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INTRODUCTORY REPORT OF THE EXECUTIVE DIRECTOR

Addendum

UNEP'S REGIONAL OFFICE SYSTEM

Summary

The Regional Office system is essential to the effective discharge of UNEP's mandate. However, the staff and resources currently allocated to this system are insufficient to meet the environmental challenges of the 1990s. The Executive Director proposes to strengthen the Regional Office system through the creation of new regions by the subdivision of those that exist and by the establishment of a regional relations section at UNEP headquarters. He also proposes that the costs of implementing these proposals be met through arrangements with donor Governments. In addition, the Executive Director will work to strengthen relationships with UNDP and the World Bank at the headquarters, regional and country levels. He will promote the establishment of national UNEP Committees, reinforce relationships with the Regional Economic and Social Commissions and take measures to improve the management and administration of the Regional Offices.

The proportion of funds for the Regional Office system drawn from Programme and Programme Support Costs (PPSC) rose from 39 to 56 per cent during the period 1981-1987. During the same period, regional activities carried out under the Fund Programme dropped from 50 to 28 per cent. To achieve a better balance between the two sources of funding, the Executive Director proposes to increase the proportion of the costs of the existing Regional Offices borne by the Fund Programme during the biennium 1990-1991 by approximately 24 per cent.

Suggested action by the Governing Council

The Governing Council may wish to:

1. Note the Executive Director's findings with respect to the role of the Regional Office systems in the 1990s and agree with his conclusion that the system should be strengthened;
2. Authorize the Executive Director to seek financial support and/or secondments of staff and provision for their expenses from donor countries for the establishment of subregional offices and a Regional Relations Unit in Headquarters.
3. Welcome the Executive Director's intentions to:
 - (a) Strengthen relationships with the United Nations Development Programme and the World Bank;
 - (b) Develop closer working relationships with the Regional Economic and Social Commissions;
 - (c) Promote the establishment of UNEP National Committees as appropriate;
 - (d) Improve the management and administration of the Regional Offices;
 - (e) Reduce the proportion of costs of the Regional Office system borne by Programme and Programme Support costs as set out in paragraph 12 below.
4. Call on:
 - (a) The governing bodies of the United Nations Development Programme and the World Bank to support the development of stronger relationships among the three organizations;
 - (b) The Economic and Social Commissions to play a more active role in the activities of the Designated Officials on Environmental Matters (DOEM).
5. Endorse the Executive Director's proposals for the highest priority functions for the Regional Offices as set out in paragraph 6 (f) below.

INTRODUCTION

By its decision 14/35, the Governing Council requested the Executive Director to review the expenditure on UNEP Regional and Liaison Offices with a view to bringing down part of the cost of these offices charged to programme and programme support costs. Accordingly, the Executive Director engaged an independent consultant to review the role and activities of the Regional Office system to provide a background for the review of expenditures. The Executive Director has drawn on the findings of the consultant, which include a review of expenditure, in the preparation of this addendum.

THE ROLE OF THE REGIONAL OFFICE SYSTEM

1. UNEP's mandate extends to all regions. If UNEP is to be successful in promoting the concept of environmentally sound development through proper environmental management, it must understand better environmental issues in all parts of the world and appreciate more fully concern about these issues. Whether such problems manifest themselves globally, regionally or locally, actions to deal with them must have some defined geographic focus. Because actions aimed at solving regional and global problems must be co-ordinated at the regional or global level, UNEP set up Regional Offices shortly after its establishment. The Governing Council and Governments themselves have frequently expressed support for the Regional Office system.
2. The growing complexity and urgency of environmental problems, coupled with widespread recognition of their gravity, has increased the call for corrective action. No less than before, much of this action must be focused at the regional and country levels.
3. The Regional Offices have an indispensable role to play in developing this orientation of the Environment Programme in accordance with their mandate as defined by decision 10/2 of the Governing Council. The activities referred to in that decision can be grouped under four headings and described as follows:
 - (a) Representation, promotion and liaison: representation of UNEP as an institution and promotion of the concepts of environmental management and sustainable development; achieved through liaison with Governments, organizations and bodies of the UN system and other intergovernmental bodies and the NGOs in the regions;
 - (b) Technical co-operation: enhancing the capability of developing countries to undertake environmental management independently and effectively; attained largely by the transfer of technical information and experience through consultancies, fellowships, seminars and networking, as well as by demonstration projects, often supported by extra-budgetary funds and executed by other organizations;
 - (c) Information dissemination and education: raising awareness of the significance of environmental issues by newsletters, interviews, speeches, press releases, books and pamphlets; directed to Governments, professionals, teachers and the general public;
 - (d) Information gathering: reporting to headquarters on all matters of environmental significance in the regions.

4. Regional Offices are located at Nairobi (Africa), Bangkok (Asia and the Pacific), Geneva (Europe), Mexico City (Latin America and the Caribbean), New York (North America) and Bahrain (West Asia). The regions differ significantly in size, population, language, traditions, economic development and the nature of the environmental problems they face.

5. The Regional Office system cannot respond adequately to current environmental challenges, largely for the following reasons:

(a) Inadequate staff and financial resources for the extent of the areas to be covered, the Governments to be served and the mandate to be discharged;

(b) Consequent inability to take full advantage of all opportunities for collaborative action and to undertake a systematically programmatic structure of activities;

(c) Inadequate definition of the role of the Regional Offices and of their relationship with headquarters;

(d) Administrative problems.

STRENGTHENING THE REGIONAL OFFICES SYSTEM FOR THE 1990s

6. For all the reasons cited above, The Regional Office system must be strengthened. The Executive Director therefore proposes the following steps:

(a) Creation of subregional offices: this will reduce the area and the number of Governments to be dealt with by each of the Offices concerned. The Asia and Pacific region (39 countries), the Africa region (50 countries) and the Latin America and Caribbean region (33 countries) could be subdivided as follows:

- (i) A subregion could be established to include the 15 island countries of the Pacific, including Papua New Guinea, New Zealand and Australia. The Bangkok Office has experienced considerable difficulty in serving these countries and their needs for assistance in environmental management are great. The office should be relieved of responsibilities in the Pacific region, reducing the number of Governments that it would serve to 24;
- (ii) The Africa Regional Office now serves the largest number of countries and would greatly benefit from subdivision. West Africa is difficult to reach from Nairobi and a subregional office should be established to serve the 20 countries in that area. Such an Office could advantageously be located at the same point which will be agreed for the Office for the West African Regional Seas Programme;
- (iii) The size and complexity of the Africa region could be further reduced by transferring responsibility for the six Arabic-speaking countries of Africa to the Regional Office for West Asia, which currently has responsibility for 13 Governments, all of them Arabic-speaking.

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- (iv) The task of the Regional Office for Latin America and the Caribbean could be made easier by transferring all responsibilities for UNEP's relationships with the 10 island states of the Caribbean region to a subregional Office located next to the Office of the Caribbean Regional Seas Action Plan in Kingston, Jamaica.

(b) Establishment of a Regional Relations Unit at headquarters: the evaluation of the Regional Office system identified inadequate communication between headquarters and the regions and less than satisfactory appreciation on the part of each of the activities of the other. More important, neither took full advantage of the knowledge and experience of the other. To establish stronger and more clearly defined links between headquarters and the Regional Offices, the Executive Director proposes to set up a Regional Relations Unit in the Office of the Deputy Executive Director. This Unit would follow up requests and reports to headquarters from Regional Offices and directives and requests from headquarters to the Regional Offices. Its functions would entail far more than simply ensuring that communications are handled efficiently and effectively; it would also play a central role in developing concrete procedures for planning and implementing the Environment Programme in respect of regional activities. The Unit would have a staff of four. To facilitate communications with the Regions, its staff would include one officer fluent either in Arabic, English, French or Spanish.

(c) Strengthening relationships with UNDP and the World Bank: to increase the impact of the Environment Programme at the country level, the Executive Director will work towards strengthening relationships with the United Nations Development Programme (UNDP) and the World Bank. Within the United Nations system, it is these two organizations that have the greatest impact on development policies and programmes and therefore on environmental matters as well. Both UNDP and the World Bank are building up their capacity for environmental activity and commitment to it. In addition, UNDP has long been the focal point in countries for all UNEP activities. To achieve this goal, the following is proposed:

- (i) As a first step towards developing a more action-oriented relationship with the World Bank and UNDP, a high-level meeting of the World Bank, UNDP and UNEP is envisaged for agreement on common objectives in policy formulation and programme planning related to environmental management at the country level;
- (ii) Agreement will be sought for the secondment of UNEP staff members or consultants as senior environmental advisors to the UNDP Resident Representatives in the three countries proposed for system-wide environmental activity. In addition, the Directors of the Regional Offices will be asked to develop plans for increasing their contacts with UNDP Resident Representatives.

(d) Promotion of National Committees: as a means of strengthening relationships with countries and of supporting the work of the Regional Offices, the Executive Director will develop a policy for further promoting and supporting the establishment of UNEP National Committees. These already show considerable promise in several countries as a means of raising awareness of environmental problems and of those UNEP activities that can help solve them. UNEP will collate relevant information and experience and promote and assist in the formation of National Committees in countries where an interest in such activity is made evident. UNEP will also consider extending further financial support on a pilot project basis for the establishment of national committees in one country in each of the developing regions.

(e) Strengthening relationships with the Regional Economic and Social Commissions: the development of closer working relationships with the Regional Economic and Social Commissions has always been a priority of UNEP, although achievements in these endeavours have been uneven. The Executive Director will, however, emphasize again the need for regular joint programming, the identification and planning of joint activities and the regular and systematic exchange of reports and information. It is recommended that for their part, the Regional Commissions should become much more involved in the activities of the Designated Officials on Environmental Matters (DOEM). At present, only the Economic Commission for Europe (ECE) attends the DOEM meetings.

(f) Improving Management and Administration: the Executive Director will take measures to improve the management and administration of the Regional Offices. These will include:

- (i) With due allowance for regional differences, specifying the following activities as those of highest priority among the functions defined in the Terms of Reference of the Regional Offices:
 - Dissemination of information to raise awareness of environmental issues;
 - Exchange of technical information and experience as a means of increasing the capacity of countries for environmental management;
 - Establishment and operation of networks to undertake training, dissemination of information and the exchange of experience;
 - Reporting on the state of the environment and on relevant activities of Governments and other institutions within regions.
- (ii) Ensuring closer conformity between the granting of fellowships and the use of consultancies, as well as the foregoing functions, on the one hand and, on the other, the priority subject areas of the Environment Programme;
- (iii) Creating better mutual understanding of the responsibilities of headquarters and the Regional Offices;

- (iv) Formulating and implementing a policy for improved internal communication;
- (v) Building up in each region data bases on national characteristics relevant to environmental management and using them as major sources for a central data base of a similar nature;
- (vi) Studying the feasibility of using a greater number of languages in the Regional Office information programmes, since in many countries the use of official United Nations languages alone renders the outputs inaccessible to all but a small minority.

FINANCIAL CONSIDERATIONS

7. Most of the above recommendations can be implemented without additional expenditures. However, financial support will be needed for (a) the creation of subregional offices, (b) the establishment of a Regional Relations Unit and (c) the promotion of national committees.

(a) Subregional Offices would initially be established at a minimal level, on the understanding that staff might be increased after a period of settling in. The following initial establishments are proposed:

- (i) Pacific Region (one D-1, one P-5, 4 local staff);
- (ii) West African Region (one D-1, one P-5, 4 local staff);
- (iii) West Asia (increase by one P-4, 1 local staff);
- (iv) Caribbean (one D-1, one P-5, 4 local staff);

Additional costs for a biennium, estimated on the basis of staff costs and the costs of travel, equipment, supplies, fellowships and consultancies, would be:

- (i) Pacific region.....\$1,091,000
- (ii) West Africa.....\$1,273,000
- (iii) West Asia.....\$ 485,000
- (iv) Caribbean.....\$ 869,000

The Executive Director cannot establish these subregional Offices unless he obtains financial support and/or secondments of staff from donor countries and/or the countries concerned.

(b) The creation of a Regional Relations Unit would require the addition of one P-5, three P-4s and 4 local staff. The cost of the new Unit for a biennium would be \$798,000. The establishment of this Unit also depends on the availability of financial support from and/or secondments by donor countries or the countries concerned;

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(c) Support for the National Committees in one developing country in each region will be provided through the Environment Fund at a level equivalent to one locally-recruited staff member in each country.

8. As requested by the Governing Council, the Executive Director has reviewed the question of the allocation of Programme and Programme Support Costs (PPSC) to the operation of the Regional Office system. The following information provides a background for consideration of this issue.

9. Total expenditures by the Regional Offices have averaged about 9 per cent of UNEP's overall expenditures; they were 9.5 per cent in 1981 and 9.4 per cent in 1987. While expenditures rose from \$3,854,000 in 1981 to \$4,845,000 in 1987, expenditures in constant dollars actually declined by 6 per cent, if allowance is made for inflation at an annual rate of 5 per cent.

10. As the table below shows, the proportions of funds allocated from different sources changed significantly from 1981 to 1987.

| Source of funding | 1981 | | 1987 | |
|-----------------------------|------------------|------------|------------------|------------|
| | \$ | Percentage | \$ | Percentage |
| Fund Programme | 1 947 000 | 50 | 1 353 000 | 28 |
| PPSC | 1 496 000 | 39 | 2 713 000 | 56 |
| Counterpart and Trust Funds | 0 | 0 | 360 000 | 7 |
| UN Regular Budget | 411 000 | 11 | 419 000 | 9 |
| Total Expenditure | 3 854 000 | 100 | 4 845 000 | 100 |

One might conclude from the above figures that during the period in question, the intention was to keep total costs (adjusted for inflation) more or less constant. Since the continuing costs of running the Regional Offices (i.e. salaries and allowances, office overhead, travel, etc.) rose, an increase in PPSC funds was necessary. Expenditures were kept more or less constant by suppressing programme activities.

11. From another perspective, the share of total expenditure from PPSC funds allocated to the Regional Offices was 15.8 per cent in 1981 and 24 per cent in 1987. If the rationale for defining the use of PPSC funds is, in fact, that they are to be spent on salaries and allowances of permanent staff and continuing components of office overhead, the increase in the proportion of expenditures from PPSC funds during a period of rapid inflation is not unreasonable. What is more difficult to justify, in terms of the need for the services that the Regional Offices deliver, is the simultaneous reduction in support from the Fund Programme.

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12. To achieve a better balance between the two main sources of funding the Executive Director proposes to increase the proportion of the costs of the existing Regional Offices borne by the Fund Programme during the biennium 1990-1991 by approximately 24 per cent. This would lead to a reduction in the charges to the PPSC budget by 11.4 per cent, thus meeting the request of the Governing Council.
