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POLICY

UNITED NATIONS POPULATION FUND

REPORT OF THE EXECUTIVE DIRECTOR ON THE
STATUS OF REMODELLING OF UNFPA PREMISES

Report of the Advisory Committee on Administrative
and Budgetary Questions

1. The Advisory Committee on Administrative and Budgetary Questions has considered the report of the Executive Director on the status of remodelling of UNFPA premises (DP/1989/65). The Advisory Committee met with the Executive Director and her senior colleagues during its consideration of this item.
2. For reasons outlined in the report, the Executive Director is requesting authority from the Council to exceed by an additional \$900,000, the previously approved total outlay of \$1 million for remodelling of UNFPA headquarters. According to the Executive Director, "All expenditures will be covered by funds already appropriated by the Governing Council for the 1988-1989 biennial budget." (DP/1989/65, para. 11) In paragraph 9, the Executive Director states that if her request is approved by the Governing Council, she will subsequently, in accordance with Financial Regulation 11.5 of UNFPA, "request the concurrence of the Advisory Committee on Administrative and Budgetary Questions to the transfer of credits as required from other programmes to Programme II of the APSS budget to cover expenses to be incurred in connection with the remodelling of UNFPA premises."
3. The Advisory Committee notes that by paragraph 14 of its decision 88/36, the Governing Council had decided "to include under Programme II of the APSS budget for the biennium 1988-1989 an additional appropriation of \$800,000 for renovation of the headquarters office, with the total outlay not to exceed \$1 million, and the difference between the overall appropriation and the overall ceiling to be derived from savings in the APSS budget." On that basis, approval of the Executive

Director's request would in fact entail the financing of an additional total amount of \$1.1 million under Programme II (Administration and information support services), by the corresponding reduction of the level of approved appropriations under other programmes of the approved APSS budget. In this connection, the Committee notes from the table in paragraph 10 of document (DP/1989/65) and additional information provided to it by representatives of the Executive Director, that this \$1.1 million is expected to be met by reduced expenditures of \$900,000 under Programme IV (Field programme support) and \$200,000 under Programmes I and III (Executive direction and management, and Programme planning, appraisal and monitoring). According to representatives of the Executive Director, projected under-expenditures in these programmes are largely attributable to higher than expected post vacancies during 1988 and through early 1989 (the equivalent of 8 P-5 posts in the field and 5 posts at headquarters), and savings under other objects of expenditure (staff travel, in particular).

4. The additional resource requirements relate almost entirely to the Executive Director's proposal to rent 12,000 square feet of additional office space in the Daily News Building. This new space is intended for use initially as "swing space" to facilitate remodelling of existing rented office space on the 17th and 18th floors (remodelling of the 19th floor has already been completed), and ultimately, for long-term use to "improve the working conditions of UNFPA's General Service staff, while maintaining current standards for the Fund's Professional staff." (DP/1989/65, para. 7) According to representatives of the Executive Director, the early approval of the Governing Council to the request is required since the letter of intent signed by the UNFPA Administration with the landlord to rent this additional space on the twenty-third floor will expire on 1 March 1989. (In document DP/1989/65, para. 10, reference is made to the 21st floor; however, this space is apparently no longer available.) If approved, the new lease for this additional space would cover the period 1 March 1989 to 31 December 1995 (i.e., it would expire concurrently with the existing lease for the office space currently being rented by UNFPA).

5. The Advisory Committee observes that the request before the Council is not merely one of meeting revised estimated costs of the approved office remodelling project, but of rental of new office space. The Committee believes that such a request to rent additional office space should normally have been submitted in the context of the Executive Director's reports on the revised APSS budget for the biennium 1988-1989 and proposed APSS budget for the biennium 1990-1991 which are to be submitted to the Governing Council at its forthcoming thirty-sixth session in June 1989. The Governing Council and the Advisory Committee would then have been in a position to consider the request on the basis of full information as to its overall implications.

6. In paragraph 6 of her report DP/1989/65, the Executive Director cites the conclusion of the second architect engaged by UNFPA, that "the renting of additional space was inevitable"; otherwise, "the remodelling simply could not achieve its primary objective of providing more space and improving working conditions for General Service staff." The Advisory Committee questions the basis for this statement since the original rationale advanced by the Executive Director to the Governing Council at its thirty-fifth (1988) session for the remodelling of

UNFPA's office (see document DP/1988/39, para. 15) did not explicitly specify such a primary objective. In the circumstances, the Committee has doubts as to whether the reasons now advanced in support of the request to rent additional office space represent the correction of planning errors or in fact, a change in policy. As regards the reference in document DP/1989/65, paragraph 7, to the allocation of office space in UNFPA vis-à-vis office accommodation standards applied by UNDP, the Committee points out that the question of comparability should not always be an over-riding concern.

7. The Advisory Committee also notes that comparative data detailing the current and future (i.e., including the new space requested) allocation and use of office space which would have facilitated assessment of UNFPA's actual office space needs, has not been provided in document DP/1989/65).

8. As regards the financial implications involved, in the short-term, the 1989 cost is estimated at \$845,000 (comprising \$315,000 for rental of 12,000 sq. ft. of new space for 9 months in 1989 at an annual rate of \$35 per sq. ft.; \$120,000 for costs related to temporary use of this new area as "swing space"; and \$410,000 for subsequent construction costs to convert this new area into office space). In the long-term, renting this 12,000 square feet of additional office space would require increasing the APSS budget provision for rental of office space in future biennia by at least \$840,000 per biennium. In this connection, the Committee regrets the absence of any discussion in document DP/1989/65 of the short-term and medium-term implications of this additional cost involved, which would significantly increase the APSS budget's share of the Fund's overall resources.

9. For the reasons outlined in paragraphs 5 to 8 above, the Advisory Committee is not in a position to express a definitive opinion on the Executive Director's request to rent additional office space at this time. However, if, in view of the time constraints pointed out by the UNFPA Administration (see para. 4 above) the Governing Council should decide, at its forthcoming special session in February 1989, to approve the Executive Director's proposal, the Advisory Committee recommends that the Executive Director should then be requested to fully reflect the consequential budgetary and other changes involved in her forthcoming reports on the revised APSS budget for the biennium 1988-1989 and proposed APSS budget for the biennium 1990-1991.

