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P O L I C Y

UNITED NATIONS DEVELOPMENT FUND FOR WOMEN

Budget estimates for the biennium 1986 - 1987

Report of the Advisory Committee on Administrative
and Budgetary Questions

1. The Advisory Committee on Administrative and Budgetary Questions (ACABQ) has considered the budget estimates of the United Nations Development Fund for Women (UNIFEM) for 1986-1987 as submitted by the Administrator of the United Nations Development Programme (DP/1986/6 and Corr. 1). The Committee discussed the budget and related matters with the Associate Administrator and his colleagues.
2. This is the first budget for UNIFEM. The Committee recalls that by resolution 39/125 of 14 December 1984, the General Assembly inter alia decided that the activities of the Voluntary Fund for the United Nations Decade for Women should be continued through the establishment of a separate and identifiable entity in autonomous association with UNDP. By its decision 85/33, the Governing Council requested the ACABQ to review the Fund's budget estimates for the 1986-1987 biennium.

3. In paragraphs 1 to 10 of his report, the Administrator outlines the background of the Fund, and describes its purposes and the activities which have been carried out since its inception in 1978.

4. The financial resources of the Fund are described in paragraphs 11 to 14 of the Administrator's report. According to paragraph 11, contributions have amounted to \$25.4 million, including \$24 million in pledges from Member States and \$1.4 million from non-governmental sources. The Committee was informed that this amount represented contributions/pledges which had been received since the inception of the Fund through 31 August 1985.

5. The Committee was informed that, as at 31 October 1985, the level of unpaid pledges was \$1.2 million. In addition, approximately \$400,000 in income has not yet been taken into account in connection with the financial transfer of the Fund from the United Nations to UNDP. The Committee was informed that this amount constituted money which had not yet been officially entered in the accounts of the Fund but which was expected to be included by the end of 1985. The Committee trusts that the transfer of the Fund to UNDP will be completed shortly.

6. The Administrator estimates that the minimum income for UNIFEM for 1985-1987 will be \$12.6 million. If unallocated funds of \$6.3 million (as at 31 December 1984) are added to this amount, the total estimated funds available would be \$18.9 million. Since the 1985-1987 administrative budget is estimated at \$3.1 million, the remaining \$15.8 million would be available for operational activities, including agency support costs (see paragraphs 7 and 8 below). Annex II of the report (DP/1986/6 and Corr. 1) provides a breakdown of the Fund's resources. The Advisory Committee requested additional explanations of annex II and was provided with the following tables:

Table 1. Projected commitments

(Thousands of dollars)

	<u>1985</u>	<u>1986</u>	<u>1987</u>
Unencumbered (unallocated) resources - 1 January	6 375.3	6 103.6	4 102.2
<u>Additional income</u>			
Pledges and donations <u>a/</u>	3 212.0	3 021.8	3 238.0
Other (including interest)	<u>1 100.0</u>	<u>960.0</u>	<u>925.0</u>
	4 312.0	3 981.8	4 163.0
Resources available for commitments	10 687.3	10 085.4	8 265.2
<u>Less: commitments b/</u>			
New allocations	3 500.0	4 700.0	5 300.0
Agency support costs	175.0	235.0	265.0
Administrative costs	<u>908.7</u>	<u>1 048.2</u>	<u>1 123.8</u>
	4 583.7	5 983.2	6 688.8
Unencumbered resource - 31 December	<u>6 103.6</u>	<u>4 102.2</u>	<u>1 576.4</u>

a/ Including adjustment to prior year pledges.

b/ Excluding project activities in the pipeline.

Table 2. Projected expenditures

(Thousands of dollars)

	<u>1985</u>	<u>1986</u>	<u>1987</u>
Opening balance	12 456.9 <u>a/</u>	11 376.9	9 879.5
<u>Additional income</u>			
Pledges and donations <u>b/</u>	3 212.0	3 021.8	3 238.0
Other (including interest)	<u>1 100.0</u>	<u>960.0</u>	<u>925.0</u>
	4 312.0	3 981.8	4 163.0
<u>Total resources</u>	16 768.9	15 358.7	14 042.5
<u>Less: expenditures</u>			
Projects	4 249.6	4 200.0	4 710.0
Agency support costs	233.7	231.0	259.0
Administrative costs	<u>908.7</u>	<u>1 048.2</u>	<u>1 123.8</u>
	5 392.0	5 479.2	6 092.8
Balance - 31 December	<u><u>11 376.9</u></u>	<u><u>9 879.5</u></u>	<u><u>7 949.7</u></u>

a/ Including \$6,375.3 unallocated resources

b/ Including adjustments to prior year pledges.

7. The Committee notes that Fund projects are financed through "full-funding". The Committee understands this to mean that, once a project has been formalized, the entire amount necessary for its execution and completion is set aside and the unspent amounts are carried over at the end of the year. The projected commitments, as described in table 1, are for the forward-planning of future projects which eventually comprise the bulk of the Fund's expenditures. With regard to the **unencumbered** (unallocated) resources in line 1 of table 1, the Committee was informed that some of this money relates to projects which are in the process of being approved. The agency support costs in line 7 of table 1 relate to the planning of new projects to be carried out in the future.

8. The projected expenditures in table 2 are those costs which are actually expected to be incurred during the year in question. With regard to the opening balance referred to in line 1 of table 2, the Committee was informed that it consists of: (a) cash held in reserve for prior years' allocations which has not yet been spent; and (b) unencumbered funds. Agency support costs listed in line 7 of table 2 refer to funds which will actually be spent during the year but which relate to projects from prior years.

9. The Fund's administrative budget estimates for 1986-1987 are contained in paragraphs 22 to 34 of the Administrator's report. An amount of \$2,172,000 is proposed for the 1986-1987 biennium, an increase of \$571,400 (36 per cent) over 1984-1985 figures.

10. The staffing requirements for 1986 and 1987, contained in paragraphs 24 and 25 and section B of the table on page 12 of the Administrator's report, show a total of 13 posts, an increase of two over the 1984-1985 biennium. The two new posts requested are: Fund Director (D-1), and one secretary (G-5). The justification for these posts is contained in paragraph 26 of the report. The Committee notes from paragraph 27 of the report that several existing posts have been reclassified, effective January 1986 for Professional staff and January 1985 for General Service staff. These are: one P-4 to P-3 and three P-2 to P-3; two G-4 and three G-3 to one G-6, one G-5 and three G-4. The Advisory Committee has no objection to the creation of two posts or to the proposed reclassifications.

11. The Committee notes from paragraph 30 and section A of the table on page 12 of the Administrator's report that total rental and maintenance of premises and utilities is estimated at \$278,800 for the 1986-1987 biennium, as compared with \$117,500 for 1984-1985. The Committee was informed that the Fund had increased its office space from 2,625 square feet to 4,400 and that it was expected to pay renovation costs totalling \$220,000 as an element of rental costs to be written off over a period of five years, as agreed with UNDP. Thus the estimate for 1986-1987 also includes an amount of \$88,000, representing two fifths of the total renovation cost.

12. The Committee was informed that under the terms of the 1980 Memorandum of Understanding between the United Nations and UNDP, the Fund pays 1.5 per cent of project value to UNDP as reimbursement for administrative costs. This percentage will apply for a period of 18 months. The Advisory Committee notes that at the end of 12 months a study will be carried out to determine the actual costs and whether different reimbursement levels would be applicable.

13. The Committee was informed that, among its projects, the Fund had undertaken the development of a knowledge bank pilot project. The Committee notes that the Fund has not yet determined the full cost of implementing the system, nor have the potential users been identified. The Committee is of the view that before the project is implemented further its potential impact on the Fund should be carefully weighed.
