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BIENNIAL BUDGET ESTIMATES FOR THE ADMINISTRATIVE AND PROGRAMME
SUPPORT SERVICES FOR THE 1988-1989 BIENNIUM

Report of the Advisory Committee on Administrative and
Budgetary Questions

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1. In accordance with Regulation 9.4 of the Financial Regulations and Rules of the United Nations Fund for Population Activities (UNFPA), the Advisory Committee on Administrative and Budgetary Questions has considered, on the basis of advance texts, the Executive Director's report on biennial budget estimates for the administrative and programme support services (APSS) for the 1988-1989 biennium (DP/1987/41). Advance texts of the Executive Director's report on the annual financial review, 1986 (DP/1987/42), were also made available to the Advisory Committee. The Advisory Committee met with the Executive Director and her colleagues during its consideration of the UNFPA budget estimates.
2. The presentation of UNFPA's proposed APSS budget for 1988-1989 follows the prototype format previously submitted by the Executive Director (see DP/1986/44), and approved by the Governing Council (see decision 86/35, para. 10). In paragraph 12 of its related report (DP/1986/47), the Advisory Committee had stated its intention to return to its examination of the format when it considered UNFPA's APSS budget proposals for 1988-1989. In the light of its examination of document

DP/1987/41, the Advisory Committee has recommended that information contained in part A (overview) and part C (financial summary) of the introduction to the report should be merged.

3. With regard to the Executive Director's report on the annual financial review, 1986 (DP/1987/42), the Advisory Committee recommends that the Governing Council consider dispensing with this report in future. Much of the information contained in the report can be incorporated without difficulty into the APSS budget document. Other information, for example, the unaudited statement of income and expenditure for the year ended 31 December 1986 (*ibid.*, annex I), could be annexed to the APSS budget document. The Committee notes that adoption of this proposal would give rise to economies.

Revised estimates for 1986-1987

4. The UNFPA administration confirmed to the Advisory Committee that no revised appropriations for the APSS budget were being requested by the Executive Director.

5. As shown in table 1 of document DP/1987/41, UNFPA now estimates total income and expenditures in 1986-1987 at \$307.4 million. This compares with an initial range of \$290.3 to \$342.3 million projected by UNFPA and reported in table 1 of the Advisory Committee's report (DP/1986/47). The revised total income projection includes \$285 million in general resources income, i.e., income from pledges, interest and other miscellaneous sources (\$140 million in 1986 and \$145 million in 1987), \$12 million in trust fund income and \$10.4 million in carry-overs. The 1986 general resources income estimate of \$140 million comprises \$133.5 million in voluntary contributions, \$4.2 million in interest income and \$2.3 million for other miscellaneous income and adjustments (see DP/1987/42, para. 4 and table 1). As regards the 1987 general resources income estimate of \$145 million, it is stated in paragraph 2 of document DP/1987/41, that, as a result of the increase in value of some donors' currencies *vis-à-vis* the United States dollar, the final 1987 income figure may be higher than estimated. In response to its inquiries, the UNFPA administration informed the Advisory Committee that the estimate of \$145 million included income from pledges, interest and other miscellaneous income; however a breakdown of the estimate was not available. In this connection, the Advisory Committee notes that the revised estimate of general resources income and trust fund income for 1986-1987 (\$297 million) is within the range of \$272 to \$332 million previously projected by UNFPA (see table 1 of Advisory Committee report DP/1986/47).

6. The UNFPA estimate of total expenditure in 1986-1987 (\$307.4 million) includes carry-overs into the next biennium amounting to \$16.6 million (DP/1987/41, table 1 and footnote c/). Of the total estimated expenditures of \$290.8 million (excluding carry-overs), \$49 million or 16.9 per cent covers headquarters administrative budget expenses (\$31.4 million) and field office costs (\$17.6 million). The Advisory Committee notes that this revised estimate (\$49 million) nearly matches the amount of \$49.4 million previously projected by the UNFPA administration (see Advisory Committee report DP/1986/47, table 2 and footnote b/).

Estimates for 1988-1989

7. As indicated in document DP/1987/41, table 1, the Fund projects total income and expenditure in 1988-1989 at \$341.3 million. The estimate of income includes \$316.7 million in general resources income, \$14 million in trust fund income and \$16.6 million in carry-overs. These amounts are partially offset by provision for setting aside \$6 million as an operational reserve. The general resources income projection for 1988-1989 comprises \$153.7 million for 1988 and \$163 million for 1989 and is 11.1 per cent higher than the revised estimate for 1986-1987. As regards the Fund's operational reserve, by decisions 81/7 III, paragraph 5 and decision 86/34 IV, paragraph 4, the Governing Council had authorized UNFPA to increase it annually to reach a level equivalent to 25 per cent of annual contributions by the middle of the 1990s. The Advisory Committee was informed by the UNFPA administration that the current level of the reserve was approximately \$30 million; adding \$3 million each year would increase its level to \$33 million in 1988 and to \$36 million in 1989. This would represent 21.5 per cent of contributions projected for 1988 and 22.1 per cent for 1989.

8. Of the total expenditure estimate of \$341.3 million, \$55.3 million or 16.2 per cent, is for the APSS budget, covering headquarters costs (\$35.4 million net, after applying \$4.2 million in credits from overhead and miscellaneous income) and field office costs (\$19.9 million). The proposed APSS budget (\$55.3 million) is 12.9 per cent more than the revised estimate for 1986-1987 (\$49 million). The estimates are broken down by programme and by object of expenditure in tables 8A, 9A, 10 and 11 of the report. Significant increases in the estimates for some objects of expenditure are briefly explained in paragraphs 28 to 31 of the introduction to the report.

9. The methodology used to prepare UNFPA's APSS budget estimates for 1988-1989 is described in paragraphs 18 and 19 of the introduction to the report (DP/1987/41). According to the Executive Director, the methodology adopted generally follows standard United Nations budgetary practice. In paragraph 9 (e) it is stated that "Inflation factors were taken into account at projected rates equal to those used by the United Nations for New York and Geneva for most object of expenditure categories. For certain items, such as rental and maintenance of premises, other rates were applied to reflect the actual circumstances of the contractual arrangements of the Fund."

10. In this connection, the Advisory Committee points out that annual inflation rates of 3 per cent and 1.7 per cent respectively are assumed for New York and Geneva in the proposed programme budget for the United Nations for 1988-1989. However, in table 10 of document DP/1987/41, which details the expenses of UNFPA's New York and Geneva offices, the dollar amounts shown for all major object of expenditure headings under the column "cost increase" represent, in percentage terms, cost increases greater than 3 per cent. For example, on an annual basis, the cost increase for salaries and wages works out to 5.4 per cent; for common staff costs, 4.8 per cent; for travel of staff, 3.8 per cent; for permanent equipment, 5.7 per cent; for other general expenses, 12.4 per cent; and for UN/UNDP subvention, 3.6 per cent. Overall, the cost increase for 1988-1989 over 1986-1987 works out to 6.2 per cent per year.

11. In order to clarify the apparent inconsistency described in paragraphs 9 and 10 above, the UNFPA administration explained that in the case of UNFPA, "cost increases" covered not only inflation, but other cost increases, including mandatory and statutory increases based on administrative decisions in the United Nations common system. They provided a breakdown, indicating that of the total cost increase of \$4,371,300 shown in table 10, \$2,131,400 represented provision for inflation (corresponding to an annual inflation rate of 3 per cent) and \$2,239,900 covered other cost increases. Approximately a third of the amount identified as covering other cost increases relates to significantly higher costs for rental and maintenance of premises (referred to in DP/1987/41, introduction, para. 31). None the less, the Advisory Committee is not convinced that the estimated cost increases have been fully justified, and is concerned that those for some objects of expenditure, including salaries and wages, common staff costs and travel of staff, may have been overstated. Although the Advisory Committee is not recommending any reduction, it trusts that expenditure in these areas will be strictly monitored and that any savings will be reported.

12. The Advisory Committee requested the UNFPA administration to provide comparative tables A and B below in order to facilitate consideration of the Executive Director's staffing proposals for 1988-1989.

Table A. Total approved UNFPA staffing establishment in 1986-1987
financed from the administrative and programme support
services (APSS) budget and from project funds

	APSS BUDGET-FUNDED			PROJECT-FUNDED			Total No. of posts
	Headquarters			Field offices			
	New York		Geneva	Field	Support	Other	
	Est.	Temp.	Office Est.	DRSAPS & IPOS Est.	staff for DRSAPS	Field sup- port <u>a/</u>	
USG	1	-	-	-	-	-	1
ASG	2	-	-	-	-	-	2
D2/L7	3	-	-	-	-	-	3
D1/L6	10	-	1	-	-	-	11
P5/L5	27	-	1	39	-	-	67
P4/L4	25	-	-	-	-	-	25
P3/L3	20	-	-	3	9	-	32
P2-1/L2-1	5	-	-	-	-	-	5
Subtotal	93	-	2	42	9	-	146
General Service (principal level)	38	4	1	-	-	-	43
General Service (other level)	55	27	1	-	-	-	83
Subtotal	93	31	2	-	-	-	126
National Programme Officer	-	-	-	-	34	15	49
Local Level	-	-	-	-	183	57	240
Subtotal	-	-	-	-	217	72	289
TOTAL	186	31	4	42	226	72	561 <u>b/</u>

a/ These posts are in programme support units where no DRSAPS exist.

b/ 560 posts were indicated in table 4 of the Committee's report (DP/1986/47). The difference is attributable to the inadvertent reporting omission by the UNFPA administration, of two Local Level posts, and the subsequent decision of the Governing Council not to establish a temporary P-3 post (decision 86/35, para. 6).

Table B. Proposed UNFPA staffing establishment in 1988-1989
(All headquarters and field posts to be on an established basis and financed from the administrative and programme support services (APSS) budget)

	<u>Headquarters</u>		<u>Field offices</u>			Total No. of posts
	<u>New York</u>	<u>Geneva Liaison Office</u>	<u>DRSAPS DRAPS & IPOS</u>	<u>Support staff for DPSAPS</u>	<u>Other Field sup- port</u>	
USG	1	-	-	-	-	1
ASG	2	-	-	-	-	2
D2/L7	3	-	-	-	-	3
D1/L6	10	1	6	-	-	17
P5/L5	27	1	34	-	-	62
P4/L4	25	-	5	-	-	30
P3/L3	18	-	-	8	-	26
P2-1/L2-1	5	-	-	-	-	5
Subtotal	91	2	45	8	-	146
General Service (principal level)	42	1	-	-	-	43
General Service (other level)	82	1	-	-	-	83
Subtotal	124	2	-	-	-	126
National Programme Officer	-	-	-	34	15	49
Local Level	-	-	-	183	57	240
Subtotal	-	-	-	217	72	289
TOTAL	215	4	45	225	72	561

13. As can be seen from tables A and B above, the total staffing establishment of UNFPA for 1988-1989 will remain at the same level as that authorized for 1986-1987 - i.e., 561 posts. However, within this total, the proposals of the Executive Director may be summarized as follows:

AT HEADQUARTERS

(a) Redeployment of two headquarters posts to the field.

- (i) One P-3 post from Programme Division to Malawi field office.
- (ii) One P-3 post from Policy and Evaluation Division to Rwanda field office.

(Note: these two redeployed posts will be classified at higher grades as DRSAPs - see (e) (ii) below.)

(b) Reclassification of four Professional posts at headquarters (including Geneva Liaison Office).

- (i) One P-5 to D-1, for the Principal Liaison Officer, Geneva Liaison Office.
- (ii) One P-4 to P-5, for the Senior Liaison Officer, Geneva Liaison Office.
- (iii) One P-4 to P-5, for Deputy Chief, Finance Branch and Chief, Budget and Management Analysis Section of the Administration and Finance Division.
- (iv) One P-3 to P-4, for Deputy Chief, Programme Planning and Statistics Branch of the Technical and Planning Division.

(c) Conversion to an established basis of 31 temporary General Service posts (including four at the principal level) at Headquarters.

- (i) Administration and Finance Division - 15 General Service, of which two are at the principal level.
- (ii) Information and External Relations Division - five General Service, of which one is at the principal level.
- (iii) Programme Division - 11 General Service, of which one is at the principal level.

AT FIELD OFFICES

(d) Inclusion in the APSS budget and conversion to an established basis of 298 project-funded posts.

- (i) Nine P-3 level International Programme Officer (IPO) posts assigned as support staff for DRSAPs.

(Note: one of these IPO posts is also proposed for redeployment and reclassification as a Deputy Representative and Adviser on Population - see (e) below.)

- (ii) 49 National Programme Officer (NPO) posts.
- (iii) 240 Local Level support posts.
- (e) Reclassification of 15 posts for Deputy Representatives and Senior Advisers on Population (DRSAP), Deputy Representatives and Advisers on Population (DRAP) and International Programme Officers (IPO).
- (i) Reclassification of six posts from level P-5 to D-1 for DRSAPs in Bangladesh, China, Ethiopia, India, Kenya and Thailand.
- (ii) Provisional classification of two posts redeployed from headquarters at the P-5 level for DRSAPs in Malawi and Rwanda.
- (iii) Provisional reclassification of two posts from level P-3 to P-5 for DRSAPs in Yemen and Zaire.
- (iv) Reclassification of four posts from level P-5 to P-4 for DRAPs in Congo, Malaysia, Morocco and Turkey.
- (v) Provisional reclassification of one post from level P-3 to P-4 for a DRAP in Niger (redeployed from China).
- (vi) Reclassification of one post from level P-3 to P-4 for a DRAP in Botswana (subsequently proposed to be transferred to Liberia and provisionally classified at the P-5 level as a DRSAP).

14. During its consideration of the staffing proposals above, the Advisory Committee bore in mind three statements contained in the Executive Director's report. Firstly, that for 1988-1989, "... the Fund proposes no increase in posts at headquarters and seeks to strengthen personnel resources in the field, in particular in sub-Saharan Africa, through redeployment of staff from headquarters and from other regions." Secondly, the proposals "... take into account ACABQ observations and comments and the rigorous directions outlined by the Governing Council in decisions 84/21, 85/20 and 86/35 concerning rationalization of staffing." Thirdly, that "UNFPA does not foresee during the 1988-1989 biennium, the need to utilize project posts at headquarters and in the field for administrative purposes and thus has not included in this document a report or proposal on such a practice." (DP/1987/41, introduction, paras. 2, 8 and 11). The Advisory Committee also notes that consistent with the Governing Council's request (see decision 84/21 VI, para. 1), the Fund's proposed APSS budget-funded staffing establishment for 1988-1989 represents the full disclosure of all staffing resources available to the Fund, both at headquarters and in the field.

15. The Advisory Committee recommends approval of the proposed transfer of two headquarters posts to the field (see para. 13 (a) above).

16. The Advisory Committee does not object to the proposed reclassification of four posts at the Professional and higher levels at headquarters and the Geneva Liaison Office; the Committee notes the proposed grade levels for these posts have

been reviewed and classified by the UNDP/UNFPA Classification Panel (see para. 13 (b) above).

17. The conversion of 31 temporary General Service posts at headquarters to an established basis (see para. 13 (c) above, is proposed on the basis of the Executive Director's conclusion that "... the functions they perform are of a permanent nature" and that "Most of the posts have been active since 1979." (DP/1987/41, introduction, para. 10). Justifications, functional titles and job descriptions for these posts are provided in the narratives for each organizational unit in part II of the report. In this connection, the Advisory Committee requested the UNFPA administration to provide a functional breakdown of the other established General Service posts assigned to the Administration and Finance, Information and External Relations, and Programme Divisions. In light of the additional information provided, the Committee recommends acceptance of the proposal.

18. At its thirty-third session, the Governing Council had approved, with some modifications (decision 86/35, para. 8), the Executive Director's report on draft guidelines for determining project-related and administrative-related personnel expenditures (DP/1986/42). In paragraph 11 of her report (DP/1987/41), the Executive Director states that the request to include in the APSS budget and to convert 298 project-funded field posts to established posts (see para. 13 (d) above), "... is on the basis of the criteria set out in that document". The Advisory Committee recommends approval of this request.

19. With regard to the reclassification of 15 DRSAP, DRAP and IPO field posts proposed by the Executive Director, including six from the P-5 to the D-1 level (see para. 13 (e) above), the Advisory Committee recalls that at its thirty-second session, the Governing Council had decided that "... in principle, ... [DRSAP posts] ... shall be established up to the P-5 level; any further upgrading of such posts to the D-1 level shall be submitted to and approved by the Governing Council" (decision 85/20, para. 11). The report of the UNDP/UNFPA Classification Panel, detailing the criteria and modalities for implementing the results of the classification of the field posts was unavailable to the Committee during its consideration of the proposal. However, the UNFPA administration informed the Committee that UNFPA intends to submit to the Governing Council at its forthcoming thirty-fourth session, a conference room paper, detailing the implementation of the results of the classification of field posts. On that basis, and subject to the outcome of the Governing Council's examination of the detailed justifications to be submitted by UNFPA to the Council, the Advisory Committee does not interpose any objection to the proposed reclassifications.

20. Subject to its observations and recommendations above, the Advisory Committee recommends acceptance of the draft decision on the Fund's proposed APSS budget for 1988-1989, submitted by the Executive Director in paragraph 33 of the introduction to her report (DP/1987/41).
