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ADMINISTRATIVE AND BUDGETARY MATTERS

Report of the Executive Director

The four sections of this report contain the Executive Director's proposals regarding the long-term staffing policy and his comments on the optimum proportion of programme and programme support costs to Fund programme activities, as requested by the Governing Council in decision 7/14 F of 3 May 1979, and a progress report on United Nations accommodation at Nairobi, together with suggested action by the Governing Council on these three topics.

I. LONG-TERM STAFFING POLICY

A. INTRODUCTION

1. The Governing Council, by decision 7/14 F of 3 May 1979, requested the Executive Director (para. 11) to establish a long-term staffing policy and present it to the Governing Council at its eighth session. After careful examination of the relevant statements of delegations during the seventh session of the Council, it is the view of the Executive Director that the policy should relate primarily to established posts financed from the Environment Fund.
2. The pertinent articles of the Charter of the United Nations (Articles 97 to 101 inclusive), the Staff Regulations of the United Nations (ST/SGB/Staff Regulations/Rev.10, 1977), the Staff Rules provided by the Secretary-General (ST/SGB/Staff Rules/1/Rev.4, 1977; ST/SGB/Staff Rules/2/Rev.4, 1977, as amended in 1978; ST/SGB/Staff Rules/3/Rev.3, 1978), the Regulations of the Joint Staff Pension Fund (JSPB/G.4/Rev.9, 1977) and the Statute of the Administrative Tribunal (AT/11/Rev.4, 1972) constitute the complete text of all provisions governing the terms and conditions of employment of staff members of the United Nations, including the UNEP secretariat.
3. Within this framework, administrative instructions have over the years been issued separately in the form of Secretary-General's bulletins, administrative instructions, information circulars, personnel directives and other issuances. They represent the only authoritative source of official statements of personnel policies and procedures.

B. ELEMENTS OF UNEP'S LONG-TERM STAFFING

1. Redeployment of personnel

4. As a general policy the Executive Director, in meeting requirements for additional staff, will resort, to the extent possible, to redeployment of personnel from less pressed areas to ensure optimal use of the human resources available, without impairing the over-all efficiency of the organization.

2. Application of General Assembly resolution 33/143 to posts in the UNEP secretariat

5. UNEP staff fall under four categories:

- (a) Regular budget posts established by the General Assembly;
- (b) Fund posts established by the Governing Council;
- (c) Posts in programme activity centres. These centres are established by the Governing Council, but the posts in them are decided by the Executive Director;
- (d) Internal project posts, which are decided by the Executive Director.

6. The declared policy of the Executive Director is that the provisions of General Assembly resolution 33/143 will be applied to posts in categories (a) and (b) above. With regard to posts in the programme activity centres, which carry more continuity than project posts, the provisions of the General Assembly resolution will be applied, but with some flexibility. Since project posts are limited in time and are terminated with the completion of the projects, they will not normally fall under geographical distribution, and the Executive Director will exercise flexibility in relation to applying the provisions of the General Assembly resolution to them.

3. Vacancy announcements

7. The staff rules stipulate that the organization should serve notice of 30 days to staff members on fixed-term appointments prior to the termination of their contracts. Such staff members are also required by the rules to serve notice of 30 days if they intend to leave the organization prior to the expiration of their contract. The Executive Director's policy has been to give these staff six months' notice if their contract is not to be renewed, thereby giving the staff member concerned a longer period of time to plan his or her future. This policy also enables UNEP to anticipate vacant posts in good time to initiate recruitment of replacements. Anticipated vacancies are thus based on this policy, in addition to normal retirement at the age of 60 and indications by staff that they wish to leave the organization. Vacancy announcements will be circulated to Governments twice a year, in principle in January and July. The first such announcement was circulated in December 1979, and the next will be in July 1980. To enable Governments to respond to the vacancy announcements, a period of three months is given for submission of applications. Certain vacancies will also be advertised in specialized professional journals. In certain cases candidates will also be solicited from the rosters available to United Nations Headquarters.

4. Growth in the number of posts

8. An increase in the number of established posts financed from the Environment Fund will be recommended to the Governing Council by the Executive Director only if the level of the programme activities so warrants. The rationale for any growth in the number of established posts financed from the Environment Fund will therefore be provided by the programme budgeting in the context of the medium-term plan. Additional posts will also be required if the Governing Council assigns the Executive Director additional responsibilities, on a temporary or permanent basis, or when it approves such responsibilities at the request of other legislative bodies such as the General Assembly or the Economic and Social Council. In such circumstances the Executive Director will prepare financial implication statements for approval by the Governing Council.

5. Reclassification of posts

9. When the complexity or the scope of activities in a certain unit requires a higher level of expertise or responsibilities, the Executive Director will recommend to the Governing Council the reclassification of certain posts. Such a situation could result from the natural development of the programme or from the injection of additional responsibilities by the Governing Council, at its own initiative or when invited to do so by other legislative bodies. It will definitely not be the Executive Director's policy to recommend reclassification of posts for promotion purposes.

6. Conversion of temporary assistance posts
to established posts

10. The Governing Council is aware that in previous years the staffing requirements of the organization, particularly in the General Service category, were met by resorting to the use of temporary posts. Some of these temporary posts proved to be required on a continuing basis, and the Governing Council, by paragraph 8 of decision 7/14 E of 3 May 1979, approved effective 1 July 1979 the conversion from a temporary assistance to an established basis of 64 local General Service posts. The Executive Director will continue to review temporary assistance posts from time to time and recommend to the Governing Council the conversion to established posts only of those which are required on a continuing basis.

7. Transfer of posts financed by the Environment
Fund to the regular budget

11. As the Council is aware, the original allocation of the expenses of UNEP between the United Nations regular budget and the Environment Fund was not based on a proper analysis of the provisions of General Assembly resolution 2997 (XXVII) of 15 December 1972. The Governing Council noted, by paragraph 7 of decision 13 A (II) of 22 March 1974, "the Executive Director's declared intent to consult with the Secretary-General to establish the rationale for the allocation of expenses between the United Nations regular budget and the Fund of the United Nations Environment Programme and to report to the Governing Council at its third session". Accordingly, the Executive Director submitted to the Governing Council at its third session a note (UNEP/GC/42) containing his proposals on this matter, which had been endorsed by the Secretary-General. The Council, by decision 42 (III), section IV, took note of the Executive Director's note and requested him to seek assurance from the Secretary-General that efforts would be made to reassess, for the biennium 1978-1979, the distribution of staff costs between the regular budget and the programme and programme support costs of the Fund. In a note submitted to the Council at its fourth session (UNEP/GC/70), the Executive Director conveyed to the Council the Secretary-General's assurances that the zero staff growth approach to the UNEP section of the regular budget (UNEP/GC/42, para. 15) would no longer necessarily apply, and

that the rationale would be developed jointly with the Secretary-General at the time of the preparation of the programme budget for the 1978-1979 biennium. By decision 74 (IV), section I, of 12 April 1976, the Council took note of document UNEP/GC/70.

12. The Advisory Committee on Administrative and Budgetary Questions, in commenting on the proposals regarding UNEP made by the Secretary-General to the General Assembly at its thirty-first session (A/C.5/31/39 and Corr.1 and 2), expressed the opinion (A/31/8/Add.10, para.16) that the policy at that time, whereby no posts were to be added to the regular-budget establishment of UNEP, need not be extended automatically beyond 1977. Consequently, the Secretary-General, in his proposed programme budget for 1978-1979 1/ proposed the transfer of six professional and six general service posts to the regular budget, as a first step towards the regularization of the situation in the direction of that envisaged by General Assembly resolution 2997 (XXVII), and indicated that he would review the staffing of UNEP once again with a view to recommending additional transfers to the regular budget. The Advisory Committee, in reviewing the Secretary-General's proposal, recommended 2/ that five professional and four general service posts be transferred to the regular budget, and its recommendation was endorsed by the Fifth Committee. The programme budget for the biennium, incorporating these recommendations, was approved by the General Assembly in resolution 32/213 A of 21 December 1977.

13. Subsequently, the Executive Director presented to the Secretary-General further proposals for the transfer of posts under the budget for the biennium 1980-1981, but the departments concerned found it difficult to accept his proposals in the light of the Secretary-General's policy of utmost constraint and economy in the regular budget. The Executive Director brought this matter to the attention of the Second Committee of the General Assembly at its thirty-fourth session and indicated that the continued charging of the posts in question to the Fund of UNEP exerted pressure on its resources, obliging them to defray staff costs instead of implementing programmes. He expressed the hope that the General Assembly would relieve that pressure.

14. In the course of the debate in the Second Committee, some delegations asked for further clarification of the subject. The Under-Secretary-General Department of Administration and Management informed the Committee on 5 November 1979 that the Secretary-General was not able to incorporate the Executive Director's proposal regarding transfers of posts from the

1/ Official Records of the General Assembly, Thirty-second Session, Supplement No. 6 (A/32/6).

2/ Official Records of the General Assembly, Thirty-second Session, Supplement No.8 (A/32/8).

Fund to the regular budget essentially because transfer of a post to the regular budget was only to be accorded if there existed a particular mandate by the General Assembly or if there was justification of the same strength that had supported the establishment of a new post. However, even that concept could not be said to be endorsed by all Member States. Some Member States in their presentations in the Fifth Committee had qualified the transfer of posts from extra-budgetary funds to the regular budget as "illegal" and, as a consequence of that evaluation, had announced withholding of their contribution in relation to the financing of the transferred posts. Such announcements, already made in connexion with the current biennium, could not but lead the Secretary-General to limit the transfer of posts from extra-budgetary funds to the regular budget to the absolute minimum in the light of his budgetary policy of utmost constraint and economy.

C. CONCLUSIONS

15. The long-term staffing policy regarding posts financed from the Environment Fund will be governed by the following criteria:

- (a) The provisions of General Assembly resolution 33/143 will be applied to all established posts in the UNEP secretariat financed from the Environment Fund, while discretion will be exercised in relation to non-established posts, project posts being treated with greater flexibility than posts in programme activity centres;
- (b) There will be no automatic proportionate increases in number of posts over certain periods of time: any proposed increase will have to be fully justified;
- (c) There will be no re-classification of posts for promotion purposes;
- (d) Any growth in the number of established posts financed from the Environment Fund or re-classification of such posts will be recommended only on the basis of the level of the programme activities as envisaged in the medium-term plan and of additional responsibilities called for by the Governing Council or approved by it at the request of other competent legislative bodies, as well as of the complexity of such activities;
- (e) Conversion of temporary posts into established posts will be governed by demonstrated continued need for the posts concerned;
- (f) The transfer to the United Nations regular budget of posts supported by the programme and programme support costs budget of the Environment Fund will be governed by the provisions of General Assembly resolution 2997 (XXVII) establishing UNEP and effected in the light of the agreement on the rationale governing the distribution of costs of posts reached with the Secretary-General in 1977.

II. OPTIMUM PROPORTION OF PROGRAMME AND PROGRAMME
SUPPORT COSTS TO THE COSTS OF
FUND PROGRAMME ACTIVITIES

16. The Governing Council at its seventh session noted with concern (decision 7/14 G, of 3 May 1979, para.1) the increase in the estimates for the programme and programme support costs budget for the biennium 1980-1981 in relation to the level of Fund programme activities, and requested the Executive Director to express his views to the Governing Council at its eighth session on the subject of the optimum proportion of programme and programme support costs to the costs of Fund programme activities (decision 7/14 F, para.12).

17. The Council's views on this subject were recorded as follows at its second and fourth sessions:

"In the general debate that followed the statement of the Acting Director, it was generally recognized that the programme support costs category could not be regarded as an overhead element but that it represented costs necessary for the execution of the Programme and linked to the Programme. As such, its growth would necessarily be different from that of the administrative costs. It was suggested that it might be advisable to change the title of that category of costs to avoid confusion with UNDP practice which used that title in a different sense". 3/

"In answer to one delegation which asked what was the percentage ratio between project expenditures and programme and programme support costs, the Acting Deputy Executive Director noted that the percentage of the allocation of funds for projects versus programme and programme support costs had increased markedly. However, the degree of effectiveness of UNEP could not be measured against the percentage, since the organization was not a mere funding agency. It would therefore not be proper to compare the size of the staff, which had many intellectual and co-ordinating functions not directly related to projects, to the level of expenditures on Fund programme activities". 4/

3/ Official Records of the General Assembly, Twenty-ninth Session, Supplement No. 25 (A/9625), Annex IV, para. 29.

4/ Official Records of the General Assembly, Thirty-first Session, Supplement No. 25 (A/31/25), para. 328.

18. As the following table shows, there has been no increase in programme and programme support costs in relation to Fund programme activities. The ratio between the two has been fluctuating within a narrow range since 1976, and is expected to continue to do so.

Programme and programme support costs as a percentage of
Fund programme and Fund programme reserve
activities, 1974-1981

	Expenditures for Fund programme activities and Fund programme reserve activities (\$000,000)	Expenditures for programme and programme support costs (\$000,000)	percentage
1974	5.6	2.5	44.6
1975	12.9	5.1	39.5
1976	15.8	5.4	34.1
1977	21.4	6.1	28.5
1978	22.9	6.9	30.1
1979	28.0 ^{a/}	7.2 ^{a/}	25.7
1980	31.5 ^{b/} (35.0) ^{c/}	9.4 ^{b/}	29.8 (26.8)
1981	31.7 ^{b/} (30.0) ^{c/}	10.4 ^{b/}	32.8 (34.7)

^{a/} Estimated.

^{b/} Approved by the Governing Council at its seventh session (decisions 7/14 C, para.7, and 7/14 G, para.5 (a) and (b)).

^{c/} Revised proposals.

19. The programme and programme support costs budget contains certain elements directly-related to Fund programme activities and others that are related to the Institutional functions of UNEP (i.e. all the work in support of Level One and Level Two activities), where comparison with the level of Fund programme activities would not be a meaningful one. To the first group belong the costs of Management of the Fund; the Desertification Unit, and a proportion of Environment programmes (Bureau of the Programme), Administration and common services, and Conference services. To the second group belong the costs of Executive direction and management; Liaison and regional representation; the Secretariat of the United Nations Scientific Committee on the Effects of Atomic Radiation; and part of Environment programmes, Administration and common services and of Conference services.

20. The apportionment of the last three activities was arrived at using the guidelines for the compilation of time reports for the cost measurement system developed by the Task Force on a Cost Measurement System (CCAQ/SEC/327 (FB), Annex B, Appendix VII). The percentage of the programme and programme support costs budget devoted to Fund programme activities was arrived at on this same basis and on the basis of actual practice. In the 1980-1981 appropriations, the portion of the programme and programme support costs budget of \$19,875,000 directly related to the Fund programme and Fund programme reserve activities appropriations of \$63.2 million amounts to 21 per cent of the latter figure.

21. Delegations to the Governing Council at its seventh session requested comparative figures with other organizations in the United Nations system. The Executive Director feels that UNEP cannot be compared with other organizations because of the specific catalytic and co-ordinating nature of its role. Accordingly, no such figures are included in the present document. However, if delegations to the Council at its eighth session nevertheless feel the need to refer to such figures, they can be made available.

22. Given the present mode of UNEP operation, the Executive Director feels that the ratio of 21 per cent is consistent with efficient management and backstopping of Fund programme activities. Any change in the mode of operation which would shift more responsibility onto the co-operating agencies would result in a somewhat lower ratio. Preliminary proposals along these lines are contained in document UNEP/GC.8/7, part I.

III. UNITED NATIONS ACCOMMODATION AT NAIROBI

A. CONSTRUCTION

23. The overall architectural design for the basic project authorized by the General Assembly in resolution 32/208 of 21 December 1977 was completed in the second quarter of 1979. Engineering working drawings for the preliminary site works, including construction of roads and car parks, drainage and main sewage, were completed at the same time, and tenders

for this work were invited during July 1979. The contract for the preliminary site works has been awarded, and the contractor commenced work at the site in mid-September 1979.

24. Architectural and engineering working drawings for the remaining work were completed and bills of quantities prepared for international tendering at the end of November 1979. Tenders will be received in January 1980, and it is anticipated that the remaining construction will commence shortly thereafter, following completion of the preliminary site works. The sequence of work commenced in mid-September 1979 should, therefore, continue without interruption. The buildings are expected to be ready for initial occupancy at the end of 1982.

25. The basic project provides for the construction of a permanent headquarters for UNEP and for accommodation of other United Nations offices. It does not include facilities required by the establishment of the United Nations Centre for Human Settlements (UNCHS) in Nairobi.

26. The Secretary-General submitted a full report on additional construction to meet the requirements of UNCHS to the General Assembly at its thirty-fourth session (A/C.5/34/43, sect. II). In the meantime, the architects were instructed to proceed with the basic project as authorized, but to make allowance for possible additional construction to accommodate the requirements of UNCHS, should the General Assembly authorize such works at its thirty-fourth session.

27. The Secretary-General proposed the construction of three additional office buildings for UNCHS. The common facilities for telecommunications, medical services, language training, staff welfare, building management, security and transport, visitors and tours already planned for the basic project are considered adequate, and it will therefore not be necessary to expand them to accommodate any additional use resulting from the location of UNCHS at Gigiri. However, some expansion of data processing services, documents and publications, catering, library and archives, and receiving and storage was recommended.

28. The Secretary-General stated in his report that the project cost estimates presented to the thirty-second session of the General Assembly were based on July 1977 prices adjusted for inflation up to the time of tendering and for contractual increases during the construction period. The rate of inflation of construction costs in Nairobi in the past two years has substantially exceeded the rates anticipated, but every effort has been made to keep estimated project costs within the estimates presented to the General Assembly. In order to accomplish this, it has been necessary to revise the level of finishes provided and eliminate certain features. The new three-storey office blocks have been designed along strictly functional lines and are essentially an improved version of the existing office buildings of the temporary headquarters complex. The architects have carefully reviewed all proposals of specialist consultants and have been rigorous in applying economies. The resultant design remains functional but economical.

B. COMMON SERVICES

29. In his report to the General Assembly at its thirty-third session (A/C.5/33/15), the Secretary-General advised that UNCHS should be accommodated at Gigiri at the earliest possible date, not only to minimize the additional costs of operating at two separate locations but to facilitate the close links between UNEP and UNCHS called for in resolution 32/162 of 19 December 1977. The Secretary-General further considered that the establishment of common premises and services at Gigiri would be in the best interests of the United Nations, the specialized agencies and other United Nations offices to be accommodated there. The General Assembly has, on a number of occasions, endorsed the principle of establishing common premises and services wherever possible, for reasons of economy, efficiency and co-ordination.

30. By decision 7/14 F of 3 May 1979, the UNEP Governing Council requested the Executive Director to convey to the Secretary-General its recommendation that he prepare, jointly with the United Nations Environment Programme, United Nations Centre for Human Settlements, United Nations Development Programme and all the other United Nations organizations expected to occupy premises at the permanent site at Gigiri, a report on the common services which might be established there. The Secretary-General has taken note of the recommendation of the Governing Council, and has designated the Assistant Secretary-General, Office of the General Services at United Nations Headquarters, to co-ordinate the preparation of the report requested in co-operation with the Executive Directors of UNEP and UNCHS.

31. Among the facilities which might be considered as common services (mentioned in para. 27 above) are telecommunications, medical services, language training, staff welfare, building management, security and transport, visitors and tours, data processing services, documents and publications, catering, library and archives, receiving and storage, conference and information services.

C. ACTION BY GENERAL ASSEMBLY AT ITS THIRTY-FOURTH SESSION

32. Subsequently, at its thirty-fourth session the General Assembly approved the proposal of the Secretary-General to construct additional common services facilities and three additional office buildings to meet the increased requirements of locating UNCHS at Gigiri, and further approved a net additional appropriation of \$1,916,000 for the biennium 1980-1981 under section 32 of the regular budget (construction, alteration, improvement and major maintenance of premises) for the construction project at Nairobi. The Secretary-General was also requested to submit a progress report, including up-to-date cost estimates, to the General Assembly at its thirty-fifth session.

33. The General Assembly also requested the Secretary-General, in consultation with other United Nations agencies and programmes, including the World Bank institutions, represented in Nairobi, to prepare for the

thirty-fifth session of the General Assembly a report on the organization, financing and management of the common services which will be established in the United Nations Centre in Nairobi in order to ensure that these services are shared to the maximum extent possible and that there is no duplication resulting in avoidable costs. In preparing the report, the Secretary-General was requested to take into account the experience and arrangements that have been made in other United Nations centres.

IV. SUGGESTED ACTION BY THE GOVERNING COUNCIL

34. The Governing Council may wish to take note of the proposals of the Executive Director regarding the long-term staffing policy for the UNEP secretariat, his comments on the optimum proportion of programme and programme support costs to Fund programme activities, and his report on the progress in respect of United Nations accommodation in Nairobi.
