



**Governing Council
of the
United Nations
Development Programme**

Distr.
GENERAL

DP/1986/47
16 May 1986

ORIGINAL: ENGLISH

Thirty-third session
2-27 June 1986, Geneva
Item 6 (e) of the provisional agenda

P O L I C Y

UNITED NATIONS FUND FOR POPULATION ACTIVITIES

Draft guidelines for determining project-related and
administrative-related personnel expenditures

Proposed prototype for a future UNFPA budget format

Revised budget estimates for the 1986-1987 biennium

REPORT OF THE ADVISORY COMMITTEE ON ADMINISTRATIVE AND
BUDGETARY QUESTIONS

Introduction

1. In accordance with the provisions of rule 111.6 of the Financial Regulations and Rules of the United Nations Fund for Population Activities (UNFPA), the Advisory Committee on Administrative and Budgetary Questions (ACABQ) has considered advance texts of three reports submitted by the Executive Director of UNFPA. They deal with draft guidelines for determining project-related and administrative-related personnel expenditures (DP/1986/42); with a proposed new format for future UNFPA budgets (DP/1986/44); and with revised budget estimates for the 1986-1987 biennium (DP/1986/74). The Advisory Committee met with representatives of the Executive Director during its consideration of these reports.
2. Two other reports by the Executive Director - one on personnel management policies and practices of UNFPA (DP/1986/41), and the other on implementation of personnel decisions of the Governing Council as requested in decision 85/20 I, paragraph 12 (DP/1986/43) - were also made available to the Advisory Committee.

I. REPORT OF THE EXECUTIVE DIRECTOR ON DRAFT GUIDELINES FOR DETERMINING PROJECT-RELATED AND ADMINISTRATIVE-RELATED PERSONNEL EXPENDITURES (DP/1986/42)

3. This report (DP/1986/42) has been submitted pursuant to the Governing Council's request contained in decision 85/20 I, paragraph 5.

4. Parts I and II (paras. 4 to 23) of the report provide, inter alia, an overview of the issues involved and describe the various approaches adopted on the subject by organizations in the United Nations system - in particular, the United Nations and the United Nations Development Programme. In part III of the report, the Executive Director submits guidelines for determining, in the case of UNFPA, what should be regarded as administrative-related personnel costs (and consequently budgeted as administrative costs) and what should be regarded as project-related personnel costs (and consequently budgeted as project costs).

5. The Advisory Committee has no objection to the Executive Director's proposed criteria for determining administrative-related personnel costs to be included in the UNFPA administrative and programme support services (APSS) budget. As stated in paragraph 27 of the report, such personnel should be "... engaged exclusively or principally in carrying out, on a continuing year-round basis within the headquarters establishment or in the UNFPA offices in the field, commonly accepted administrative support services of a 'house-keeping' nature, comparable to those of other United Nations organizations."

6. The Advisory Committee also has no objection to the Executive Director's approach, as described in paragraphs 28 to 31 of the report, towards determining programme-related personnel costs at headquarters and in field offices to be included in the APSS budget.

7. The determination of project-related personnel costs and costs in the field is addressed in paragraphs 32 to 36 of the report. In this connection, the Advisory Committee accepts the Executive Director's conclusion in paragraph 36 that they be "... reserved exclusively for undertakings which are directly associated with operational activities related to country or regional projects and which provide technical assistance or advisory services to specific groups of beneficiaries - principally the Governments of one or more recipient countries or special population groups."

8. Paragraphs 37 to 41 of the report deal with the determination of project-related personnel costs at headquarters, and with the treatment of administrative and programme support personnel at headquarters recruited for temporary work for up to two years.

9. Paragraph 40 of the report contains criteria for determining what constitutes a project in connection with headquarters assignments. In view of what the Executive Director has stated in paragraph 36 of his report (see para. 7 above), the Advisory Committee believes that posts for project activities should be confined to the field. The Committee therefore does not see any justification for developing another set of criteria for project posts at headquarters. Instead of

creating project posts at headquarters, the Committee recommends that such staff resources as are required should be requested as temporary posts or consultants, and be fully justified in the context of the APSS budget estimates.

10. Paragraph 41 of the report deals with administrative and programme support staff at headquarters recruited for short-term assignments of up to two years. The Advisory Committee notes the statement of the Executive Director that "... where it is anticipated that such personnel will continue to be employed for a period in excess of two years, the circumstances will be reported to the Governing Council at the first appropriate opportunity." The Committee stresses that all resources for consultants, temporary posts or other short-term assignments, whether requested under paragraph 40 (as modified by the Advisory Committee in para. 9 above) or under paragraph 41, must be fully justified in the context of the APSS budget estimates submitted to the ACABQ and the Governing Council. Subject to the foregoing, the Advisory Committee recommends acceptance of the Executive Director's proposals in paragraph 41.

II. PROPOSED NEW FORMAT FOR FUTURE UNFPA BUDGETS (DP/1986/44)

11. This report (DP/1986/44) has been submitted by the Executive Director in response to the request contained in Governing Council decision 85/20 II, paragraph (a).

12. The Advisory Committee has no objection to the assumptions and modalities proposed in the report. The Committee intends to examine in detail the application of the proposed format when it examines the APSS budget proposals of the Fund for the biennium 1988-1989.

III. REVISED BUDGET ESTIMATES FOR THE BIENNIUM 1986-1987 (DP/1986/74)

13. In paragraph 1 of the report (DP/1986/74), the Executive Director states that the revised budget estimates for 1986-1987 "... take into account the financial implications of the staffing pattern contained in document DP/1986/43" (report on implementation of personnel decisions of the Governing Council as requested in decision 85/20 I, para. 12).

14. The Executive Director submits revised estimates of income and expenditure for the Fund in 1986-1987 in part I, paragraphs 2 to 18 and tables 1 to 4 of the report (DP/1986/74). At the request of the Advisory Committee, representatives of the Executive Director provided table 1 below, summarizing these revised estimates.

Table 1. Revised estimates of UNFPA income and expenditure for 1986-1987

(in millions of US dollars)

	<u>Lower income scenario</u>	<u>Higher income scenario</u>
A. <u>Total resources</u>		
Pledges	260.0	320.0
Trust funds	12.0	12.0
Carryover from 1984 into 1985 for projects financed by trust funds	2.8	2.8
Carryover from 1985 into 1986	7.5	7.5
From operational reserve for UNFPA projects	<u>8.0</u>	<u>-</u>
Total resources:	<u><u>290.3</u></u>	<u><u>342.3</u></u>
	<u>Lower expenditure scenario</u>	<u>Higher expenditure scenario</u>
B. <u>Total expenditures</u>		
Programmes	236.9	288.9
APSS budget	40.4	40.4
DRSAP and other field support units	<u>13.0</u>	<u>13.0</u>
Total expenditures:	<u><u>290.3</u></u>	<u><u>342.3</u></u>

15. As shown in table 1 above, the Fund's revised estimates of income have been prepared on the basis of income ranging from \$290.3 million to \$342.3 million. As explained in paragraph 12 of the Executive Director's report, the lower income scenario assumes that a major donor would not contribute in 1986, and possibly in 1987. The higher income scenario assumes receipt of a contribution from that donor.

16. The Fund's revised estimates of expenditure for 1986-1987 have correspondingly also been prepared on the basis of lower and higher scenarios (see table 1 above). However, in both expenditure scenarios, the revised estimates of expenditure for the APSS budget (\$40.4 million) and for Deputy Representative and Senior Adviser on Population (DRSAP) and other field support units costs (\$13 million) would not be increased further. In this connection, the Advisory Committee notes the statement

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in paragraph 17 of the Executive Director's report, that "in the event that no contribution from the major donor mentioned above is received for the 1986-1987 biennium, in addition to the abolishment of all Professional and General Service posts financed from project funds at headquarters, the Executive Director will take strict measures to introduce further savings and economies and report to the Council at its thirty-fourth session on these measures".

17. At the request of the Advisory Committee, representatives of the Executive Director provided table 2 below, which summarizes the Fund's initial and revised 1986-1987 estimates, by major object of expenditure, for the APSS budget as well as the cost of project-funded posts and related expenses at headquarters, the Geneva Liaison Office, and DRSP and other field support units.

Table 2. Revised administrative and programme support services budget for the biennium 1986-1987, including project-funded field costs

(in thousands of US dollars)

Main objects of expenditure	<u>Administrative and programme support services budget</u>			<u>Project-funded posts: Hqrs. and Geneva Liaison Office</u>		<u>Project-funded field costs</u>	<u>Grand total 1986-1987</u>	
	Initial estimate	Additional proposed costs	Revised estimate	Initial estimate	Revised estimate	Initial and revised estimate	Initial estimate	Revised estimate
	(1)	(2)	(3)	(4)	(5)	(6)	(1+4+6)	(3+5+6)
Salaries								
Regular posts	17 897.1	1 299.7	19 196.8	-	-	-	17 897.1	19 196.8
Temporary posts	-	1 945.3	1 945.3	4 543.9	-	6 087.4	10 631.3	8 032.7
Consultants	235.0	-	235.0	-	-	-	235.0	235.0
Temporary assistance	210.0	-	210.0	-	-	126.1	336.1	336.1
Overtime	129.1	-	129.1	-	-	192.6	321.7	321.7
Subtotal	18 471.2	3 245.0	21 716.2	4 543.9	-	6 406.1	29 421.2	28 122.3
<u>Common staff costs</u>	8 195.7	530.7	8 726.4	1 643.3	-	2 061.0	11 900.0	10 787.4
<u>Travel of staff</u>	949.3	-	949.3	-	-	1 249.9	2 199.2	2 199.2
<u>Permanent equipment</u> (incl. furniture, equipment, office automation)	620.0	-	620.0	-	-	812.9	1 432.9	1 432.9
<u>Other general expenses</u> (incl. rental/maintenance of premises)	5 419.3	-	5 419.3	-	-	2 470.1	7 889.4	7 889.4
<u>United Nations/UNDP subvention</u>	2 988.2	-	2 988.2	-	-	-	2 988.2	2 988.2
Total	<u>36 643.7</u> a/	<u>3 775.7</u>	<u>40 419.4</u> b/	<u>6 187.2</u>	<u>-</u>	<u>13 000.0</u>	<u>55 830.9</u>	<u>53 419.4</u>

a/ As approved in Governing Council decision 85/20 I, para. 1.

b/ Gross estimate. \$36,419,400 net, after deducting estimated credits of \$4 million from overhead and miscellaneous income. (See DP/1986/74, paras. 8 and 10.)

18. As can be seen from table 2 above, the revised 1986-1987 estimates for the APSS budget (including project-funded headquarters and field costs) amounts to \$53,419,400, compared with the initial estimate of \$55,830,900. The reduction of \$2,411,500 in the revised estimate is attributable to the Executive Director's proposals to abolish 23 project-funded posts (see para. 23 (a) below).

19. The revised APSS budget estimate for 1986-1987 (excluding project-funded headquarters and field costs) amounts to \$40,419,400 gross (\$36,419,400 net, after deducting estimated credits of \$4 million for overhead and miscellaneous income). The estimate of \$40,419,400 is \$3,775,700 higher than the approved initial 1986-1987 estimate of \$36,643,700 (see table 2). The entire increase relates to the Executive Director's proposals to transfer 46 project-funded posts to the APSS budget (see para. 23 (b) and (c) below).

20. No resources for project-funded posts at headquarters and the Geneva Liaison Office are proposed in the revised 1986-1987 estimate (see table 2). The deletion of the initial estimate of \$6,187,200 under this heading results from the Executive Director's staffing proposals (see paras. 18 and 19 above).

21. No change is proposed in the estimate of \$13 million for project-funded field costs (see table 2). The number of project-funded field posts will also remain unchanged (see para. 24 below).

22. In order to facilitate consideration of the initial and revised 1986-1987 staffing establishment of UNFPA, representatives of the Executive Director provided, at the request of the Advisory Committee, tables 3 and 4 below.

Table 3. Initial total UNFPA staffing establishment in 1986-1987 financed from the administrative and programme support services budget and from project funds

	POSTS FINANCED FROM PROJECT FUNDS a/						
	APSS BUDGET a/		Geneva Liaison Office	Support staff for DRSAPS	Other field sup- port b/	Total no. of posts - all sources of funds	
	Hqrs.	Field					
USG	1	-	-	-	-	-	1
ASG	2	-	-	-	-	-	2
D2/L7	3	-	1	-	-	-	4
D1/L6	10	-	-	1	-	-	11
P5/L5	26	39	2	1	-	-	68
P4/L4	24	-	3	-	-	-	27
P3/L3	22	3	3	-	9	-	37
P2-1/L2-1	5	-	1	-	-	-	6
Subtotal	93 c/	42 d/	10	2	9	-	156
General Service (principal level)	31	-	9	1	-	-	41
General Service (other level)	52	-	46	1	-	-	99
Subtotal	83	-	55	2	-	-	140
National Programme Officer	-	-	-	-	20	17	37
Local level	-	-	-	-	170	80	250
Subtotal	-	-	-	-	190	97	287
Total	176	42	65	4	199	97	583 e/

a/ Post levels indicated reflect results of UNFPA classification exercise (see Governing Council decision 85/20 I, paras. 13 and 14).

b/ These posts are in programme support units in those countries where no DRSAPS exist.

c/ Includes 8 project-funded posts (3 P5, 3 P4 and 2 P3) transferred to the APSS budget; and 2 new P4 posts (see Governing Council decision 85/20 I, para. 6 (c)).

d/ Comprises 33 P5 level DRSAP posts, and 9 International Programme Officer posts (6 P5, 3 P3), located in countries where no DRSAP posts exist (see Governing Council decision 85/20 I, para. 6 (a) and (b)).

e/ 579 posts were shown in Table A of the Advisory Committee's report (DP/1985/40). The difference of 4 posts is due to the 2 new P4 posts approved by the Governing Council (see footnote c/) and 2 General Service posts for the Geneva Liaison Office previously omitted inadvertently by the UNFPA administration.

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Table 4. Revised total UNFPA staffing establishment in 1986-1987
financed from the administrative and programme support
services budget and from project funds

	APSS BUDGET-FUNDED				PROJECT-FUNDED		Total no. of posts - all sources of funds
	Headquarters		Geneva Liaison		Support	Other	
	Est.	Temp.	Office Est.	Field Est.	staff for DRSAPS	field support <u>b/</u>	
USG	1	-	-	-	-	-	1
ASG	2	-	-	-	-	-	2
D2/L7	3	-	-	-	-	-	3
D1/L6	10	-	1	-	-	-	11
P5/L5	26	-	1	39	-	-	66
P4/L4	25 <u>c/</u>	-	-	-	-	-	25
P3/L3	21 <u>c/</u>	1	-	3	9	-	34
P2-1/L2-1	5	-	-	-	-	-	5
Subtotal	93	1	2	42	9	-	147
General Service (principal level)	38	1	1	-	-	-	40
General Service (other level)	62	23	1	-	-	-	86
Subtotal	100	24	2	-	-	-	126
National Programme Officer	-	-	-	-	20	17	37
Local level	-	-	-	-	170	80	250
Subtotal	-	-	-	-	190	97	287
TOTAL	193	25	4	42	199	97	560

a/ Comprises 33 P5 level DRSAP posts, and 9 International Programme Officer posts (6 P5, 3 P3) located in countries where no DRSAP posts exist.

b/ These posts are in programme support units in those countries where no DRSAPS exist.

c/ Reflects outcome of one post being classified from P3 to P4, resulting from the recourse applications to the Classification Panel.

23. As can be seen from tables 3 and 4 above, the Executive Director's revised staffing proposals for 1986-1987 would involve:

(a) The abolition of 23 of the 65 project-funded posts at headquarters. Nine of the 23 posts to be abolished are at the Professional and higher levels (1 L7, 2 L5, 3 L4, 2 L3, 1 L2-1); the remaining 14 are General Service posts (including one at the principal level);

(b) The transfer of 42 project-funded posts at headquarters to the APSS budget. Of the 42 posts, 17 posts would be established on a regular basis (all General Service, including 7 at the principal level); the remaining 25 posts (1 P3, 24 General Service, including one at the principal level) would be established on a temporary basis;

(c) The transfer of four project-funded posts in the Geneva Liaison Office (1 D1, 1 P5, 2 General Service, including one at the principal level) to the APSS budget. These four posts would be established on a regular basis.

24. The Executive Director is not proposing, at this stage, the transfer to the APSS budget of project-funded field support staff for the DRSAPS (9 L3, 20 National Programme Officers, 170 Local level) and other field support staff in countries where no DRSAPS exist (17 National Programme Officers, 80 Local level). In this connection, the Advisory Committee notes from paragraph 14 of document DP/1986/43, that "while the Executive Director believes that this group of nine staff members as well as locally recruited staff in UNFPA field units should also be considered for inclusion in the administrative and programme support services budget, he intends to pursue such proposals at a later date".

25. The Advisory Committee notes that the proposal to abolish 23 project-funded posts at headquarters (see para. 23 (a) above) follows Governing Council decision 85/20 I, paragraphs 9 and 10.

26. The Advisory Committee recommends acceptance of the request to transfer four project-funded posts in the Geneva Liaison Office to the APSS budget and to their establishment on a regular basis (see para. 23 (c) above).

27. The Executive Director's proposals to transfer 42 project-funded posts at headquarters to the APSS budget (see para. 23 (b) above) can be broken down as follows:

<u>Organizational unit</u>	<u>Regular posts</u>	<u>Temporary posts</u>
Administration and Finance Division	8 General Service (incl. 6 at principal level)	11 General Service
Information and External Relations Division	-	5 General Service (incl. 1 at principal level)
Programme Division	5 General Service (incl. 1 at principal level)	1 P3, 8 General Service
Policy and Evaluation Division	2 General Service	-
Technical and Planning Division	2 General Service	-
Total	17 General Service (incl. 7 at principal level)	1 P3, 24 General Service (incl. 1 at principal level)

Functional titles of the posts and their job descriptions are provided in part II of the Executive Director's report (DP/1986/74).

28. The Advisory Committee notes that 17 of the above posts are proposed to be established on a regular basis. Part I, paragraphs 6 and 7, and part II, paragraph 4 (narrative for Administration and Finance Division), of document DP/1986/74 indicate that a number of the 42 posts are being financed from overhead income. The Committee points out that by its very nature, such income is subject to variation. Furthermore, in view of the uncertain overall income prospects for the Fund in 1986-1987, the Executive Director may need to implement further economy measures (see paras. 15 and 16 above). In the circumstances, the Advisory Committee recommends that should the Governing Council decide to approve the transfer of these 42 project-funded posts to the APSS budget, they should all be established only as temporary posts.

29. Subject to the observations and recommendations above, the Advisory Committee recommends acceptance of the draft decision on the Fund's revised APSS budget for 1986-1987, submitted by the Executive Director in paragraph 19 of his report (DP/1986/74).
