Thirty-sixth session
5-30 June 1989
Item 9 (b) of the provisional agenda

FINANCIAL, BUDGETARY AND ADMINISTRATIVE MATTERS

UNITED NATIONS DEVELOPMENT PROGRAMME

BUDGET ESTIMATES FOR THE BIENNIAL 1990-1991

Revised budget estimates for the biennium 1988-1989 and
budget estimates for the biennium 1990-1991

Report of the Advisory Committee on Administrative
and Budgetary Questions

1. In accordance with regulation 9.5 of the Financial Regulations of UNDP, the
Advisory Committee on Administrative and Budgetary Questions has considered revised
budget estimates for 1988-1989 and budget estimates for 1990-1991, as contained in
document DP/1989/55, volumes I and II. In accordance with Financial
Regulation 5.1, the Committee has also considered a report on Trust Funds
Established by the Administrator in 1988 (DP/1989/57), as well as a report
providing financial information on all Trust Funds established by the Administrator
since 1981 (DP/1989/57/Add.1). In addition, the Committee had before it a report
on the Role and Functions of the Office for Project Services (DP/1989/75). During
its consideration of these items, the Advisory Committee met with the
Administrator, the Associate Administrator and other senior officials of the
Programme.

2. The budget proposed by the Administrator for UNDP as a whole for 1990-1991
totals $567.6 million gross. As shown below, this reflects an increase of
44 per cent over the initial gross appropriations approved by the Governing Council
for 1988-1989; the increases over the revised estimates are also significant:

...
(Millions of United States dollars)

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<tbody>
<tr>
<td>Original</td>
<td>394.1</td>
<td>416.2</td>
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<tr>
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<td>(88/46)</td>
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<tr>
<td>DP/1989/55</td>
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<td>Increase (4) over (2)</td>
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<tr>
<td>Increase (4) over (3)</td>
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$173.5 44.0% $151.4 36.4% $138.0 32.1%
3. The Advisory Committee also notes that volume increases, as opposed to currency/inflation adjustments, accounted for most of the increases between the original appropriations for 1988-1989 and the subsequent revisions shown above. Volume accounts for $62,995.2 million of the increase of $138.0 million reflected in the 1990-1991 estimates (DP/1989/55) as compared to the final revised estimates for 1988-1989 proposed in the same document. The Committee points out that this growth, substantial in and of itself, assumes a greater significance because it has been proposed during a period of financial stringency in the rest of the United Nations system.

4. As stated by the Administrator in DP/1989/55, UNDP was conceived as the United Nations primary source of finance for technical co-operation and as the United Nations field office network, and the basic parameters of its operations were set out in the Consensus of 1970. (para. 56). As further noted by the Administrator, this "core" UNDP was soon augmented by new funds, programmes, and responsibilities, some of which, including OPS, arose from UNDP initiatives, and others from international concern for specific issues. That concern was subsequently translated into a variety of administrative entities "which reflected the wish of the international community to institutionalize this concern through specific, directed contributions" (para. 57).

5. The above trend has continued, and in recent years the field offices in particular have assumed a variety of new functions, including assistance to Governments in aid co-ordination, using for example, the round-table mechanism, the management of NATCAPS, assistance to Governments in the co-ordination of assistance in emergency situations, promotional activities, and resource mobilization. In view of this, the Administrator is proposing a general strengthening of the field office network, as well as the establishment of a complementary, yet new "instrument" in the field offices - the Development Support Services. Similarly, the activities of OPS, which began as a Division within UNDP in 1973, have evolved considerably from those envisaged at its inception (see paras. 36-43 below).

6. In this connection, the Advisory Committee notes that the Administrator believes that "the traditional view of UNDP as a fund for technical co-operation projects ... is increasingly outdated. (para. 142 of DP/1989/55) In the opinion of the Administrator, the "future of UNDP lies in being a development service institution", and that "the nature of UNDP work increasingly requires a substantive involvement in the development process ..." (paras. 135 and 134 of DP/1989/55).

7. The Advisory Committee is well aware of the changing nature of the demand for technical co-operation and for the need for organizations to adapt to those changes. At the same time, it is of the view that the growth and programmes of an organization should relate to a "blueprint" or plan. In the opinion of the Advisory Committee, the direction and essential purpose of UNDP have become less clear. Changes in the activities and methods of operation of UNDP have, over the years, been instituted to meet specific goals and have resulted in an organization which has grown incrementally rather than in an overall co-ordinated plan.

8. In this connection, the Advisory Committee recalls that 20 years have elapsed since "A Study of the Capacity of the United Nations Development System" (otherwise known as the capacity study), which preceded the 1970 Consensus approved in General
Assembly resolution 2688 (XXV). Bearing in mind the changing patterns in the needs of developing countries, the Committee is of the view that the time may have come for a renewed comprehensive look at UNDP and the role of the United Nations system in development. In underlining the importance of a blueprint, the Advisory Committee also points out that this overall plan should take into account the role and functions of all parts of the system, i.e. UNDP, agencies, and Governments. Moreover, the plan should reflect general agreement in the United Nations system and among member states about the relevant roles of UNDP, the executing agencies, and donor and recipient governments. As such, it should reflect the consequences for each partner of any modifications or changes.

9. The Advisory Committee understands that, as stated in paragraph 128 of DP/1989/55, a document presenting the Administrator's future vision of UNDP (DP/1989/14) will be before the Governing Council in June 1989. The Committee understands that the report reviews the capacity of UNDP to respond to the challenges of the 1990s and draws conclusions therefrom. The Committee further understands that in preparing the report, the Administrator conducted wide-ranging consultations. Notwithstanding the above, the Advisory Committee, bearing in mind that changes in UNDP's role have system-wide implications, believes that the consultations with agencies should also take place in the context of ACC and that conclusions drawn from the report should also reflect the concerns of the executing agencies.

10. This being said, the Advisory Committee trusts that the Administrator's report can be used as a catalyst for wide-ranging discussions and eventual agreement by the Governing Council on the future direction, role, and methods of operation of UNDP.


11. The revised budget estimates for 1988-1989 being proposed by the Administrator in part III of his report DP/1989/55 amount to $429.6 million (gross) and $340.5 million (net) for UNDP as a whole. The estimates for UNDP core activities amount to $347.1 million (gross) and $317.8 million (net).

12. In paragraph 42 of DP/1989/55, the Administrator states that the proposed increase of $13.4 million over the revised appropriations approved for UNDP as a whole in decision 88/46, is attributable to the following elements:

<table>
<thead>
<tr>
<th>Component</th>
<th>Amount (million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Currency</td>
<td>(6.5)</td>
</tr>
<tr>
<td>Inflation</td>
<td>3.8</td>
</tr>
<tr>
<td>Cost adjustments</td>
<td>5.2</td>
</tr>
<tr>
<td>Volume increase</td>
<td>10.9 (rounded to 11.0 in para. 42)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>13.4</strong></td>
</tr>
</tbody>
</table>

The Advisory Committee notes that a detailed breakdown of the above adjustments is provided in table III.2 of the Administrator's report.
13. Details concerning the increase of $5.2 million under other cost adjustments are provided in paragraph 51 of DP/1989/55. As stated in paragraph 51 (g), an increase of $2.7 million reflects "various changes in staff entitlements in accordance with actual expenditure patterns"; included under this is an amount of $1.6 million "reflecting increased assignment of staff on temporary detail in the field." In response to inquiries concerning these assignments, the Advisory Committee was informed that there was frequently a need to assign senior staff temporarily to fill vacant Resident Representative/Resident Co-ordinator posts, pending completion of the necessary clearances. Representatives of the Administrator went on to state that the clearance process was a significant practical problem, particularly in respect of delays related to the receipt of host government clearance. This sometimes has required as much as six months; consequently, important posts have been left vacant for an unacceptably long period. The Committee believes that host governments should take steps to ensure that unnecessary delays of this nature are avoided whenever possible.

14. The volume increase of $10.9 million included in the 1988-1989 revised estimates (see para. 12 above) relates to non-core units only, namely the United Nations Volunteer (UNV) programme and the Office for Project Services (OPS) as discussed below:

United Nations Volunteer Programme (UNV)

15. The volume increase for the UNV Programme totals $806,600. As stated in paragraph 46 of DP/1989/55, by its decision 88/46, the Governing Council approved a core budget of $16,000,000 for the UNV chargeable to the biennial budget of UNDP. By the same decision, the Council approved a supplementary budget for UNV headquarters, funded by means of an annual supplement to the core budget, of $3,500 per serving volunteer in excess of 1,000 on 31 December of the previous year. The Council stipulated that this supplement to the core budget be charged to UNDP general resources.

16. As explained in paragraph 47, taking into account the above, and on the basis of 1,269 serving volunteers as of 31 December 1987, the existing appropriation for UNV provides for a biennial budget of $17,883,000. The number of serving volunteers as at 31 December 1988 had increased by 265 to a total of 1,534 which yields an addition to the supplementary budget of $927,500 (265 x $3,500) for 1989 only, and thus a revised biennial estimate of $18,810,500. (In this connection, the Advisory Committee was informed that the figure of $18,709,000 in paragraph 47 was incorrect.) The Advisory Committee was informed that the amount of $18,810,500 represented the upper limit of the budget. As shown in table III.2, the Administrator's revised estimates, within that limit, total $18,386,200. They include a volume increase of $806,600, which has enabled him to establish a further 2 Professional and 7 General Service posts. The UNV staffing table in Geneva now totals 77, comprising 30 Professional and 47 General Service posts.

17. In paragraph 50, the Administrator requests the Council to reconsider the position it took in 1988 regarding the financing of the UNV budget, namely, that it be charged to the UNDP administrative and programme support budget. In this connection, the Administrator states in paragraph 50 of his report that the
Council's decision regarding the treatment of the UNV budget was different from his proposal, "namely that the whole of UNV's budget be charged to the support cost line of UNDP's general resources." In fact, the Committee notes that the proposal of the Administrator, considered by the Council in 1988, was not as summarized in paragraph 50 of DP/1989/55. Rather, the proposal involved the principal of cost-sharing, as stated in the Administrator's report in DP/1987/46 and reiterated in DP/1988/46/Add.1. The Administrator's position in those reports was that part of UNV's administrative costs covered basic managerial functions (which he identified) with little direct relationship to the actual provision of volunteers as project inputs.

18. As explained in paragraph 50, the rationale behind the Administrator's revised position (new proposal) to charge the UNV budget to the support cost line is that "UNV's principal function is the delivery of project inputs, i.e. UN Volunteers; the costs associated with this work therefore seemed to be analogous to the support costs of UNDP's executing agencies."

19. While not disputing the Administrator's statement concerning the principal function of UNV, the Advisory Committee nevertheless questions whether the whole of the UNV budget should be charged to the support cost line. Unless the above "managerial" functions have changed substantially in nature, the Advisory Committee believes that they should not be charged to the support cost line. On the other hand, given that the project-support function covers the major part of the total cost, the Advisory Committee would not object if a formula providing for an appropriate division of charges between the administrative budget and the support cost line could be formulated for consideration by the Governing Council.

20. In paragraph 50 of DP/1989/55, the Administrator also refers to an earlier agreement with the executing agencies by which they would receive support costs amounting to 6.5 per cent only on the UNV component of a project. In this connection, the Administrator informed the Advisory Committee that it would be his intention to implement this element of his proposal with effect from 1 January 1990 instead of 1989 as stated in paragraph 50.

Office for Project Services (OPS)

21. The volume increase of $10,145,300 for OPS is attributable to the addition of 52 posts (21 Professional and 31 General Service) to the OPS staffing table, the proposed upgrading of four management positions in OPS (as well as the upgrading of seven General Service posts), and the cost ($2.5 million) associated with relocation of OPS offices.

22. The Administrator discusses these matters in paragraphs 43 to 45 of DP/1989/55. However, as noted in paragraph 43, they should be read in conjunction with the Administrator's report (DP/1989/75), submitted in response to the Governing Council's request (decision 88/46) to present a detailed review of the role and functions of OPS.

23. That report discusses, inter alia, how the role of OPS has changed since its predecessor organizational unit was established; it also discusses the growth of...
its operations and the organizational changes it has undergone. In addition, the report summarizes the findings and recommendations of an independent consultants' review of OPS' organizational structure and management practices, and refers to recommendations which the Administrator has already implemented or proposes to implement.

24. As stated in paragraph 41 of DP/1989/75, the consultants' report addressed "corporate and strategic issues, the organizational features of OPS, its procedures, work flow and management practices, and staffing." Some of the consultants' findings and related recommendations are summarized in paragraphs 42 to 47 of DP/1989/75, and in paragraph 52 the Administrator states that he is in general agreement with the consultants' findings. Accordingly, he has decided to implement those recommendations which are within his authority and to recommend to the Council the adoption of the proposed organizational structure and staff increases.

25. The organigramme of the proposed OPS structure is included in DP/1989/75. In this connection, the Advisory Committee notes that the consultants identified a number of deficiencies related to the organizational structure of OPS, namely the need to enhance OPS' planning capability, the need for increased supervision, and the need to improve its management information and enhance its financial management. The consultants therefore recommended that OPS be organized into the following four major units, the functions of which are outlined in paragraph 45: Operations, Planning and Analysis, Project Support Services, and Finance and Information. As shown on the organigramme of the proposed structure, each of these units is divided into sub-units.

26. The staffing recommendations of the consultants are discussed in paragraphs 50 and 51 of DP/1989/75. As noted therein, a total of 28 additional posts were recommended, which would have raised the staffing level approved by Governing Council decision 88/46 (134) to a total of 162 posts. However, as shown in table III.3 of DP/1989/55, the Administrator is proposing a staffing table of 186 posts (72 Professional and 114 General Service), i.e. an increase of 52 posts over the approved level. In this connection, the Administrator explains in paragraph 51 of DP/1989/75 that the staffing level recommended by the consultants as of March 1988 "reflected the situation and reasonable staffing targets in relation to workload then prevailing". However, because OPS workload continued to increase, the Administrator, by the authority granted to him in Governing Council decision 82/31, has authorized an additional 38 posts, including 14 of those recommended by the consultants. According to the Administrator, the posts which he has established "are less related to the consultants' recommendations as such [for structural and procedural changes] than to the increase in actual workload." The remaining 14 posts recommended by the consultants are currently being proposed for approval, thus raising the staffing level to 186. In the circumstances, and bearing in mind that 38 of the 52 posts has been established under the authority of the Administrator and that the remaining 14 relate to technical recommendations of the consultants, the Committee will not interpose any objections at this time.

27. The Committee notes that a major criticism of the consultants related to the "informal and apparently arbitrary method of assigning and monitoring the
individual workloads of PMOs." According to the consultants, OPS relies "on subjective means to determine staffing requirements of individual sections and, to a certain extent, of OPS as a whole" (para. 48 of DP/1989/75). Accordingly, the consultants have recommended that OPS develop a work measurement model to analyse work-load and staffing requirements.

28. The consultant also noted the lack of adequate information systems. As stated in paragraph 49 of DP/1989/75, "non-integrated systems have been developed and this has resulted in excessive manual effort, duplication of data entry and a need to continuously reconcile information generated from different sources."

29. In the opinion of the Advisory Committee the development of the planned integrated management information systems in UNDP as a whole (see paragraph 65 below), as well as the establishment of accurate work-load indicators should, in future, mitigate the need for further increases in staffing resources.

30. As mentioned in paragraph 21 above, the Administrator's revised estimates for OPS also include the reclassifications of four management posts. According to the Administrator, the selective reclassification of OPS's senior management positions is proposed "in order better to reflect the level of responsibility carried by the incumbents of these posts." (para. 43 of DP/1989/55).

31. In addition to the above-mentioned reclassifications, the Administrator is also proposing, in the context of the 1990-1991 estimates, (see para. 82 below) that the grading of the director of OPS be confirmed at the ASG level. As stated in paragraph 113 of DP/1989/55, the Governing Council approved the upgrading of the post through 31 December 1989, pending reviews of the senior management of UNDP and of the role and functions of OPS.

32. The position and concerns of the Advisory Committee regarding the reclassification of the Director to ASG level were outlined in detail in its report DP/1988/58. The Committee maintains its position as expressed in paragraphs 17 to 25 of DP/1988/58 and therefore recommends against the reclassification.

33. The Committee also recommends against the reclassifications being requested in the context of the revised 1988-1989 estimates. In this connection, the Advisory Committee notes the Administrator's statement in paragraph 44 that "the whole of OPS's new staffing structure will be reviewed from a classification standpoint in the months to come." In the opinion of the Advisory Committee, these reclassifications should be addressed in the context of the full classification review.

34. As stated in paragraph 21 above, $2.5 million of the volume increase for OPS relates to the non-recurrent capital costs of relocating its offices. In this connection, the Committee was informed that the move was a direct consequence of the continuing growth of OPS operations and that the amount involved related to the cost of preparing the new space for occupation. At its request, the Committee was provided with a breakdown of the amount by object of expenditure.
35. Notwithstanding the Administrator's statement that the expenditure can be fully accommodated from within OPS' support cost earnings (para. 45 of DP/1989/55), the Advisory Committee is of the view that the amount should have been absorbed from within existing resources and not requested as a volume increase, on an ex post facto basis.

36. As discussed in DP/1989/75, and as shown below, OPS operations have increased rapidly in recent years, particularly in the area of management services agreements (MSAs):

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<thead>
<tr>
<th>Year</th>
<th>UNDP funds</th>
<th>Trust funds</th>
<th>MSAs</th>
<th>Total expenditures</th>
</tr>
</thead>
<tbody>
<tr>
<td>1984</td>
<td>35.6</td>
<td>26.6</td>
<td>3.7</td>
<td>65.9</td>
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<td>1985</td>
<td>40.2</td>
<td>34.2</td>
<td>10.5</td>
<td>84.9</td>
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<tr>
<td>1986</td>
<td>57.4</td>
<td>38.7</td>
<td>29.7</td>
<td>125.8</td>
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<td>1987</td>
<td>63.2</td>
<td>40.8</td>
<td>51.2</td>
<td>155.2</td>
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<tr>
<td>1988</td>
<td>79.5</td>
<td>53.9</td>
<td>67.6</td>
<td>201.0</td>
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The Administrator states that it does not appear that the "trend towards further increases will level off in the immediate future" (DP/1989/75, para. 30). In this connection, the Administrator also states that "the demand for management services remains firm," and that "apart from expanding its cooperation with borrowers from the World Bank and the Inter-American Development Bank (IDB), OPS is at present engaged in providing services to beneficiaries of grants from seven bilateral donors ..." (para. 35 of DP/1989/75). The Advisory Committee understands that OPS has also been requested to carry out procurement activities using funds provided by a recipient Government.

37. The value of management service agreements accepted by OPS as of 31 December 1988 amounted to $302.7 million; at its request, the Advisory Committee was provided with a listing of those projects with the corresponding funding source.

38. The rapid growth in OPS operations is directly related to many of the problems identified by the consultants; indeed, it was "against the background of this dynamic growth in the operations of OPS" that the Administrator commissioned the above-mentioned review. (para. 37 of DP/1989/75)

39. The Advisory Committee discussed some of these problems with representatives of the Administrator who acknowledged their concern, particularly vis-à-vis a
number of infrastructure issues such as the need for greater decentralization and 
the delegation of appropriate authority, and the need for improved co-ordination 
within UNDP in respect of OPS activities.

40. Although the Administrator explains in general terms his plans for addressing 
these and other problems (para. 53 of DP/1989/75), the Advisory Committee points 
out that such remedial measures and changes cannot be enacted instantaneously. 
Nevertheless, while acknowledging a need to consolidate operations, representatives 
of the Administrator informed the Advisory Committee that the UNDP could not turn 
down requests for management service agreements.

41. The Advisory Committee noted in its report DP/1988/58 that the use of the 
management services modality by OPS raises the question of whether the multilateral 
character of that organization's programme has been affected; the same question 
could therefore be asked vis-à-vis any other agency using this modality. Although 
the UNDP administration contends that there is no evidence to support this view, 
the Advisory Committee believes its concern is valid, particularly if expenditures 
from MSAs exceed those from other UNDP funds; at that point, the Advisory Committee 
believes that the multilateral character of an organization's programme could be 
compromised. In the circumstances, the Advisory Committee believes that (a) the 
amount of MSAs accepted by an organization should be limited to a certain 
percentage of that organization's other sources of funds; (b) the amount of MSAs 
accepted by an organization from a member state should be limited to a certain 
percentage of that country's annual voluntary contribution to the core budget. 
Moreover, once this condition has been met, (c) the amount of MSAs accepted by an 
organization from any one bilateral donor in a given year should not exceed a 
certain percentage of the expected total value of MSAs received by that 
organization that year.

42. The Advisory Committee believes that the above limitations would serve to 
protect the multilateral profile of the organization delivering MSAs. At the same 
time, bearing in mind the increasing demand by governments for MSAs, the Committee 
recommends that other interested entities in the system who have the capacity to 
deliver MSAs should become more involved in doing so. In this connection, the 
Advisory Committee recalls that the Administrator has reported that his intent to 
involve the specialized agencies in the implementation of management services 
projects had "yielded modest results", in part due to "the character of these 
projects, which are often multisectoral and call for management direction rather 
than technical inputs", and in part because "negotiation of special support costs 
rates to be paid to the agencies has not been conclusive." (para. 32 of 
DP/1988/59). The Committee also understands that in some instances existing 
administrative and financial rules (or the absence of appropriate rules) may place 
constraints on an agency accepting MSAs. In the opinion of the Advisory Committee, 
the above-mentioned practical impediments should be dealt with expeditiously.

43. Bearing in mind its comments in the paragraphs above, the Advisory Committee 
is of the view that the Governing Council should, at its forthcoming session, 
establish guidelines to govern the future growth of OPS; in particular it believes 
that for OPS the annual growth in MSA expenditures should not exceed a certain 
percentage. Its reasons for believing that the growth of OPS should be controlled
include the following. In the first place, a continued increase in OPS' operations (which, in the Administrator's opinion is likely to continue) has related organizational (i.e. staffing) implications. Secondly, as pointed out, the management controls proportionate to OPS' size and volume of operations, have yet to be firmly established. Thirdly, and most importantly, the Advisory Committee once again cautions against continued expansion of OPS without adequate consultations with executing agencies and governments to ensure co-ordination and co-operation rather than possible duplication and conflict.

1990-1991 budget estimates

OVERVIEW

44. Section IV of DP/1989/55 contains the Administrator's 1990-1991 biennial budget estimates. As stated in paragraph 54, the 1990-1991 estimates for UNDP as a whole amount to $567.6 million (gross), an increase of $138.0 million (rounded) over the proposed revised estimates for 1988-1989. The increase of $138.0 million (rounded) over the proposed 1988-1989 revised estimates is attributable to the following factors:

<table>
<thead>
<tr>
<th>Increase/decrease</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Volume increase</td>
<td>62,995.2</td>
</tr>
<tr>
<td>Various cost adjustments</td>
<td>12,159.1</td>
</tr>
<tr>
<td>Currency adjustment</td>
<td>(3,142.6)</td>
</tr>
<tr>
<td>Inflation adjustment</td>
<td>65,965.0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>137,976.7</strong></td>
</tr>
</tbody>
</table>
paragraph 107 of DP/1989/55. The volume increase of $30,686,800 for core activities includes an amount of $3,738,100 for the six-month balance for the Africa strengthening package. In this connection, the Advisory Committee recalls that the Administrator's proposals for strengthening UNDP operations in Africa, as submitted in document DP/1988/65, were based on a full biennium of operations. However, the Council's approval was sought with effect from 1 July 1988 through the end of December 1989, i.e. 18 months. Because of this, the estimates for 1988, which were subsequently used as the base for the 1990 portion of the estimates, actually included only six months of the African package. To correct, or "biennialise" the 1988 base the Administrator has included the budgetary balance of the original 24 month, i.e. six months of operations at a cost of $3,738,100 as a "technical" volume increase in 1990-1991. The posts previously approved for the package already form a part of the base staffing tables.

47. The balance of the volume increase for core activities (i.e. excluding that related to the African strengthening package) represents the cost of the Administrator's proposals, discussed in paragraphs 82-108 of DP/1989/55, for increases in operating costs and a net addition of 364 posts, of which 69 would be at Headquarters and 295 would be in the field. As shown in tables IV.9 and IV.11, and as discussed in paragraphs 95 (a) and 105, the Administrator has also proposed a number of reclassifications at Headquarters and in the field.

Non-Core Units

48. Paragraphs 112-127 of DP/1989/55 summarize "the most important features of the Administrator's proposals in respect of Non-Core Units". These include his proposal that the grading of the Director of OPS be confirmed at the Assistant Administrator (ASG) level, and that the post of the UNIFEM Director be reclassified at the D-2 level. The Administrator is also proposing strengthening of the Inter-Agency Procurement Services Unit, the United Nations Capital Development Fund and the United Nations Sudano-Sahelian Office as follows:

<table>
<thead>
<tr>
<th>Service</th>
<th>IAPSU a/</th>
<th>UNCDF</th>
<th>UNSO</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Professional</td>
<td>1</td>
<td>3</td>
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<td>6</td>
</tr>
<tr>
<td>General Service</td>
<td>3</td>
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<td>-</td>
<td>6</td>
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<tr>
<td>National Officers</td>
<td>-</td>
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<td>3</td>
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<tr>
<td>Total</td>
<td>6</td>
<td>6</td>
<td>3</td>
<td>15</td>
</tr>
</tbody>
</table>

a/ As discussed in paragraph 114, the Administrator also proposes that the temporary posts approved by Governing Council 87/43 (1 Professional and 1 General Service) be converted to established status.

/...
49. With regard to the UNV programme, the Administrator proposes that, with regard to the 1990-1991 biennium, the core budget and per capita charge be revalued to allow for the impact of inflation (see para. 83 below).

50. As stated by the Administrator in paragraph 26 of DP/1989/55, "a conscious effort has been made to retain basically the same presentation as in the previous biennium." An exception to this is the introduction of a new appropriation line for the Field Office Development Support Services (see paras. 88-103 below). Further presentational changes include the incorporation in UNDP's core estimates of the estimates for TCDC-INRES and the Consultative Group on International Agricultural Research (CGIAR), pursuant to Governing Council decision 88/46. By the same decision, the Governing Council also approved the introduction of the Field Office Common Services Account. Consequently, as stated in paragraph 25, "the UNDP contribution to the CSAs, where they have been established is included in the expenditure estimates in table 4 and in tables 2/9 through 2/13 where applicable. Current expenditure estimates for CSA as a whole are included as a separate extrabudgetary account in table 7. CSA staffing is included in extrabudgetary staffing figures throughout the document."

51. The Administrator's budget submission also includes two reports prepared at the request of the Governing Council in its decision 88/46, namely a Review of Senior Management Structure and the Structure of the Appropriations Decisions.

Review of senior management structure

52. The Administrator's review of UNDP's senior management structure, called for in Governing Council decision 88/46, is contained in paragraphs 55-76 of DP/1989/55. According to the Administrator, UNDP's organizational and management structure "can best be reviewed, discussed and explained as an inner core with a variety of satellite programmes and funds". (Para. 59)

53. The Administrator discusses the "inner core" in paragraphs 60-63; table IV.2 lists the organizational units falling under this classification with the corresponding functions and management structure. As shown therein, the function of programme management is carried out by regional bureaux and the field offices, an arrangement which the Administrator has found satisfactory. In this connection, the Administrator adds that "once the regional bureau concept is accepted, then economies of scale and other efficiencies can be effected by centralizing policy and administrative support services, which is precisely the way in which UNDP is currently organised." (Para. 62.) At the same time, the Advisory Committee notes the Administrator's statement that further "synergy" could be achieved by integrating external relations, information management and resources mobilization into another Bureau. "However, in the present climate of restriction on senior posts in the Secretariat", this has not been done. The Administrator concludes that "these issues apart, no major modification to the existing structure is anticipated in respect of UNDP's inner core", but organizational changes will be presented if necessary.

54. In the opinion of the Advisory Committee, thought should be given not to the possibility of creating another Bureau (headed by an ASG) but to abolishing an ASG post, pursuant to the recommendation of the Group of High-level Intergovernmental /...
Experts. In this connection, the Committee also notes that the Administrator has moved the Division of Personnel from the Bureau for Finance and Administration (BFA) into his office. The question therefore arises if the BFA should continue to be headed by an ASG. The Administrator has not, however, addressed this issue in his report.

55. The Satellite Programmes and Funds are listed in table IV.3. As indicated by the Administrator in paragraph 64, this covers those programmes and funds which exist as separately administered units, and the issue "is therefore one of whether they should be maintained as separate structures, or integrated into the UNDP core structure". In this connection, the Administrator points out in paragraph 56 that not all of those programmes and funds have achieved the level of financial support commensurate with their political support, and that, "below a certain level of overall resources, the administrative costs of maintaining an independently managed structure become high".

56. Although the Administrator stops short of recommending a change in the structure of the satellite programmes and funds, he does recommend that "the continued validity of such arrangements should be periodically reviewed by the international community" (para. 76). In the mean time, as outlined in paragraph 69, "the Administrator feels it is his responsibility to ensure that they are integrated as far as possible with the mainstream UNDP programme and that they are managed as efficiently and as cost effectively as possible".

57. In the Advisory Committee's opinion, the Administrator has raised a number of important points which should be considered by the Governing Council. For its part, the Advisory Committee sees merit in combining the administrative structures of those funds/programmes, which have failed to achieve the necessary financial support. Such arrangements need not impinge on the identity of programmes or interfere with their objectives; they would, however, result in lower administrative costs.

Core

58. As stated in paragraph 47 above, most of the volume increase of $30,686,800 for core activities relates to the Administrator's proposals to strengthen both headquarters and field offices as shown below:
### New posts

<table>
<thead>
<tr>
<th></th>
<th>Established</th>
<th>Temporary</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>FIELD</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>International Professional</td>
<td>40 a/</td>
<td>5</td>
<td>45</td>
</tr>
<tr>
<td>Field Service</td>
<td>6</td>
<td></td>
<td>6</td>
</tr>
<tr>
<td>National Officers</td>
<td>79</td>
<td>(6) b/</td>
<td>73</td>
</tr>
<tr>
<td>Local level</td>
<td>194</td>
<td>(23) b/</td>
<td>171</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td>319</td>
<td>(24)</td>
<td>295</td>
</tr>
<tr>
<td><strong>HEADQUARTERS</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>International Professional</td>
<td>26</td>
<td>(2)</td>
<td>24</td>
</tr>
<tr>
<td>General Service</td>
<td>46</td>
<td>(1)</td>
<td>45</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td>72</td>
<td>(3) c/</td>
<td>69 d/</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>391</td>
<td>(27)</td>
<td>364</td>
</tr>
</tbody>
</table>

a/ Includes 12 posts non-specific to one region. See paragraph 95 (b) of DP/1989/55.

b/ As explained in paragraph 87 of DP/1989/55, the Administrator is proposing to convert 6 National Officer and 23 local level temporary posts to established status. These posts were created as "emergency" posts; however, this concept is now being limited to international staff. The Administrator therefore submits that the posts should be converted to established status.

c/ The Administrator proposes to convert these posts to established status. As explained in paragraph 104 of DP/1989/55 they comprise the posts of the second Deputy Director of the RBA and his secretary, as well as a Professional post in TCDC/INRES.

d/ Forty-eight of these posts (12 Professional and 36 General Service) represent regularization of various temporary arrangements, including incorporation into the core budget of posts previously funded from programme resources (para. 101 of DP/1989/55).

59. The Administrator is also, as discussed below, proposing a number of reclassifications for both field and headquarters.

60. As discussed in paragraphs 85-97 of DP/1989/55, and as shown above, the Administrator's proposals for strengthening the field entail the net addition of 295 posts. The bulk of the proposed package relates to the Asia and Pacific region since African field offices were strengthened during 1988. The Committee notes that the proposed Professional and National Officer posts relate to four general
Emergency, Aid Co-ordination, General Strengthening, and Management and Administration as follows:

<table>
<thead>
<tr>
<th>Function</th>
<th>Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>Emergency</td>
<td>5</td>
</tr>
<tr>
<td>Aid Co-ordination</td>
<td>7</td>
</tr>
<tr>
<td>Regular Strengthening</td>
<td>73</td>
</tr>
<tr>
<td>Management and Administration</td>
<td>33</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>118</strong></td>
</tr>
</tbody>
</table>

61. As shown in paragraph 58 above, a net addition of 69 established posts is being proposed for UNDP headquarters. According to the Administrator, 48 of the 69 posts (12 Professional and 36 General Service) represent the regularization of various temporary arrangements which he has effected in recent years to cope with increased work load. In addition, the Administrator explains that "such regularization also involves incorporating in the core budget posts which have in recent years been funded from programme resources." (para. 101) These include the post of Division Chief for Central America, originally created with SPR financing, the staffing of Short Term Advisory Services (STAS) (one Professional and two General Service) funded from the SPR the past two biennia on a trial basis, and the Deputy Director of the Division for Global and Interregional Programmes (DGIP) "which post has de facto been supported from interregional programme funds." (para. 101) The remaining 21 posts include 10 Professional posts which will be used to strengthen various offices as follows:

<table>
<thead>
<tr>
<th>Office</th>
<th>Posts</th>
</tr>
</thead>
<tbody>
<tr>
<td>Division of Personnel</td>
<td>3</td>
</tr>
<tr>
<td>Bureau for Programme Policy and Evaluation</td>
<td>4</td>
</tr>
<tr>
<td>Division of Information</td>
<td>1</td>
</tr>
<tr>
<td>Planning and Co-ordination Office</td>
<td>1</td>
</tr>
<tr>
<td>(Office of the Administrator)</td>
<td></td>
</tr>
<tr>
<td>Division of Finance</td>
<td>1</td>
</tr>
</tbody>
</table>

62. The Administrator's discussion regarding Management and Administrative capacity in the field includes his proposal to rename the the Assistant Resident Representative (administration) as Operations Manager (OM), to designate the OM post as the third senior post in the office, and to reclassify 45 of these posts to a higher level. At the same time, a new personnel policy would be implemented which would require staff to serve a term as an OM before progressing to the most senior management levels. According to the Administrator, "this mix of proposals will ensure that all UNDP management-level staff serve at least one assignment in

/...
these functions, which remain critical to actual performance in the field. This would also in time ensure more experienced administrators and managers at the most senior levels". (Para. 95 (a) of DP/1989/55.)

63. In response to inquiries concerning this proposal, the Committee was informed that the administrative function has not been accorded the necessary prominence within the organization; this has resulted in a "scarcity of experienced office administrators who can handle the increasingly complex and wide-ranging challenges faced by the field offices." (Para. 95) The Administrator's proposal is therefore an attempt to redress this situation. While the Committee does not object to this proposal, it points out that its success will depend on the endorsement of the concept by senior management at both headquarters and in the field.

64. The Administrator's proposals under Management and Administration (see para. 60 above) also include the addition of 21 National Officer posts in order to address the need for more appropriate support in the field in the areas of computerization and information support. Funds in the amount of $350,000 each year would also be made available "for specific field office assignments in computerization." (Paragraph 95 (c) of DP/1989/55) The Committee does not object to these requests.

65. As shown in paragraph 61 above, with regard to headquarters, the Administrator is proposing one Professional post each for the Planning and Co-ordination Office (PCO) and the Division of Finance (DOF); the Advisory Committee notes that these are also EDP-related. In this connection, the Administrator states in paragraph 102 (c) that the incumbent of the new Professional post in PCO will "manage from an end-user standpoint the development, and maintenance of an innovative Programme and Project Management System (PPMS) designed to link field offices and headquarters in an integrated management information and control data base." Similarly, the incumbent of the Professional post for the DOF will manage the end-user aspects of "a new generation of financial systems for the organization as a whole", which the Administrator considers it necessary to develop. As explained in paragraph 108 (f) of DP/1989/55, the development of these systems features in UNDP's overall EDP strategy. The Advisory Committee does not object to these posts.

66. As indicated in paragraph 60 above, the Administrator is proposing five new International Professional posts (temporary) for the "emergency" function in the field; in this connection, he states in paragraph 86 that "he is extending the concept beyond Africa by including temporary emergency posts in Afghanistan and in Central America, in order to strengthen the capacity of UNDP to cope with specific emergency programmes in these two areas of the world." The Administrator also proposes to limit this concept to international posts only, and therefore is seeking to convert 6 National Officer and 23 local level posts in Africa (created as temporary emergency posts) to established status, in order to strengthen the offices concerned.

67. The seven additional aid co-ordination/economist posts (2 in Africa and 5 in Asia and the Pacific), relate to the Administrator's view of the "desirability of providing an experienced development economist on the staff of the Resident Representatives with these responsibilities". (Para. 88 of DP/1989/55).
68. As shown above and as discussed in paragraphs 90-94 of DP/1989/55, the Administrator's proposals for general strengthening, which focus on (but are not limited to) the situation in the Asia and Pacific region, include the addition of 21 International Professional Posts and 52 National Officers, (as well as most of the new local level posts). In paragraph 92 the Administrator explains that in addition to strengthening those offices which are "structurally understaffed", he is also proposing strengthening in Fiji, Samoa, Kampuchea, Kenya, the United Republic of Tanzania and Namibia. In this connection he notes that the strengthening in Namibia and Kampuchea is "to ensure that UNDP is in a position to respond promptly and effectively to critical developments in these countries"; the strengthening in the other countries relates to the "realities of the Pacific region" (Fiji and Samoa) and "specific administrative requirements" (Kenya and United Republic of Tanzania).

69. As noted in paragraph 82 of DP/1989/55, the Administrator's proposals for field offices are linked, in part, to strengthening UNDP's substantive capacity in a number of areas. The same can also be said with regard to a number of the posts proposed for headquarters (particularly Professional). For example, the Professional posts proposed for the Bureau for Programme Policy and Evaluation "are intended to strengthen the technical quality of UNDP-financed technical co-operation activities." (Para. 102 (b) of DP/1989/55.) In this connection, the Administrator also states that "an institutional capacity to orchestrate a global network which gives access to a broad base of knowledge and experience does require a minimum number of highly specialized advisers in the Technical Advisory Division". The Administrator also links his proposals to the future role of UNDP, stating, for example, that three new Professional posts in the Division of Personnel are required "if UNDP is to live up to the expectations placed upon it in the 1990's, a dynamic, pro-active approach to human resources management is necessary". (Para. 102 (a) of DP/1989/55.)

70. The Administrator believes his proposals are justified, noting inter-alia that the challenges facing the field offices have become more complex and varied. With regard to headquarters, he states that while the budget throughout the 1980s was contained within a zero-growth framework (with the exception of the Regional Bureau for Africa), the work-load continued to increase, "with the inevitable result that a number of organizational units have become extremely overworked and understaffed." (Para. 98 of DP/1989/55.)

71. Notwithstanding the Administrator's explanations, the Committee, with a few exceptions (see paras. 63-65 above) did not find the Administrator's requests to be fully warranted. Bearing in mind its comments in paragraphs 7-10 above about the apparent lack of an overall blueprint against which growth could be justified, the Committee cautions against further growth, at this time, of the type referred to in paragraphs 66-70 above. It also questions how the requests relate to existing expertise within the system. Although it might be argued that some of the requests for "structurally understaffed" offices are justified in view of the "significant increases in programme delivery", the Committee questions the magnitude of the request. In this connection, it points out that the understaffing in the field is in part a function of the incremental rather than planned approach to the new responsibilities which UNDP has assumed (see paras. 7-10 above). The same can be...
said with regard to the "understaffing" at headquarters. Until the considerations referred to in paragraphs 7-10 above are addressed, and specifically the policy review in connection with the future role of UNDP, the Committee, with the exception of the two EDP-related posts (see para. 65 above) has strong reservations about, and does not recommend approval of, the 69 additional posts proposed for headquarters (including the 48 regularizations but excluding 3 conversions, see para. 76 below). The Committee also questions the rationale and consequently does not recommend approval of the 319 new field posts (including 24 conversions), with the exection of the 21 National Officer posts discussed in paragraph 64 above.

72. Included in the 319 posts for field strengthening are 12 development and training posts (see para. 60 above). Under this proposal, new entry-level staff would be assigned against these posts during their training at headquarters (3-4 months) and in the field (6-8 months) and would subsequently be assigned against a vacant "regular" post.

73. In response to inquiries, the Committee was informed that eight training posts already exist, budgeted for under the organizational unit "Field offices support non-specific to country" (see table 2/14 of volume II of DP/1989/55). Experience has shown that approximately 25 vacant posts per year need to be filled; this need could be accommodated with the 20 trainee posts.

74. The Advisory Committee was also informed that candidates for the training programmes represent a mix of Junior Professional Officers (JPOs), external recruits, National Officers, and General Service staff within UNDP. Those who are selected for the programme are initially given a one year contract; following successful completion of the programme they are given a regular appointment.

75. Although the Committee recognizes the importance of effective training programmes, it is not convinced of the need to add 12 posts to the UNDP staffing table. In this connection the Committee points out that staff to be trained could be charged against existing vacancies (see para. 73 above).

76. As shown in paragraph 58 above, the Administrator's headquarters proposals include the conversion of three temporary posts to established status. Two of these are in the regional Bureau for Africa - the second Deputy Director (D-2) of the Bureau and his secretary; the third is the temporary professional post in TCDC/INRES. (See para. 104 of DP/1989/55.) The following reclassifications are also proposed as discussed in paragraph 105 of DP/1989/55:

- P-5 to D-1: 8
- P-4 to P-3: 1
- GS to P-3: 1
- GS to P-2: 1
- GS (other) to GS (principal): 6
77. The Advisory Committee has no objection to the conversions mentioned in paragraph 76 above. It was not, however, convinced by the Administrator's justification of the proposed reclassifications and therefore recommends against them.

78. The volume increase of $30,686,800 for UNDP core activities includes $7,089,700 for operating costs, the most important elements of which are summarized in paragraph 108 of DP/1989/55. As noted therein, a number of increases relate, both directly and indirectly, to the ongoing process of computerization of UNDP's operations. For example, an increase of $0.7 million "represents an infusion of local consultants in support of the office automation process in the field office network", (para. 108 (c)) while part of the increase of $1.7 million for training in the field will cover "training related to the introduction of the new Programme and Project Management System (PPMS) in the field offices". As discussed in paragraph 108 (f), part of the increase under contractual services ($1.4 million) "is attributable to systems development contracts under the auspices of the Division of Management Information Services".

79. The 1990-1991 estimates also include a volume increase of $1.2 million for leasing and maintenance of computer equipment; as shown in table 4 of DP/1989/55, this has been offset by reductions in mainframe computer equipment and NYCS/ICC charges. On the other hand, the estimate for micro-computers hardware/software reflects a volume increase of $380,400.

80. The key features of UNDP's overall EDP strategy are stated in paragraph 108 (f). In response to inquiries, the Advisory Committee was informed that although the strategy will take a number of years to implement, some of its benefits are already evident and others will be realized in the 1990-1991 biennium. The Advisory Committee notes from table 6 of DP/1989/55 that the 1990-1991 gross biennial estimates for UNDP as a whole for electronic data processing and related expenditure amounts to $24.3 million of which $18.8 million is for core activities. That total does not, however, give the total picture since it is difficult, from an accounting point of view, to isolate all expenditures related to EDP. Thus, for example the total does not include the cost of computer paper, which is accounted for under the more general object "stationery". Nor does the estimate include the consultancy services for field office referred to in paragraph 62 above.

81. The Advisory Committee was provided with additional information concerning the 1990-1991 costs to the core budget in respect of the EDP-related expenditures. Although an estimate for the related costs in 1992-1993 was not provided, representatives of the Administrator emphasized that it was not UNDP's intent to reflect significant increases for those items, but rather to maintain a recurrent level of expenditures.

Non-Core

82. The Administrator's principal proposals in respect of the Non-Core Units are contained in paragraphs 111-117 of DP/1989/55. Among them is his request that the grading of the Director of the Office for Project Services (OPS) be confirmed at
the ASG level (para. 113). The Advisory Committee's recommendation regarding this proposal is outlined in paragraph 32 above.

83. In paragraph 116 of DP/1989/55 the Administrator notes that the UNV core and supplementary budgets were established without any provision for inflation. As mentioned above, the Administrator therefore proposes that the Geneva inflation rate of 2.5 per cent per year be applied to the core budget; similarly, he proposes that the per capita charge be increased to $3,700. The Advisory Committee has no objection to this proposal.

84. In paragraph 118, the Administrator lists the criteria which he believes should form the basis for determining the number and location of UNV Programme Officers. According to the Administrator, "if these criteria are accepted, they would yield a number slightly higher than the existing number of 40 Programme Officer posts approved for inclusion in the budget in Decision 88/46". (Para. 119). The Administrator is not, however, proposing an increase in the number of posts at this time, but will, as stated in paragraph 119 "keep this matter under review for the future".

85. In paragraph 124 of DP/1989/55, the Administrator requests the Council's agreement to consider substantive budget proposals for UNIFEM for the 1990-1991 biennium at its thirty-seventh session (1990), thereby affording the new Director "an opportunity to review the Fund's operations and to consult with its various constituencies before making any budget proposals". (Para. 124). At the same time, as indicated in paragraph 125 (a), the Administrator is reiterating his proposal that the post of UNIFEM Director be upgraded to the D-2 level. He is also requesting a volume increase of $15,000 under staff travel "to enable the new Director to undertake fund-raising activities from the outset".

86. Although the Advisory Committee believes that as a rule substantive budget proposals should not be presented mid-biennium, it will not, in this instance object to the Administrator's proposal to present UNIFEM's substantive proposals in 1990. With regard to the reclassification of UNIFEM's Director, the Advisory Committee recalls that in its report DP/1988/58 it recommended that the request be resubmitted in the context of the 1990-1991 budget proposals "with a full justification including an explanation of UNIFEM's working relationship with the Division for Women in Development in UNDP and the distinction between the two units' responsibilities, and in particular, those of their respective directors". The Advisory Committee further requested that an explanation be provided of "the Fund's current mandate and responsibilities, relative to the Administrator, as defined in relevant intergovernmental decisions". The above requested information has not been provided. Given the acknowledged potential for overlapping of activities (see DP/1987/56, para. 34) the Committee would have appreciated details in this regard. In considering the request, the Advisory Committee also recalls the Administrator's statement that "in assessing the future role of UNDP in the 1990's, the Governing Council give consideration to the 'value added' resulting from the existence as independent bureaucratic entities of each of these funds and whether it is, in each case, sufficient to warrant continued support." (Para. 68 of DP/1989/55). The Advisory Committee also notes his statement that promotional activities of funds can sometimes be incorporated as themes in the central message...
of UNDP. In the circumstances, the Advisory Committee believes that the Governing Council should make the above assessment before the reclassification is considered.

87. As shown in paragraph 48 above, and as discussed in paragraphs 114 and 120-123 the Administrator is also seeking to strengthen the Inter-Agency Procurement Services Unit (IAPSU), United Nations Capital Development Fund, and the United Nations Sudano Sahelian Office. The Advisory Committee does not object to these measures.

Development Support Services

88. In paragraphs 128 to 145 of DP/1989/55 the Administrator submits his proposal for establishing Development Support Services. According to the Administrator, this "instrument" (which would initially entail the provision of 275 National Development Support Officers and $11.4 million of consultancy funds) "is designed to put at the disposal of the UNDP Resident Representative specialized human resources which may be used to supplement the generalist programme managers who currently staff the field offices." (para. 130) Because this "adds a new dimension to the field office network", the Administrator states in paragraph 129 that it "should be viewed as a discrete proposal", which is complementary to the general strengthening of the field offices.

89. According to the Administrator, the provision of these services "will significantly improve the capacity of field offices to service recipient countries specifically and the international development community generally in the 1990s. The proposal is therefore in conformity with the future vision of UNDP, as set out in Governing Council document DP/1989/14". (para. 128)

90. In this connection, the Administrator states that the UNDP field offices need to "participate more fully in the policy aspects of the development process" (para. 133) and that, as stated above, "the future of UNDP lies in being a development service institution ..." (paragraph 135 of DP/1989/55). In the Administrator's opinion, the DSS proposal will contribute towards realizing this goal and addressing this need.

91. The proposal involves the use of nationals who would be engaged as Development Support Officers or consultants, it being the Administrator's view that UNDP should harness the "reservoir of indigenous knowledge and understanding of national development issues." (para. 136)

92. The biennial implications of the proposal amount to $33.4 million, as shown in paragraph 137 and as discussed in paragraphs 138 to 140. As noted therein, the DSO's will be given fixed term contracts so that "it will be clearly understood that they are being employed by UNDP on a temporary basis, with no expectation of their entering the career international civil service". (para. 138) The average cost of $40,000 per year has been calculated on the basis of a National Officer, grade C; it also includes the costs of local support staff (one per two DSOs) and miscellaneous operating expenses.

93. As discussed in paragraphs 141 and 142, the Administrator is not of the view that the Development Support Services should be funded from the biennial budget,
but should be charged to a new line in UNDP's financial statements, titled "Development Support Services". In this connection, the Administrator states that the substantive expertise to be acquired by UNDP "should be classified not as administrative overhead but as overall substantive support for governments". (para. 142)

94. The Advisory Committee discussed this proposal at length with the Administrator and his colleagues in an effort to better understand inter alia the rationale behind the proposal, the precise role of the DSOs, the scope of the proposal and the practical mechanics. However, for a number of reasons, and bearing in mind its observations in paragraphs 7-10 above, the Committee recommends that the proposal not be approved by the Governing Council.

95. In the opinion of the Advisory Committee, the Administrator's proposal, which is aimed at further changing the role of UNDP in the field, has far-reaching implications. As mentioned above, the Administrator acknowledges that it "adds a new dimension in the field office network", in conformity with his future vision of UNDP. However, it appears to the Advisory Committee to be "a budget-driven" proposal, i.e. it precedes any policy debate on the subject. Moreover, as noted in paragraphs 9-10 above, the political debate on the future of UNDP, in which this proposal plays a part, has yet to be concluded.

96. Even if the rationale behind the Administrator's proposal were accepted, the Advisory Committee queries whether the establishment of another "bureaucratic entity" (which, however "uninstitutionalized", has the potential for overlapping of resources) can be justified. In the opinion of the Advisory Committee, UNDP should avoid duplicating capacity (both national and international) that may already be available in the system and should concentrate instead on tapping that expertise.

97. In so stating, the Advisory Committee emphasizes that it in no way objects to the use of national expertise - to the contrary it concurs with the Administrator that "nationals of a country can and should be used to enhance the UNDP contribution to the development process." (para. 136) However, in the Advisory Committee's opinion, the DSS proposal may not necessarily represent the best modality for drawing upon that source of expertise, particularly in view of UNDP's oft-stated desire to foster national institution building. The Advisory Committee believes that the matter should be examined in inter-agency fora and various options explored before any one modality is adopted. To do otherwise demonstrates, in the Advisory Committee's view, a hesitancy to co-ordinate and co-operate with other parts of the system and serves, in the end, to dilute the system's ability to help developing countries.

98. In addition to its "philosophical" reservations with regard to the DSO proposal, the Advisory Committee also has a number of specific observations on the details of the proposals.

99. The proposed distribution of the DSOs and consultancy funds, by region, is provided in paragraph 137 of DP/1989/55, while the proposed distribution at the country level is given in annex III of volume II. In response to inquiries, the Committee was informed that the concept was not being forced on any Resident Representative, and that the distribution in annex III represented an indicative
profile which had been prepared on the basis of identified needs as perceived by the Regional Bureaux in consultation with the Resident Representatives. Notwithstanding that statement, the Advisory Committee would have expected a proposal of this magnitude to have been more precisely substantiated in terms of actual needs.

100. The Advisory Committee also notes the absence of specifics with regard to not only the precise role of the DS0s but also guidelines to be followed in administering the system (recruitment/evaluation, etc). Although the Administrator emphasized that the broad concept would be tailored to the specific needs of different field offices, the Advisory Committee believes that more details in this connection should have been formulated and included in the Administrator's submission. Their absence hinders a technical assessment of the proposal.

101. The Advisory Committee has reservations concerning the Administrator's statement that the fixed-term contracts of the DS0s will still any expectation of their entering the career international civil service. In the Committee's view, this simply is not the case, and in this connection, it recalls the Administrator's statement in paragraph 87 of DP/1989/55 that local staff and national officers tend to become institutionalized to the office to which they are assigned. Although that statement referred to the impracticality of extending the mobile emergency function to local level staff and national officers, the principle, in the Committee's view, is the same.

102. As stated in paragraph 131, "the specializations [of the DS0s] would also change over time, as the Resident Representative orchestrates his development support services in concert with the work-load, activities and priorities of the field office". The Advisory Committee acknowledges that this might perhaps reduce the chance of individuals becoming "institutionalized". However, it still believes the potential exists. In any event, the Administrator states that it is his intention to institutionalize "the mechanism whereby such expertise can be brought into UNDP as needed." (para. 138). As shown in table 9, the DS0s are charged against temporary posts; however, in view of the above statement, the Committee is unsure if it would be the Administrator's intention at a later date to request that the posts be converted to established status.

103. As mentioned above, the Administrator proposes that the funding for DSS be charged to a new line in UNDP financial statements and classified alongside programme support; in this connection, he argues that the substantive expertise of the DS0s should not be classified as administrative overhead. The Advisory Committee is not convinced by this argument and believes that if the DSS proposal were approved, it should be charged to the biennial budget.

Appropriations

104. Part V of the Administrator's report contains the draft appropriation decisions as well as a report on the structure of the appropriations decisions, submitted by the Administrator pursuant to Governing Council decision 88/49. The decision, inter alia, requested the Administrator to "consider having the budget decision presented in more appropriation lines ...".

...
105. As noted in paragraph 150 of DP/1989/55, "in recent years, the budgetary authority accorded the Administrator by the Council has been a one line appropriation for UNDP's core budget which, in theory, permits full redeployment of resources between expenditure categories and organizational units". However, the Administrator states that in reality, redeployment of budgetary resources can "only be effected at the margin and without fundamentally affecting the shape of the budget. Yet it is precisely by adjustments at the margin that the Administrator can direct the organization and optimize the use of resources, which is his basic responsibility as chief executive. Moreover, he has traditionally exercised the flexibility accorded to him within some very stringent self-imposed guidelines, of which the two most important ones are the clear demarcation between staff costs and other operating expenses, and his clear belief that resources earmarked for the field offices should not generally be redeployed for use in headquarters."
(para. 151)

106. The Administrator also notes that any redeployment of resources which is effected should be reflected in the next biennial budget estimates. Accordingly, as stated in paragraph 153, the Administrator recommends that the present structure of UNDP's appropriation decisions be retained.

107. At its request, the Advisory Committee was provided with an expenditure analysis of the 1986-1987 budget at the object code level, with information on both the allotments and corresponding expenditures, at both Headquarters and Field Offices. In the circumstances, the Advisory Committee will not object to the retention of the present appropriation structure. However, given the level of the proposed 1990-1991 budget, which reflects a significant increase over the 1988-1989 initial appropriation, it intends to keep the matter under review; if it becomes necessary, the Committee would submit appropriate recommendations to the Governing Council.

Trust funds

108. The Administrator's report DP/1989/57 on trust funds which he has established in 1988 follows the same format as reports of previous years, i.e. it provides a brief description of the activities of each trust fund and summary financial information in annex I. The Advisory Committee notes that funds were established on behalf of UNDP, UNCDF and UNIFEM. As in previous years, the report also gives information on individual projects financed by the Union of Soviet Socialist Republics/UNDP Trust Fund for Training in the USSR of Specialists from Developing Countries. Although this fund was established in 1982, this information has been requested by some members of the Governing Council.

110. The Administrator's report DP/1989/57/Add.1 provides summary financial information on all trust funds established by the Administrator since 1981 which were still active as at 31 December 1988. As indicated therein these include funds established on behalf of UNDP, UNCDF, UNFSTD, UNSO, UNIFEM and UNV.