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SUPPORT

OTHER FUNDS AND PROGRAMMES

ORGANIZATIONAL AND FINANCIAL STRUCTURE OF THE
UNDP-ADMINISTERED SYSTEM

Summary

The Governing Council, in its decision 86/41, requested the Administrator to make proposals regarding the most appropriate management and staffing arrangements for the various Funds and Programmes under his responsibility. This paper describes the actions he has taken and proposes to take to rationalize and streamline the organizational and management arrangements in UNDP. It provides information on the establishment of various mechanisms in UNDP for the review, appraisal and approval of programmes and projects financed from all sources of funds administered by the organization. It also deals with the measures taken to harmonize policies, procedures and systems among all Programmes and Funds.

I. INTRODUCTION

1. At its thirty-third session in 1986, the Governing Council, following its review of DP/1986/67, adopted decision 86/41 which, inter alia, requested the Administrator "to prepare a detailed analytic report for the Council at its thirty-fourth session, containing proposals regarding the most appropriate management and staffing arrangements for the various funds and programmes under his responsibility ... in order to achieve the most cost-effective organizational structure in relation to the resources being managed". This decision represented the culmination of a series of reviews undertaken by the Council of the organizational and financial structure of the UNDP-administered System. It will be recalled that in 1984, the Administrator had presented a report on the concept of extrabudgetary resources and the activities financed by such resources. In 1985, he had reported on the structure, financing and interrelation of all Funds administered by him. In 1986 he had reported on the steps he had taken to achieve more effective and efficient management of the various Funds and Programmes under his responsibility, particularly in the areas of country programming, project preparation, reporting and resource mobilization. He had also stated in that report that he was in the process of reviewing the organizational arrangements for the management of the Funds and had proposed to report to the Council in 1987 on the measures he planned to adopt to rationalize those arrangements.

2. In this report, the Administrator describes actions he has initiated since taking office last year to respond to the central issues addressed by decision 86/41. These actions should be considered in the overall context of other measures undertaken and the plans he has formulated during this period to increase the coherence and effectiveness of the programmes for which he is responsible. In particular, recognizing the obvious advantages and synergism which would result from the integrated programming and management of all of the Funds entrusted to him, the Administrator has continued the efforts initiated last year to achieve optimum harmonization between the programming procedures of the main UNDP programme and those of the special Programmes and Funds administered by UNDP. The actions he has taken and the purposes they are designed to achieve can be categorized as follows:

(a) Rationalization and streamlining of organizational and management arrangements;

(b) Establishment of inter-Bureau and inter-Fund mechanisms for the appraisal and approval of programmes and projects financed from all Funds administered by UNDP;

(c) Formulation of uniform policies and procedures, to the greatest possible extent, for all Programmes and Funds.

The specific actions taken in each of the areas mentioned above are described in Sections II, III and IV of this report. Further information, particularly as it relates to the staffing and financial implications of these proposals, is presented in DP/1987/55, the Biennial Budget estimates for 1988/1989 and in the reports of the Administrator relating to the individual Trust Funds.

3. It should be added that in taking these actions, the Administrator remains conscious of the legislative mandates of each of the Funds, their purposes and priorities and the importance of maintaining their identity. Thus, while continuing to seek improvements in organizational and management arrangements, the Administrator will ensure that the programme activities financed by these Funds will be carried out in accordance with their own specific mandates and objectives.

II. ORGANIZATIONAL AND MANAGEMENT ARRANGEMENTS

4. In this section, the Administrator describes the changes he has initiated in the organization of UNDP with a view to rationalizing and streamlining staffing and management arrangements. By making these changes, he plans to establish clearer and more direct reporting relationships between himself, his senior colleagues and the rest of the organization and thus utilize more fully and effectively the staffing and managerial resources available to him. In so doing, he has also sought to achieve economies wherever possible and redeployment of resources wherever necessary. In addition, following the decisions of the Council relating to fourth cycle IPFs, it has been necessary to consolidate certain organizational units and strengthen others. The Administrator believes that when all the changes planned have been implemented, UNDP activities will be more closely co-ordinated, better managed and major programme objectives and priorities advanced. An organizational chart of UNDP, reflecting the changes undertaken by the Administrator, is presented as an annex.

5. The Bureau for Special Activities (BSA) in UNDP, which is headed by an Assistant Administrator, has been responsible for the activities of the United Nations Capital Development Fund (UNCDF), the United Nations Revolving Fund for Natural Resources and Exploration (UNRFNRE), the United Nations Volunteers Programme (UNV), the Inter-Agency Procurement Services Unit (IAPSU), Short Term Advisory Services (STAS) and the Office for Projects Execution (OPE). This Bureau exercises supervision over the secretariats of these Funds and Programmes, helps ensure that they operate within a common UNDP framework and provides a channel through which the Funds and units report to the Administrator. The Administrator has concluded that better integration and coherence in programming and operations can be achieved by transferring and placing under the authority of the Assistant Administrator of BSA certain other special Programmes and Funds which currently report directly to him. These Programmes are described in the following paragraphs.

6. It will be recalled that by its resolution 41/183, the General Assembly decided to terminate as of 31 December 1986 the United Nations Financing System for Science and Technology for Development, which had hitherto operated as an autonomous entity under the authority of the Administrator of UNDP. The Assembly also transferred the responsibilities and resources of the Financing System to a facility entitled "United Nations Fund for Science and Technology for Development" (UNFSTD) to be set up as a Trust Fund of UNDP. The Administrator has since taken this action and in so doing, has designated the previous Director of the Financing System as the Director of the new Fund. At the same time, in order to give greater coherence to the work on science and technology and other related activities in UNDP, the functions of the new unit have been expanded and the

activities of the Energy Office, which managed the Energy account and which had hitherto been treated as a separate organizational unit, have been merged with those of UNFSTD. In addition, the activity known as Transfer of Knowledge through Expatriate Nationals (TOKTEN) and the programme for Short Term Advisory Services (STAS) have also been entrusted to the Director of the UNFSTD. The combined activities of these Programmes have been placed under BSA for the reasons mentioned earlier.

7. In other actions relating to BSA, the Administrator has also decided that the Division for Global and Interregional Projects (DGIP), which had hitherto reported to him, should report to the Assistant Administrator, BSA. In addition, he has decided that the Director of the Office for Projects Execution (OPE) will report to him through the Associate Administrator rather than to the Assistant Administrator, BSA. This takes cognizance of the fact that the functions of OPE have increasingly extended beyond those of an executing agent of UNDP-financed projects to include the provision of a variety of project related services under agreements with the International Bank for Reconstruction and Development (IBRD), the International Fund for Agricultural Development (IFAD), and the United Nations Fund for Drug Abuse Control (UNFDAC), as well as bilateral and other donors. In deciding on this change in the reporting relationship, the Administrator was motivated by the need to provide OPE with the policy guidance required by its enlarged functions and to ensure that it receives co-ordinated and effective operational support from the rest of UNDP. It does not, however, signify any change in the status or mandate of OPE.

8. With regard to the status of the United Nations Sudano-Sahelian Office (UNSO), the Administrator appointed an external consultant to study the operations of the Fund and to make recommendations to him for managing it more effectively. The report has been received and the Administrator will inform the Council orally of his proposals for UNSO following his consideration of the study. Pending a final decision, the Administrator has decided that, for the time being, UNSO will report to him through the Associate Administrator.

9. With regard to the United Nations Development Fund for Women (UNIFEM), the Administrator notes that the specific mandate given by the General Assembly requires the Fund to work in "autonomous association" with UNDP. The Administrator does not seek, at this stage, to obtain changes in the legislation. However, the transfer of UNIFEM to the authority of the Administrator under these conditions has presented several legislative as well as practical issues. To deal with these issues, a set of guidelines to establish the modalities of co-operation between UNIFEM and UNDP is being prepared. It is hoped that the implementation of these guidelines will facilitate the sharing of institutional knowledge and experience between UNDP and UNIFEM and also strengthen their collaboration. These guidelines will be submitted to the UNIFEM Consultative Committee for review prior to their issuance by the Administrator. Additionally, an independent mission undertaken by one of the major donors to the Fund has been reviewing its operations at both the Headquarters and field levels. This mission, which has been welcomed by the Consultative Committee and the Administrator, is expected to submit a report by March 1987. The Administrator hopes to provide further information on this subject to the Council during its thirty-fourth session.

10. With regard to other parts of UNDP, the Administrator has decided that the Division for Audit and Management Review, which includes Internal Audit as a main function, should more properly report directly to him. This Division is currently located in the Bureau for Finance and Administration.

11. The Administrator has also reviewed the cost-effectiveness of arrangements with respect to the management of programmes in Europe resulting from the new pattern of distribution of IPFs for the fourth programming cycle. He has concluded that by making the following changes, economies can be achieved and resources made free for redeployment in other areas:

- At UNDP headquarters, he proposes to merge the Unit for Europe with the Regional Bureau for Arab States to create a new Regional Bureau for Arab States and European Programmes (RBASEP). The inter-country programmes of Europe as well as those for the Arab States will be managed by the Regional Projects Division of RBASEP.
- The responsibility for the day-to-day monitoring of the European country programmes, previously carried out by the UNDP office in Geneva, will be assumed from 1 January 1988 either by existing field offices or by RBASEP from UNDP headquarters. Full details of the new arrangements will be provided to the Council through the Budget and Finance Committee.
- The role of UNDP office in Geneva will be redefined. Its programming responsibilities eliminated, this office will concentrate exclusively on its liaison, public information and resource mobilization functions.

The Administrator believes that the proposed reorganization will permit UNDP to achieve reductions in the costs of managing the programme activities in Europe without diminishing their effectiveness.

12. In order to strengthen and promote certain vital development priorities in the programmes of UNDP, the Administrator has established two new divisions in the Bureau for Programme Policy and Evaluation. The first of these is the Division for Women in Development. The Administrator considers that UNDP, as an international development organization, needs to increase its sensitivity to this important dimension of development and believes that this can be achieved by expanding and reorganizing the present focal point within UNDP into a Division with its own Director. This will ensure that the role of women will be consciously and specifically considered in making organizational and programming decisions. The second division will be concerned with Non-Governmental Organizations (NGOs). For the past two years, the function of Senior Advisor on grass-roots matters allowed for taking certain actions and initiatives in this important area. However, UNDP recognizes the increasingly significant role played by NGOs in promoting economic and social progress in many countries and the opportunities for involving them in the development activities of UNDP. By upgrading the previous functions of the Senior Advisor and through the establishment of this new division, the Administrator intends to sharpen the UNDP focus on the possibilities that NGOs offer in programming and delivering UNDP assistance. Moreover, during 1987, focal points responsible for the initiatives and follow-up on matters of Women in

Development and NGO activities will be designated in each Regional Bureau and in field offices.

13. Finally, in addition to the organizational arrangements described above, the Administrator has established certain procedures for promoting closer management interaction and strengthened consultations among his senior colleagues. He has therefore established the practice of meeting informally and collectively with them four mornings per week. These meetings, which are held without a prepared agenda, provide for sharing and disseminating information and for the co-ordination of activities. Moreover, more structured meetings of the Executive Management Committee, in which all major units of UNDP are represented, are held as business requires to discuss significant development issues and policy initiatives. The Administrator considers that, with these approaches, decision-making in UNDP will become less bureaucratic, better co-ordinated and thus more effective.

III. MECHANISMS FOR APPROVAL OF PROGRAMMES AND PROJECTS

14. In order to ensure the application of uniform and consistent criteria for the approval of programmes and projects in all regions and financed from all funding sources available to UNDP, the Administrator has established a variety of intra- and inter-Bureau and Fund mechanisms in UNDP. By these means, he also hopes to facilitate the sharing of institutional knowledge and experience among all UNDP regions and Funds; to ensure that major programme themes and priorities are emphasized and promoted in the individual programmes and projects approved by UNDP; and, while respecting the specific mandates of the individual Trust Funds, to ensure that the activities approved reinforce and complement each other. A brief description of the role and functions of these mechanisms is provided in this section.

15. As reported last year in DP/1986/67, the country programming process has increasingly been used as a vehicle for "unified programming" of all resources directly administered by UNDP. In order to ensure that such programming follows the criteria and standards established by UNDP and to enhance the quality of the country programmes submitted to the Council, a Programme Review Committee (PRC) has been functioning at UNDP headquarters since 1986. This Committee, whose meetings are chaired by an Assistant Administrator of a Regional Bureau, scrutinizes all draft country programmes for which total UNDP contributions amount to \$10 million or more, as well as other country programmes under \$10 million which present special issues. The PRC, which is attended by senior officials of the Regional Bureaux and other Headquarters Units, verifies, inter alia, that the unified programming process has been followed to the greatest possible extent and that the results of that process have been properly reflected in the country programme document. It is believed that the deliberations of the PRC have had a positive impact on the country programming process and that there have been improvements in the quality of the country programme documents submitted to the Council in 1986, at its special session in February 1987 and at its current regular session.

16. At the project level, to consider the approval of all projects submitted to UNDP headquarters for approval, Project Appraisal Committees (PACs) have been constituted in all the Regional Bureaux, BSA and in the secretariats of Funds

reporting directly to the Administrator. The PACs carry out a rigorous analysis and appraisal of project proposals and seek clarifications, wherever necessary, from the field offices. Subsequently, a final review of projects is made by an Inter-Bureau Project Action Committee (AC), which provides overall guidance to the Bureaux, Funds and Resident Representatives on matters of substance relating to each project. The AC, which meets regularly every week, is chaired by the Administrator himself and consists of the Associate Administrator, the Directors of the Regional Bureaux, the Bureau for Programme Policy and Evaluation (BPPE) and, as appropriate, the Director of BSA and the Directors of other Funds. The Directors of the Division for Women and of the Division for Participatory Development and NGO Matters regularly attend the meetings to ensure that these priority programmes are emphasized at the project approval stage itself and that opportunities for incorporating these themes into projects are not overlooked. The AC reviews all projects for which the UNDP contribution amounts to \$400,000 or more, regardless of the source of financing in UNDP and its Funds.

17. In its operations in the few months since it was established, the Administrator believes that AC has already had several beneficial effects. In addition to ensuring that properly and realistically designed projects are approved in UNDP, the AC has facilitated the mutual feedback of experiences of Regional Bureaux and Funds on projects of a similar nature; enhanced the co-operation between Bureaux and Funds; further ensured timely action on requests for project approvals from the field offices; and in general contributed to a coherent approach by all parts of UNDP to common development problems.

IV. HARMONIZATION OF POLICIES AND PROCEDURES

18. In this section, the Administrator reports on the progress made in the efforts initiated last year to achieve harmonization of UNDP policies and procedures in the areas of programming, management and reporting among all Programmes and Funds. As reported last year, the Administrator attaches a high priority to such harmonization in order to ease the burden on UNDP field offices and Governments in dealing with the main UNDP programme activities, as well as with the various Funds in the United Nations system and the Programmes administered by UNDP. Notwithstanding the specialized nature of some of the Funds, an attempt is being made to define basic requirements which are common to them all and which can be served by a set of harmonized and, wherever possible, standardized procedures. An exercise to this end is currently in progress and its completion is expected during 1987.

19. With regard to policies and procedures governing project development, an important prerequisite for developing or issuing new directives for uniform application by all Funds and Programmes is verifying that existing UNDP policies and procedures for the main programme are sound and comprehensive and that they reflect the many changes that have occurred in UNDP operations since 1975. An exercise to do so is well under way and is reported on separately in DP/1987/16. 1/ Simultaneously, the Policies and Procedures Manual of UNDP is being thoroughly revised and is expected to be reissued during 1987. Additionally, a set of common guidelines and procedures relating to project identification, formulation

and appraisal which are applicable to all UNDP-administered Funds has been developed and is under review within the organization. It is expected that, after further consultations among all the Funds, these guidelines will be implemented during 1987.

20. The subject of a uniform format for project documents as well is still being reviewed. A new format for project documents (now known as the "short" format) has been developed in UNDP and is currently being field-tested to determine its applicability in different country situations. Both the new and old formats are being used by different countries and a decision based on the field-testing will be made by July 1987 on which format or combination of elements in each format will be used. Therefore a single project document format will be in use by the end of the year. The format adopted will be modified as required for use by such Funds as UNCDF, UNRPNRE, and UNSO.

21. The concept of a single monitoring and evaluation system applicable to all Funds and operations for which the Administrator is responsible continues to govern the development of policies and procedures in this area. Thus, the efforts to achieve harmonization in evaluation procedures have been successful, both in their application to various Funds in UNDP as well as with the executing agencies, as the Administrator reported to the Council in 1985 (DP/1985/13). For instance, UNCDF has established an evaluation system which is based on the UNDP framework, but geared to the mandates and operational modalities of the Fund. Additionally, several bodies such as the United Nations Conference on Trade and Development (UNCTAD), the United Nations Department of Technical Co-operation for Development (UNDTCD) and the International Trade Centre (ITC) have decided to adopt these procedures for all projects financed from their regular budgets and Trust Funds.

22. As to reporting formats and procedures, UNDP has recently developed and field-tested a set of comprehensive procedures for the monitoring, evaluation and reporting of UNDP-financed projects. Action has been initiated to ensure that these procedures also cover all UNDP-administered projects, with appropriate adjustments to suit the special needs of some of the Funds. Similarly, the financial reporting requirements of the Funds and Programmes are being brought into line with those of the main UNDP programme. It is expected that instructions for the use of common formats and the periodicity of financial reporting from the agencies (and Governments in the case of government-executed projects) will be issued in 1987. To facilitate the unification and harmonization of these requirements, the individual computer-based systems currently used by the various Funds will be integrated with those of the main UNDP programme.

23. The differing reporting requirements imposed on the Trust Funds by the various donors should also be mentioned. While efforts are being made to reach understandings with the major donors for a common format of reporting, differences continue to exist and constitute a heavy burden on the Trust Fund secretariats.

24. In the context of harmonization and simplification of procedures, the Administrator would like to call attention to a study he initiated late last year on "paper flow" in UNDP. This study has now been completed and several

recommendations have been made to streamline, automate and, wherever possible, eliminate document generation and flow in UNDP. The study has also recommended increases in delegations of authority and decentralization to field offices in both programme and administrative matters. The Administrator has reviewed these recommendations with his senior colleagues and measures will be taken to implement them, as modified wherever necessary, during 1987. The Administrator will report any relevant conclusions of the study and progress achieved in implementation to the Council at its subsequent sessions.

V. CONCLUSION

25. The Administrator has addressed the issues of the appropriate institutional arrangements for the Trust Funds in a variety of ways. He has introduced certain changes in the organizational structure of UNDP which will ensure that there is more effective management of the Trust Funds and closer co-ordination between them and the main UNDP programme. He has also established mechanisms by which the criteria applied to the formulation and approval of programmes and projects financed from all funding sources are rigorous, uniform and consistent. Additionally, several measures have been taken to harmonize policies, procedures and systems among the various Funds. The Administrator expects that the introduction of these improvements will make UNDP programmes more coherent and effective. He recognizes, however, that the development environment is constantly changing and evolving and he will therefore keep the management arrangements he has established under continuous review. He will continue to consult with the Governing Council as necessary and will keep it fully informed as developments warrant.

Notes

1/ The report of the Administrator on implementation of measures to improve programme and project quality.

Annex

UNITED NATIONS DEVELOPMENT PROGRAMME
 ORGANIZATIONAL STRUCTURE

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