BUDGETARY AND FINANCE COMMITTEE
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ADOPTION 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 IV. FINANCIAL, BUDGETARY AND ADMINISTRATIVE MATTERS

B. Revised budget estimates for 1988-1989

1. For its consideration of this item of the agenda, the Committee had before it the following documentation:


DP/1988/52/Add.1, containing the Administrator's proposal to upgrade the post of the Director, Office of Project Services, to the Assistant Administrator level;

DP/1988/52/Add.2, containing the Administrator's proposal to upgrade the post of the Director, United Nations Development Fund for Women, to the D-2 level;

DP.1988/75 - Role and function of the United Nations Development Programme Office in Geneva, report of the Administrator;
2. In introducing the subject, the Associate Administrator drew the attention of the Committee to the unusual nature of the Administrator's mid-biennial budget. Normally a routine affair, confined to cost, currency and inflation adjustments to the biennial budget, already approved, the Administrator was also presenting for 1988-1989 a number of substantive proposals to the Committee for its consideration. Since these were contained in a series of separate documents, but the results of the decisions to be taken would be incorporated in the final appropriation decision, the Associate Administrator advised the Committee to refer to the report of the Advisory Committee on Administrative and Budgetary Questions (ACABQ) (DP/1988/58), which provided an integrated picture of how the various proposals would, if approved, have an impact on the appropriation decision. He further noted that the proposals in respect of UNDP Africa operations would be treated as a separate discussion, while the proposals in respect of The United Nations Volunteers (UNV) would be taken up in the context of the overall review of UNV.

3. Turning to the routine mid-biennial budget, the Associate Administrator noted that the UNDP revised estimates for 1988-1989 amounted to $397.3 million, against $394.1 million approved one year previously. Pointing out that the breakdown of the revised estimate was presented in detail in table 1 of DP/1988/52, he drew the attention of the Committee to the fact that the figures included a volume increase in respect of the Office for Project Services (OPS) of $3.7 million. The increase in the OPS budget was, however, being notified to the Committee ex post facto, the Administrator having already expanded the OPS budget and staffing level in exercise of the authority delegated to him in decision 82/31 of 18 June 1982.

4. The Associate Administrator went on to draw the attention of the Committee to the significant upwards cost-adjustment, amounting to $4.3 million, attributable principally to two factors: (a) adjustments in UNDP reimbursement to the United Nations for the services it provided; and (b) changes in staff entitlements as a result of various decisions of the International Civil Service Commission. The most significant among the latter
changes, he noted, was a most welcome and long overdue recognition of the additional costs associated with the mobility expected of UNDP international professional staff.

5. The Associate Administrator touched briefly on the proposed presentational changes in respect of the Consultative Group on International Agricultural Research (CGIAR) and the Information Referral System South (INRES/South), which UNDP was proposing to incorporate in the single appropriation line for UNDP core activities, as well as the introduction of a field office common services account. He felt that these changes were unexceptionable and would serve to rationalize the budget structure of UNDP and thus facilitate transparency and accountability.

6. The Associate Administrator then discussed the presentation contained in Section I of document DP/1988/52 on UNDP funding mechanisms for programme support and administrative service costs. Recalling the discussions in the previous year's committee on current practice in respect of the use of the support cost line, as well as the concerns of the Board of External Auditors, he stressed the inherent complexity of UNDP, which had evolved over the past 20 years. The variety of funding mechanisms cited in the presentation reflected the diversity of UNDP roles and responsibilities. The Associate Administrator went on to caution the Committee against any attempt to define watertight demarcations between administration, programme and support cost expenditures. While some measure of demarcation was, of course, necessary for the purpose of clarity and accountability, the dividing lines were inherently grey. Finally, he noted that, while the Administrator was making no specific recommendations on that subject, UNDP fully accepted the ACABQ recommendation that the two summary tables included in the presentation be updated and reproduced as a standard part of the biennial budget estimates.

7. Turning to the proposal to upgrade the post of the Director of the Office of Project Services to Assistant Administrator, the Associate Administrator conceded that the proposal presented a dilemma to the Committee in the current budgetary climate of the United Nations and in the aftermath of the Group of 18 report. The Administrator was conscious of that and had, therefore, only put forward the proposal after very careful consideration. He had done so because he felt that the case for an Assistant Administrator to head OPS was a compelling one, based on the scale and nature of OPS operations. He pointed out, moreover, that UNDP was a voluntarily-funded agency and should not therefore be subjected to the unit
Secretariat. In that connection, he noted that the UNDP overall stock of
senior managers at the Assistant Secretary-General/Under-Secretary-General
levels had remained constant since 1974, in contrast to that of the
United Nations. Finally, the Associate Administrator pointed out that OPS was
extrabudgetary to UNDP, its budget was fully funded from support-cost earnings
and the upgrade would not, therefore, constitute a charge to UNDP general
resources nor to its biennial budget.

8. In completing his presentation on the issue, the Associate Administrator
appealed to the Committee to judge the proposal on the basis of its managerial
merits, rather than on the basis of political considerations. He felt that
the Advisory Committee had not really addressed the merits of the case in
formulating its negative recommendation. Notwithstanding that, he hoped that
the Committee would see fit to support the proposal.

9. As regards the proposed upgrading of the Director of the United Nations
Development Fund for Women (UNIFEM) to the D-2 level, the Associate
Administrator noted the very strong recommendation that had been received from
the UNIFEM Consultative Committee on the subject. He went on to state that
that, too, was a meritorious case. The Administrator was, in effect,
correcting an anomaly in the UNDP grading structure. Under normal
circumstances, the Administrator would have submitted the reclassification in
the context of a full biennial budget. He felt, however, that the need to
recruit a new director of international stature in the coming months justified
his bringing the proposal to the Committee in a mid-biennial budget. Although
ACABQ had discounted this recruitment factor in making its recommendation to
defer the decision until the 1990-1991 biennial budget, the Associate
Administrator trusted that the Committee would recognize that it was an
important factor and would therefore support the proposal.

10. Finally, on the subject of the UNDP Geneva Office, the Associate
Administrator recalled the extensive informal consultations on the future of
the office and of the grading of its director. He stated that the review
before the Committee had been prepared in the belief that it placed the office
in its proper perspective. He further noted that the post of director would
be graded at the D-2 level on 1 October 1988, with the reassignment of the
present incumbent as Assistant Administrator in the Bureau for Special
Activities (BSA). There would thereby be a saving of $29,300 to the 1988-1989
biennial budget as a result.
Summary of the discussion in the Committee

11. On the subject of the routine mid-biennial budget, all members who spoke supported the Administrator's proposals, although several members requested further clarification about the authority that had previously been delegated to the Administrator in respect of OPS carry-over and budgetary flexibility. These members also requested further information on the basis for the OPS volume increase and asked whether the contractual status of OPS staff provided for a possible reduction in activities, sometime in the future. Several members asked the administration for further information on the methodology used in estimating inflation in the budget estimates. Another member, noting the decline in income estimates in respect of government contributions to local office costs, asked whether the consultation process that had been stipulated by the Council several years previously was working satisfactorily.

12. One member expressed concern about paragraph 47 of document DP/1988/52, which, the member felt, threw down a challenge to the Committee with respect to future proposals for budgetary increases. The member cautioned the administration against further budgetary increases, recalling that the United Nations was currently discussing a 13.2 per cent budget cut across the board; in these circumstances, UNDP should be guided by the spirit of the Group of 18. Several members expressed a general concern about the level of UNDP administrative costs, and scepticism as to whether the zero-growth principle had in fact been adhered to in the past several years. One member stated that his delegation did not view zero-growth as necessarily appropriate to the situation of voluntarily-funded organizations; his delegation would therefore judge any requests for volume increases on their merits.

13. There was also general support for the Administrator's proposals regarding format change as they would pertain to 1990-1991 biennium. Several members requested further information on the proposed field office common services account: would there be information available on the contribution of other agencies to the account? One member asked what the implications of the common services account would be for the existing arrangements in his country. In that connection, one member expressed reservations about the concept of contributions from the UNDP budget to what appeared to be an extrabudgetary account. Several members also requested clarification on the implications of the change for TCDC-INRES/South, since it was of an operational nature.
14. One member noted that the definition of IAPSU functions mistakenly omitted any reference to its promotion of procurement from developing countries.

15. Turning to the question of funding mechanisms, members generally felt that the presentation in document DP/1988/52 was helpful and endorsed the Advisory Committee recommendation that updated versions of the two summary tables be included in the biennial budget. Many members further acknowledged that transparency was not synonymous with simplicity. They approved of the concept of the "Great Divide" as explained in document DP/1988/52 and agreed that extrabudgetary activities should be treated separately. None the less, several members questioned whether the current application of those demarcations was fully appropriate. In that connection, one member questioned whether IAPSU would not be a more appropriate charge to the biennial budget than to the support cost line. Another delegation noted that the administration was in the process of ensuring that none of the programme logistical support projects subsidized the biennial budget. The same delegation noted the existence of project-funded posts in headquarters and, stressing that that was something that should be very strictly controlled, asked the Administration how many such posts there were currently in New York.

16. Several members, on the other hand, expressed concern at the lack of action-oriented proposals from the Administration on the subject of the funding mechanisms. One member was unconvinced by the rationale for the current practice in respect of the Great Divide. Another member appealed for proposals to simplify the whole UNDP budget system, which the member felt was too complicated. Another member expressed general dissatisfaction with the presentation, questioning the whole basis for current practice, which his delegation felt did not give a clear enough picture of UNDP administrative costs; in that connection, he inquired whether UNDP had implemented recommendation 24 (c) of the report of the Board of External Auditors on the UNDP 1986 accounts. This same member stated that, in the view of his delegation and of the Board of External Auditors, UNDP appropriation should be at a more detailed level. The member furthermore stressed that, in the opinion of his delegation, the primary role of UNDP should continue to be as a funding and co-ordinating agency.
17. As regards the Administrator's proposal to upgrade the Director, OPS, to the rank of Assistant Administrator, a number of members stated that their delegations were not convinced by the case made for the upgrading, particularly in light of the recommendation of ACABQ. They felt that the issue should be deferred until consideration of the 1990-1991 biennial budget in June 1989, at which time they felt that UNDP should present an overall review of its senior management structure. These members also stressed the need for a review of the role of OPS within UNDP and the United Nations system generally. They felt that such a review should precede any long-term decision as to grading of the post of Director. Several members, while agreeing with their colleagues that a decision on the issue should be deferred, also stated that in the view of their delegations, UNDP as a voluntary fund did not fall within the rubric of recommendation 15 of the Group of 18 on Assistant Secretary-General/Under-Secretary-General posts in the United Nations. Several members spoke in support of the Administrator's proposal on the subject. One such member emphasized the importance that his delegation attached to representation by a major group of donors at UNDP senior management levels. Another member requested further clarification on the Administrator's policies with respect to OPS, including its continued growth as an executing agency for UNDP-funded projects. Another member expressed his delegation's concern at the continued growth of OPS, which he felt distorted the primary function of UNDP as a funding and co-ordinating agency.

18. Regarding the upgrading to the D-2 level of the post of the Director, UNIFEM, most members agreed with the Advisory Committee that the proposal should be reviewed in the context of the 1990-1991 biennial budget estimates. In the meantime, several members indicated that they were not necessarily convinced by the argument that the current grading at the D-1 level was an anomaly in the UNDP structure: these members argued instead that perhaps the Directors of several other non-core funds of UNDP were, in fact, overgraded and that they should rather be downgraded to the D-1 level. Several members asked for further information on the relationship between UNIFEM and the Women in Development Division in the Bureau for Programme and Policy Evaluation (BPPE). Two members spoke in favour of the proposed upgrading, noting the strong recommendation of the UNIFEM Consultative Committee.

19. As regards the review of the Geneva Office, all members who spoke supported the Administrator's recommendations, although some expressed concern that the overall terms of reference in respect of the Office...
and too ambitious to be feasible within the available budgetary and staffing resources. Several members requested further clarification as to the precise nature of the relationship between headquarter units and the Geneva Office.

One member stressed that the Office could not and should not be a substitute for direct contact with the European agencies by the various substantive bureaux of UNDP. The member requested clarification on the proposed liaison function with the Organisation for Economic Co-operation and Development (OECD) in Paris and queried the potential for UNDP involvement in academic research projects. Two members stressed that, despite the necessity to downgrade the post of director, the UNDP Geneva Office was of substantial importance.

20. Several delegations expressed concern that the Associate Administrator's opening statement had not been made available to the Committee in the working languages of the United Nations.

**Response of the Administration**

21. In response to the various questions posed by the Committee, the Associate Administrator began by addressing those concerned with the routine budget submission and the general level of UNDP administrative expenditures. He pointed out that, while UNDP certainly felt obliged to approach budgetary issues in the spirit of the Group of 18 report, namely a commitment to maximize efficiency and cost-effectiveness, the Administrator was also obliged to advise the Council when he felt a significant mismatch in budgetary resources existed vis-à-vis the responsibilities of the Organization. This had been the pattern in respect of the Africa proposal (DP/1988/65) and paragraph 47 of the budget document was intended to notify the Council of the fact that this mismatch was not confined only to UNDP Africa operations. He reassured the Committee, however, that any further proposals to address the issue would be tabled as part of the 1990-1991 biennial budget estimates in June 1989; there was no attempt to preempt a review of these proposals by giving advance notice in the current year's document.

22. As regards inflation estimates, the Associate Administrator stated that UNDP used the same rates as did the United Nations for its headquarters. In respect of its field offices, on the other hand, resident representatives were charged with providing estimates based on a survey of locally available data, including UNDP-supported statistical projects and International Monetary Fund (IMF) data; these estimates were naturally checked against past patterns at a country level. As regards government contributions to local office costs,
he referred members to document DP/1988/51/Add.1 on the net flow of resources, which provided a clear statement of these contributions, the application of the accounting linkage and the shortfalls still remaining. He noted the concern of one member about the consultation process with Governments, which he, however, felt was working quite satisfactorily: no attempt had been made to over-bureaucratize the process, although each host Government was consulted on the overall level of office costs as part of the biennial budget process. Naturally, Governments differed in their degree of interest in the issue, which was in part a reflection of differing levels of obligation, dependent upon per capita gross national product (GNP). Consultations with net contributor countries were, not surprisingly, the most detailed.

23. As regards the delegated authorities in respect of OPS, the Associate Administrator pointed out that there were two such authorities: the first of these was in respect of budgetary flexibility, embodied in decision 82/31 (not 84/30, which had been erroneously quoted in DP/1988/52). This enabled the Administrator to adjust the budgetary and staffing level of OPS, within available support cost earnings, provided that the OPS budget did not exceed 13 per cent of programme delivery; in practice, the level had never exceeded 10 per cent and was currently around 7 per cent. The second authority, embodied in decision 83/30, was to carry forward unutilized support cost earnings between biennia up to 10 per cent of gross appropriations for the new biennia. That was to enable some flexibility to management, in the event that OPS operations had to be decreased because of a falling off of project work. In fact, at the end of 1987, unutilized balances stood at $3.9 million, of which only $2.6 million could be carried forward into the 1988-1989 biennium, in line with the 10 per cent ceiling. The balance of $1.3 million reverted to UNDP general resources. As regards the basis for the Administrator's approval of the OPS increase, the Associate Administrator stated that that was to enhance the Office's overall capacity in terms of programme management, purchasing and personnel administration, in line with actual workload requirements.

24. With regard to the proposed presentational changes, the Associate Administrator re-emphasized that the proposal in respect of INRES-South was of no substantive significance. INRES-South operated as a part of the TCDC Unit, and the operational implications of the change were nil. The Deputy Assistant
Administrator, BFA, provided further background on the Field Office Common Services Account, which he stated was intended to increase the transparency of presentation on this subject. He emphasized, moreover, that the contribution of UNDP itself to the Common Services Account would continue to be a part of its core budget. The contributions of other agencies could be made available to the Committee, once the mechanism was fully in place. As regards the existing arrangements in individual field offices, these would be substantively unaffected, although the accounting treatment of them would be improved.

25. The Associate Administrator noted the various comments made by members on the funding mechanisms presentation. He stressed that, to the extent that members did not agree with current practice, the Administration would be pleased to accept appropriate guidance as to what improvements or changes should be made. He confirmed that the description of IA2SU in the paper was somewhat truncated and stressed that that did not signify any change in perception on the part of the Administration. He further advised the Committee that there were currently 22 project-funded professional staff in UNDP headquarters and a similar number of support staff. In connection with a definition of extrabudgetary activities, the Associate Administrator referred members to the detailed definition of that element of the budget contained in last year's full biennial budget proposal, document DP/1987/55 Volume I. As regards recommendation 24 (c) of the Report of the Board of External Auditors on UNDP 1986 accounts, the Associate Administrator confirmed that a Schedule 6.1 of the 1987 accounts presented a summary of expenditures against appropriation estimates by major category of expenditure for the UNDP core budget.

26. The Associate Administrator went on to discuss the overall philosophy governing the classification of expenditures in the budget and in the financial statements. While some system of demarcation was desirable, members should not believe that any system, whether the current one, or any newly proposed version, would be entirely satisfactory in the complicated, interconnected business in which UNDP was engaged. From the Council's standpoint, he went on to suggest, while the appropriate funding and classification of a given expenditure was indeed an important issue, of far greater importance was the issue of whether the expenditure was justified in the first place, no matter what the source of funding.
27. Turning to the level of detail of the UNDP appropriation decision, the Associate Administrator referred to the report of the Advisory Committee on, *inter alia*, UNDP 1986 audited accounts (A/42/579), in which it stated that, having reviewed the actual budgetary performance of UNDP over the past two biennia, the Committee did not feel that a compelling case had yet been made to change the appropriation decision at the present time. The Associate Administrator therefore felt that the Committee should give the Administrator the benefit of the doubt on the issue, until and unless actual performance warranted a closer control of the appropriation.

28. On the question of upgrading the post of Director, OPS, the Associate Administrator stated that the Office had been the subject of a substantial discussion in the Council in 1984, on the basis of a report on OPS by the Joint Inspection Unit. He further noted that the topic of management services was to be reviewed in some detail following completion of the budget debate. He therefore questioned the value of subjecting the Office to yet another overall review.

29. He further emphasized that the growth of OPS workload was a function of decisions taken in many places by different parties, not a reflection of a concerted campaign by the Administration. For example, decisions in respect of the execution of IPF projects were principally taken by the recipient Governments themselves, together with the resident representatives concerned. Similarly, the growth of the management service modality was a reflection of decisions taken by donor and recipient Governments, rather than by UNDP itself.

30. The Associate Administrator denied that there was any evidence to support the contention that the continued growth of OPS served to dilute either the central funding or the co-ordinating role of UNDP. If anything, there was evidence that the work of OPS tended to reinforce the centrality of UNDP in the development process in many countries. In that regard, however, he pointed to the data provided in the *ex post facto* report (DP/1988/54), which suggested that a much more significant factor in the dilution, if indeed it existed, was the growth of non-UNDP funding of agency programmes, which was itself a function of individual donor decisions. Thus, it was up to the donor community to determine the most efficient and effective means to deliver technical co-operation activities.

31. He confirmed that, in the event of a decline in OPS operations, the Administrator would propose a downgrading of the post of Director; the post
of Director of the Geneva Office was a case in point. The Associate Administrator further confirmed that the contractual status of OPS staff was monitored carefully, to ensure that a contraction of operations could be effected without incurring substantial termination payments. In that connection, he noted that one third of the OPS professional staff held L contracts, while a substantial number of the rest possessed fixed-term contracts only. The Administration was mindful of the need to maintain such room for flexibility. As regards the accountability of OPS, he pointed out that, in many respects, the Administrator's control over OPS was much greater than that for other executing agencies, since he could hire and fire the accountable managers directly.

32. The Associate Administrator saw little value in deferring the decision on the proposed upgrading until February or June 1989. He went on to regret that the Advisory Committee had not tackled the substantive argument for the upgrading, pointing out, however, that ACABQ was an advisory body only and the UNDP Governing Council was sovereign on matters relating to UNDP. The Associate Administrator also acknowledged the possibility of preparing an overall review of UNDP senior management structure, although he pointed out that such a review had been provided to the Secretary-General, following the Group of 18 report; the review had been provided to the Council last year.

33. In concluding his response on the subject, the Associate Administrator stressed that UNDP was operating in a dynamic environment, with rapid changes in its operations, particularly in OPS. Under such circumstances, UNDP could not continue in the same mould as it had done for the past 10 years; instead, management must be encouraged to think ahead and adapt the organization as appropriate. He trusted that the Committee would support the administration on that basis.

34. In reference to the proposed upgrading of the UNIFEM director, the Associate Administrator pointed out the shared responsibility of the UNDP Governing Council and the UNIFEM Consultative Committee for the governance of the Fund. He further stressed the fact that the UNIFEM mandates extended beyond pure fund management, which made funding level a poor proxy for the level of responsibility borne by the Director. As regards the relations between UNIFEM and the Division for Women in Development, the Associate Administrator felt that the approved terms of reference on the subject made the distinction in their respective roles very clear. Finally, he reiterated
the Administrator's view that the recruitment factor was a significant consideration in seeking approval of the upgrading in mid-biennium.

35. Taking up the question of the Geneva Office, the Associate Administrator recalled the numerous consultations that had taken place on the issue, and the general understanding that had emerged, to the effect that the post of Director should be graded to the D-2 level. He did not agree that the proposed role of the Office was over-ambitious, since there was no question of the office assuming policy-making functions in lieu of headquarters units. In that regard he corrected any misapprehensions that might exist concerning the relationship of the office to headquarters units. The office, he stated, was to be an "honest broker" in terms of the various UNDP relationships in Europe, supporting and assisting in the implementation of policies established at headquarters. This was not an either/or issue: headquarter units would maintain their direct linkages with agencies. In reference to local government co-operative ventures, the Associate Administrator stated that these had so far proved to be a promising new source of collaboration for UNDP, which merited further attention. As for liaison with OECD, he had personally discussed it with the Chairman of the OECD Development Assistance Committee (DAC), which had supported the idea. On the question of the Office's involvement in the academic world, the Associate Administrator cited his own experience with Glasgow University, in which UNDP had been able to play a modest, yet catalytic role in the introduction of a United Nations course at the university.

36. On the question of providing the opening statement of the Administrator in all the working languages of the United Nations, the Assistant Administrator stated the UNDP would comply with such a request if the Council so decided.

Further statement by the Administration on the Supplementary Budgetary Proposals for Africa

37. In introducing the Administrator's proposals contained in document DP/1988/65, the Assistant Administrator, Regional Bureau for Africa, referred to his opening statement at the previous day's plenary debate on UNDP operations in Africa, in which he had dealt in some detail with the substantive element of UNDP programmes in Africa, especially with respect to the United Nations Programme of Action for African Economic Recovery and
Development (UNPAAERD). For the purposes of the Budgetary and Finance Committee, he would shift the focus to the details of the budgetary proposal.

38. In total, the Assistant Administrator noted, the package being proposed amounted to $7.8 million per year, $5.6 million for the field and $2.2 million for headquarters. This represented a 16 per cent increase in the UNDP Africa budget, and a 5 per cent increase in UNDP overall core budget, a substantial budgetary augmentation which the Administrator believed to be fully justified in terms of the actual requirements in Africa.

39. Summarizing the suplementary budgetary proposal for the field offices in Africa, the Assistant Administrator noted that the Administrator was requesting a further eleven economists, 13 more international professionals, 52 more national professional officers and 107 local support staff. He stated that there was a deliberately heavy emphasis in the proposal on increasing the number of national professional staff, who offer the potential for stability and continuity in the field offices at the middle management level. There was also provision for $200,000 to improve communications infrastructure for the field office network by means of ground satellite stations, beginning on a pilot, experimental basis.

40. Turning to the headquarters element of the package, the Assistant Administrator advised the Committee that it consisted of three more professional economists, eight more middle managers and 17 support staff. He pointed out, however, that seven of the eleven new professional staff were already in position as a result of an extraordinary temporary strengthening package approved for the Bureau by the Administrator in late 1986. Much of what was being proposed in respect of headquarters was, in effect, regularization of the temporary strengthening, which had been accomplished by means of temporary assistance, borrowed posts, project-funded posts and supernumerary arrangements.

41. As regards the rationale for the economist element of the package, the Assistant Administrator stressed the importance of UNDP being able to contribute to the development process on an intellectual and substantive level. Experience with the economists to date had demonstrated convincingly that they could make a highly valuable contribution in that respect, maintaining quality control on UNDP-sponsored inputs into the round-table process, as well as assisting UNDP-funded planning projects. In evaluating
experience with the economists to date, however, UNDP had concluded that multi-country coverage diminished the effectiveness of the economists: hence the proposal to reduce country coverage, and to augment the economists with national professional economists and JPOs.

42. The Assistant Administrator felt that the emergency response capability element of the proposal required little further elaboration, since it was apparent that some such capability was essential if UNDP was to be in a position to respond rapidly to emergency circumstances in the Continent. He emphasized, however, that these posts would be treated as temporary and might be redeployed within the Continent, according to the shifting pattern of requirements for operations of the kind that currently characterized Ethiopia, Mozambique, Angola and Chad.

43. Turning to the middle-management element of the package, the Assistant Administrator noted the importance of programme delivery in Africa and stated that the Administrator placed heavy emphasis on that factor. Moreover, he did not see that as being separate from the round-table and National Technical Co-operation Assessments and programme processes (NATCAP): these modalities were inextricably linked with the question of quality project identification and overall programme delivery.

44. All in all, the Assistant Administrator felt that the package was fully commensurate with the needs and he therefore commended the package to the Committee for its approval. In doing so, he stated that the package was proposed for implementation with effect from 1 July 1988, and that the dollar value of the appropriation increase being sought was $11.6 million, equivalent to 1.5 years in the 1988-1989 biennium.

Further discussion in the Committee

45. All members who spoke supported the Administrator's proposals with respect to his supplementary budget for UNDP Africa operations. Several members confirmed that, from their personal knowledge of UNDP operations at headquarters or in the field, such a strengthening package was indeed highly necessary. One member inquired as to whether the proposal had been fully discussed with the Economic Commission for Africa (ECA) and the Organization for African Unity (OAU).

46. Several members requested clarification as to the methodology that had been applied in determining the magnitude and nature of the increases being
proposed. Several members noted the relatively high proportion of the package that was devoted to headquarters, and expressed some reservations on this score. One member indicated that there was insufficient justification for the headquarters element of the package. A few members also questioned the use of the 40 per cent figure for determining the budgetary needs with regard to general operating expenses. Several members requested further clarification of the Administrator's proposal in respect of communications. Some other members requested some interpretation of the staffing tables which accompanied the proposal; they were, for instance, unclear as to how the extraordinary temporary strengthening package approved by the Administrator was reflected in these tables. They also requested clarification as to why 17 support staff were being proposed, whereas there were only 11 professional posts being proposed for headquarters. They also requested clarification of the role to be played by the national economists and JPO economists.

47. Many members emphasized the importance of quality in every aspect of the package: the quality of the round-table process, of the NATCAPs and of project delivery itself. They hoped that the UNDP Administration would ensure top quality staff throughout the region. They also sought reassurance that the economists would in fact be charged with doing economic analysis and not become another form of generalist manager. Several members expressed the view that the economists should be full members of the resident representative's team, and not out-posted headquarters staff members. There was general agreement that UNDP should be more than merely a facilitator of meetings, but should be in a position to lay a substantive and constructive role in discussions.

48. Noting the proposal for three regional programme officers in field offices, one member stated the view that subregional integration was a priority issue in Africa and requested clarification of UNDP policy in this regard. Another member noted the Administrator's paragraphs on the United Nations's terms and conditions of service in Africa, in which it was stated that the United Nations was losing its competitive edge, as measured by its ability to attract the best calibre of staff: the member stated that UNDP could not expect to avoid the prevailing budgetary stringency that characterized public sector agencies throughout the world.
Further response of the Administration

49. In responding to the various questions posed, the Assistant Administrator first confirmed that the proposals had been discussed in some detail with the former Chairman of the OAU and on a personal and informal level with the Executive Secretary of ECA. Indeed, there were close operational links between UNDP and both of these African organizations.

50. He further confirmed that the economists were charged with undertaking economic analysis. In fact, each economist had detailed terms of reference and each prepared a work plan which was approved by the Assistant Administrator himself. The workplan was discussed in detail with the respective resident representative and, the Assistant Administrator stated, relations between resident representatives and the economists worked well. As regards the disposition of the economist posts, he stated that priority had been given to least developed countries (LDCs) and round-table countries; the three exceptions were Senegal, which was an "as if" country, Ghana, which was accorded an economist for historical reasons and Angola, which was a member of neither IMF nor the World Bank and where the potential role of UNDP was therefore especially important. The Assistant Administrator stated, further, that the economic policies as seen through the round-table, Consultative Group and NATCAP perspectives would have a special impact on fifth cycle programmes in Africa. It was necessary to view the current plans in that time frame.

51. He went on to confirm that the infusion of staff as part of the special emergency strengthening of the Bureau had undoubtedly had a positive impact upon overall programme quality and delivery. While he sympathized with concerns that had been expressed about the size of the headquarters element of the package, he felt that any study of workload would fully justify what was being proposed. At headquarters, it would mean that the area officers now had a reasonable span of coverage.

52. In response to the question on subregional integration, the Assistant Administrator confirmed that that was also a priority for the UNDP-funded regional programme, which was one of the reasons for establishing the three new outposted regional programme officers, one for West Africa, based in Abidjan, one for Central Africa, based in Libreville, and the third for Southern Africa and the Southern African Development Co-operation Conference (SADCC) mechanism, based in Lusaka. He noted that there had, for some years, been a liaison office with ECA and OAU in Addis Ababa.
53. As regards the recruitment of the economists, the Assistant Administrator confirmed that, once the posts were approved by the Council, a concerted effort would be made to recruit them as rapidly as possible. On the question of redeployment, he recalled that in 1985, when the first posts were approved, he had sought to acquire economists from the United Nations Conference on Trade and Development (UNCTAD), but that had had very limited results, yielding only one economist for one year.

54. By way of elaboration of that response, the Deputy Assistant Administrator, BFA, also stated that the administration had sought in 1985 to strengthen UNDP Africa operations by means of internal redeployment of staff from elsewhere in the organization. That had been effected on a modest scale at that time but, in the opinion of the Deputy Assistant Administrator, there was little if any further potential for such internal redeployment. Most parts of UNDP were fully stretched and, with the emphasis on the universality of the organization, there were really no redundant elements in UNDP. He stated, however, that BFA normally accorded each regional director the managerial prerogative of redeploying staff within the overall numbers approved for a region.

55. The Deputy Assistant Administrator also sought to clarify the staffing tables contained in document DP/1988/65, explaining in the first instance that the temporary strengthening that had been effected for the Regional Bureau for Africa (RBA) in late 1986 did not involve posts, but temporary assistance and supernumerary arrangements. These were not, therefore, reflected in the tables. He further confirmed that, in terms of emergency-related international posts, there were currently seven; a further six were being proposed, bringing the total number of such posts to 13 in all. In explanation of the downgrading of one post at the D-2 level in RBA, the Deputy Assistant Administrator stated that, while the LDC Co-ordinator post was to be upgraded from the P-5 level to the D-1 level, the senior economist post was to be downgraded from the D-2 level to the D-1 level so that all the division chiefs in the Bureau held the rank of D-1. The only D-2 level posts in the Bureau were the two Deputy Assistant Administrators; annex table IV provided details of the Bureau's staffing at the divisional level. As regards the number of General Service staff being proposed, he stated that senior General Service staff were used in a semi-professional capacity, such as personnel
assistants and programme finance assistants. There was, therefore, no direct link between the number of professionals and the number of support staff.

56. In explaining the use of 40 per cent as a proxy for general operating expenses, the Deputy Assistant Administrator explained that that was based on the normal pattern of expenditures in the Bureau and the field. It had been broken down to an object of expenditure level, information which had been shared with ACABQ. That could also be provided to interested members of the Committee. With regard to the communications proposal, the Deputy Assistant Administrator stated that that was a pilot project at the current stage, but one which the Administration felt could have excellent returns in terms of improved speed and reliability of communications. He would be reporting back to the Council on experience gained in that respect.