for the offices of the UNFPA Deputy Representatives in part II, paragraphs 31 to 32 and tables II-1 and II- 2 of the report (DP/1983/23/Corr.1 and 2). For 1984-1985 the cost of financing such offices is estimated at \$10,284,676 as compared with \$9,311,429 in 1982-1983. The total number of UNFPA Deputy Representatives posts in 1984-1985 will be 33, which is one less than that for 1982-1983; furthermore, their locations and grades will change. The Executive Director indicates that for 1984-1985 the 33 Deputy Representatives posts will be graded as follows: 2 L-7, 6 L-6, 16 L-5 and 9 L-4 (as compared to 34 such posts for 1982-1983 - 1 L-7, 1 L-6, 18 L-5, 11 L-4 and 3 L-3). Other than stating in paragraph 32 of his report that "from 1984 to 1985 onwards all Deputy Representatives are to serve from level L-4 upwards", the Executive Director does not provide any explanation for the re-grading of a significant number of these posts to the higher levels.

18. As an order of magnitude the Advisory Committee notes that based on the Executive Director's 1984-1985 estimates of income (\$287.2 million) and administrative and programme support services budget requirements (\$24,577,523), the financial impact of a full transfer of the project funded costs of the Deputy Representatives budgets (\$10,284,676) would be to increase the administrative and programme support services budget component by 41.9 per cent to \$34,862,199 and its share of estimated income from 8.6 per cent to 12.2 per cent.

19. For the reasons advanced in paragraphs 5 and 6 of his report on his review of the headquarters and field staffing pattern and manpower requirements of UNFPA (DP/1983/25), however, the Executive Director submits in paragraph 9 (a) and (b) of that document a decision for consideration by the Governing Council in which the Council would

"(a) Approve the principle of moving progressively towards the inclusion of the UNFPA Deputy Representatives and their local core staff into the regular manning table; and

(b) Request the Executive Director to submit to the Governing Council, at its thirty-first session, through the Advisory Committee on Administrative and Budgetary Questions, a plan for its phased implementation."

20. In this connection, the Advisory Committee recalls that in 1978, at a time when the income level of the Fund showed a more favourable trend the Executive Director submitted a report on UNFPA Field Co-ordinators (DP/307) in which he presented cogent arguments in support of maintaining the funding of such posts and their related costs out of project funds. In the circumstances, and bearing in mind the less favourable funding trend being experienced by UNFPA at the present time, the Advisory Committee regrets that in his report DP/1983/25, other than enumerating the staff and management benefits that may eventually arise should his proposal be approved, the Executive Director has not explained why he has changed his views on the subject.

21. In the opinion of the Advisory Committee, consideration of the proposal would have been facilitated if certain other issues had been addressed by the Executive Director. For example, it is not clear whether it is his intention to use as a base figure for the future the number and grade levels of the Deputy Representatives posts he has indicated for 1984-1985. It is also not known how many local support staff will actually be involved (according to table 3 of document DP/1983/25 there were 166 such posts in 1982) or what will be the criteria for determining which field local posts should be considered as core posts. The Executive Director's proposals will make it more difficult and costly to introduce adjustments in future should the level of income and project delivery decline since the flexibility now available will be removed under the proposed arrangements.

22. In the circumstances the Advisory Committee is unable to recommend that the Governing Council accept the Executive Director's proposals.

Transfer of credits between programmes of the 1982 administrative budget

23. In accordance with Governing Council decision 82/20, II, paragraph 7, the Executive Director sought, in April 1983, the concurrence of the Advisory Committee in the transfer of \$145,804 from Programme III, Programme planning, appraisal and monitoring of the 1982 UNFPA administrative and programme support services budget to Programme I, Executive direction and management (\$68,980) and Programme II, Administrative and information support services (\$76,824).

24. According to the Executive Director overexpenditures in Programmes I and II were due primarily to unanticipated increases in staff costs of \$108,979 arising from an under-estimation of separation benefits arising from an unexpected number of staff terminations plus reduced estimates of income from staff assessment of \$45,906 offset by savings amounting to \$9,081 under salaries, travel and transportation and other general expenses.

25. Under-expenditure under Programme III was due mainly to savings from delayed recruitment and from approximately 53 man-months of vacancies for posts at the Professional level during 1982.

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

Proposed amendments to the UNFPA Financial Regulations

27. In accordance with Governing Council decision 82/20, II, paragraph 3, the Executive Director submits his proposed amendments to the present UNFPA Financial Regulations in document DP/1983/24 and Add.1 and 2/Corr.1. He states that the revisions proposed are a consequence of the change to a biennial budgetary cycle commencing with the 1984-1985 biennium and are also intended to reflect those major changes the Fund has undergone in its methods and operations which have resulted in redundancy or inapplicability of some of the existing Financial Regulations and rules. He further states that prior consultations were held with the Administrator of UNDP since, in the interests of consistency, UNFPA's draft revised Financial Regulations are based upon UNDP's Financial Regulations; the draft revised Financial Regulations have also been reviewed by the Legal Office of the United Nations (DP/1983/24, paras. 1 and 3). Once the revised Financial Regulations have been approved by the Governing Council, the Executive Director will prepare revised UNFPA financial rules. These will be circulated to the members of the Governing Council, for information, at least 30 days before they become effective.

28. Document DP/1983/24/Add.1 contains the annotated version of the Executive Director's proposals for the revised UNFPA Financial Regulations. It provides a comparison between the proposed and present UNFPA Financial Regulations and indicates the comparable UNDP Financial Regulations. The Advisory Committee notes that the majority of the differences in text between the proposed UNFPA Financial Regulations and the UNDP Financial Regulations are not substantive. In respect, however, of those Financial Regulations dealing with the question of voluntary contributions and usable currencies, the Executive Director indicates his intention at the present time to retain the existing text of UNFPA Financial Regulations 6.4 and 6.6 on the matter as new Regulations 4.5 and 4.6 of the proposed UNFPA Financial Regulations. He explains that this is because UNDP Financial Regulations 4.5, 4.6 and 4.7 on the subject have not yet been approved by the Governing Council. He also proposes that should the Governing Council at its current session decide to approve UNDP Financial Regulations 4.5, 4.6 and 4.7 the Council may also wish to decide that these should at the same time be included in the proposed UNFPA Financial Regulations.

29. Taking into account its comments above, the Advisory Committee transmits the Executive Director's proposed amendments to the Financial Regulations of UNFPA as contained in documents DP/1983/24 and Add.1 and 2/Corr.1 for appropriate action by the Governing Council.

Notes

1/ See report of the UNDP Administrator, DP/1983/44 and Corr.1, paras. 40-41 and the related report of the Advisory Committee DP/1983/-.

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