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

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

Draft report of the Budgetary and Finance Committee

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Addendum

CHAPTER II. UNITED NATIONS POPULATION FUND

1. For consideration of item 6 of the Council's agenda, the Committee had before it the following documents:

   (a) Revised budget estimates for the 1988-1989 biennium (DP/1988/39);
   (b) Annual financial review, 1987 (DP/1988/40);
   (c) Audited accounts of executing agencies (DP/1988/41);
   (d) Review of overall staffing requirements in the field and at headquarters (DP/1988/42, reissued in Arabic and English on 27 May 1988 for technical reasons);
   (e) Report of the Advisory Committee on Administrative and Budgetary Questions (DP/1988/44).

2. Additional information on matters of interest to the Budgetary and Finance Committee was also made available:

   (a) Document A/42/5/Add.7 containing the Fund's audited financial statements and the report of the Board of Auditors for the year 1986;
   (b) Document UNFPA/CM/88/40, "Decentralization: Guidelines for Decision-making regarding Project Funding";
In introducing the United Nations Population Fund (UNFPA) item, the Executive Director informed the Committee that UNFPA actual income in 1987 was $156.1 million, an increase of $16.1 million over the 1986 income of $140 million and considerably higher than the projections for 1987 made to the Council at its 1986 and 1987 sessions. The Executive Director thanked donors for their generous contributions, in particular those who increased their contributions and made early payments in response to Governing Council decision 87/30 I, paragraph 3. She mentioned that favourable exchange rates, which prevailed throughout the year, also contributed to the higher income level in 1987.

The higher-than-expected level of resources enabled the Fund to add $7 million to its operational reserve, which as a result reached $37 million as at 31 December 1987. The Executive Director was pleased to note that the $37 million total constituted 24.8 per cent of contributions for 1987.

Recalling Council decision 86/35, paragraph 5, which requested the Fund to introduce savings and economies in all categories of expenditure, the Executive Director informed Committee members that actual savings in administrative costs during the 1986-1987 biennium were $2.2 million ($1.9 million for headquarters and $0.3 million for the field). This exceeded the estimate of $1.5 million which had been projected in document DP/1987/41, the biennium budget estimates for 1988-1989. These savings were the result of a savings plan introduced by the Fund in 1986. The Executive Director noted, however, that since the credits from overheads to be applied to the administrative and programme support services (APSS) budget were somewhat lower than anticipated the savings realized in the 1986-1987 APSS budget on a net basis amounted to $1.7 million. Savings in those field office costs not integrated into the APSS budget in 1987, which amounted to $1.1 million, resulted in an overall total savings in administrative and programme support costs of almost $2.8 million.

Turning to financial issues of the current biennium, the Executive Director focused on two items: the Fund's revised income projections for 1988-1989; and revisions in the estimates of the APSS budget for the same years. As regards the first item, she noted a significant
increase in anticipated income for both 1988 and 1989, which had been projected in DP/1988/41 at $153.7 million and $163 million, respectively. The revised estimates, which take into account continued donor generosity as well as favourable exchange rates, were $176 million for 1988 and $190 million for 1989 (an increase of 8 per cent over the estimated income for 1988). The revised two-year total of $366 million was 15.6 per cent more than the earlier estimate of $316.7 million presented to the Council last year. The Executive Director also noted that carryovers from 1987 into 1988 were larger than expected. As a result, total resources available to the Fund for 1988-1989, according to the revised projections, are $407.9 million instead of $347.3 million as earlier estimated.

7. In introducing the Fund's revised budget estimates for the 1988-1989 biennium, the Executive Director acknowledged that submitting such revisions in a non-budgetary year was generally to be avoided. She reminded delegates, however, that last year's biennial budget, approved by the Council, reflected zero growth in real terms at headquarters and a very limited increase in key areas of the Fund's field administrative costs, which included the redeployment of two Professional posts from headquarters to sub-Saharan Africa. In 1987, during Council debate of the Fund's strategy for assistance to sub-Saharan Africa, many delegates at the thirty-fourth session had clearly indicated that they regarded a further increase in the field staff in sub-Saharan Africa as essential. Rather than decide on a specific number of posts, however, the Council requested that the Executive Director (decision 87/31, paragraph 6) first conduct a full review of UNFPA's staffing requirements at headquarters and in the field.

8. The Executive Director pointed out that the revised budget estimates contained the budgetary consequences of this review, as well as several other supplementary proposals. These proposals included, inter alia: (a) a request for an increase in the field staff of four international Professional posts and of 57 local posts and their concomitant support costs, totalling $1.9 million during the 1988-1989 biennium; (b) a request to include 289 local posts, currently approved by the Council as temporary posts, as regularly established posts, with no increase in the amount appropriated in the budget; (c) confirmation of the classification of six Professional posts in the field at the D-1 level, already appropriated in the field office budget; (d) information about organizational changes and staff reassignments
at UNFPA headquarters which affect the appropriations for budget Programmes I, II and III, but which have no effect on the total amount appropriated for headquarters; (e) a request for an increase of $900,000 in the amount appropriated for Programme II to cover the requirements of a non-recurrent cost for remodelling and refurbishing UNFPA headquarters; and (f) a request for a net increase of $164,400 to be reimbursed to the United Nations for services provided in UNFPA and a request for an increase of $10,800 for External Audit. The amount requested totalled $3 million net, an increase of 5.4 per cent.

9. Before discussing the Fund's revised staffing proposals in the field, the Executive Director provided Council members with a description of and rationale for the recent realignment of the structure of UNFPA headquarters. Recalling decision 87/31, paragraph 6, which asked that particular attention be paid to the possibility of merging units "in order to achieve the most effective organizational structure in relation to the Fund's priorities and resources", the Executive Director noted that she had initiated an in-depth review of the organizational structure and functions of headquarters units immediately following the thirty-fourth session of the Governing Council. The primary objectives of the realignment were to enhance the technical and substantive capability and capacity of the Fund and to improve the quality, effectiveness and outreach of UNFPA's activities and programmes. The Executive Director stressed that the realignment was the result of extensive discussions and consultations with UNFPA staff members at all levels in the field and at headquarters, and with officials of numerous United Nations organizations, most notably those of the United Nations Development Programme.

10. The Executive Director highlighted some of the main features of the reorganization, noting in particular (a) the delegation to UNFPA deputy representatives of the authority to approve projects at the country level which have a budget of up to $250,000, provided the total amount of funds approved at the field level does not exceed 25 per cent of the total country programme; (b) the merging of the Policy and Evaluation Division and the Technical Branch of the former Technical and Planning Division into the new Technical and Evaluation Division; (c) the upgrading of the geographical branches of the Programme Division to independent divisions with wider responsibilities in programming, resource management and direct supervision of the UNFPA field staff as regards day-to-day programme operations; (d) the transfer of the responsibilities related to intergovernmental matters,
Executive Director to the Information and External Relations Division; and
(e) the establishment of a new Programme Co-ordination, Management and Field
Support Office to co-ordinate and ensure quality control throughout the Fund's
programmes.

11. In concluding her remarks on the realignment at headquarters, the
Executive Director noted that one could theoretically question whether the
transfer of credits between the three programmes at headquarters, which
resulted from the realignment, was within reasonable limits. She stressed
that the appropriations to these three programmes had indeed been affected by
the realignment. The issue of transfer of credits between administrative
programmes would not have come up, however, had UNFPA's administrative budget
at headquarters consisted of a single appropriation, similar to the core
administrative budget of UNDP. The Executive Director recommended that the
Council authorize UNFPA to submit the 1990-1991 biennial budget in a format
similar to that of UNDP's core budget.

12. Following her review of the recent realignment of the Fund, the
Executive Director focused on the post of Assistant Executive Director, one of
two Assistant Secretary-General (ASG) posts in the Fund. This post, which had
been vacant for some 10 months, had been filled by the Executive Director
after consultation with the Secretary-General, who agreed with the
appointment, albeit at the D-2 level. However, in view of the recommendations
of the Group of 18 and the subsequent resolution of the General Assembly, the
Secretary-General felt that he could not presently authorize an appointment at
the ASG level. The Executive Director, after recounting a brief history of
the post, requested the Council's support in unfreezing the post at the ASG
level. She noted that the volume of UNFPA's operations had grown considerably
since the second ASG post had been established in 1981 and that she had been
hampered in fulfilling her responsibilities as Executive Director by not
having an Assistant Executive Director at the ASG level who was responsible
for programmes. She stressed that this task could not be fulfilled properly
by an official at the D-2 level, given the size, complexity and political
sensitivity of UNFPA's programme.

13. Turning to the revised staffing proposals for the field for 1988-1989,
the Executive Director noted that the most pressing needs were in sub-Saharan
Africa, in terms of both international and national staff. She stressed that
local professional and support staff were particularly needed to facilitate
planning, programming, monitoring and evaluation. Bearing in mind the field
staffing requirements indicated in the Fund's review, in particular those of sub-Saharan Africa, and the steps to be taken in implementing the Fund's strategy for assistance in the African region, the Executive Director proposed the establishment of eight deputy representative posts - six in Africa, one in the Arab States and one in Latin America. Four of the posts would be filled by redeploying currently existing field professional posts, resulting in a net increase of only four professional posts in the field. The Executive Director also proposed the establishment of 57 new local posts, 46 of which would be in sub-Saharan Africa. With the addition of these 57 posts, the total number of local posts would increase from 289 to 346.

14. The Executive Director concluded her remarks on UNFPA's field offices by referring to paragraphs 28, 29 and 30 of the Report of the Advisory Committee on Administrative and Budgetary Questions (ACABQ) in which the Advisory Committee recommended that the Council approve all UNFPA requests with respect to the field staff (document DP/1988/44).

15. The Executive Director then turned to the Fund's request for a one-time provision of $900,000 for renovation and alteration of UNFPA's premises. She noted that the allocations approved in the biennium budget for 1988-1989 were sufficient to cover rental and service costs of headquarters premises, but not to refurbish them. Work spaces, particularly of General Service staff, were cramped and often without any source of natural light. Moreover, owing to years of wear and tear, the general physical condition of the premises had deteriorated and were in urgent need of renovation. The Executive Director reminded delegates that the ACABQ had recommended approval of the Fund's request, albeit at a level not to exceed $600,000, with the balance to be met from savings in the administrative budget. None the less, she reiterated her request for the full amount, in particular in view of a subsequent detailed reappraisal of the cost of renovation, by an architectural firm engaged specifically for this purpose.

16. The Executive Director addressed two other issues concerning the revised budget: the net increase of $164,400 in the amount appropriated to cover reimbursement to UNDP and the United Nations; and a request for approval for the classification of the post of Chief, Special Unit for Women, Population and Development, at the D-1 level and the reclassification of the post of Chief, Division for Finance, Personnel and Administration from the D-1 to the D-2 level. As regards the second issue, the Executive Director noted that she
would not at this session of the Council pursue the requests for approval, owing to technical difficulties that prevented the Classification Panel from completing its work.

17. In concluding her remarks, the Executive Director requested that the Fund be authorized to accept individual private donations up to $100,000 without prior approval of the Council, instead of the current level of $25,000. She then reminded delegates that the Committee of the Whole had referred to the Budgetary and Finance Committee four projects executed by UNFPA headquarters which form part of the Fund's Interregional programme and which have personnel components for periods exceeding 6 months: the management information systems (MIS) project; publications aimed at increasing awareness of population issues; review and assessment of accumulated population experience; and monitoring of multilateral population programmes. She noted that information on these projects had been annexed to DP/1988/39.

**Summary of the discussion in the Committee**

18. Delegates thanked the Executive Director for her lucid and comprehensive introductory statement.

19. Many delegates noted with satisfaction the Fund's sound financial condition, and some commended the Fund for its achievements in financial management during the past year, notably the $2.2 million in actual savings in administrative costs during the 1986-1987 biennium. Moreover, one delegate commended the thrust of UNFPA's revised budget estimates, in particular the increase in the percentage of resources devoted to programmes as compared with original estimates and the decrease in the percentage allocated for the headquarters administrative budget.

20. There was general consensus among delegates of the need to strengthen the Fund's programme in sub-Saharan Africa and to that end to increase field staff and financial resources accordingly. Some delegates expressed the view that the review of staff needs in the field was not prepared in sufficient depth and that information on headquarters was entirely lacking. Many delegates recommended that the Council approve in full the Fund's request for supplementary funding of $1.9 million to cover the costs of additional field staff. Some delegates, however, requested additional information and clarification on some of the specific staffing proposals. For example, one delegate asked if it were feasible to fill all proposed posts within one-and-one-half years. He also asked if UNFPA had a specific plan or established procedures for recruitment of staff. Another delegate noted the
nearly 50 per cent projected increase in local staff in sub-Saharan Africa and welcomed any additional information the Secretariat might be able to provide on these posts. This same delegate wondered if it might not be premature to eliminate the international post in Turkey and reduce the international staff in Pakistan. Other delegates, while welcoming and fully supporting the Fund's increased activities in sub-Saharan Africa, expressed concern about the proposed reduction of Professional staff in other regions, in particular in the Asia and Pacific region. Several delegates asked if it were necessary to include all 57 new local posts as regularly established posts or if some or all of these posts could not be established as temporary posts and converted later to permanent status, following a reassessment of needs and functions.

21. While not denying the Executive Director's prerogative to realign the structure of the Fund, a number of delegations requested further clarification of and rationale for some of the changes. In general, delegates commended the overall objectives of the reorganization and welcomed the decentralization of project approval authority to the field. However, a number of delegations expressed concern about the apparent reduction of headquarters staff directly dealing with programmes and the substantial increase of staff in the Office of the Executive Director (OED). This led some delegates to seek a clarification of the relationship between the OED and programme implementation. Referring to the organizational chart annexed to the Revised budget estimates for the 1988-1989 biennium (document DP/1988/39), several delegates sought clarification of the relationship between the evaluation function and the programming function. One delegate asked why the Interregional and NGO Programmes Branch had been placed in the Technical and Evaluation Division and not placed in a parallel position with the four geographical divisions. Several other delegations, unable to ascertain clear lines of authority and responsibility in the organizational chart, requested a further delineation of the division of responsibility among top management of the Fund. Citing the recommendation contained in paragraph 9 of the ACABQ report (document DP/1988/44), in which the ACABQ noted that it did not interpose any objection to the Fund's reorganization, a number of delegates sought the Fund's reassurances that the reorganization, in particular the creation of the four geographical divisions, would not lead to future grade creep in the form of substantial new requests for post reclassifications. One delegate asked if the reorganization had any budgetary implications.
22. Referring to document DP/1988/41 and to General Assembly resolution 42/206, several delegates expressed concern relating to the situation or conditions that gave rise to the Board of Auditors' qualifications of its audit opinion of the Fund's financial statements for 1986. Some delegates also raised a number of questions pertaining to the situation in 1987 and the remedial action to be taken by the Administration in response to the comments and observations of the Board of Auditors.

23. There was general consensus among delegates who had visited UNFPA headquarters concerning the poor physical condition of the Fund's premises, in particular the work stations of the General Service staff, and the need for renovation. However, there were differences of opinion as to how and when this renovation should be financed. Several delegates supported the Fund's request for the entire $900,000 and recommended commencing work as soon as possible. Others agreed with the recommendation contained in paragraph 15 of the ACABQ report that the Council approve the request but in an amount not exceeding $600,000, with the difference between the $600,000 and the cost of the renovation (now estimated at approximately $1 million) to be met from savings. Several other delegates offered variations on these recommendations. One, agreeing with the ACABQ position, suggested that the balance could even be appropriated in the 1990-1991 biennial budget; another felt that further consultation with the ACABQ was advisable; still another recommended getting firm estimates in the form of bids and a detailed breakdown of costs. One delegate asked if UNFPA had long-term plans for use of its present facilities. There was general agreement, however, that the renovation, at whatever amount appropriated, be monitored so as to keep costs at a minimum.

24. Concerning the appointment of a second Assistant Secretary-General, a number of delegates recommended approval of the Fund's request. One noted that he did not believe it was in the best interests of UNFPA to accept a reduction in the capacity of the top level of management, particularly at a time when the Fund's programmes were expanding and substantial changes were under way. Another expressed concern that the Executive Director felt hampered in fulfilling her tasks adequately owing to the vacant ASG post fully responsible for programmes. She shared the Executive Director's observation that the size, complexity and sensitivity of the Fund's programme warranted the appointment of a second ASG post. One delegation suggested that the
Executive Director inform the Secretary-General when discussing the matter of filling the post at the ASG level that appropriate consultations take place with members of the Governing Council. One delegation, citing the ACABQ report, noted that one ASG post had been filled at variance with paragraph 13 of the recent report of the Secretary-General (A/C.5/43/1 and Corr.1), in which the post was specifically mentioned as one of three posts that would not be filled. Another delegation, while prepared to retain the post, expressed its support for the Secretary-General's position, which was in accordance with the resolutions of the General Assembly in connection with the recommendations of the Group of 18.

25. Noting the Executive Director's recommendation that the 1990-1991 biennial budget be submitted in a format similar to that of UNDP's core budget, one delegate agreed in principle but suggested a slight alternative. He proposed reducing the current four appropriation lines to two lines - one for headquarters and one for the field. Several delegates agreed with this proposal. One delegate, however, recommended maintaining the present budget format.

26. In considering two issues first addressed at last year's Governing Council, delegates generally recommended approval of the classification of six deputy representative and senior adviser on population (DRSAP) posts at the D-1 level. Several delegates, however, asked if these six posts had been considered in the context of the UNDP resident representatives in the same countries. On the second issue, while some delegates recommended approving the regularization of the 289 local posts, others asked if it were necessary to regularize all 289 posts at this time, stating the view that it might be better done in stages.

27. Delegates were divided on the issue of whether the four projects contained in the Interregional programme - which had been referred to the BFC by the Committee of the Whole - should be funded from the Administrative budget or from programme resources. Some, noting that the projects were of a recurrent character, agreed with the ACABQ recommendation that each of the projects be included in the APSS budget; others recommended approving the Fund's request to fund the projects from programme resources. Other delegates, considering the projects on a project-by-project basis, suggested funding some from the administrative budget (in particular the MIS project) and some from the programme budget.
28. The proposed management information system project received by far the most attention. Several delegates, citing paragraph 33 of the ACABQ report, noted that a detailed cost-benefit analysis would have been helpful in assessing the merits of the project and the feasibility of using a mixed-funding (part from administrative budget, part from programme budget) approach. Others emphasized the need to monitor the development of this project closely since the investment of financial and human resources required was considerable and cost overruns for these types of projects were common. One delegate, fully supportive of the Fund developing such a system, recommended that the system be designed for easy user access and retrieval. He suggested that there be constant interaction between UNFPA and user countries during formulation of the system. Several delegates expressed reservations about the proposed system. One noted that the system's usefulness to Governments had not been proven yet; another questioned the utility of formulating the system on such a wide scale. He pointed out that the overriding need was to develop a system that would serve the Fund's own needs. He was sceptical about trying to create a wider system. Several delegates inquired about other MIS systems in the United Nations system and asked if UNFPA had consulted other organizations and researched their systems. Others emphasized that the Fund's system should be fully compatible with other systems.

29. In discussing the project on UNFPA publications, several delegates recommended that more publications be translated into other languages. Two delegates specifically mentioned the Fund's Inventory in this regard. Others indicated that more of the Fund's publications should be translated into Arabic.

Response of the Administration

30. The Executive Director thanked delegates for their statements regarding the quality of UNFPA documentation and the sound financial condition and management of the Fund.

31. Referring to Committee members' comments on the realignment, the Executive Director acknowledged that despite past efforts to inform Council members it was apparent that UNFPA had not provided delegates with adequate information on the realignment. The Fund had a very clear rationale and justification for the realignment and had felt that it had made these known to Council members in various meetings, such as at the session of the Working Group of the Committee of the Whole in September, and in informal
consultations. The Executive Director stressed that the raison d'être of the Fund had always been to provide well-designed population programmes to developing countries. To do so, it was critical to strengthen the substantive analysis, strategic programming and staff development and training of the Fund. Before the realignment, technical staff resources were scattered in two divisions, and technical evaluations were carried out only after projects had been formulated. She noted that technical resources had now been consolidated so that the results of one group could be used to formulate the programmes of the other. The Executive Director stressed that the Technical and Evaluation Division was very much a part of the programming process. It was engaged in strategic planning, of which selection and shaping of well thought through projects were the most critical elements. The Division was also involved in the monitoring and review of programmes and projects, and was responsible for transmitting lessons learned to other components of the programming process.

In addressing why the Interregional and NGO Programmes Branch had been located in the Technical and Evaluation Division (TED), the Executive Director noted that while this branch could have been situated in several places, her reason for putting it in the TED was that a large part of the Interregional programme involved technical research and training. By placing it in the TED it was easier to assimilate lessons learned in the Interregional programme in the other work of the division and in the country programmes.

32. Addressing delegates' concerns about a reduction of headquarters staff directly dealing with programmes and a corresponding increase in the staff of the OED, the Executive Director explained that this simply was not the case. The Executive Office itself had in fact been reduced. The other units within the OED functioned essentially in support of programmes. The Programme Co-ordination, Management and Field Support Office (PCMFSO) was the Secretariat for all committees, including the Programme Committee, the Project Review Committee and the Policy and Planning Committee. Using a slightly different measure, the Executive Director compared the number of staff in the former Programme Division before the realignment (36 people) with the number of staff in the four geographical divisions after the realignment (30 people). She pointed out that the difference was mainly due to the relocation of the Programme Planning and Statistics Branch to the PCMFSO and of the Interregional and NGO Programmes Branch to the TED. Moreover, the functions of the former Programme Planning and Statistics Branch were being
performed by the MIS Unit as part of its functions. Concerning the issue of potential grade creep, the Executive Director stressed that this was not the purpose in setting up the geographical divisions. The intention was to give them more responsibility and more control over their programmes, and to harmonize their structure with that of UNDP's Regional Bureaux. Whether this might result in a reclassification of posts, she did not know.

33. To help clarify the present structure of the Fund, the Executive Director provided Committee members with a revised organizational chart, dated 1 June 1988. As could be clearly seen from the chart, the Deputy Executive Director was responsible for policy and administration and the Assistant Executive Director was responsible for programmes. Owing to the importance the Executive Director attached to the technical and evaluation functions of the Fund and to the TED's involvement in the Fund's ongoing major review and assessment exercise, she noted that the Technical and Evaluation Division had been located directly under her and would remain so at least until the review and assessment exercise had been completed in mid-1989.

34. In response to the issues raised by some delegations concerning the qualification of the Board of Auditors' audit opinion, the Deputy Executive Director explained the various actions taken to implement the recommendations of the Board of Auditors in reference both to one specific item that led to the qualification of the audit opinion and to other items of a more general nature contained in the report of the Board of Auditors. As regards the specific item, he explained that United Nations executing agencies did not submit audited accounts in 1986, since, in accordance with their financial regulations, the agencies were not required to have their accounts audited at the end of the first year of a biennium. He added that in 1987, the second year of the biennium for most agencies, the agencies submitted audited biennial statements to UNFPA. Because an audited breakdown of these figures was not available during the audit of the Fund's 1987 accounts, the External Auditors also issued a qualified opinion with regard to the programme expenditures by executing agencies. The Deputy Executive Director noted that UNDP had had similar problems with the audited accounts of executing agencies. He stressed that UNFPA would resolve this problem, in close consultation with UNDP, in order to ensure in future that executing agencies include audited accounts for the first year of the biennial accounts when submitting their figures for the second year of the biennium. The Deputy Executive Director also explained that the External Auditors qualified their
opinion on the Fund's 1987 financial statements because the value of assets was calculated at 31 December using the United Nations operational rate of exchange at the beginning of the month which was considerably different than the market rate of exchange of the United States dollars for currencies in which UNFPA held assets at year-end. He added that UNFPA had taken this approach because it was in conformity with its Financial Regulations and Rules. He emphasized, however, that the Fund had no objection to disclosing in future the value of assets at market rates at year-end in the notes of its financial statements when this information was material. He also pointed out that the Fund's internal auditors had indicated that projects executed by United Nations agencies were not often audited in the field. He expressed his concern and mentioned that he had called this to the attention of executing agencies in the most recent (January 1988) inter-agency consultative meeting at UNFPA headquarters.

35. Concerning issues of a more general nature, the Deputy Executive Director explained that negotiations regarding a formal agreement between UNFPA and UNDP on the delineation of responsibilities of each organization in the areas of finance had been completed, while that in other areas of administration and personnel arrangements were in progress. Through this institutional agreement, a number of issues had been clarified, particularly matters relating to inter-fund balances with UNDP at year-end and modalities for application of methodologies for reimbursement of cost for services provided by UNDP under the subvention to UNDP. He indicated that steps taken by UNDP in response to observations by the Board of Auditors, as outlined in document DP/1988/5, Section D, paragraph 6, would result in efficiencies and better monitoring of UNFPA accounts as a consequence of the closely linked institutional arrangement that the Fund has with UNDP in the areas of treasury, accounting and personnel services. UNFPA, on the other hand, had taken steps to improve the quality of staff, particularly in the field, by training its field-based staff concerned with accounting and finance matters in UNFPA procedures and practices.

36. In regard to the procedures for allocation of funds to projects, the Deputy Executive Director stated that under the new UNFPA Work Plan programmable resources, as recommended by the External Auditors, were being used instead of anticipated income in establishing programme ceilings. The relevant regulations and rules would be revised to reflect this methodology following the approval of the Work Plan by the Governing Council.
37. The Chief, Division for Finance, Personnel and Administration explained in some detail the procedures used in determining the gaps in UNFPA's field staffing. He described the functions of National Programme Officers, who were professionals in their own right, even though they were not internationally recruited. Related to this subject, he explained UNFPA's recruitment procedures for international staff, which were the same for headquarters and field staff. As to the question whether all new field posts in sub-Saharan Africa could be filled in the next 12 to 18 months, he expressed some doubts, notably in view of the difficulty of finding French-speaking candidates.

38. Addressing the question of the classification of six international field posts at the D-I level, the Chief of the Division for Finance, Personnel and Administration stressed that the classification decision had been taken by a joint UNDP/UNFPA Classification Panel and that these decisions took the rank of the UNDP resident representative in the duty station into account. He pointed out at the same time that staff members in the field, when promoted to the D-I level, would not necessarily only be stationed in one of these six duty stations, since this would hinder staff rotation and assignment. He also pointed to the fact that all six duty stations were located in countries where English was the main foreign language spoken and that the Executive Director needed flexibility in assigning field staff at the D-I level; otherwise, no French-speaking staff member would be eligible for promotion to D-I, except if he or she were assigned away from a French-speaking country to an English-speaking country, in which case his or her French-language skills would not be utilized.

39. In response to a question whether the realignment required Council approval, the Chief of the Division for Finance, Personnel and Administration explained that such decisions were clearly regarded as management decisions. He also stated that the realignment had no budgetary implications whatsoever.

40. In response to the questions on the renovation, the Deputy Executive Director explained that the Fund had received comprehensive budget estimates for renovating headquarters. The total costs were now estimated at $1,023,987.77, inclusive of architect's and engineering fees. This would cover the demolition of some existing partitions, installation of new heating/ventilation/air-conditioning ducts, new partitions, electrical work, painting, as well as new carpeting. The Deputy Executive Director noted that
while a more definitive costing could be made only when bids were submitted for actual construction, the office planner/architect hired by UNFPA had given assurances that the overall cost of renovation could be contained within budget estimates through adjustment of various components, for example by using dry wall instead of steel and glass partitions as had been originally planned.

41. Regarding delegates' concern about the development of a management information system, the Assistant Executive Director noted that the Fund had engaged the services of a respected consultancy firm to examine UNFPA's information needs and to devise a strategy accordingly. He explained that it was difficult to express an MIS system in terms of a cost-benefits analysis. Automation had certain incalculable benefits: speed, accuracy, accessibility, memory. The Fund planned to acquire a centralized data-base system with decentralized access. Within two years the Fund hoped to have a functioning system at headquarters and in at least 10 field offices, each of which could serve as a documentation centre. The Assistant Executive Director pointed out that while the Fund had not yet decided on a system, it did have a clear idea of what its needs and objectives were. These included a system capable of handling text and financial data as well as communications functions. He then outlined the costs to be derived from funding from the administrative budget and from the programme budget for the period 1988-1990. In response to the concern expressed about compatibility with other systems, the Assistant Executive Director assured Committee members that this was also one of the Fund's primary concerns and that it had researched this area thoroughly. He also assured delegates that UNFPA was quite familiar with the systems of other United Nations organizations and that its needs were such that it had to have its own system.

42. Addressing delegates' concerns about translating key UNFPA publications into other languages, the Deputy Executive Director provided Committee members with rough estimates of what this would cost. For example, the production of the Fund's newsletter in Arabic on a monthly basis would cost approximately $40,000 per year. The production of the Annual Report in Arabic would cost approximately $50,000 a year. Additional distribution costs for these publications would be about $10,000 a year. This would raise the cost of these two publications by some $100,000 a year, or by $200,000 on a biennial basis.
Further discussion of the Committee

43. Delegates thanked the Executive Director for her comprehensive explanation of the rationale for the realignment and for the revised organizational chart of the Fund.

44. Taking note of the revised organizational chart, one delegation sought clarification of the division of responsibility between the Deputy Executive Director and the Assistant Executive Director. Another delegate asked if the MIS Unit and the Library Unit were still part of the Programme Co-ordination, Management and Field Support Office, as they were not indicated on the new chart. This same delegate asked how the new chart fit in with the structure of the budget and its four Programmes (I-IV). He also observed that, according to the revised chart, nearly one-half of the staff did not report to either of the ASGs, reporting instead directly through the OED. He then asked when the Executive Director might restore closer links between the Technical and Evaluation Division and the programme divisions.

Response of the Administration

45. In addressing the division of responsibility between the Deputy Executive Director and the Assistant Executive Director, the Executive Director stressed that the Deputy Executive Director was the only deputy of the Fund. He was responsible for policy and administration, sat on all committees and was well informed on all matters pertaining to the Fund. The Assistant Executive Director assisted the Executive Director in programming. The Executive Director noted that at the time of her appointment last year many Council members had advised her that the Assistant Executive Director should focus mainly on programming. She therefore set about to reorganize the Fund in such a way as to discharge this function in as efficient manner as possible. She reiterated that the appointment of the Assistant Executive Director was done with the agreement of the Secretary-General. The Executive Director went on to explain that her predecessor had established a reporting procedure by which the Assistant Executive Director reported directly to the Executive Director. She noted that she maintained that procedure.

46. Concerning the placement of the Technical and Evaluation Division, the Executive Director explained that she had placed for the time being this division directly under her because of its vital importance in the Fund's strategic programming. She emphasized that UNFPA was committed to establishing a solid analytical foundation on which to base its programmes. This required substantive assessment of countries' needs, close monitoring of
programmes and projects, and feedback of evaluation results to programming. The Technical and Evaluation Division was instrumental in each of these activities. The Executive Director noted that she would continue to supervise the TED during the Fund's ongoing review and assessment of accumulated population experience, which was expected to be completed in mid-1989.

47. As regards the various units in the Office of the Executive Director, the Executive Director directed delegates attention to an organizational chart of UNDP. She noted that there were 10 units in the Office of the Administrator of UNDP, including a planning and co-ordination office. She explained that she had tried to parallel UNDP's structure and indeed had received advice from UNDP officials. She also pointed out that the MIS Unit and the Library were still under the Programme Co-ordination, Management and Field Support Office, even though they were not shown on the chart.

48. In response to the question on how the new chart fit with the structure of the budget and its four Programmes (I-IV), the Chief of the Division for Finance, Personnel and Administration provided the following breakdown:

- **Programme I** - all of the Office of the Executive Director;
- **Programme II** - the Division for Finance, Personnel and Administration and the Information and External Relations Division;
- **Programme III** - the four Geographical Divisions and the Technical and Evaluation Division;
- **Programme IV** - the Field Offices.