



**Governing Council
of the
United Nations
Development Programme**

Distr.
LIMITED

DP/1987/BFC/L.2/Add.11
15 June 1987

ORIGINAL: ENGLISH

BUDGETARY AND FINANCE COMMITTEE
Thirty-fourth session
26 May-19 June 1987, New York
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: Mr. Hans OLSSON (Sweden)

Addendum

CHAPTER IV. FINANCIAL BUDGETARY AND ADMINISTRATIVE MATTERS

B. Revised budget estimates for 1986-1987 and budget
estimates for 1988-1989

1. For its consideration of agenda item 9 (b), the Budget and Finance Committee had the following documents:

- (a) The report of the Administrator on revised budget estimates for the biennium 1986-1987 and budget estimates for the biennium 1988-1989 (DP/1987/55 vol. I and vol. II and DP/1987/55/Add.1);
- (b) The report of the Advisory Committee on Administrative and Budgetary Questions on the Administrator's budget proposals (DP/1987/56);
- (c) The organizational and financial structure of the UNDP-administered system (DP/1987/53);
- (d) The Secretary-General's note to Governing Council members (DP/1987/67);
- (e) The report on the United Nations Volunteers Programme (DP/1987/46 and DP/1987/46/Add.1);

- (f) The report on the United Nations Capital Development Fund (DP/1987/47);
- (g) The report on the United Nations Development Fund for Women (DP/1987/52).

2. In introducing the item, the Associate Administrator noted the inclusion for the first time of UNIFEM and the United Nations Fund for Science and Technology for Development in the consolidated UNDP budget. The revised 1986-1987 estimates amounted to \$342.7 million (gross) or \$288.5 million (net) which reflected a cost increase of \$3.5 million offset by a currency release of \$1.0 million and a downward inflation adjustment of \$2 million. He pointed out that the UNDP core budget still accounted for 84 per cent of the gross estimates. In addition to the budgetary estimates, extrabudgetary activities for the Organization as a whole amounted to \$38.4 million.

3. The Associate Administrator went on to draw the Committee's attention to the revised budget's only volume change whereby, in accordance with the authority previously given the Administrator by the Council, the budget of the Office for Projects Execution had been increased by \$3.4 million in response to the actual work-load and available support costs earnings. He noted that 9 Professional and 14 General Service posts had been added to OPE's staffing table in 1986 to accommodate this increase in work-load.

4. Turning to the 1988-1989 estimates, the Associate Administrator noted that these amounted to \$395.9 million (gross) or \$326.6 million (net), which reflected increases attributable to volume of \$6.5 million, various cost adjustments of \$6.4 million, inflation of \$41.0 million and a currency release of \$0.7 million. The average inflation rate used for the estimates was 6 per cent.

5. The Associate Administrator pointed out that the core budget accounted for \$4.6 million of the total \$6.5 million volume increase. The remaining \$1.9 million was attributable to the non-core units. The core budget's volume increase of \$4.6 million was due mainly to the incorporation of the African Strengthening Package as well as the conversion of 55 local posts to national officer posts, a proposal which was intended to strengthen the UNDP field offices. He reminded the Committee that the new national officer posts did not result in an increased number of posts overall.

6. He went on to discuss in some detail the history of the African Strengthening Package and how, two years previously in the absence of sufficient extrabudgetary resources, the Council had opted for the "reimbursable subvention" arrangement. In justifying the incorporation of the economists in the core budget, the Associate Administrator stated that it was UNDP's view that this aid co-ordination element represented a core function. As regards the emergency element of the package he indicated that UNDP was proposing a reduction of Professional posts from 14 to 7 in the field. Those posts remaining were incorporated in the core budget as temporary staff. In addition, the one remaining Professional post at headquarters had been used to create a second deputy post in the Regional Bureau for Africa. Although this proposal had been met with scepticism by the ACABQ who stated they would have preferred more field posts, the Associate Administrator re-emphasized the need for adequate headquarters backstopping to serve the needs of the continent.

7. The Associate Administrator went on to discuss other areas of the core budget where changes had been made, he stressed, in accordance with the zero growth principle. He highlighted the strengthening of the BPPE by establishing two new divisions, one for Women in Development and the other for NGOs. This action went hand-in-hand with the creation of the Programme Review Committee and the Action Committee, described in DP/1987/53, and was intended to improve project quality. He also described the changes proposed in the management arrangements for the European programme in the Fourth Cycle. The unit for Europe had been merged with the Regional Bureau for Arab States under one assistant administrator, who would now manage the European regional and country programmes in addition to his existing portfolio. The Geneva office would relinquish responsibility for the European regional and country programmes. The Associate Administrator indicated that these changes had enabled significant economies without jeopardizing the quality of support for European programmes.

8. Turning to the subject of general operating expenses in the core budget, which he noted had been adjusted within an overall slight volume reduction, the Associate Administrator reminded the Committee that the ACABQ had expressed concern regarding the UNDP's intention to amortize over five years the capital costs associated with the consolidation of UNDP operations in the FF Building on 45th Street. He stated that the Administrator accepted the ACABQ view that budget costs should be fully charged in the year they were incurred and payments disbursed. The Advisory Committee's recommendations concerning adjustments to both biennial estimates had therefore been implemented in DP/1987/55/Add.1. The Associate Administrator further noted, however, that the External Auditors were likely to recommend capitalization of UNDP assets which would result inter alia in amortization. He stated that the administration of UNDP did not agree with this recommendation and invited guidance from the Committee on this issue in anticipation of the report of the Auditors.

9. The Associate Administrator then went on to introduce the budget estimates of UNDP's non-core units, which he stated had been formulated on the basis of the individual circumstances of the unit concerned rather than necessarily on the principle of zero growth.

10. He began by discussing the Capital Development Fund which, he stated, was now regarded by the Administrator as a mature fund with a dependable flow of voluntary contributions and quality projects. He went on to discuss the proposed extension of CDF's partial funding formula and the proposal for a staffing increase of 2 Professional and 3 General Service headquarters posts to accommodate the expansion of programme delivery while maintaining project quality. The Associate Administrator pointed out that the plenary session had supported this proposal.

11. The Associate Administrator noted a proposed reduction in core staff of the Revolving Fund, which he stated was due to limited resources for new project commitments. He stressed that if, in the future, non-core resources increased, they would be self-supporting from an administrative cost viewpoint. However, in the event of an upswing in core resources, the Administrator would revert to the Council for matching budgetary provisions.

12. The Associate Administrator then went on to discuss the Fund for Science and Technology for Development, the management of which had been merged with that of the Energy Account under the overall supervision of the BSA Assistant Administrator. This action released UNDP core posts and enabled an integrated approach to these two funds. Since future resources for both these funds were currently uncertain, the Associate Administrator indicated that the staffing level of this combined unit would be monitored closely.

13. The Associate Administrator ended the discussion of the non-core units by referring to UNIFEM, for which an increase of 3 Professional and 2 General Service posts was proposed. The Associate Administrator recognized that financial resources alone did not provide adequate justification for these posts but drew the Committee's attention to the wide range of mandates that UNIFEM had been given which resulted in the present level of staffing being below the critical mass needed. He noted that this proposal was strongly supported by UNIFEM's Consultative Committee and by the recent review mission sponsored by the Norwegian Government. He further pointed out that the Professional posts originally presented in the budget document as one P-5 and two P-4s had now been classified and thus the estimates had been revised to reflect three P-4s in DP/1987/55/Add.1.

14. Having covered the non-core units, the Associate Administrator went on to discuss the Group of 18 recommendations in so far as they affected UNDP. He drew the Committee's attention to recommendation 15 in DP/1987/67 which pertained to the 25 per cent cutback in United Nations posts at the Under-Secretary and Assistant Secretary-General level. He stated that the Administrator was of the view that UNDP's structure and staffing should be examined on its own merits. There had been close consultation with the Secretary-General, his staff and other volunteer fund colleagues to identify ways to economize without adversely affecting operations. The Associate Administrator indicated UNDP's willingness to share with the Committee the response of UNDP to the Secretary-General's requests.

15. There were two issues on which the Associate Administrator proposed that discussion in the Committee be postponed. They were the UNV proposal which involved a question of principle which would have to be resolved by the plenary session and the Assistant Administrator's post in Geneva which had been questioned by ACABQ and which he felt would be better handled in informal discussions.

Summary of the discussion of the Committee

16. Many members expressed satisfaction with the clarity of UNDP's budget presentation, and welcomed the introduction of pie charts and other features that made the review of the document easier. Most delegates recognized the complexity of the budget document; nevertheless, they expressed the hope that UNDP would make further efforts to reduce the volume of documentation while maintaining its clarity and transparency. Similarly, one delegate felt that further information on the cost elements of the budget should be provided while others thought that more information on extrabudgetary staffing should be incorporated in the organizational unit narratives in volume II.

17. As to the rates of inflation mentioned in the document, a number of delegations asked how UNDP had arrived at the figure of 13.2 per cent in paragraph 3 (a) of the document, whereas an overall inflation rate of 6 per cent had been mentioned elsewhere. Several delegates asked for an explanation as to how UNDP arrived at its inflation estimates. One delegate also requested a reconciliation of staffing numbers between the Administrator's report and the budget document.

18. A number of delegations acknowledged the Administrator's efforts on cost-efficiency and took note of his across-the-board 10 per cent reduction in overtime and travel. One delegation noticed that there had been a corresponding 10 per cent increase in consultancies and wondered whether they were in any way connected.

19. Most delegates thought it undesirable to amortize capital expenditures and were against the amortization concept that had been included in the budget document in respect of UNDP's office space. However, it was also noted that UNDP had accepted the ACABQ's recommendation on the subject and had issued an addendum to the budget document reflecting the change in the appropriate tables. This addendum was supported by all speakers. Concerning EDP expenditure, several delegations felt that further information on the Administrator's strategy was required. They wanted assurances that there would be adequate training of staff, that the systems to be installed were fully compatible, that there would be proper back-up from headquarters to field offices and that the system to be installed would be capable of handling project management. Several delegates also indicated that UNDP should ensure that there would be compatibility between the UNDP and the United Nations system as a whole on this subject.

20. A number of delegates commended UNDP's efforts to maintain zero growth in the budget. However, they were concerned that UNDP was facing a tight staffing situation and questioned how long a zero-growth budget could be maintained. Questions were also raised as to whether UNDP should continue to be judged in terms of its overhead ratio when information available indicated that over 40 per cent of field office time was spent on non-IPF activities. One delegate suggested that perhaps the time was ripe for UNDP to take a long-term view of such issues in relation to its mandate and its ability to cope with present and foreseeable work-load. In the same vein, a number of delegates insisted that UNDP should be reimbursed for services rendered at the field level to other parts of the United Nations system. The same delegates sought reassurance that OPE's work-load in respect of management services and trust funds did not pose an undue burden on the field office network. One delegate wondered whether the upgrading of 55 posts at the NO level in the field would increase UNDP's productivity and whether this would be a remedy to the problem of under-staffing at the field level.

21. On the other hand, some delegates questioned whether it was really a zero-growth budget, considering that volume increases were included in it. A number of delegations noted that the volume increases were related to new posts and, while recognizing that this was not necessarily bad, concern was expressed at bureaucratic growth, especially in light of the recommendations of the Group of 18. It was suggested that the level of several proposed new posts should be re-examined to determine whether or not the organization was top heavy.

22. Some delegates expressed concern that the Administrator had not reported separately on paragraph 4 of Decision 86/15 of the Governing Council on the staffing situation of UNDP. They felt that the budget estimates was not the right document to report, in detail, on these issues, especially since many delegations wanted further information on a number of issues which were more in the nature of personnel policy than budgeting. In this context, a number of questions on personnel policies were posed. Delegates wanted to know: What was UNDP's policy with regard to staff members whose performance was inadequate? What was UNDP's policy on performance evaluation of staff? What was the policy on employment of retirees? Did the budget proposal include the full effect of the job classification exercise? Was remuneration a factor in employment and mobility of staff? What was UNDP's policy and statistics on rotation between field and headquarters assignments? Did the requirement for proficiency in at least two United Nations languages inhibit recruitment from some regions? What was the shape of UNDP's grade pyramid? Delegations also wanted detailed information on the JPO scheme, figures on the rate of absorption of JPOs into UNDP core posts, the rate of attrition of staff, the vacancy rate, and the number of retirees still in the employ of UNDP.

23. Most delegations agreed with the Administrator's proposal to abandon the concept of the reimbursable subvention in respect of the Africa Strengthening Package and to include it in UNDP's core budget. One delegation requested clarification as to why the reimbursable subvention line was only \$1.7 million, whereas its incorporation in the core budget represented a volume increase of \$4.3 million in 1988-1989.

24. As regards the aid co-ordination element of the package, some delegates wanted to know how many economists had already been recruited and what were the reasons for not having all of them in post by now. They also wondered if UNDP had contacted the World Bank to seek qualified staff on secondment or loan from that institution. Regarding the emergency, it was noted that this element of the package had been scaled down in view of improved conditions in Africa. One delegation pointed out that a fund-raising effort for Mozambique had been initiated by the Administrator while the emergency package of the Africa build-up was winding down. This did not seem to be consistent and the delegate wondered why UNDP could not redeploy approved funds to Mozambique rather than ask for additional extrabudgetary funds.

25. However, some delegations queried the need for a second Deputy Director in the Regional Bureau for Africa. In fact, some delegations wondered if the RBA was not already top heavy and suggested that perhaps posts should be redeployed to the field. One delegation agreed with the concept of a second Deputy Director but suggested that it might be graded at the D-1 rather than D-2 level. The administration was requested to provide further justification for this new post.

26. On the question of the strengthening of UNDP's central policy capability, most delegations agreed with the Administrator's proposal to strengthen BPPE by establishing two new divisions within that Bureau, namely the Division for Women in Development (WID) and the Division for Non-Governmental Organizations. Again, some delegations queried the level of the new posts proposed and expressed concern that

these Divisions might have been established at the expense of the Technical Advisory Division (TAD) or the evaluation capacity of the Central Evaluation Office (CEO). In this vein, several delegations requested further information on the Administrator's priorities within headquarters. On the specific issue of the Division for Women in Development, most delegations requested assurances from the Administrator that the duties of the proposed new Division would not overlap with the activities of UNIFEM and requested information on the overall responsibilities of the Division. Most delegates thought that further discussion on the subject was essential. Questions were also asked as to the level of staffing in a number of units including the Office of the Administrator.

27. As to the management of the European programme, most delegates agreed with the Administrator's proposal to merge the Unit for Europe with the Bureau for Arab States at the Headquarters level, while relieving the office in Geneva of its programme responsibilities. In this context, most delegates requested assurances from the Administrator that the proposed reorganization would not adversely affect the quality of programme coverage in Europe. Concerning the proposed public relations function of the office in Geneva, some delegations felt that a renewed effort to make UNDP widely known was in order. However, some delegations felt that the whole question of resource mobilization should not be over-emphasized, since their own Governments determined the level of their contributions to UNDP on the basis of demonstrated effectiveness rather than in response to a resource mobilization campaign as such. A number of delegations also asked for clarification of the respective roles of the Resource Mobilisation Unit and the Division of Information at headquarters vis-à-vis the functions of the Geneva office. In view of the above, many delegations strongly questioned the need for the post of Director of the Geneva office classified at the Assistant Secretary-General level. A few delegations, on the other hand, expressed support for the function and classification of the post.

28. One delegation expressed concern at the cost of having the Governing Council meet alternately in New York and Geneva and asked for a detailed breakdown of the cost to UNDP of holding meetings every other year in Geneva. The delegation suggested that not only was it more expensive for UNDP to hold the Council in Geneva, but it resulted in there being less knowledgeable staff members at hand to answer delegations' more detailed questions.

29. Several delegations raised the question of the timeliness of Governing Council documentation. This point had been debated last year but the problem was still severe. One delegate expressed concern over the volume of documentation, while another wondered whether this year had been an aberration in view of the many country programmes which were presented for approval. A delegate suggested that reverting to the previous scheduling of the Council in June would give more time for preparation and sought the administration's view as to whether this would be helpful. In the same vein, another delegate asked if it would make a difference if the session had been held in Geneva. In this connection, specific questions regarding the time involved in editing, translating and distributing the documents were raised by various delegates.

30. Turning to discussion of the non-core units of UNDP, some delegations expressed concern at the substantial volume increase for OPE and requested further information on the subject. Similarly, a delegation questioned why there was an upward trend in the 1986-1987 biennium and a slight decrease for 1988-1989. In this respect, the delegate asked what was UNDP's expectation as to OPE's role in the future. Another delegate wanted to know if OPE was becoming a full executing agency of the United Nations system and whether this required a change in mandate. Similarly, a few delegates enquired whether OPE's increased activities were affecting the field offices' ability to cope with the workload and if any compensation was being provided to these field offices.

31. Several delegates requested an explanation from the administration as to why, when other increases were being proposed, there was no proposal to strengthen the Inter Agency Procurement Service Unit (IAPSU). These delegates felt that IAPSU was doing excellent work, especially in regard to procurement from developing countries. They felt that this issue was central to UNDP's role in development and that the desirability of increasing the Unit's staffing merited further discussion.

32. Concerning UNIFEM, most of the delegations took note of the broad mandate that the secretariat faced and of the increase in resources available to the Fund. Hence, most of the delegations supported the proposed increase in staffing. However, one delegation expressed scepticism as to the need for additional posts and suggested that the decision should await the outcome of the review of the Fund which was expected to report in 1988. Similarly, one delegation suggested that the posts should perhaps be of a temporary nature and linked to a steady flow of resources to the Fund. Note was taken that the Norwegian Government had sponsored a study on the activities of the Fund and that preliminary findings were generally positive. It was noted that a full report was to be presented to the Governing Council in 1988.

33. A number of delegations supported the Administrator's merging of the management of the Fund for Science and Technology for Development and that of the Energy Account. One delegate asked why there was a decrease in travel estimates for the FSTD.

34. As regards the UN Sudano-Sahelian Office (UNSO), several delegations noted that the budgetary proposals for this unit were essentially neutral. Now that it was under new management, these delegations looked forward to a thoroughgoing review of the structure and staffing of the Office in the near future.

35. As regards the UN Capital Development Fund, all delegations supported the proposed strengthening of the Fund's staffing, as well as the expansion of its partial funding authority. Since the discussion of this item took place in the context of referral to the Committee of a draft decision of the Plenary, as well as in relation to the budget estimates, a more comprehensive account of the Committee's discussion on this subject is provided in Section ___ of this report.

Response of the Administration

36. In responding to the various points raised by delegations, the Associate Administrator first addressed the question of zero growth in the budget and the tight staffing situation being faced by UNDP, especially at the field level. He agreed with the Committee that UNDP should be reimbursed for services rendered at the field level. On the other hand, if additional mandates were given to UNDP there was no doubt in his mind that additional resources would have to be provided since UNDP's operational capacity was stretched to the limit. This was an issue which UNDP's management kept under review constantly. Similarly, he agreed that if UNDP was to continue to provide a wide range of development services at the field level and handle substantial amounts of money on behalf of Governments and NGOs, the practice of judging UNDP's administrative costs as a proportion of IPF resources managed would have to be revised. Yet, stated the Associate Administrator, while this continued to be a significant factor in the eyes of many governments, the Administrator had felt it necessary to continue to adhere to the principle of zero growth in the core budget for a further biennium, despite the pressure that was felt throughout the organization as a result. He went on to clarify that zero growth in the core budget reflected the fact that there were no additional posts being proposed, since the volume increase in the estimates relating to Africa were, in effect, transfers between existing appropriation lines.

37. The Associate Administrator then addressed the question of the presentation and the methodology of the budget document, indicating that most of the tables and charts were included in the budget presentation in response to previous requests from various delegations. However, since some delegations had expressed the feeling that the volume of paper was too much, UNDP stood ready to eliminate from the presentation any information that was considered superfluous. The Associate Administrator assured the Committee that the various comments proffered on this subject had been noted by UNDP's budget staff and would be taken into account in preparing the next estimates.

38. Concerning the delegates' queries on the rate of inflation applied to the estimates, it was clarified that, while 6 per cent was the average rate of inflation applied globally, 8 per cent was the figure used for field offices. The Associate Administrator stated that this estimate was developed on the basis of information provided by each resident representative, who was required to consult with local statistical offices as well as IMF and World Bank offices. It therefore represented the most likely forecast based on detailed knowledge at the field level. In any case, should the figure prove to be off the mark, the Associate Administrator reminded delegates that UNDP adjusted this figure every year in subsequent revisions of the budget. The Associate Administrator also reminded the Committee that the inflation estimates were local currency inflation rates and would, as in the past, in many cases be offset by currency releases as individual currencies depreciated vis-à-vis the United States dollar. The Chief of Budget Section went on to clarify that the inflation figure for the biennium was arrived at by applying a 6.0 per cent inflation to the aggregate of revised 1986-1987 estimates, plus volume and cost adjustments less currency releases. The figure of 13.2 per cent represented the resulting inflation as measured against the base

only, which naturally yielded a slightly higher figure than 6 per cent compounded over two years.

39. Concerning the 10 per cent reduction in travel and overtime and the corresponding 10 per cent increase in consultancies, the Associate Administrator clarified that these were not interconnected but purely coincidental.

40. On the whole issue of amortizing capital expenditures, the Deputy Assistant Administrator, BFA, indicated that UNDP was of the opinion that non-profit organizations such as UNDP should not practise capital budgeting but should reflect actual expenditure in the year it was incurred. However, with respect to the construction costs associated with new space in the FF building and the reorganization of existing space, UNDP had originally thought that the expenditure could be amortized over a period of five years in order to ensure a more stable budgetary level; it was therefore not indicative of a desire to introduce capital budgeting and depreciation of assets in general. In fact, the Associate Administrator noted that UNDP's capital assets, leaving aside equipment and vehicles, were fairly modest and were expected to stay that way since office buildings throughout the world generally were either rented or provided by the host Government. A substantial number of vehicles were owned by UNDP and could go on a depreciation schedule and the same could be said about computers but it did not appear to be worth the extra administrative cost involved. However, while the administration had concurred with the recommendation of ACABQ, it had also taken note that ACABQ in fact had left room for the introduction of capital budgets in the future.

41. Turning to the question of office automation, especially in the field, the Deputy Assistant Administrator assured the delegates that co-ordination of the rapid developments in the field, as well as at headquarters was very much a concern of management. For the field, a strategy for expansion had been formulated and, in accordance with this, it was the goal to ensure that large offices would have at least 10 PCs, medium-sized offices 6 PCs, and small offices 4 PCs by the end of the 1988-1989 biennium. This would amount to approximately 700 PCs. While the PCs would initially be used for word-processing, managers throughout the organization were encouraged to explore the potential of this technology in easing their day-to-day work and enhancing staff productivity. This approach, however, had to be balanced with a degree of centralized software and standards in respect of, for example, accounting for which a new software package was presently being tested in the field; a package for programme management was also under development. High priority was given to staff training and of course the necessary measures had been taken to ensure standardization and compatibility of the equipment around the world.

42. Responses on the personnel issues raised were provided by the Deputy Assistant Administrator and Director of Personnel. He provided the Committee with a detailed account of the difficulties of recruiting qualified high-level macro-economists for the economist posts in Africa and of the efforts made by UNDP to fill these vacancies. Nine posts were now filled and five candidates were being interviewed at present for the remaining vacancies. In this connection, he pointed out that, in spite of UNDP's efforts, it had proved extremely difficult to locate suitable candidates with the appropriate background. Moreover, seven candidates had

rejected offers made due to financial considerations, even though a D-1 level had been offered.

43. As to the series of questions on the JPO programme, the Deputy Assistant Administrator acknowledged that the programme was working extremely well and that UNDP was most grateful for the strong backing that Governments had given to it. He indicated that approximately 50 per cent of UNDP's Professional recruitment came from the JPO programme, which meant that 10 per cent to 12 per cent of JPOs were retained for service with UNDP, among these he noted were JPOs from developing countries, since a number of donors sponsored such JPOs as a matter of policy. He stated that the performance of JPOs was evaluated every six months and that, like the rest of UNDP staff, permanent appointments were only granted after five years of service with the organization. The Deputy Assistant Administrator acknowledged that JPOs require and receive on-the-job training. This is supplemented by a formal course after the first six months of service. He also confirmed that JPOs were far more than mere trainees, in that they are expected to handle substantial work-loads.

44. As to the other queries on personnel issues, the Deputy Assistant Administrator went on to advise the Committee that the level of attrition was approximately 2 per cent per year in the organization. He indicated that, through the 1988-1989 biennium, 35 staff members were expected to retire, with an additional 10 leaving for personal reasons. Similarly, five persons with fixed-term contracts had not had their contracts renewed, while seven staff members with permanent appointments were released on agreed termination. In reply to a question on Special Post Allowances, he indicated that there were currently eight staff members on SPA at different levels, plus two at the Assistant Administrator level while the post of Assistant Administrator, BFA, was frozen. He indicated that the provision of staff rules on SPA are strictly adhered to and that a panel existed to analyse each case on its individual merits.

45. Concerning secondments, the Deputy Assistant Administrator indicated that there were currently 28 staff members seconded to UNDP from Governments while 30 had been seconded from UNDP to United Nations agencies and the World Bank and 18 from agencies and the Bank to UNDP. The policy on retirement continued to be 60 years of age for staff below the ASG level. He indicated that this is observed in the vast majority of cases. At present, there were nine people over 60 years of age employed in UNDP. However, he stressed that none had contracts for more than one year; moreover, in the case of retirees employed as consultants, 38 people had been employed for periods of less than one month. The rule limiting income to no more than \$12,000 per year was strictly observed. In cases where retirees were employed on fixed-term contracts, they were required to forego their pension entitlements for the time being and, indeed, resume contributing to the pension fund for the duration of their contract. There were three such cases in UNDP.

46. Concerning the question of rotation of staff between field and headquarters assignments, the Deputy Assistant Administrator provided the Committee with statistics over the past 10 years to indicate that, not only was this the firm policy of the administration, but it was happening in practice. In providing this information, he pointed out that there were in headquarters certain posts which

were designated by the Job Classification Panel as specialist, such as in EDP and finance and personnel, and which were not therefore subjected to this policy of rotation, although such staff members were free to take a field assignment if they wished to do so.

47. On the question of the grade pyramid of UNDP's Professional staff, the Deputy Assistant Administrator was of the view that this was quite satisfactory. Indeed, he offered to provide more detailed information to interested delegates which indicated a broad base at the P-1-P-3 levels, when National officers, Field Service staff and JPOs were taken into account.

48. Finally, on the question of the proportion of women in UNDP's staff, the Deputy Assistant Administrator confirmed that progress was being made on this score: as of December 1986, women constitute 22 per cent of UNDP's Professional staff, as opposed to 8 per cent 10 years previously and 19 per cent five years ago. Moreover, there had been an increase in the number of women resident representatives, to a current level of 11. In keeping with this trend, women were advancing up the promotion ladder also; 27 per cent of those promoted in the Professional category were women. However, in view of the low level of attrition and the modest number of new recruits to the organization each year, the Deputy Assistant Administrator reminded the Committee that change on this score was bound to be slow.

49. With regard to the proposal to eliminate the reimbursable subvention, the Associate Administrator informed the delegates that no pledges for the extrabudgetary Africa Strengthening Package had been received since 1985 and, in view of this, it was felt that incorporation of the African Strengthening Package into the core budget was in order. The difference in figures noted by one delegate was attributable to the fact that the reimbursable subvention was still net of contributions received, whereas the full package without extrabudgetary contributions was now to be reflected in the 1988-1989 budget.

50. On the question of the second Deputy Director in the Regional Bureau for Africa, the Associate Administrator took note that some delegations had expressed scepticism as to the need for such a post. In this regard, he outlined what he felt were the very special conditions of the Africa programme that warranted such a move. He pointed out that Africa had in fact retrogressed in terms of development; that of the 43 countries served by the Bureau, 27 were LDCs while 12 were land-locked; there were special aid co-ordination packages in 32 countries, with 18 round tables and 3 NaTCAPs organized and 10 more in the pipeline. He also emphasized that experience showed that very little was achieved by correspondence and that travel in the continent was essential. Under these circumstances and with two definite language groups, UNDP was of the opinion that a second Deputy in the Bureau was well justified.

51. In answer to the question concerning Mozambique, the Deputy Assistant Administrator and Director of Finance explained that the emergency element of the Africa build-up for Mozambique had not been scaled down. The issue was that when the budget document was being finalized, the magnitude of the crisis was not the same and therefore the emergency package had been kept virtually the same, while

extra staffing was now thought necessary. This was the reason for the separate fund-raising effort, which was in line with UNDP's normal policy to seek extrabudgetary funding in the first instance; he confirmed, none the less, that it would be quite possible for the Council to increase the number of emergency temporary posts that were to be retained, if it wished to do so.

52. With regard to the establishment of the two new divisions within BPPE, the Associate Administrator noted the general agreement with the proposals made, as well as the concern expressed about the grade levels of the two new directors. As regards this issue, he stated that the proposed grading of both posts at the D-2 level was in accordance with the existing grade structure within BPPE, where the directors of PCP, TAD and CEO were all at the D-2 level. Moreover, it was an appropriate reflection of the Administrator's stated intention to involve both directors at senior policy meetings. He emphasized that guidelines were being drawn up for the WID Division with a view to ensuring that indeed there would be no overlap in functions with UNIFEM. He undertook to make these guidelines available when ready.

53. With respect to staffing of the other units under BPPE such as TAD and the Central Evaluation Unit, it was explained that the budget contains substantial provision for hiring of short-term consultants. Moreover, CEO had been strengthened in recent years going from one core post in 1984-1985 to four in the present biennium. Although this number perhaps did not match the staffing levels of evaluation units in other United Nations organizations, it was felt that the necessary critical mass was present; hence no increases were envisaged in the proposal for 1988-1989.

54. With respect to IAPSU, the Associate Administrator stressed that the unit was not intended as a procurement unit and that United Nations executing agencies would be strongly opposed if any attempt was made to change that fact. The main purpose of IAPSU was to draw up guidelines for standardization of equipment purchased for projects and field offices. At the request of the United Nations, it also produced statistics for the annual yearbook. It was further noted that IAPSU presently is fully funded by UNDP although services are provided to all United Nations organizations. The Associate Administrator agreed with various delegates that IAPSU indeed provided very useful services but, in view of the above, he did not find reason to exempt it from the zero-growth principle which had guided the overall budget formulation. Moreover, he suggested that, if a strengthening of IAPSU was envisaged, it might be appropriate to invite the United Nations agencies to cost-share in this expansion.

55. In response to a question on the staffing of the Office of the Administrator, it was explained that the four core posts included the staff of the Executive Office of the Administrator, while the three extrabudgetary posts were presently encumbered by the Co-ordinator of the Italian Programme and a policy officer seconded to PCO, while one was vacant. The co-ordinator of the Palestinian operation was stationed in Jerusalem and was like other staff funded from regional resources (field offices non-specific to country). With regard to the Palestinian programme, there was also an implementation unit within OPE.

56. As to the management of the European programmes, the Associate Administrator took note of the concern of the delegates regarding the coverage of the programmes and assured the Council that the programmes would continue to be monitored both by the new RBASEP as well as by UNDP staff members residing in Europe or North Africa. The details of this arrangement had been worked out in close consultation with the countries affected and all seemed to be satisfied with the result.

57. Moving to the related question of the restructured office in Geneva, he explained that intensified efforts in public relations would be undertaken when the office was relieved of its programming functions. As before, but perhaps more frequently, the Director would visit various capitals throughout Europe for liaison with the respective Governments. Furthermore, additional information material would be prepared in an effort to give UNDP a higher profile, particularly among parliamentarians and other decision-makers. He added that the new functions would be reflected in a forthcoming amendment to the Organizational Handbook. On the question of the level of the Director of the Geneva office, the Associate Administrator felt that this particular issue should be addressed via informal discussions.

58. On the question of the Council meeting alternatively in New York and Geneva, the Associate Administrator pointed out that the change of venue every year is in place in accordance with the rules of procedure of the Council. As such, it is up to the Council to change the existing practice if it so desires. Concerning the cost of having the Governing Council held alternately in New York and Geneva, the Associate Administrator indicated that a paper on this subject was being prepared, including comparative costs of the two venues. As to the question of the timeliness and volume of Governing Council documentation, the Director of DER explained that a change of venue to Geneva would mean little in terms of timing of the documentation. The lateness which occurred in 1987 was due to the excessive amount of documentation requested by the Council. Normally, it would be from 1,500-2,000 pages; however, this year 50 country programmes for UNDP and 35 for UNFPA had, inter alia, increased the volume to a total of 3,200 pages, i.e., almost twice the normal volume. The director of DER confirmed, therefore, that this was exceptional and that conclusions as to the general situation should not be based on such special circumstances.

59. As presently set up, the Director of DER indicated that the documentation was processed by the United Nations Conference Services and, in view of the difficult financial situation at present, they had not been in a position to provide assistance with the editing of the documents. This had, in particular, affected UNDP since it had less staff assigned to editing and distribution than, for instance, UNICEF. From the processing point of view, the documentation provided is divided into three groups:

- (1) Documents to which no input was required from a partner (i.e other organization/fund/unit);
- (2) Documents to which inputs from partners were required;
- (3) Financial documents which depend on closing of the books.

In general, it was the third category of documents which had been submitted to the Governing Council later than desirable. However, also with respect to the country programmes, delays (up to one month) had been experienced due to a bottle-neck caused by the high number of papers that had been submitted for editing at the same time. On the average, 1 week to 10 days had been required for editing and typing, but at the peak time in April the norm had been 10 to 15 days. At present, advanced copies of the final version of the documents are circulated to delegations in the language in which they are prepared. This process could be accelerated if delegations were to receive the unedited version, thereby gaining two weeks of time.

60. The Director of UNIFEM in her response reiterated that the Fund enjoyed increasing support from Governments as well as non-governmental organizations. A very conservative estimate of income to the Fund in the coming biennium showed an increase of 83 per cent over the present level. In view of this, he found the proposed increase in staffing fully justified adding that it amounted to an increase in the budget for established posts of only 40 per cent. Thanking the delegates who had expressed their support of the budget proposal, she added that the additional staff would in the first instance be given fixed-term appointments. This, in effect, provided the flexibility sought by some delegates.

61. Concerning comments on OPE, the Associate Administrator indicated that there will be a report on OPE's activities to be presented to the Council at its June 1988 session. As to the expectations, it was perceived that OPE's activities were levelling off or perhaps falling off on the management of bilateral funds, but still increasing in relation to IFAD (which does not wish to see its field operations increase), as well as management service agreements with the development banks and UNFDAC. Therefore, he expected a plateau to be reached for 1988-1989. However, the budget of OPE would be adjusted upwards or downwards according to actual work-load requirements within the authority of the Administrator. The Associate Administrator went on to state that it was not the intention of UNDP to turn OPE into a full-fledged executing agency; on the contrary, OPE would continue to concentrate on the execution of specific parts of projects leaving project formulation and overall co-ordination to others.

62. As explained in the budget document, the Associate Administrator reiterated the point that OPE was self-financing. A fee is negotiated for each project it undertakes and if work is carried out for other organizations (i.e., not IPF-funded) part of that fee is channelled to the field offices affected, as extrabudgetary income. In general, field offices were therefore in a position to cope with the additional work-load via extrabudgetary posts and/or temporary assistance, although this was a matter kept under constant review by UNDP's management.

63. In addition to the above observations, there were a variety of more detailed questions on the budget estimates at the organizational unit level, as presented in volume II of DP/1987/55. These were answered by the Administration in the course of the discussion.

