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P O L I C Y

OTHER MATTERS

UNDP field offices in Belgrade and Bucharest

Note by the Administrator

Summary

At the thirty-second session of the Governing Council, held in June 1985, the Council discussed the closing of the UNDP field offices in Belgrade and Bucharest. Since both Governments have indicated their wish to keep the offices open, the matter is referred back to the Council for a decision.

This note sets out the respective estimated costs to each of the Governments concerned and to UNDP of: (a) keeping the offices open; (b) closing the offices and administering the programmes for Romania and Yugoslavia by the UNDP office in Geneva. Also given is an analysis of other factors involved.

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1. At the thirty-second session of the Governing Council, held in June 1985, the Council discussed the closing of the UNDP field offices in Belgrade and Bucharest. There is no provision in the 1986/1987 administrative budget for the continued financing of these offices after 1 January 1987. If no action is taken to amend the budget, the offices will, therefore, be closed as of 1 January 1987.

2. The Governments of Romania and Yugoslavia have expressed their wish to keep the offices open.

3. For the information of the Council, this note sets out the following:

- Financial Summary;
- Detailed financial analysis (Annex I);
- Summary of other factors;
- Detailed analysis of other factors (Annex II).

A. Financial summary

Estimated annual cost based on 1987 prices

Alternative I (maintenance of offices)

		US Dollars	
	<u>Romania</u>	<u>Yugoslavia</u>	<u>Total</u>
(a) Estimated costs	258 200	413 300	671 500
(b) Payable by Governments	90 700	231 400	322 100
(c) Net cost to UNDP	<u>167 500</u>	<u>181 900</u>	<u>349 400</u>

Alternative II (closure of offices)

(a) Estimated incremental cost of Geneva office	71 500	71 500	143 000
(b) Payable by Governments	38 000	38 000	76 000
(c) Net cost to UNDP	<u>33 500</u>	<u>33 500</u>	<u>67 000</u>

Savings resulting from closure of field offices

(a) Savings to UNDP and Governments	186 700	341 800	528 500
(b) Net savings to Governments	52 700	193 400	246 100
(c) Net savings to UNDP	<u>134 000</u>	<u>148 400</u>	<u>282 400</u>

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B. Summary of other factors

4. In the event of closure, the UNDP programmes in both countries would be fully administered by the Geneva office.

5. The two United Nations System agencies most affected in Romania would be the United Nations Information Centre (UNIC), since the Resident Representative acts as its Director, and the Office of the United Nations High Commissioner for Refugees (UNHCR) whose heavy workload is also currently handled by the UNDP field office. In Yugoslavia, the United Nations Fund for Population Activities (UNFPA) would be most affected in view of its large number of projects.

6. The above United Nations system agencies in the two countries would be required to make alternative arrangements for handling the administrative matters identified in annex II. In general United Nations system agencies would have to deal directly with the Governments on matters regarding the employment of nationals, the placement of fellows and the implementation of regular programme activities.

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Annex I

COMPARATIVE COSTS OF MAINTAINING FIELD OFFICES OR ADMINISTERING
 UNDP PROGRAMMES FROM UNDP OFFICE IN GENEVA

Table 1. Estimated costs of maintaining UNDP field offices
 in Belgrade and Bucharest a/ b/

A. Belgrade

	<u>Dinars</u>	<u>US Dollars</u>	<u>US Dollars</u>
International staff costs		104 800	
Local staff and other costs	66 327 500	<u>308 500</u>	
		413 300	
<u>Less</u> amount payable by Government	49 751 000	<u>231 400</u>	
Cost to UNDP			181 900

B. Bucharest

	<u>Lei</u>		
International staff cost		137 200	
Local staff and other costs	1 524 480	<u>121 000</u>	
		258 200	
<u>Less</u> amounts payable by Government			
In cash	786 240	62 400	
In kind	<u>356 500</u>	<u>28 300</u>	
	1 142 740	90 700	
Cost to UNDP			<u>167 500</u>
Total cost to UNDP for Belgrade and Bucharest			349 400

a/ Where payments are made in local currency, the US dollar equivalents are provided.

b/ Based on 1985 rates of exchange.

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Table 2. Estimated costs of administering the UNDP programmes for Romania and Yugoslavia by the UNDP office in Geneva

	<u>US Dollars</u>	<u>US Dollars</u>
Professional staff costs at Geneva office	112 000	
General Service staff costs at Geneva office	31 000	
	<u>143 000</u>	
<u>Less contributions from the Governments of Romania and Yugoslavia a/</u>	<u>76 000</u>	
Total cost to UNDP		67 000

a/ Based on the 1985 allotment to which has been added: (i) a 5 per cent inflation factor for each of the years 1986 and 1987; (ii) the cost of an additional General Services staff member; and (iii) an additional \$50,000 for travel. If the amount of \$76,000 is not paid to UNDP in convertible currencies, the savings would be less by the amount paid in non-convertible currency. The effect of payment in non-convertible currencies would be to add to the amount of such currencies held by UNDP.

Table 3. Estimated savings to UNDP of closing both field offices and administering the programmes in Geneva

	<u>US Dollars</u>
Cost of maintaining both field offices	349 400
<u>Less cost of administering programmes in Geneva a/</u>	<u>67 000</u>
Savings to UNDP	282 400

a/ See note in table 2.

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Table 4. Comparative cost to the Governments of maintaining, and of closing field offices a/

A. Belgrade

	<u>Dinars</u>	<u>US Dollars</u>
Maintaining	49 751 000	231 400
Closing (contribution to Geneva)	<u>8 170 000</u>	<u>38 000</u>
Saving to Government by closing	41 581 000	193 400

B. Bucharest

	<u>Lei</u>	
Maintaining: in cash	786 240	
in kind	356 500	
	<u>1 142 740</u>	90 700
Closing (contribution to Geneva)	<u>478 760</u>	<u>38 000</u>
Saving to Government by closing	663 980	52 700

a/ Assuming that the contributions to the Geneva office would be in convertible currency. Failing this, the amount of Leis and Dinars held by UNDP might be increased.

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Table 5. Detailed analysis of estimated Government contribution towards maintaining field office in Belgrade a/ b/

	<u>Dinars</u>	<u>US Dollars</u>
<u>Total field office cost estimates (1987)</u>		413 300
(a) Convertible currency component:		
Resident Representative salary		104 800
(b) Dinar component		
Local salaries	34 314 000	159 600
Office travel	3 031 500	14 100
Operating costs	<u>28 982 000</u>	<u>134 800</u>
Subtotal	66 327 500	308 500
<u>Government contribution</u>		
Total office costs		413 300
<u>Less Resident Representative salary</u>		<u>104 800</u>
		308 500
<u>Less 25 per cent waiver</u>	16 576 500	<u>77 100</u>
Net Government contribution	49 751 000	231 400

a/ Where payments are made in local currency, the US dollar equivalents are provided.

b/ For purposes of comparison, the Government's contribution to local office costs in 1985 was Dinars 23,671,500 (\$110,000 equivalent).

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Table 6. Detailed analysis of estimated Government contribution towards maintaining field office in Bucharest a/ b/

	<u>Lei</u>	<u>US Dollars</u>
<u>Total field office cost estimates (1987)</u>		258 200
(a) Convertible currency component:		
Resident Representative salary		137 200
(b) Lei component:		
Local salaries	773 600	61 400
Office travel	80 640	6 400
Operating costs	313 740	24 900
In-kind contribution	<u>356 500</u>	<u>28 300</u>
Subtotal	1 524 480	121 000
<u>Government contribution</u>		
Total office costs		258 200
<u>Less Resident Representative salary</u>		<u>137 200</u>
		121 000
<u>Less 25 per cent waiver</u>	378 000	<u>30 000</u>
		90 700
<u>Less contribution in kind</u>	356 500	<u>28 300</u>
Net Government contribution	786 240	62 400

a/ Where payments are made in local currency, the US dollar equivalents are provided. Based on 1985 rates of exchange.

b/ For purposes of comparison, the Government's contribution to local office costs in 1985 was Lei 425,000 (\$33,730 equivalent).

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Annex II

DETAILED ANALYSIS OF OTHER FACTORS

A. Belgrade

(a) Revised arrangements

An additional staff member will be assigned to the Geneva office and made primarily responsible for programme activities in Yugoslavia. The staff member will visit the country from time to time, as appropriate, to monitor project and programme activities. Owing to decentralized authority in Yugoslavia, the staff member will be required to hold discussions and maintain contacts on programme matters with designated officials of six Republics and two autonomous Provinces, as well as with Federal authorities of the Federal Administration for International Scientific, Educational, Cultural and Technical Cooperation (FAISECTC), the co-ordinating Ministry of UNDP activities at the central level. Since the indicative planning figure (IPF) is distributed among the various regions, the staff member will also have to monitor activities and hold discussions with the national project directors (there are no international project managers) and attend project tripartite reviews, as necessary. Since Yugoslavia provides technical assistance in five developing countries to several projects of the United Nations Capital Development Fund (UNCDF) and the United Nations Sudano-Sahelian Office (UNSO), the staff member will also be responsible for liaising with these bodies in their activities.

(b) Local presence of other United Nations offices

Apart from the UNDP office, the only other United Nations offices in Belgrade are the United Nations Information Centre (UNIC) and the Office of the United Nations High Commissioner for Refugees (UNHCR). UNIC occupies one third of the UNDP premises in Belgrade and the UNDP local office budget covers rent, caretaker costs, maintenance and heating expenditures for the entire premises. If the office closes, the Department of Public Information (DPI) will have to cover its portion of expenditures, estimated in 1985 at 7.5 million dinars (equivalent to US\$34,883).

(c) Services affected by closure

- (i) The United Nations Fund for Population Activities (UNFPA): UNFPA will be required to ensure the local supervision of eight projects financed by it, in liaison with the Geneva office;
- (ii) Employment of Yugoslav nationals in the United Nations system agencies: the agencies in general will have to deal directly with the Government on matters dealing with the employment of Yugoslavs and the implementation of their regular programme activities in the country.

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(d) Alternative Arrangements

Alternative arrangements will need to be made for the following services of direct interest to UNIC and UNHCR:

- (i) Cost-of-living survey;
- (ii) Local salary survey (UNIC and UNHCR follow the UNDP salary scale);
- (iii) Telex (cost presently shared with UNIC);
- (iv) Pouch services to New York, Geneva, Rome and Nairobi, handled by UNDP but also used by UNIC and UNHCR;
- (v) Daily subsistence allowance (DSA) and stipend calculations.

B. Bucharest

(a) Revised arrangements

A staff member in the Geneva office will be made responsible primarily for programme activities in Romania. The staff member will visit Romania from time to time, as appropriate, to monitor projects and programme activities and hold discussions with the Ministry of Foreign Affairs, which is the co-ordinating Ministry for UNDP activities, on all matters pertaining to the UNDP programme in Romania. Discussions will also be held on sectoral matters with the technical ministries concerned. The Director or the Deputy Director of the Geneva office will visit Romania as appropriate and necessary. All correspondence on programme and project matters will be handled by the Geneva office.

(b) Local presence of other United Nations system centres

Apart from the UNDP office, the only other United Nations system centres in Bucharest are UNIC and the United Nations Educational, Scientific and Cultural Organization (UNESCO), European Centre for Higher Education (CEPES). The Director of CEPES, who heads a team of six international staff, has been the Resident Representative's alternate as: (i) approving officer for UNDP; and (ii) certifying officer for UNIC.

(c) Services affected by closure

There are two important services for which other arrangements will need to be made if the field office is closed:

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- (i) The functions of the Acting Director of the UNIC office in Bucharest, which have been performed by the Resident Representative;
 - (ii) A significant number of refugee matters, for which the UNDP office has been responsible. In practical terms, this involves a considerable volume of correspondence with UNHCR headquarters in Geneva.
- (d) Alternative arrangements will be required for the following services:
- (i) Cost-of-living survey;
 - (ii) Local salary survey (UNIC follows the UNDP salary scale);
 - (iii) Telex services;
 - (iv) Pouch services;
 - (v) DSA and stipend calculations.

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