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POLICY

FINANCIAL, BUDGETARY AND ADMINISTRATIVE MATTERS

Revised budget estimates for the biennium 1990-1991

Report of the Administrator

SUMMARY

The Administrator's report contains the revised budget estimates of the United Nations Development Programme for the biennium 1990-1991. The revised estimates for core activities amount to \$434.7 million gross and \$404.7 million net. In gross terms this represents an increase of \$8.2 million (1.9 per cent) over the original appropriation approved in 1989. The increase incorporates \$6.2 million (1.4 per cent) from adjustments and \$5.3 million (1.2 per cent) from inflation; this is partially offset by a reduction of \$3.3 million (0.7 per cent) from currency release.

The revised estimates for the United Nations Development Programme core and non-core activities as a whole amount to \$542.5 million gross and \$491.6 million net. With regard specifically to non-core activities, in gross terms, this represents an increase of \$6.6 million (6.5 per cent). Increases relating to non-core activities incorporate \$3.2 million (3.1 per cent) from volume, \$1.9 million (1.9 per cent) from cost adjustments, \$0.8 million (0.8 per cent) from inflation, and \$0.7 million (0.7 per cent) from currency adjustment.

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List of abbreviations

BPPE	Bureau for Programme Policy and Evaluation
BFA	Bureau for Finance and Administration
BSA	Bureau for Special Activities
CSC	Common staff costs
DAMS	Division for Administrative and Management Services
DGIP	Division for Global and Interregional Programmes
DMIS	Division of Management Information Services
DOF	Division of Finance
DOI	Division of Information
DOP	Division of Personnel
GS	General Service
IAPSO	Inter-Agency Procurement Services Office
IFAD	International Fund for Agricultural Development
IPF	Indicative planning figure
MSA	Management services agreement
OPS	Office for Project Services
PMO	Project Management Officer
RBA	Regional Bureau for Africa
RBAP	Regional Bureau for Asia and the Pacific
RBASEP	Regional Bureau for Arab States and European Programmes
RBLAC	Regional Bureau for Latin America and the Caribbean
SPR	Special Programme Resources
STAS	Short-term advisory services
TAD	Technical Advisory Division
TCDC	Technical Co-operation among Developing Countries
UNCDF	United Nations Capital Development Fund
UNEP	United Nations Environment Programme
UNFDAC	United Nations Fund for Drug Abuse Control
UNFSTD	United Nations Fund for Science and Technology for Development
UNIFEM	United Nations Development Fund for Women
UNRFNRE	United Nations Revolving Fund for Natural Resources Exploration
UNSO	United Nations Sudano-Sahelian Office
UNV	United Nations Volunteers

INTRODUCTION

1. The revised budget estimates for the biennium 1990-1991 presented in this report include items specifically requested by the Governing Council and a number of routine items.
2. The first four chapters of the report deal with specific elements of decision 89/59 of 30 June 1989. Chapters V and VI present information on the routine reporting requirements of the OPS and UNV budgets, including the results of the classification exercise undertaken in OPS. The Administrator's proposals regarding headquarters support to national execution, in response to decision 88/18 of 1 July 1988, are presented in chapter VII; his proposals for short-term advisory services in response to decision 89/51 of 30 June 1989 appear in chapter VIII. Currency, inflation and other cost adjustments to the original budget estimates for the biennium 1990-1991 are summarized in chapter IX, while annex tables 1 and 2 provide a summary of the revised budget estimates for the biennium 1990-1991. Finally, in chapter X, the report presents for the consideration of the Council a draft decision for the revised budget estimates for the biennium 1990-1991.

I. IMPLEMENTATION OF DECISION 89/59

A. Background

3. The Administrator's proposals in respect of the 1990-1991 biennial budget were contained in document DP/1989/55 volumes I and II. The Governing Council considered the proposals at its thirty-sixth session. In paragraph 3 of decision 89/59 the Council decided:

"to confine the overall volume increase in the biennial budget to 4.6 per cent, plus the balance of the Africa strengthening package approved in decision 88/46 of 1 July 1988, comprising a volume increase in respect of headquarters of \$6,430,800 and a volume increase in respect of field office activities of \$13,196,900;"

In paragraph 4, the Council went on to authorize the Administrator:

"to deploy the volume increase thus approved for headquarters and field offices respectively with regard to sustaining and increasing the quality of programme delivery and the overall operational effectiveness of the organization, and requests him to report to the Council at its thirty-seventh session (1990) on how he has utilized the volume increases approved;"

This chapter provides information relating to the use of the volume increase approved by the Governing Council.

B. Field office staffing

4. In revising his staffing proposals for the UNDP field office network, the Administrator took account of the Governing Council's guidance with regard to the quality of programme delivery and overall operational effectiveness. He reviewed the staffing proposals field office by field office in close consultation with the Regional Bureaux. The result of this review is summarized in tables I.1 and I.2.

Table I.1. Summary of original and revised field office staffing, 1990-1991, by function and region

	Originally proposed new posts (DP/1989/55)					Adjustments based on decision 89/59					Revised increase/(decrease)				
	Asia and Pacific		Latin America and Caribbean	Arab States and Europe	Total	Asia and Pacific		Latin America and Caribbean	Arab States and Europe	Total	Asia and Pacific		Latin America and Caribbean	Arab States and Europe	Total
I. INTERNATIONAL PROFESSIONALS															
Emergency	2	-1	2	2	5	-1	0	0	-1	-2	1	-1	2	1	3
Aid co-ordination/ economist	5	2	0	0	7	-2	-1	0	0	-3	3	1	0	0	4
Regular strengthening	13	6	1	1	21	-2	-1	0	-1	-4	11	5	1	0	17
Subtotal	20	7	3	3	33	-5	-2	0	-2	-9	15	5	3	1	24
II. NATIONAL OFFICERS															
Regular strengthening	28	11	8	5	52	-8	-5	-2	-2	-17	20	6	6	3	35
Information managers	8	7	3	3	21	0	-2	0	-1	-3	8	5	3	2	18
Subtotal	36	18	11	8	73	-8	-7	-2	-3	-20	28	11	9	5	53
Total professionals	56	25	14	11	106	-13	-9	-2	-5	-29	43	16	12	6	77
III. PROFESSIONAL TRAINEES															
	0	0	0	0	12	0	0	0	0	-12	0	0	0	0	0
IV. FIELD SERVICE LEVEL															
	4	2	0	0	6	-2	-1	0	0	-3	2	1	0	0	3
V. GENERAL SERVICE															
	64	58	24	25	171	-28	-37	-7	-14	-86	36	21	17	11	85
Grand total	124	85	38	36	295	-43	-47	-9	-19	-130	81	38	29	17	165

Table I.2. Summary of original and revised field office staffing, by grade level, 1990-1991

LEVEL	1988-1989		1990-1991								
	AS SET OUT IN DOCUMENT DP/1989/55		ORIGINALLY PROPOSED				ADJUSTMENTS BASED ON DECISION 89/59			REVISED STAFFING	
	ESTABLISHED	TEMPORARY	NEW POSTS		RECLASSIFICATION (NET)	NEW POSTS		RECLASSIFICATION	ESTABLISHED	TEMPORARY	
			ESTABLISHED	TEMPORARY		ESTABLISHED	TEMPORARY				
PROFESSIONAL CATEGORY AND ABOVE											
Assistant Administrator	0								0	0	
D-2	33								33	0	
D-1	71		2						73	0	
P-5	95	1	5		16	(3)			113	1	
P-4	100	12	5	1	8	(1)	(1)		112	12	
P-3	105		7	3	(13)	(1)			98	3	
P-2/1	39		21	1	(11)	(14)	(1)		35	0	
Subtotal	443	13	40	5	0	(19)	(2)	0	464	16	
FIELD SERVICE	52		6			(3)			55	0	
LOCAL STAFF											
National Officers	310	6	79	(6)		(20)			369	0	
Local staff	2 696	23	194	(23)		(86)			2 804	0	
Subtotal	3 006	29	273	(29)	0	(106)	0	0	3 173	0	
Grand total	3 501	42	319	(24)	0	(128)	(2)	0	3 692	16	

C. Headquarters staffing

5. The Administrator's original proposals in respect of headquarters staffing were intended to address critical staffing constraints in certain organizational units, including the regularization of existing temporary staffing arrangements. At the same time, the Administrator wished to accord priority to strengthening DOP and TAD. The final decision of the Governing Council imposed considerable pressure on overall staffing at headquarters, as a result of which the Administrator felt compelled to eliminate some existing posts in order to safeguard his original priorities.

6. As with the field offices, therefore, the Administrator reviewed existing and proposed staffing levels for each organizational unit. The resulting revised staffing levels combine the abolition of some established posts, the elimination of some temporary staffing, and some new posts. Tables I.3 and I.4 summarize these changes.

7. In this connection, the Administrator wishes to confirm that all temporary staffing arrangements supporting headquarters-related core activities which are to be maintained have been regularized in accordance with paragraph 5 of decision 89/59. Temporary arrangements supporting the Automated Field Office Accounting System project have been maintained. It is expected that this project will be completed by the end of 1990.

Table I.3. Summary of original and revised headquarters staffing, by organizational units affected, 1990-1991

	1988-1989		Originally proposed new posts (DP/1989/55)		Adjustments based on decision 89/59		Revised increase/ (decrease)		1990-1991	
	Approved staffing								Approved staffing	
	Prof.	G.S.	Prof.	G.S.	Prof.	G.S.	Prof.	G.S.	Prof.	G.S.
Office of the Administrator	6	9	0	1			0	1	6	10
Planning and Co-ordination Office	4	5	1	1			1	1	5	6
Division of Personnel	16	41	3	3	(1)	(2)	2	1	18	42
Resource Mobilization Unit	2	3	0	1			0	1	2	4
Division of Information	11	12	1	2			1	2	12	14
Division of Audit and Management Review	8	5	0	2		(1)	0	1	8	6
Geneva Office	5	13	0	0		(1)	0	(1)	5	12
Special Unit for TCDC	5	5	2	4		(1)	2	3	7	8
Regional Bureau for Africa	40	45	0	0		(1)	0	(1)	40	44
Regional Bureau for Arab States and European Programmes	13	16	2	1	(1)	(1)	1	0	14	16
Regional Bureau for Asia and the Pacific	21	21	3	3	(1)	(2)	2	1	23	22
Regional Bureau for Latin America and the Caribbean	12	14	2	1		(1)	2	0	14	14
Bureau for Programme Policy and Evaluation										
Technical Advisory Division	11	7	3	3	(1)	(2)	2	1	13	8
Central Evaluation Office	4	3	1	3		(1)	1	2	5	5
Documents and Statistics Office	4	8	0	2			0	2	4	10
Bureau for Finance and Administration										
Division of Finance	23	78	1	2		(1)	1	1	24	79
Division of Administrative Management Services	7	42	1	15		(3)	1	12	8	54
Division of Management Information Services	23	16	0	0		(1)	0	(1)	23	15
Bureau for Special Activities										
Division for Global and Interregional Programmes	4	4	1	1	(1)	(1)	0	0	4	4
Short-Term Advisory Services	—	—	1	2	(1)	(2)	0	0	0	0
Total	219	347	22	47	(6)	(21)	16	26	235	373

Table I.4. Summary of original and revised headquarters staffing by grade level, 1990-1991

LEVEL	1988/1989	1990-1991					1990/1991	
	ESTABLISHED POSTS (AS SET OUT IN DOCUMENT DP/1989/55)	ORIGINALLY PROPOSED		ADJUSTMENTS BASED ON DECISION 89/59			PROPOSED RECLASS (NET)	REVISED STAFFING (DP/1990/65)
		NEW POSTS	RECLASS	NEW POSTS	RECLASS (NET)	REVISED STAFFING		
		(DP/1989/55)	(DP/1989/55)					
PROFESSIONAL CATEGORY AND ABOVE								
Administrator	1					1		1
Associate Administrator	1					1		1
Assistant Administrator	7					7		7
D-2	21					21		21
D-1	29	5	8	(1)	(8)	33	8	41
P-5	77	7	(8)	(1)	8	83	(8)	75
P-4	54	7	(1)	(3)	1	58	(1)	57
P-3	44	2	1	(1)	(1)	45	1	46
P-2/1	8	1	2		(2)	9	2	11
Subtotal	242	22	2	(6)	(2)	258	2	260
GENERAL SERVICE CATEGORY								
Principal levels	118	9	4	(2)	(4)	125	4	129
Other levels	245	38	(6)	(19)	6	264	(6)	258
Manual	6					6		6
Subtotal	369	47	(2)	(21)	2	395	(2)	393
Grand total	611	69	0	(27)	0	653	0	653

D. Financial implications

8. In conjunction with his decisions relating to staffing, the Administrator has reviewed and modified his proposals in respect of general operating expenses. Table I.5 provides summary information on the outcome of this review for field office activities and headquarters, as well as for the core budget as a whole. In each case, the resulting figures are in accordance with decision 89/59.

Table I.5. Summary of original and revised volume in respect of UNDP core activities, 1990-1991

(In thousands of United States dollars)

HEADQUARTERS

OBJ CAT	DESCRIPTION	APRVD APPROP 1988-1989 (1)	ORIGINALLY PROPOSED PER DP/1989/55			REVISED PER DECISION 89/59		
			VOLUME 1990-1991 (2)	OTHER ADJ 1990-1991 (3)	TOTAL 1990-1991 (4)=(1+2+3)	VOLUME 1990-1991 (5)	OTHER ADJ 1990-1991 (6)	TOTAL 1990-1991 (7)=(1+5+6)
000	Salaries/wages	55 863.9	5 640.4	7 866.7	69 371.0	3 485.7	7 201.1	66 550.7
100	Allowances/CSC	32 736.7	2 711.2	3 734.2	39 182.1	1 747.6	3 581.7	38 066.0
	Subtotal	88 600.6	8 351.6	11 600.9	108 553.1	5 233.3	10 782.8	104 616.7
200	Official travel	4 305.8	351.4	414.7	5 071.9	151.0	396.4	4 853.2
300	Contractual servs.	3 172.8	1 640.3	505.1	5 318.2	1 089.3	433.3	4 695.4
400	Gen. oper. exp.	18 485.3	2 000.5	2 402.3	22 888.1	1 340.9	2 370.3	22 196.5
500	Supplies	1 049.2	166.3	112.3	1 327.8	164.3	112.3	1 325.8
600	Furniture/equip	1 940.5	(369.3)	187.3	1 758.5	(799.9)	138.3	1 278.9
700	Contributions	7 342.2	(616.1)	403.1	7 129.2	(748.1)	501.3	7 095.4
	Total	124 896.4	11 524.7	15 625.7	152 046.8	6 430.8	14 734.7	146 061.9

FIELD OFFICES

OBJ CAT	DESCRIPTION	APRVD APPROP 1988-1989 (1)	ORIGINALLY PROPOSED PER DP/1989/55			REVISED PER DECISION 89/59		
			VOLUME 1990-1991 (2)	OTHER ADJ 1990-1991 (3)	TOTAL 1990-1991 (4)=(1+2+3)	VOLUME 1990-1991 (5)	OTHER ADJ 1990-1991 (6)	TOTAL 1990-1991 (7)=(1+5+6)
000	Salaries/wages	104 443.7	9 073.4	22 176.1	135 693.2	5 924.4	21 899.5	132 267.6
100	Allowances/CSC	66 212.9	6 202.9	11 777.0	84 192.8	4 328.5	11 655.1	82 196.5
	Subtotal	170 656.6	15 276.3	33 953.1	219 886.0	10 252.9	33 554.6	214 464.1
200	Official travel	4 337.0	231.5	571.4	5 139.9	231.5	571.4	5 139.9
300	Contractual servs.	2 324.9	686.7	480.4	3 492.0	666.7	476.8	3 468.4
400	Gen. oper. exp.	29 566.3	1 100.7	6 443.7	37 110.7	558.2	6 167.0	36 291.5
500	Supplies	4 853.8	25.6	1 041.7	5 921.1	(84.4)	975.2	5 744.6
600	Furniture/equip	9 670.1	1 414.7	2 103.4	13 188.2	1 145.4	2 024.1	12 839.6
700	Contributions	1 792.1	426.6	209.7	2 428.4	426.6	209.7	2 428.4
	Total	223 200.8	19 162.1	44 803.4	287 166.3	13 196.9	43 978.8	280 376.5

HEADQUARTERS AND FIELD OFFICES

OBJ CAT	DESCRIPTION	APRVD APPROP 1988-1989 (1)	ORIGINALLY PROPOSED PER DP/1989/55			REVISED PER DECISION 89/59		
			VOLUME 1990-1991 (2)	OTHER ADJ 1990-1991 (3)	TOTAL 1990-1991 (4)=(1+2+3)	VOLUME 1990-1991 (5)	OTHER ADJ 1990-1991 (6)	TOTAL 1990-1991 (7)=(1+5+6)
000	Salaries/wages	160 307.6	14 713.8	30 042.8	205 064.2	9 410.1	29 100.6	198 818.3
100	Allowances/CSC	98 949.6	8 914.1	15 511.2	123 374.9	6 076.1	15 236.8	120 262.5
	Subtotal	259 257.2	23 627.9	45 554.0	328 439.1	15 486.2	44 337.4	319 080.8
200	Official travel	8 642.8	582.9	986.1	10 211.8	382.5	967.8	9 993.1
300	Contractual servs.	5 497.7	2 327.0	985.5	8 810.2	1 756.0	910.1	8 163.8
400	Gen. oper. exp.	48 051.6	3 101.2	8 846.0	59 998.8	1 899.1	8 537.3	58 488.0
500	Supplies	5 903.0	191.9	1 154.0	7 248.9	79.9	1 087.5	7 070.4
600	Furniture/equip	11 610.6	1 045.4	2 290.7	14 946.7	345.5	2 162.4	14 118.5
700	Contributions	9 134.3	(189.5)	612.8	9 557.6	(321.5)	711.0	9 523.8
	Total	348 097.2	30 686.8	60 429.1	439 213.1	19 627.7	58 713.5	426 438.4

II. REVIEW OF UNDP SENIOR MANAGEMENT STRUCTURE

A. Background

9. In paragraph 4 of decision 88/46 of 1 July 1988, the Governing Council requested the Administrator "to prepare an overall review of the most appropriate senior management structure for the United Nations Development Programme as a whole". The Administrator's response to this request was contained in chapter IV.B. of the report of the Administrator on revised budget estimates for the biennium 1988-1989 and budget estimates for the biennium 1990-1991 (DP/1989/55 (vol. I)).

10. Having considered the review at its thirty-sixth session (1989), the Governing Council recognized "that the review had been presented at a time when a number of factors of crucial importance for the future management structure were not settled, including the future role of the United Nations Development Programme" and, in paragraph 29 of decision 89/59 of 30 June 1989, requested the Administrator to prepare a comprehensive review for consideration by the Council no later than at its thirty-seventh session (1990).

B. Recapitulation

11. Document DP/1989/55 provided the Administrator's overview of the organizational structure of UNDP. Because of the discussions that were then under way about the role and function of UNDP, the Administrator's presentation stopped short of making specific recommendations. The Administrator is now in a position to put forward his recommendations in response to the Council's request. Before doing so, however, it may be useful to recapitulate the presentation contained in document DP/1989/55.

12. Tracing the evolution of UNDP back to its establishment in the mid-1960s, the Administrator suggested that UNDP could best be understood as an inner core, representing the "original UNDP", in addition to which the Governing Council entrusted to the Administrator the responsibility for a number of specific programmes and funds, such as OPS, UNV, IAPSO, UNCDF and UNIFEM. A third element was the field office network, which services both the core and the non-core activities. Each of these component parts were dealt with in document DP/1989/55.

13. With regard to the inner core of the organization, the Administrator felt that there was relatively little room for manoeuvre in terms of the overall structure. Apart from the elements of central management, there was a need for policy support services, institutionalized in BPPE, and for financial and administrative support services, i.e., BFA. Since this was essentially the basis for UNDP's current organizational structure with regard to its core programme, the Administrator viewed the possibilities for change as being limited.

14. Turning to the non-core programmes and funds, the Administrator pointed out that some of the non-core units were sufficiently distinct and substantial to merit independent management structures, in which case the problem was principally how to

oversee them in an integrated fashion. BSA was created to address this issue. On the other hand, there were others which were, from a strictly managerial standpoint, either too small to warrant independent organizational structures or which could benefit from administrative streamlining.

15. As regards the field office network, the Administrator noted that only 55 per cent of field office staff time was devoted to managing IPF resources while the balance was committed to providing a wide range of development services to the United Nations system. He stated his intention to ensure the field office network had adequate budget and staff, that there was cost recovery wherever appropriate, either from host Governments or from non-core clients, and that savings were effected where feasible.

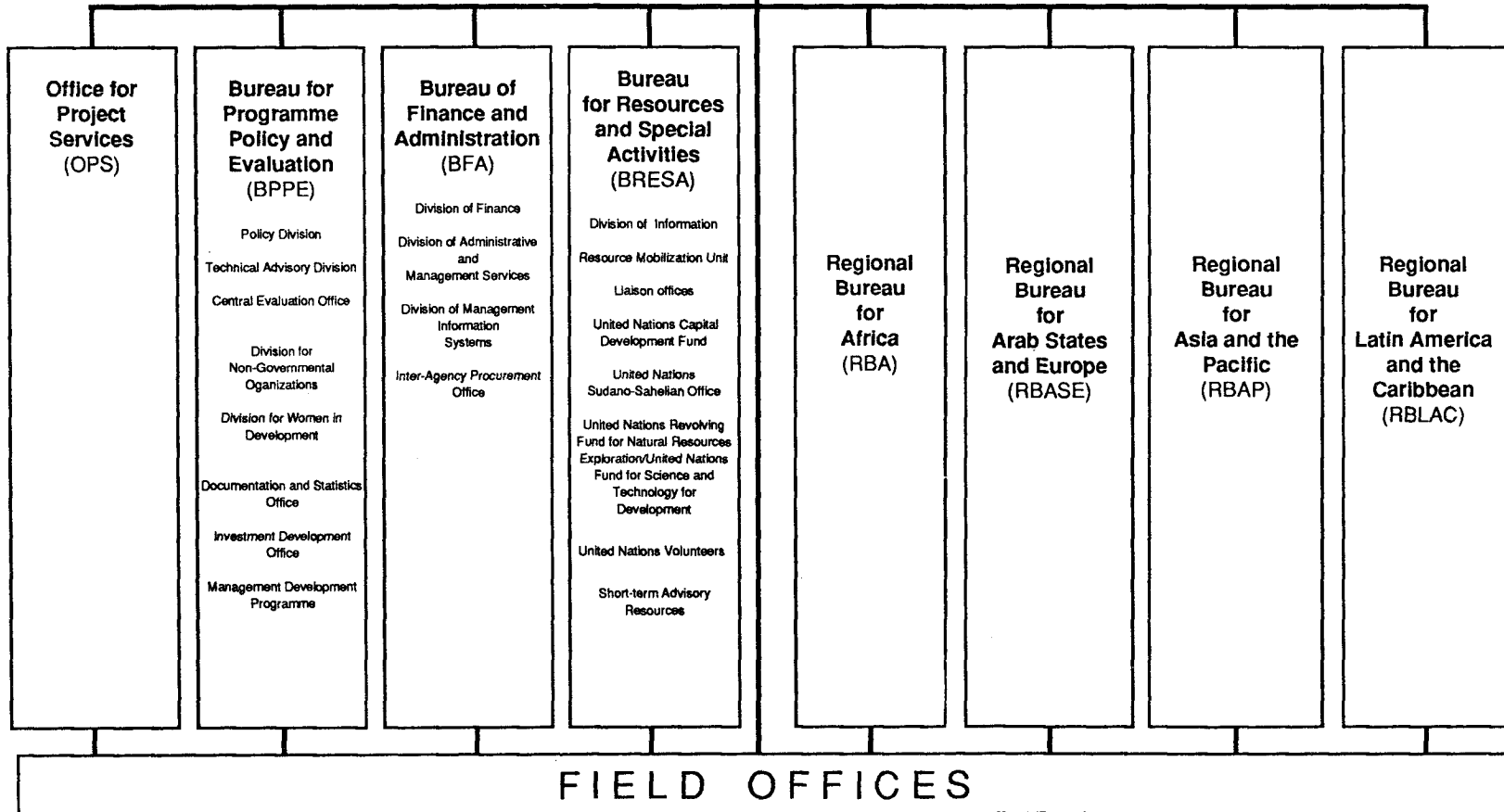
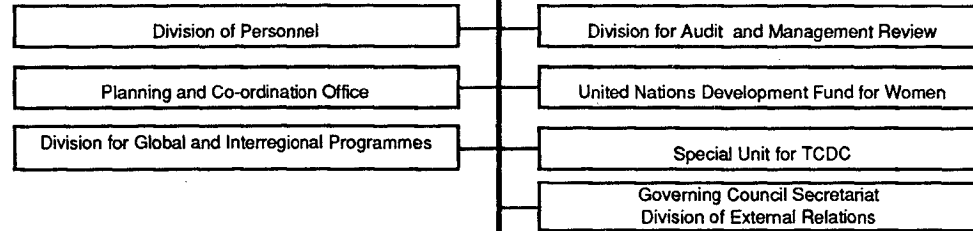
C. Revised structure

16. The Administrator's proposed revised structure for UNDP is reflected in the organizational chart. The main changes are discussed below.



Proposed Organizational Chart

Administrator
Associate Administrator
Office of the Administrator



1. Bureau for Resources and Special Activities

17. The Bureau for Resources and Special Activities will cover two distinct functions. It is proposed that the Bureau be headed by an Assistant Administrator. In the first place, as is currently the case with BSA, the Bureau will provide an umbrella for the special funds and activities under the Administrator as mandated in particular by the General Assembly. It is proposed that UNCDF, UNSO, UNV, STAS, UNFSTD and UNRFRNRE be included in the Bureau. The proposed arrangement recognizes the need to ensure a minimum number of separate entities reporting directly to the Administrator's office. In addition, it recognizes the principle that the mandates of the funds are derived from the General Assembly and that they have distinct and separate objectives. In this connection, the Administrator wishes to emphasize that these arrangements are administrative in nature; he will continue to exercise his responsibility for these funds as entrusted to him by the General Assembly, bearing in mind their autonomous character. Furthermore, the inclusion of all Funds and activities within the framework of a Bureau is expected to ensure a closer integration at the operational level between the various funds and activities and the UNDP core programme.

18. The second function of the Bureau relates to the areas of resource mobilization and information. It is proposed that the Assistant Administrator be given the responsibility of providing focused support to the Administrator in these areas. The arrangement would enable the Administrator's initiatives in the area of resource mobilization in particular to be supported at the appropriate level. A more coherent approach would be expected as a result of a number of clarifications with regard to the existing distribution of functions. The Administrator is principally responsible for fund-raising and will be supported in this function by the Assistant Administrator, Bureau for Resources and Special Activities. In this connection, RMU would clearly be defined as a staff support unit to this function. The liaison offices in Washington, Tokyo and Geneva would report to the Assistant Administrator.

19. The consolidation of the resource mobilization and information functions under an Assistant Administrator is designed to provide greater coherence to UNDP efforts in these areas. It is expected that as a consequence of this, UNDP will benefit in particular from a more focused relationship with donors.

20. Within the Bureau for Resources and Special Activities, the administrative arrangements relating to UNFSTD and UNRFRNRE will be streamlined.

21. The management of these funds will be entrusted to a single office. In this connection, it must be emphasized that the proposal does not represent a merger of the two funds as such: both UNRFRNRE and UNFSTD will be maintained as separate funds; they would, however, be under a unified management. Individual donors would therefore be able to contribute to discrete activities under one or the other fund. At the same time, the merger of their management would enable certain savings in administrative costs which should be beneficial to both funds. In making this proposal, the Administrator wishes to remind the Council that the 1990 voluntary pledges in respect of UNRFRNRE amounted to \$2.3 million and in respect of UNFSTD to \$1.2 million. The new organizational arrangements will enable an overall

reduction of one post at the D-2 level, five Professional posts and five General Service posts. The costs of the new Division would be shared between the two funds on the basis of gross expenditures. Table II.1 summarizes the existing and proposed staffing.

22. The five Professional posts envisaged incorporate the following:

(a) One division director at the D-2 level;

(b) One manager at the D-1 level; and one senior P-4/5 Project Officer to deal with the activities of each fund;

(c) Two P-4/5 Technical Advisers to be outposted to TAD. While the primary function will be to continue to backstop the activities of the Funds, it is expected that by integrating their work more closely with the overall activities of TAD, mutually beneficial effects for both the Funds and the UNDP core programme activities will result.

23. It is also proposed to review the executing arrangements associated with UNRFNRE. Currently, UNRFNRE has four experts and three support staff, funded from programme resources, who provide backstopping for UNRFNRE responsibilities associated with its status as an executing agency. It is proposed in due course to terminate this arrangement and to replace it with already existing executing arrangements available in the system.

Table II.1. Revised staffing for UNRFNRE and UNFSTD

	(1990-1991 original) UNRFNRE	UNFSTD	TOTAL	(1990-1991 revised) UNRFNRE/UNFSTD
D-2	1	1	2	1
D-1	1	1	2	1
P-5	0	1	1	1
P-4	2	2	4	2
P-3	1	1	2	-
P-2/1	0	0	0	0
Total Professional	5	6	11	5
G-S - Principal	3	0	3	3
G-S - Other	4	6	10	5
Total GS	7	6	13	8
Total posts	12	12	24	13

2. Office for Project Services

24. The Administrator proposes to maintain OPS under the current arrangement, headed by an Assistant Administrator. The post of Director of OPS is graded at the Assistant Administrator level until 30 June 1990. Proposals relating to the reclassification exercise undertaken in OPS, including the reclassification of the Deputy Director post to the D-2 level, are described in chapter V of this report. The Administrator believes that the size and complexity of OPS operations fully warrant that its management be placed under an Assistant Administrator. With delivery amounting to \$230 million in 1989, with 192 staff, and with close to 3,800 experts and consultants recruited in 1989 in the field, the Administrator considers that the management of this operation requires the full time attention of an Assistant Administrator.

3. Division for Global and Interregional Programmes

25. It is proposed that DGIP return to the status of a separate division reporting directly to the Administrator. It is expected that the establishment of a more structured consultation process will lead to a closer integration between DGIP, the operational activities of the Bureaux and BPPE policy work.

4. Bureau for Finance and Administration

26. The Bureau for Finance and Administration will include responsibility for IAPSO. It will continue to be headed by an Assistant Administrator.

27. The Administrator believes that the proposals mentioned above will strengthen the overall management of the organization. The Bureau for Resources and Special Activities will provide a more focused approach to the resource mobilization and information functions. It will create a tighter management structure in its relationship to the office of the Administrator.

28. In making these proposals, the Administrator has focused on a management structure which is most responsive to functional requirements. He is conscious that he is not currently proposing any reductions in the numbers of ASG and D-2 posts at headquarters in the core programme. The current distribution of D-2 posts at headquarters is reflected in table II.2. The Administrator has reviewed the functions attached to each of these posts. He believes that a clear rationale exists for the level of the posts in relation to the functions performed.

29. In this connection, the Administrator has reviewed the historical trend with regard to ASG and D-2 posts in UNDP. Table II.3 provides a summary table containing this information.

Table II.2. Distribution of D-2 level posts at headquarters

	Current level	Proposed level
1. <u>Office of the Administrator</u>		
Planning and Co-ordination Office	D-2	D-2
Division for Audit/Management Review	D-2	D-2
Division of Personnel	D-2	D-2
Special Unit for TCDC	D-2	D-2
Division for Global and Interregional Programmes	D-2	D-2
Division of External Relations and Governing Council Secretariat	D-2	D-2
United Nations Development Fund for Women	D-2	D-2
2. <u>Bureau for Resources and Special Activities</u>		
Division of Information	D-2	D-2
Geneva Office	D-2	D-2
United Nations Volunteers	D-2	D-2
United Nations Capital Development Fund	D-2	D-2
United Nations Revolving Fund for Natural Resources Exploration	D-2	D-2
United Nations Fund for Science and Technology for Development	D-2	D-1
United Nations Sudano-Sahelian Office	D-2	D-2
3. <u>Bureau for Programme Policy and Research</u>		
Policy Division	D-2	D-2
Technical Advisory Division	D-2	D-2
Central Evaluation Office	D-2	D-2
Division for Women in Development	D-2	D-2
Division for Non-Governmental Organizations	D-2	D-2
4. <u>Office for Project Services</u>		
Deputy Director, OPS	D-1	D-2
5. <u>Bureau for Finance and Administration</u>		
Division of Finance	D-2	D-2
Division of Administrative Management Services	D-2	D-2
Division of Management Information Systems	D-2	D-2

Table II.2 (continued)

	Current level	Proposed level
6. <u>Regional Bureaux</u>		
Africa (two Deputy Directors)	D-2	D-2
Asia and the Pacific	D-2	D-2
Arab States and European Programmes	D-2	D-2
Latin America and the Caribbean	<u>D-2</u>	<u>D-2</u>
Total D-2 posts	<u>27</u>	<u>27</u>

Table II.3. Senior Management posts, 1975-1990

Core	1975	1990
USG	2	1
ASG	7	7
D-2	55	54
<u>Non-core</u>		
USG	0	0
ASG	0	1
D-2	3	6

30. The table indicates that compared to 1975, UNDP has one less USG post and the same number of ASG posts in the core programme. It has one additional ASG post funded from non-core resources for a function which had only just been created in 1975 and was responsible in 1989 for over \$230 million of programme expenditure. Compared to 1985, there are the same number of USG posts, a reduction of one ASG funded from core resources and the addition of one ASG post funded from non-core resources.

31. With regard to D-2 posts, in 1975 there were 55 core D-2 posts; and three non-core D-2 posts. This compares with 54 core D-2 posts in 1990 and six non-core. In sum, over 17 years, despite the assumption by UNDP of a range of new responsibilities, the numbers of USG, ASG and D-2 posts in the UNDP core programme have in total seen a reduction in two posts (one USG, one D-2).

32. It is against this background that the Administrator requests the Council to consider his proposal that it is not in the overall interests of the organization to propose reductions at the senior management level in the UNDP core programme at this time.

33. With regard to the field, the grading structure of the 114 resident representative/resident co-ordinator posts is as follows:

D-2	33
D-1	71
P-5	<u>10</u>
Total	<u>114</u>

Having regard to the pivotal role of these posts not just for UNDP but for United Nations operational activities as a whole, the Administrator is of the view that this is an appropriate grade pyramid. The Administrator is further conscious of the emphasis given to field level activities by General Assembly resolution 44/211 and Governing Council decision 89/20. Against this background, the Administrator is therefore recommending no changes in the grading structure for the resident representatives/resident co-ordinators.

III. POST RECLASSIFICATION

34. In the context of the budget estimates for the biennium 1990-1991, which were submitted to the Governing Council for consideration at its thirty-sixth session (1989), the Administrator had proposed a limited number of reclassifications as one aspect of the overall headquarters staffing proposals. At that time, however, the Council decided to defer consideration of the reclassification proposals and invited the Administrator to resubmit these in the context of the revised 1990-1991 budget estimates to the Governing Council at its thirty-seventh session (1990).

35. After fully reviewing his original proposals, the Administrator hereby resubmits them. The principal element of the proposals relates to the reclassification from P-5 to D-1 of eight posts: three in DOP; three in TAD; and two posts of Division Chief, one in RBASEP and one in RBLAC.

36. The Administrator would like to point out that it is now six years since the original job classification exercise was undertaken in UNDP. He believes that the classification of posts must evolve in order to meet changing organizational needs and priorities. The posts selected for upgrading reflect such priorities.

37. The proposed reclassifications in DOP reflect the level of management responsibility being carried out by the incumbents. UNDP spends 75 per cent of its resources on staff; its capacity for human resources management is critical, therefore, to its overall performance. The optimal utilization of existing staff resources and a recruitment policy dedicated to attracting the best talent available require that appropriate management systems and tools be in place. Furthermore, UNDP carries a high level of responsibility in matters concerning the establishment of terms and conditions of staff service which, especially in the field, concern the United Nations system as a whole. The Administrator believes that reclassification of the posts of the key managers in the areas of staff development and placement, recruitment and policies and allowances is fully justified and is an important ingredient in putting into place effective human resources management systems.

38. Three posts of Principal Technical Adviser in TAD are proposed for reclassification from P-5 to D-1. In this case, the proposed grading does not reflect management responsibilities so much as market demand, which determines the level required to attract and retain the kind of technical skills and experience needed for the TAD functions. When combined with the two new posts which were approved in the context of the 1990-1991 budget, the reclassifications will provide TAD with an appropriate spread between P-5 and D-1 to attract staff of the highest calibre.

39. Finally, two Division Chief posts, one in RBASE and the other in RBLAC are proposed for upgrading from P-5 to D-1 in view of the responsibilities of the posts and in order to correct existing anomalies in the grading structure of the Regional Bureaux.

40. Two General Service posts are being proposed for reclassification at the Professional level (one P-2 and one P-3) to reflect the changed nature of the

work. One of these is in DAMS and one in DOI. In addition, four General Service posts are proposed for reclassification to the principal level of the General Service category to reflect increased responsibilities.

41. Table I.4 provides a summary by grade level of the Administrator's staffing proposal indicating the effect of the reclassification. The table also reflects the downgrading of two Professional posts (P-4 to P-3 and P-3 to P-2) in DMIS.

IV. UNIFEM BIENNIAL BUDGET ESTIMATES, 1990-1991

42. In view of the appointment of a new UNIFEM Director in February 1989, the Governing Council, at its thirty-sixth session (1989), agreed that the 1990-1991 biennial budget for UNIFEM be considered in 1990 in order to give the new Director an opportunity to review the needs of the Fund.

43. The Director has set in place a process of strategic planning: two workshops were conducted in 1989, one with Professional staff, and the other involving members of the Consultative Committee on UNIFEM. This process was used to assess UNIFEM needs.

44. With regard to staffing requirements, no increase in staffing is proposed for either the core or the technical support budgets of the Fund. However, the need has been identified for an executive assistant at the Professional level. Therefore, the Administrator proposes that the G-5 Administrative Assistant post assigned to the Director's office be upgraded to the P-3 level. The budgetary impact is an additional \$58,000 for the biennium. Table IV.2 contains the Administrator's staffing proposal.

45. Provisions for general operating expenditures in the UNIFEM core budget reflect a minor decrease. This is a result of the proper apportionment of these costs between the Fund's core and technical support budgets. However, it should be noted that within the aggregate decrease for general operating expenditures, some increases are planned for specific items, as reflected in table IV.1.

46. The 1990-1991 budget proposals were endorsed by the Consultative Committee on UNIFEM at its twenty-seventh session in January 1990.

Table IV.1. UNIFEM biennial budget estimates 1990-1991: cost estimates
 (Thousands of United States dollars)

Object of expenditure	1990-1991 estimates				Total estimates
	Approved appropriations	Volume increase (decrease)	Cost increase (decrease)	Total increase (decrease)	
I. BUDGETARY COSTS					
Established posts	1 726.1	0.0	38.0	38.0	1 764.1
Temporary assistance	17.6	43.1	0.4	43.5	61.1
Consultants	24.5	55.5	1.2	56.7	81.2
Overtime	48.4	(3.0)	0.3	(2.7)	45.7
Common staff costs	990.3	0.0	63.5	63.5	1 053.8
Other staff travel	69.9	20.6	1.3	21.9	91.8
Information contracts, including printing and binding	7.4	78.6	0.8	79.4	86.8
Translation	38.7	(19.1)	0.2	(18.9)	19.8
Rental and maintenance of premises	391.8	(162.2)	5.1	(157.1)	234.7
Utilities	26.5	1.2	0.7	1.9	28.4
Rental and maintenance of furniture, equipment and vehicles, including maintenance supplies	21.7	(9.7)	0.3	(9.4)	12.3
Communications	48.3	59.7	2.0	61.7	110.0
Hospitality	1.2	0.8	0.0	0.8	2.0
Rental and maintenance of computer equipment	9.1	0.0	0.0	0.0	9.1
Miscellaneous services	7.2	0.7	0.2	0.9	8.1
Stationery and office supplies, including internal reproduction supplies	15.4	20.6	0.6	21.2	36.6
Library books and supplies (publications)	2.1	(0.1)	0.0	(0.1)	2.0
Public information supplies and services	46.2	(34.0)	0.3	(33.7)	12.5
Office furniture and equipment	14.1	39.0	0.9	39.9	54.0
Micro-computers: hardware/software	13.4	(3.4)	0.0	(3.4)	10.0
Reimbursement to UNDP	460.7	(90.7)	29.6	(61.1)	399.6
	3 980.6	(2.4)	145.4	143.0	4 123.6
	1990-1991 appropriations				1990-1991 estimates
II. EXTRABUDGETARY RESOURCES					
Support services related to extrabudgetary activities in respect of UNIFEM	14.6				14.6
Total extrabudgetary resources	14.6				14.6
III. TOTAL COSTS	3 995.2				4 138.2

Table IV.2. UNIFEM biennial budget estimates 1990-1991: staffing requirements

Level	Established posts		Temporary posts				Total	
			Technical support		Extrabudgetary			
	1988-1989	1990-1991	1988-1989	1990-1991	1988-1989	1990-1991	1988-1989	1990-1991
Professional category and above								
D-2	0	1	0	0	0	0	0	1
D-1	1	0	0	0	0	0	1	0
P-5	1	1	1	1	0	0	2	2
P-4	4	4	1	1	0	0	5	5
P-3	4	5	0	1	0	0	4	6
P-2/1	0	0	1	0	0	0	1	0
Total	10	11	3	3	0	0	13	14
General Service category								
Principal levels	1	1	0	0	0	0	1	1
Other levels	7	6	2	2	0	0	9	8
Total	8	7	2	2	0	0	10	9
Grand total	18	18	5	5	0	0	23	23

V. THE OFFICE FOR PROJECT SERVICES

A. Background

47. In decision 89/58 of 30 June 1989, the Council approved the revised budget estimate for the biennium 1988-1989 with regard to OPS excluding, however, the proposed reclassifications. It further invited the Administrator to resubmit at the thirty-seventh session (1990) proposals for reclassification in the context of the full classification exercise to be undertaken for OPS. In decision 89/59, the Council approved the OPS budget estimates for the biennium 1990-1991 and decided that the Office's financial situation, together with its budgetary and staffing estimates, should be reviewed at the thirty-seventh session.

48. The full classification exercise has been concluded and the results are presented in table V.

Table V. Office for Project Services: staffing table

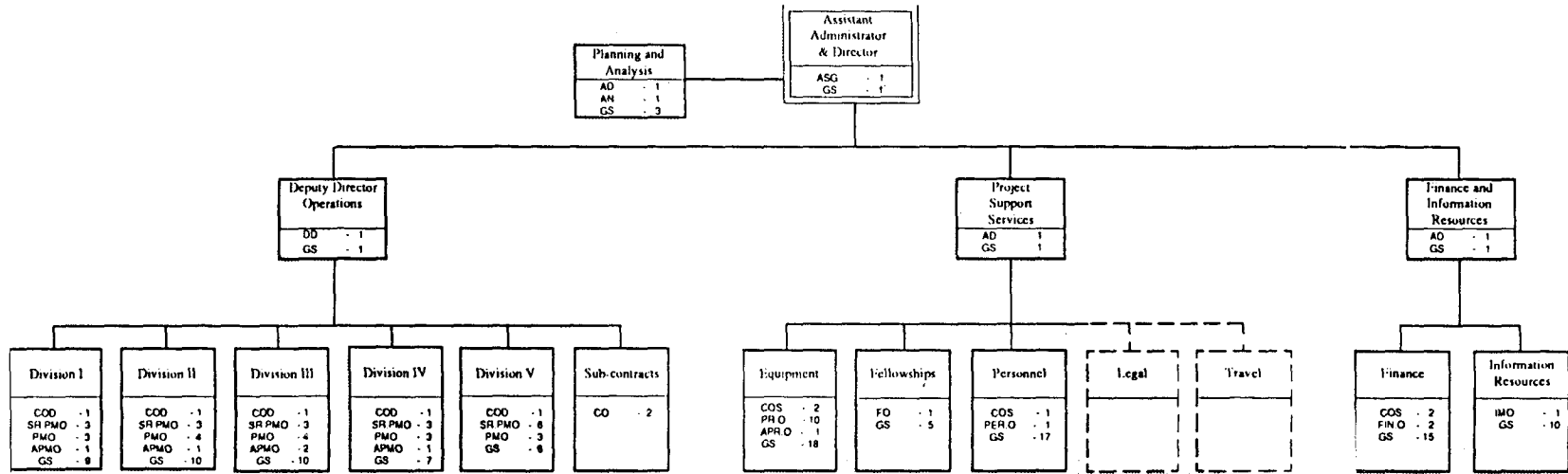
Authorized level	Staffing as per decision 89/59	Additional posts	Reclassification of posts (net)	Total proposed staffing
Professional category and above				
ASG	1 <u>a/</u>	0	0	1
D-2	0	0	1	1
D-1	6	0	3	9
P-5	16	2	6	24
P-4	25	0	(8)	17
P-3	12	0	6	18
P-2	12	0	(5)	7
Subtotal	72	2	3	77
General Service category				
Principal level	26	0	4	30
Other levels	88	4	(7)	85
Subtotal	114	4	(3)	115
Grand total	186	6	0	192

a/ In paragraph 22 of decision 89/59, the Governing Council approved the upgrading of the post of OPS Director to Assistant Administrator (ASG) through 30 June 1990.

49. The results of the classification exercise are fully in line with the findings of the management consulting firm which issued its report in 1988. The findings and recommendations of the study were reported to the Council in the report by the Administrator on the role and functions of the Office for Project Services (DP/1989/75). A revised organizational chart of OPS is provided below.

50. The restructuring and related reclassification exercise reflects the need for organizational responsiveness to the diversified demands being placed on OPS. The growth in demand for OPS services is in line with UNDP programme activities, in particular in relation to the growth of national execution, to UNDP-administered fund activities, to co-operative arrangements with UNFDAC, the World Bank and IFAD, and to the provision of management services. Over the last two biennia, expenditure has grown from \$125 million in 1986 to \$230 million in 1989 and the number of projects has almost doubled from 840 to 1,600. By most institutional indicators, for example, contracts awarded, purchase orders placed and international consultants hired, operations have doubled in size. In one category, national consultants hired, the number has increased from 235 to 1,889, representing more than a sevenfold increase. The number of national consultants hired is now just over that of international consultants.

OFFICE FOR PROJECT SERVICES RECOMMENDED ORGANIZATION STRUCTURE



LEGEND	
ASG - Assistant Administrator	APMO - Associate PMO
DD - Deputy Director	PRO - Procurement Officer
AD - Assistant Director	FO - Fellowship Officer
COD - Chief of Division	PERO - Personnel Officer
COS - Chief of Section	FINO - Finance Officer
SR - Senior	AN - Analyst
PMO - Project Management Officer	IMO - Information Management Officer
PO - Professional Officer	CO - Contract Officer
GS - General Service	

NOTE: Three Professional posts and one GS post for Palestine Programme & one Professional post for Bolivia Implementing Unit are included in OPS manning table.

B. Reclassification

51. It is against this background that recent increases in staffing and the restructuring and reclassification exercise must be assessed. It should be noted again that OPS fully covers all its costs with income generated in the form of support costs and management fees. With regard to the specific reclassification proposals being presented to the Governing Council, the Administrator wishes to highlight the following points:

(a) It is proposed to upgrade the Deputy Director post to the D-2 level. The incumbent is the second in command of the Office and directly supervises five Division Chiefs in addition to taking charge of the Office whenever the Director is absent. The proposed reclassification fully reflects the increased level of responsibility entrusted to the incumbent in this position;

(b) It is proposed to reclassify four Division Chief posts to the D-1 level. The net increase in D-1 posts is three since it is proposed to upgrade one D-1 post to D-2. In all, it is proposed to have five chiefs of operational divisions at the D-1 level. In the light of the growth experienced by OPS, each operational division will have a chief (D-1) and, on average, eight professional officers, all performing the function of PMO responsible for a specific portfolio of assigned projects. With each division currently handling on the average an aggregate project budget of \$80 million, the management function of the division chief has considerably increased over the last four years, particularly in view of the fact that OPS management, in line with recommendations made by the management study, is increasingly delegating authority to the incumbents. It is, therefore, considered that the D-1 grade is fully commensurate with the responsibility assigned to these positions;

(c) Reclassification proposals at the P-5 level and below are consistent with the overall restructuring exercise and reflect the levels of responsibility to be performed.

52. The biennial cost of the proposed reclassifications is \$0.6 million.

C. New posts

53. With respect to the 1990-1991 biennium, the Administrator has, within the authority delegated to him, approved two new Professional posts and four General Service posts. Four of these posts (two P-5; two G-4) are to be fully financed by IFAD, with the two remaining General Service receptionist posts to be financed by OPS.

D. Carry-over of OPS support cost earnings between biennia

54. By its decision 83/30 of 24 June 1983, the Governing Council authorized the Administrator to carry forward from support cost earnings by OPS during the current biennium an amount not exceeding 10 per cent of OPS approved gross appropriations

for the following biennium. Pursuant to this decision, the Administrator is carrying forward \$2,461,368 of 1988-1989 support-cost earnings for use in 1990-1991.

VI. UNV REVISED BIENNIAL BUDGET ESTIMATES, 1990-1991

55. UNV was the subject of extensive discussion by the Council at its thirty-fifth session (1988), as was the level of, and the funding mechanism for, its programme support and administrative services budget. Paragraphs 8-13 of decision 88/46 of 1 July 1988 contain the decision of the Council on this subject. At its thirty-sixth session (1989), the Governing Council, in paragraph 26 of its decision 89/59, modified decision 88/46 by approving a revaluation of the UNV core budget to \$17 million for the 1990-1991 biennium and increased the per capita charge relating to the supplementary budget to \$3,700. The result was a budget with three components:

(a) A core budget for UNV headquarters, amounting to \$15 million for 1990-1991, with a staffing level of 24 Professional and 36 General Service posts, intended to provide policy and operational support to up to 1,000 volunteers in the field;

(b) A supplementary budget for UNV headquarters, funded by means of an annual supplement to the core budget of \$3,700 per serving volunteer in excess of 1,000 on 31 December of the previous year;

(c) A field budget, providing for 40 UNV Programme Officers, with an equal number of support staff, to be funded as part of the core budget, at an estimated cost of \$2 million for the biennium 1990-1991.

56. Founded on the above principles and on the basis of 1,534 serving volunteers on 31 December 1988, decision 89/59 provided for a total 1990-1991 biennial budget of \$20.7 million for UNV.

57. The Administrator's revised estimates for the UNV 1990-1991 biennial budget takes into account a total of 1,801 serving volunteers on 31 December 1989, a net increase of 267 volunteers over the previous year, which yields a supplementary budget of \$5,927,400 (801 x \$3,700 x 2).

58. The revised budget has enabled the Administrator to establish a further two Professional and eight General Service posts, bringing the total UNV staffing in Geneva to 32 Professional and 55 General Service posts.

Table VI. Development of the UNV budget, 1985-1991
(Thousands of United States dollars)

	1985	1986	1987	1988	1989	1990	1991
NO. OF UNV VOLUNTEERS <u>a/</u>	942	1 128	1 125	1 269	1 534	1 801	1 801
CORE BUDGET <u>b/</u>	2 554.0	3 935.8	4 709.3	8 000.0	8 000.0	8 500.0	8 500.0
SUPPLEMENTARY BUDGET <u>c/</u>	0.0	197.9	593.7	941.5	1 869.0	2 963.7	2 963.7
TOTAL BUDGET RESOURCES AVAILABLE	2 554.0	4 133.7	5 303.0	8 941.5	9 869.0	11 463.7	11 463.7
EXPENDITURES <u>d/ e/</u>	2 554.0	4 133.7	5 303.0	7 250.9	9 503.1	11 246.3	11 426.1
BALANCE OF ACCOUNT	0	0	0	1 690.6	365.9	217.4	37.6
STAFFING: HEADQUARTERS							
CORE							
Professional	18	19	19	24	24	24	24
General Service	30	32	32	36	36	36	36
SUPPLEMENTARY							
Professional	0	5	5	4	6	8	8
General Service	0	4	4	4	11	19	19
TOTAL PROFESSIONAL	18	24	24	28	30	32	32
TOTAL GENERAL SERVICE	30	36	36	40	47	55	55
TOTAL HEADQUARTERS STAFFING	48	60	60	68	77	87	87
STAFFING: FIELD							
UNV Programme Officers				40	40	40	40
Local support staff				40	40	40	40
TOTAL STAFFING	48	60	60	148	157	167	167

a/ As of 31 December of preceding year.

b/ Core budget for years: 1985 - decision 85/35; 1986 and 1987 - decision 86/43 and decision 87/43; 1988 and 1989 - decision 88/46. For 1990 and 1991 the Governing Council, in its decision 89/59, approved revaluation of the parameters for the UNV core budget to \$17 million for the biennium.

c/ Extrabudgetary/supplementary budgets for years: 1986 and 1987 - decision 86/43 and decision 87/43; 1988 and 1989 - decision 88/46. Supplementary budgets for 1988 and 1989 were based on per capita fee of \$3,500 per serving volunteer in excess of 1,000. Also reflects decision 89/59 approving per capita fee of \$3,700 per serving volunteer in excess of 1,000 for 1990-1991.

d/ Expenditures for years 1985, 1986, 1987, 1988 and 1989 represent final expenditures as recorded in the financial statements; 1990 and 1991 represent budget estimates per Governing Council decision 89/59 and supplementary budget estimates of \$1,975,800, which consists of an additional 267 volunteers as at 31 December 1989.

e/ Includes extrabudgetary/supplementary expenditure for 1986 and 1987, as explained in c/.

VII. HEADQUARTERS SUPPORT TO NATIONAL EXECUTION

59. By decision 88/18 of 1 July 1988, the Governing Council authorized up to \$400,000 per year for DOF and \$300,000 per year for audit requirements through 1989 and 1990 from the support cost line in order to support and facilitate the implementation of national execution. By decisions 89/58 and 89/59, these appropriations were included as a separate appropriation line under the programme support activities section of the revised appropriation structure.

60. By decision 88/18, the Governing Council also invited the Administrator to present a report at its thirty-seventh session on a number of issues relating to the facilitation of national execution. This report is contained in document DP/1990/33. This report also responds to the policy guidance provided by the General Assembly in resolution 44/211 of 22 December 1989 and by the Governing Council in decision 89/20 with regard to the future role of national execution. Against the background of the recommendations contained in DP/1990/33, the Administrator's budgetary proposals are limited to the ongoing requirements of UNDP relating to headquarters support to national execution.

61. The Administrator proposes a revised appropriation of \$1.15 million in 1990 and \$1.25 million in 1991. This embodies an increase from \$300,000 to \$500,000 in respect of the audit function and from \$400,000 to \$750,000 in respect of accounting by the year 1991. The proposal is to increase the staffing level of the National Execution Unit of the Audit Division from two Professional staff and two General Service staff to three Professional staff and two General Service staff and the National Execution Unit of the Accounts Section from one Professional staff and six General Service staff to one Professional staff and eight General Service staff. The request for the Accounts Section includes provisions for both systems development and training relating to the revised procedures.

62. Following the introduction of new accounting and financial reporting procedures in 1989, the responsibilities of the National Execution Unit of the Accounts Section include:

- (a) Drafting procedures, developing PC-based systems and training field office and government staff;
- (b) Monitoring the implementation of and compliance with the above procedures;
- (c) Examination and entry of financial data into the official records; following up on delinquents;
- (d) Reconciliation exercises where local reports differ from official records;
- (e) Preparation of headquarters payments for Governments;
- (f) Preparation and consolidation of insurance payments to experts/consultants/fellows on national execution projects;
- (g) Calculation, accounting and reporting add-on funds;

- (h) Closure of accounts to ensure timely reporting within tight deadlines;
- (i) General financial reporting, forecasting, trend analyses;
- (j) Maintenance of information data base on national accounting practices;
- (k) Co-ordination with executing/co-operating agencies and suppliers;
- (l) Participating in evaluation missions of operations.

63. It is estimated that one Professional, seven General Service Accounting Clerks, and one Secretary are required to cope with the work-load.

64. The National Execution Unit of the Division for Audit and Management Review was established in 1989. It has assumed a critical role in sensitizing field offices and Governments to the comprehensive audit requirements issued by UNDP in 1989. During the course of 1989, missions were sent to some 30 offices, focusing on countries where nationally executed projects represented more than 50 per cent of the IPF resources, to ensure a complete understanding of the audit requirements by Governments as well as the field offices. Commitments were obtained from Governments to effect audits for 1989 and future years. While the Administrator is confident that significant improvements in compliance will be achieved, he notes that the progress achieved to date has relied on the resources of the Audit Division as a whole; it is in order to maintain the required sustained effort that he proposes the increase referred to above.

65. In putting forward these proposals, the Administrator is conscious of the high priority attached to the expansion of national execution as expressed in General Assembly resolution 44/211 and Governing Council decision 89/20. He has taken account of the interest in the delegation of authority and the need to facilitate a greatly expanded use of national execution. He is further conscious of the fact that he remains accountable for the proper and effective use of UNDP resources. He wishes to draw to the attention of the Council the fact that since \$400,000 was appropriated annually for the accounting function, national execution delivery has increased two and one half times (from \$41 million in 1986 to around \$100 million in 1989). Against this background, he believes his proposals incorporate the minimum requirements necessary to enable him to discharge his accounting and audit obligations.

VIII. SHORT-TERM ADVISORY SERVICES

66. The Governing Council, in its decision 89/51 of 30 June 1989, requested the Administrator to report fully at its thirty-seventh session (1990) on the details of the evaluation carried out of the STAS programme in December 1988 with a recommendation on the establishment of a STAS focal point as an operational part of UNDP commencing 1 July 1990. The report and the recommendation are contained in document DP/1990/58.

67. The STAS programme has grown steadily since 1985, spurred on by an improving climate for business in most developing countries. The focal point has received inquiries from a total of 416 firms and organizations in 79 developing countries. To date, more than 200 advisers from 23 countries have been fielded on missions to 51 developing countries.

68. The evaluation team concluded that STAS had fulfilled the objectives laid down for it by the Council. The evaluation took note of the high level of qualifications and the extensive practical experience which characterized the advisers who had been fielded. Overall, their performance was highly rated and the evaluation study found that their work was appreciated by both the beneficiary enterprises and Governments. On this basis, they recommended that STAS be made an operational programme of UNDP as early as possible and that UNDP allocate sufficient human and financial resources to enable it to grow at a steady and sustainable rate.

69. Based on this positive assessment, the Administrator is recommending that STAS be made an operational part of UNDP from 1 July 1990 and that funding and staffing (one Professional and one General Service) for this programme be provided under programme support activities at current levels. Funding from programme resources will allow for an expansion of programme activities as necessary over time. A breakdown of the proposed budget is provided below.

Table VIII. Short-term advisory services: biennial budget estimates, 1 July 1990 to 31 December 1991

Object of expenditure	Estimated expenditures (United States dollars)	
	1990	1991
Established posts	67 000	134 000
Temporary assistance	10 000	-
Consultants	15 000	30 000
Other staff travel	15 000	30 000
Rental and maintenance of premises	12 000	24 000
Miscellaneous services	3 000	3 000
Office furniture and equipment	3 000	4 000
Total	125 000	225 000

IX. COST ADJUSTMENTS AFFECTING THE REVISED 1990-1991 BIENNIAL BUDGET ESTIMATES IN RESPECT OF UNDP CORE AND NON-CORE ACTIVITIES

70. The proposed cost adjustments relate to three categories: currency adjustments; revised inflation estimates; and other cost adjustments which relate principally to staff costs. The implications of General Assembly resolutions 44/198 and 44/199 of 21 December 1989 impact on both the inflation estimates and other cost adjustments. For ease of presentation, the routine cost adjustments will be dealt with first. The impact of the General Assembly resolution will then be presented as a complete package so that these costs can be identified separately.

71. With regard to currency adjustments, the revised 1990-1991 UNDP core budget estimates take account of the change in currency parities between 1 February 1989, the base for the original 1990-1991 estimates, and 1 February 1990, which forms the basis for these revised estimates. The result is a currency release on the core budget of \$3.3 million or a decrease of 0.8 per cent.

72. As regards inflation relating to the UNDP core budget, an increase in headquarters costs amounting to \$1.1 million is the result of an increase in projected inflation rates as established by the United Nations (see document A/C.5/44/52 and Corr.1). Inflation relating to the field offices shows a net increase of \$1.3 million. Taken together, the net effect is an increase in the core budget, excluding the impact on inflation arising from General Assembly resolutions 44/198 and 44/199, of \$2.4 million or 0.6 per cent. The revised estimates embody an overall inflation rate of 7.4 per cent, comprising 5.2 per cent at headquarters and 8.5 per cent in the field offices. The impact of the General Assembly resolutions on inflation is discussed further below.

73. Cost adjustments relating to international and headquarters General Service staff amount to an increase of \$2.2 million for UNDP core activities. This encompasses the following elements:

(a) Modifications to the average post-costing as presented in the 1990-1991 budget estimates (DP/89/55), which amounted to a decrease of \$0.9 million;

(b) Reclassification of Professional and General Service posts which resulted in a net increase of \$0.4 million (see chap. III);

(c) The revision of the UNDP contribution to the Joint Pension Fund being 15.8 per cent from 15.0 per cent resulted in an increase of \$1.1 million;

(d) Other cost adjustments relate to UNDP reimbursement to the United Nations for various services and jointly financed activities. The Administrator's original 1990-1991 estimates made no adjustment to the United Nations reimbursement levels, since the United Nations had not yet revised its own estimates of those costs. In the second half of 1989, it submitted revised estimates to UNDP which were then jointly reviewed. The result of this review is that an increase of \$1.6 million is included in the revised estimates for UNDP core activities.

74. The financial implications of the proposed changes in the conditions of service of staff in the Professional and higher categories as laid out in General Assembly resolutions 44/198 and 44/199 are given in table IX.

Table IX. Proposed changes in the conditions of service of staff in the Professional and higher categories

(in millions of United States dollars)

Item	Cost adjustment	Inflation adjustment	Total adjustment
Base pay	5.2 <u>a/</u>	2.4 <u>b/</u>	7.6
Post adjustment	(5.2)	- <u>c/</u>	(5.2)
Pension	-	0.6 <u>d/</u>	0.6
Mobility and hardship	2.4	-	2.4
Assignment grant	1.3	-	1.3
Dependency allowance	0.1	-	0.1
Repatriation grant	0.1	-	0.1
Commutation of annual leave	0.1	-	0.1
Home leave	(0.1)	-	(0.1)
	<u>3.9</u>	<u>3.0</u>	<u>6.9</u>

a/ Reflects the consolidation of 12 points of post adjustment into base pay.

b/ Reflects the overall increase of 5 per cent on net salaries.

c/ Only normal inflationary adjustments have been incorporated in the budget for this item.

d/ Corresponds to the 5 per cent increase on base pay.

75. Under post adjustment, no increase has been included because of regressivity, which is considered marginal in view of the limited number of duty stations to which it applies.

76. Boarding costs are considered cost neutral for UNDP mainly because the increase for primary and secondary boarding expenses will be offset by a reduction in university-level boarding expenses for staff in designated duty stations.

77. Motivation and productivity costs covering a reduction in the value of steps in the salary scale, additional steps at the top of each grade at the P-2 to D-2 levels, and a two-step increase on promotion have been considered at this point as cost neutral.

78. The Administrator has reviewed the non-core units in a similar way and the results are reflected in annex table 1.

79. As regards income estimates, the Administrator has revised downwards by \$1.2 million per year his estimates of income to the core budget relating to government local office cost contributions and miscellaneous income. This represents the Administrator's most recent assessment based on actual performance during the biennium just ended.

X. DRAFT APPROPRIATION DECISION

80. In the light of the above, the Administrator recommends the following draft decision for the Council's consideration:

The Governing Council,

Having considered the 1990-1991 revised biennial budget estimates of the United Nations Development Programme as contained in document DP/1990/65,

(a) Takes note of the carry-forward of \$2,461.4 of 1988-1989 support-cost earnings of the Office for Project Services for use in 1990-1991;

(b) Approves appropriations in an amount of \$542,492.1 (gross) to be allocated from the resources indicated below to finance the 1990-1991 biennial budget and resolves that the income estimates in an amount of \$50,899.0 shall be used to offset the gross appropriations, resulting in net appropriations of \$491,593.1 as indicated below.

UNDP 1990-1991 biennial budget for programme support
 and administrative services

(Thousands of United States dollars)

	Gross appropriations	Estimated income	Net appropriations
I. RESOURCES OF UNDP			
A. <u>UNDP core activities a/</u>			
(i) Headquarters	150 493.2 ^{b/}	0.0	150 493.2
(ii) Field offices	284 177.4	29 940.0 ^{c/}	254 237.4
(iii) Total UNDP core activities	<u>434 670.6</u>	<u>29 940.0</u>	<u>404 730.6</u>
B. <u>Programme support activities</u>			
(i) Development Support Services	5 000.0	0.0	5 000.0
(ii) OPS	45 201.5	19 959.0 ^{d/}	25 242.5
(iii) IAPSO	4 446.8	0.0	4 446.8
(iv) UNV	23 251.0	0.0	23 251.0
(v) National execution ^{e/}	2 400.0	0.0	2 400.0
(vi) STAS	350.0	0.0	350.0
(vii) Total programme support activities	<u>80 649.3</u>	<u>19 959.0</u>	<u>60 690.3</u>
C. Total resources of UNDP	<u>515 319.9</u>	<u>49 899.0</u>	<u>465 420.9</u>
II. RESOURCES OF TRUST FUNDS			
A. United Nations Capital Development Fund	9 756.6	0.0	9 756.6
B. United Nations Revolving Fund for Natural Resources Exploration and United Nations Fund for Science and Technology for Development	5 670.6	0.0	5 670.6
C. United Nations Sudano-Sahelian Office	8 621.4	2 000.0 ^{f/}	6 621.4
D. United Nations Development Fund for Women	4 123.6	0.0	4 123.6
E. Subtotals I, II (A, B, C, D)	<u>543 492.1</u>	<u>51 899.0</u>	<u>491 593.1</u>
F. Adjustment for UNDP contribution to UNSO-UNDP/UNEP joint venture	(1 000.0)	(1 000.0)	0.0
III. TOTAL APPROPRIATIONS	<u>542 492.1</u>	<u>50 899.0</u>	<u>491 593.1</u>

(Footnotes to table on following page)

(Footnotes to table)

- a/ The appropriation for UNDP core activities is broken down into those related to the field office network and those related to headquarters. The Administrator is permitted to redeploy between the two lines up to a maximum of 5 per cent.
- b/ Includes UNDP contribution to UNSO-UNDP/UNEP joint venture of \$1,000.0.
- c/ Includes estimated income of \$29,600 for host Government contributions in cash.
- d/ Represents estimated income from trust funds and management service agreements.
- e/ Represents headquarters accounting and auditing support costs for national execution projects, see decisions 87/14 and 88/18.
- f/ Includes \$2,000.0 for UNSO-UNDP/UNEP joint venture, of which \$1,000.0 is funded from the UNDP core budget and \$1,000.0 from that of UNEP.

Annex table 1. Proposed increase/decrease in the 1990-1991 gross biennial budget estimates indicating amounts attributable to volume and cost category

(Thousands of United States dollars)

	1990-1991 approved appropriations (decision 89/59)	Volume increase/ decrease	Cost increase/decrease			Total cost increase/ decrease	Total increase/ decrease	Revised 1990-1991 estimates
			Various cost adjustments	Currency adjustment	Inflation adjustment			
I. RESOURCES OF UNDP								
A. UNDP core activities								
(i) Headquarters	146 061.9	0.0	2 029.0	160.6	2 241.7	4 431.3	4 431.3	150 493.2
(ii) Field offices	280 376.5	0.0	4 137.5	(3 426.7)	3 090.1	3 800.9	3 800.9	284 177.4
(iii) Total UNDP core activities	426 438.4	0.0	6 166.5	(3 266.1)	5 331.8	8 232.2	8 232.2	434 670.6
B. Programme support activities								
(i) Development Support Services	5 000.0	0.0	0.0	0.0	0.0	0.0	0.0	5 000.0
(ii) OPS	42 362.8	976.2	1 256.2	0.0	606.3	1 862.5	2 838.7	45 201.5
(iii) IAPSO	4 187.0	0.0	161.5	130.0	(31.7)	259.8	259.8	4 446.8
(iv) UNV	20 696.6	1 975.8	317.4	532.6	(271.4)	578.6	2 554.4	23 251.0
(v) National execution	1 400.0	745.1	0.0	0.0	254.9	254.9	1 000.0	2 400.0
(vi) STAS	0.0	350.0	0.0	0.0	0.0	0.0	350.0	350.0
(vii) Total programme support activities	73 646.4	4 047.1	1 735.1	662.6	558.1	2 955.8	7 002.9	80 649.3
C. Total resources of UNDP	500 084.8	4 047.1	7 901.6	(2 603.5)	5 889.9	11 188.0	15 235.1	515 319.9
II. RESOURCES OF TRUST FUNDS								
A. Resources of UNCDF	9 565.6	0.0	46.8	0.0	144.2	191.0	191.0	9 756.6
B. Resources of UNRFNRE and UNFSTD	6 455.0	(844.8)	(12.9)	0.0	73.3	60.4	(784.4)	5 670.6
C. Resources of UNSO	8 572.2	0.0	75.0	1.1	(26.9)	49.2	49.2	8 621.4
D. Resources of UNIFEM	3 980.6	(2.4)	78.2	0.0	67.2	145.4	143.0	4 123.6
E. Subtotals I, II (A, B, C, D)	528 658.2	3 199.9	8 088.7	(2 602.4)	6 147.7	11 634.0	14 833.9	543 492.1
F. Adjustment for UNDP contribution to UNSO-UNDP/UNEP joint venture	(1 000.0)	0.0	0.0	0.0	0.0	0.0	0.0	(1 000.0)
III. TOTAL APPROPRIATIONS	527 658.2	3 199.9	8 088.7	(2 602.4)	6 147.7	11 634.0	14 833.9	542 492.1

Annex table 2. Summary of proposed increase/decrease in the 1990-1991 biennial budget estimates

(Thousands of United States dollars)

Source of funds/appropriation line	1990-1991 approved appropriations (Decision 89/59)	1990-1991 proposed increase/ (decrease)	1990-1991 revised estimates
I. Resources of UNDP			
A. UNDP core activities			
Headquarters	146 061.9	4 431.3	150 493.2
Field offices	280 376.5	3 800.9	284 177.4
Total UNDP core gross appropriations	426 438.4	8 232.2	434 670.6
Host Government contributions in cash	(32 000.0)	2 400.0	(29 600.0)
Other income	(340.0)	0.0	(340.0)
Total UNDP core net appropriations	394 098.4	10 632.2	404 730.6
B. Programme support activities			
(i) Development Support Services			
Gross/net appropriations	5 000.0	0.0	5 000.0
(ii) OPS			
Gross appropriations	42 362.8	2 838.7	45 201.5
Extrabudgetary income from trust funds and MSA	(19 174.0)	(785.0)	(19 959.0)
Net appropriations	23 188.8	2 053.7	25 242.5
(iii) IAPSO			
Gross/net appropriations	4 187.0	259.8	4 446.8
(iv) UNV			
Gross/net appropriations	20 696.6	2 554.4	23 251.0

Source of funds/appropriation line	1990-1991 approved appropriations (Decision 89/59)	1990-1991 proposed increase/ (decrease)	1990-1991 revised estimates
(v) National execution			
Gross/net appropriations	1 400.0	1 000.0	2 400.0
(vi) Short-term advisory services			
Gross/net appropriations	0.0	350.0	350.0
(vii) Total programme support activities			
Gross appropriations	73 646.4	7 002.9	80 649.3
Estimated income	(19 174.0)	(785.0)	(19 959.0)
Net appropriations	54 472.4	6 217.9	60 690.3
C. Total resources of UNDP			
Gross appropriations	500 084.8	15 235.1	515 319.9
Estimated income .	(51 514.0)	1 615.0	(49 899.0)
Net appropriations	448 570.8	16 850.1	465 420.9
II. RESOURCES OF TRUST FUNDS			
A. United Nations Capital Development Fund			
Gross/net appropriations	9 565.6	191.0	9 756.6
B. United Nations Revolving Fund for Natural Resources Exploration and United Nations Fund for Science and Technology for Development			
Gross/net appropriations	6 455.0	(784.4)	5 670.6

Source of funds/appropriation line	1990-1991 approved appropriations (Decision 89/59)	1990-1991 proposed increase/ (decrease)	1990-1991 revised estimates
C. United Nations Sudano-Sahelian Office			
Gross appropriations	8 572.2	49.2	8 621.4
Estimated income from UNDP and UNEP in respect of the Joint Venture	(2 000.0)	0.0	(2 000.0)
Net appropriations	6 572.2	49.2	6 621.4
D. United Nations Development Fund for Women			
Gross/net appropriations	3 980.6	143.0	4 123.6
E. Subtotals I, II (A, B, C, D)			
Gross appropriations	528 658.2	14 833.9	543 492.1
Estimated income	(53 514.0)	1 615.0	(51 899.0)
Net appropriations	475 144.2	16 448.9	491 593.1
F. Adjustment for UNDP contribution to UNSO-UNDP/UNEP joint venture			
Gross appropriations	(1 000.0)	0.0	(1 000.0)
Estimated income	1 000.0	0.0	1 000.0
Net appropriations	0.0	0.0	0.0
III. GRAND TOTAL			
Gross appropriations	527 658.2	14 833.9	542 492.1
Estimated income	(52 514.0)	1 615.0	(50 899.0)
Net appropriations	475 144.2	16 448.9	491 593.1

