



Twenty-first session

BUDGET ESTIMATES FOR THE ADMINISTRATIVE AND PROGRAMME SUPPORT SERVICES
OF THE UNITED NATIONS DEVELOPMENT PROGRAMME FOR THE YEAR 1967

Thirty-second report of the Advisory Committee on Administrative and Budgetary
Questions to the General Assembly at its twenty-first session

I. INTRODUCTION

1. The Advisory Committee on Administrative and Budgetary Questions has considered the budget estimates for the Administrative and Programme Support Services of the United Nations Development Programme (UNDP) for the year 1967 (DP/L.25 and Corr.1).
2. The estimates for the requirements of the secretariat of UNDP are based on almost a year's experience since it assumed its responsibilities under the terms of General Assembly resolution 2029 (XX) of 22 November 1965, consolidating the Expanded Programme of Technical Assistance and the Special Fund. The Administrator states in his foreword to the estimates that "1967 will represent a further year of transition and adjustment rather than of final consolidation".
3. The budget estimates for 1967 have been presented in a form somewhat different from that followed in last year's estimates. They contain five appropriation sections, as compared with three for 1966, at the same time maintaining an "object-of-expenditure" breakdown of the costs of the administrative and programme support services. The estimates include four annexes pertaining to the distribution of posts in field offices and classifications of expenditures. Following the suggestions of the Governing Council and the recommendations of the Ad Hoc Committee of Experts to Examine the Finances of the United Nations and the Specialized Agencies,^{1/} transfers between appropriation sections will be made only with the authorization of the Governing Council.

^{1/} A/6343, paras. 35-38.

II. ADMINISTRATOR'S PROPOSALS

4. In the light of the experience of the first year of UNDP, the Administrator proposes to introduce certain further organizational changes in the direction indicated by the "merger". The principal elements in the 1967 Headquarters organization are: (a) All matters relating to programme operations in both the Special Fund and Technical Assistance components will be brought together in the Bureau of Operations and Programming; (b) External relations; secretariat services for the UNDP Governing Council and Inter-Agency Consultative Board (IACB); reports and statistics; and evaluation of programme and project impact will be the responsibility of the Bureau of External Relations, Evaluation and Reports; (c) The Bureau of Administrative Management and Budget will continue to be responsible for organization, budget, personnel and management for the secretariat as a whole; and (d) Increased emphasis will be placed, under the responsibility of the Associate Administrator, on ensuring an effective link-up between the pre-investment activity of UNDP and the investment role of financing institutions, particularly those in the United Nations system.

5. There is no major change in the organizational arrangements in the field except that an office is being re-established in Indonesia and separate offices have been opened in Lesotho and Swaziland, which were previously covered by the office in Botswana.^{2/}

6. The 1967 estimates submitted by the Administrator total \$14,884,900^{3/} (net) representing an increase of \$1,683,800 over the amount of \$13,201,100 approved for 1966, which is attributed mainly to the following factors:

^{2/} In 1967 there will be a total of eighty-nine field offices: thirty-seven in Africa; thirty-four in Asia, the Middle East and Europe; and eighteen in the Americas and the Caribbean.

^{3/} Includes provisions of \$62,000 for anticipated revisions in the salary scales for the general service category at New York and \$66,900 for changes in the regulations of the Joint Staff Pension Fund (DP/L.25, para. 75).

- (a) Additional costs arising from salary increments, proposed revisions in New York general service salary scales, and amendments in Pension Fund regulations \$ 318,000
- (b) Costs of three new field offices 218,100
- (c) Additional costs arising from general cost increases per unit of service or facility or in respect of services previously provided by the United Nations without charge 259,700
- (d) Additional costs attributed to the proposed integration of FAO country representatives in UNDP field offices^{4/} 211,500
- (e) Additions to UNDP establishment and services 676,500

7. The Administrator proposes that the 1967 net requirements should be met from the resources of the Special Fund and Technical Assistance components in the same proportion as was applied to the 1966 budget, having regard to the expectation that the distribution of the 1967 contributions to the two components is not likely to be significantly different from that of 1966. Thus it is proposed that the 1967 budget of \$14,884,900 (net) should be financed to the extent of \$9,490,613 from the resources of the Special Fund component and of \$5,394,287 from the resources of the Technical Assistance component.

III. COMMENTS AND OBSERVATIONS OF THE ADVISORY COMMITTEE

8. The Advisory Committee in reviewing the budget estimates for 1967 has kept in mind the objectives of the consolidation of the two programmes as set out in the preamble of resolution 2029 (XX), which states, inter alia, that "it would simplify organizational arrangements and procedures, would facilitate over-all planning and needed co-ordination of the several types of technical co-operation programmes carried on within the United Nations system of organizations and would increase their effectiveness". While the Committee is aware that it takes time to

^{4/} This budgetary increase is not wholly an additional charge to UNDP resources as the posts in question are, by and large, already financed from UNDP programme funds.

reach the goal of a final consolidation to harmonize and simplify administrative and financial policies and procedures, it expresses the hope that the Administrator, the Governing Council and the Inter-Agency Consultative Board will continue to strive for the objectives of the resolution.

9. As regards the revised presentation of the budget, the Advisory Committee noted that the Administrator had taken into account its comments and recommendations on the form of the budget and those of the Ad Hoc Committee.^{5/} It has also noted the proposed breakdown of the estimates for purposes of appropriation into five sections, compared with three for last year, and the provision that transfers of credits can be made between appropriations only with the authorization of the Governing Council. The Committee would wish to point out however that as a result of this breakdown the estimates in one section alone - section 1, personnel service costs - will account for 80 per cent of the total budget estimates for 1967.

10. With regard to the estimates for 1967, the Committee observed the considerable increase of almost \$1.7 million, or approximately 12.7 per cent as compared with 1966. The increase is attributed in part to such factors as salary and price increases, costs of three new field offices and integration of FAO country representatives with UNDP field offices, and general cost increases of services and facilities previously provided without charge by the United Nations. The balance of the increase, some \$675,000, results from an expansion of staff and services, including requirements for 34 new posts at Headquarters (17 professional and 17 general service staff), and 173 new posts in the field (31 international staff and 142 local staff). The increase in the over-all establishment in terms of numbers of posts amounts to 207, or approximately 10 per cent (2,302 posts for 1967 as compared with 1,995 posts for 1966). The Committee also noted that fourteen reclassifications are proposed in the professional category and five in the general service category, plus the reclassification of one general service to a professional post.

11. The Advisory Committee recognizes that a large part of the increased costs is designed to meet requirements related to a more effective co-ordination of

^{5/} Official Records of the General Assembly, Twenty-first Session, Supplement No. 7 (A/6307), paras. 77-101 and document A/6343, paras. 30-38.

programmes and of their evaluation in terms of their impact as well as the need for additional field offices. Nevertheless, the Committee wishes to express its concern about the substantial increase in the costs for the secretariat of UNDP. In this connexion it wishes to reiterate its observation of last year^{6/} regarding the need for finding and applying some yardstick which will measure the ratio of the costs of the secretariat of UNDP to total operational costs.

12. In justifying the proposed increases for the secretariat of UNDP the Administrator refers to the growth in the operational activities of the programme. He states that the total number of projects in hand are expected to increase from just under 1,100 in 1966 to almost 1,300 in 1967 and similarly that the value of these projects will rise from approximately \$1,000 million to almost \$1,300 million. However, the Committee would point out that in terms of work-load data for the Special Fund sector the increase is somewhat lower than for the period 1965/66 (30 per cent) and substantially lower than for the previous period 1964/65 (50 per cent).

13. As recognized by the Administrator, the Advisory Committee would also emphasize the need to hold the cost of the establishment at a minimum so that the maximum possible portion of every dollar available to UNDP should be devoted to direct assistance to the developing countries. The Committee hopes that the Administrator will continue to do his utmost to rationalize and make more efficient the operations of UNDP so that administrative costs will be reduced.

14. As regards the organization of the UNDP headquarters secretariat the Advisory Committee sees merit in the concentration of all programming and operational functions in respect of the two components of the Programme (Special Fund and Technical Assistance) in the Bureau of Operations and Programming, consistent with the objective of closer consolidation of the two components. It also recognizes that a somewhat pragmatic approach to organizational re-arrangements is desirable and perhaps unavoidable in situations of this kind. At the same time the Committee wonders whether, from a management point of view, the proposed arrangements constitute the best organizational pattern for the secretariat. Perhaps experience will be the best guide as to the practical soundness of these arrangements; the Committee notes in this regard that 1967 will be regarded by the Administrator as a further year of transition and adjustment rather than of final consolidation.

^{6/} A/6213, para. 13.

15. The subvention to the United Nations to cover staff costs in respect of certain central administrative services provided to UNDP is maintained in 1967 at \$219,000, the amount included in the estimates for 1966. The Advisory Committee understands that some of the functions previously carried out by the United Nations Secretariat have been taken over by UNDP itself during 1966; however, pending a detailed review of the entire question early in 1967, no change is proposed in the amount of the subvention for 1967.

16. As regards co-ordination with other United Nations activities in related fields, General Assembly resolution 2029 (XX) invites the Executive Directors of the World Food Programme and the United Nations Children's Fund to participate fully in the process of decision and policy-making in a consultative capacity in addition to the specialized agencies and the International Atomic Energy Agency. More recently, the Assembly has authorized the inclusion of the Secretary-General of the United Nations Conference on Trade and Development and the Executive Director of the United Nations Industrial Development Organization (UNIDO) as members of the Inter-Agency Consultative Board (IACB) of UNDP. The Advisory Committee has learned with interest the constructive progress already made by the IACB in dealing with important matters related to development. Within the United Nations itself the Committee trusts that the existing co-operation between substantive departments and the Office of Public Information on the one hand, and UNDP on the other, will continue to be strengthened.

17. The Advisory Committee has always attached great importance to the role and functions of the UNDP Resident Representative because of its conviction that the Resident Representative provides the best focal point for effective co-ordination of all development efforts of the United Nations family in the various countries. The Committee therefore looks forward with interest to the forthcoming report of the Secretary-General on co-ordination in the field, which is to be submitted in response to Economic and Social Council resolution 1090 B (XXXIX) of 31 July 1965. The Committee welcomes the practical initiatives which the Administrator of UNDP and the Director-General of the Food and Agriculture Organization of the United Nations (FAO) have taken to integrate FAO country representatives in the offices of the Resident Representatives. The Committee hopes that suitable arrangements for closer co-ordination with field officials of other agencies will also be worked out since the ultimate success of the programmes will depend in large measure on co-ordination and concentration of effort in the field.

18. The Advisory Committee would repeat its view that evaluation of programmes and projects is an important factor in assessing the impact of these programmes in the developing countries. Recent efforts in this regard, and particularly the special reports which have been made on United Nations programmes in certain selected countries in response to Economic and Social Council resolution 1042 (XXXVII) of 15 August 1964, have made an important contribution. Centrally placed as it is, and through the Resident Representatives, UNDP is in a position to undertake or arrange a systematic evaluation of the efforts of the United Nations family in the field of development. The Advisory Committee does not doubt that the new emphasis on this subject which is reflected in the organizational and budgetary arrangements proposed by the Administrator will prove to be of positive value.
