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BUDGETARY AND FINANCE COMMITTEE
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Item 10 of the agenda of the
Budgetary and Finance Committee

ADOPTION OF THE REPORT OF THE BUDGETARY AND FINANCE COMMITTEE
TO THE GOVERNING COUNCIL

Draft report of the Budgetary and Finance Committee

Rapporteur: Ms. MKHONZA Adelaide Phindile (Swaziland)

Addendum

CHAPTER I. MATTERS REFERRED TO THE COMMITTEE BY THE COUNCIL

E. Financial Structure of the UNDP Administrative System

1. For its consideration of item 9 (h) of the Council's agenda, the Committee had before it document DP/1986/67.
2. In introducing this item, the Associate Administrator noted that a detailed description of financing modalities outside the IPF system had been provided last year in document DP/1985/64. Regarding the organizational

arrangements relating to the United Nations Development Fund for Women (UNIFEM), he noted that the Administrator was pursuing negotiations to try to improve the current arrangements. The United Nations Revolving Fund for Natural Resources Exploration (UNRFNRE) had not been covered in the document, since its mandate had been considered distinct and separate. The Associate Administrator emphasized that no change in mandates was being sought, rather the administration of the funds required more careful examination; he pointed out that it was not always necessary to have separate administrations for different funds.

3. The Associate Administrator reviewed the proposals that had been made with respect to country programming and with respect to project identification, appraisal and formulation. Regarding the management of the funds, he stated that the Administrator had not yet reached any firm conclusion. He noted that UNDP was already providing many kinds of services to the fund. He noted the variety of reporting links that existed between the funds and UNDP and stated that these would have to be examined more closely. The Administrator was conscious of the important role that funds with special mandates could play in the mobilization of resources. He concluded that the Administrator was not yet in a position to make firm recommendations but that he would do so in his report next year.

Summary of the discussion in the Committee

4. Many members welcomed the developments outlined in the report and stated that the Administrator should pursue his efforts to achieve a more rational structure. They considered that the Administrator was moving in the right direction but that, in particular with respect to management issues, much remained to be done. Several members noted that only four funds were included in the report and suggested that in particular UNIFEM and UNRFNRE should be

included in the organizational review being undertaken. One member noted that while he understood that the arrangements concerning UNIFEM were still being discussed, he was not so sure that UNRFNRE should be left out of the review. One member noted that no change in mandates was being proposed and supported the view that the Administrator should pursue the question of the most efficient administrative arrangements. Members in general welcomed the proposals discussed in the report regarding country programming, project identification, formulation and appraisal, reporting, and resource mobilization and sought a number of clarifications. Several members emphasized the importance of continuing to try to achieve the maximum use of common procedures in the interests of greater efficiency. One member particularly welcomed the establishment of project appraisal committees in the funds and the regional bureaux and requested further information regarding them. This member also stressed the importance of ensuring that a minimum of core reporting requirements be established to avoid unnecessary paper work. Another member emphasized that the new procedures established should not lead to bureaucratization.

5. Several members noted that with respect to the management of the funds, specific proposals would be made to the Council at its thirty-fourth session. These members stated that much work remained to be done in order for the Administrator to be able to make concrete proposals at the thirty-fourth session. In particular, several members requested more detailed information on the organizational structure of the different funds, on staffing in each fund, on the functions of the different staff and in their workload, and on relations between the funds and the regional bureaux and the field offices. One member requested in particular an analysis of the functions of the programme officers and of the technical advisors in the funds

and of how these functions related to those performed by UNDP itself. One member noted that discussions would be taking place in the Economic and Social Council regarding the greater streamlining of the operational activities of the United Nations system and noted that the report to be provided at the next session should take into account the discussions held in the Economic and Social Council.

Response of the Administration

6. The Associate Administrator noted that DP/1985/64 had presented detailed information on the range of trust funds which existed in UNDP and he further noted that many of these funds were already totally integrated into the existing UNDP structure and therefore did not present any problems. Present efforts were directed towards those funds with their own secretariats. Regarding UNIFEM, he stated that the Administrator was pursuing discussions to try to achieve what would be, from his point of view, a more satisfactory arrangement. With respect to the remaining funds, he stated that there were certain aspects in the present arrangements which did not give rise to any problems. He noted the wide range of services already provided by UNDP to these funds and furthermore stated that he considered that there were a number of advantages in having separate managers for individual funds. In particular, it would be counterproductive to discourage an enthusiastic fund manager from pursuing and promoting the mandate entrusted to that fund. He provided members with further clarifications regarding issues that had been raised during the course of the discussion. With respect to management arrangements, he stated that this was an ongoing issue and that the Administrator would prepare a report to be presented to the Governing Council at its twenty-fourth session responding to the comments made by members. The Administrator would address in particular the questions of what the most efficient organizational arrangement and appropriate staffing level might be.