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FINANCIAL, BUDGETARY AND ADMINISTRATIVE MATTERS

UNDP FINANCIAL REGULATIONS

Note by the Administrator

Summary

In decision 79/41, the Governing Council decided to postpone consideration of the Administrator's proposals for revising UNDP's Financial Regulations until the twenty-seventh session.

For the reasons stated in this document, the Administrator now recommends that the Council again postpone consideration of this item to its twenty-eighth session.

If the Council so decides, the Administrator further requests the Council to reaffirm that the authorization contained in paragraph 3 of decision 79/41 continue until such time as revised Financial Regulations have been adopted by the Council.

1. At its twenty-fifth session, the Governing Council, in decision 25/24 (E/1978/53/Rev.1), took note of documents DP325 and DP/325/Add.1, approved two new UNDP Financial Regulations and, on the basis of the discussion on the afore-mentioned documents, concluded that the Administrator should seek to achieve greater harmony and uniformity between the United Nations and UNDP Financial Regulations and Rules and requested the Administrator to submit to the Governing Council at the twenty-sixth session for its review and approval a report showing the existing UNDP Financial Regulations as compared with the United Nations Financial Regulations along with specific proposals for those United Nations Regulations which the Council might adopt as applicable to UNDP and those cases where exceptions or additions are needed. The Council also requested the Administrator to include in his report similar data on the Financial Rules which the Administrator would promulgate in conjunction with the Council's approval of the UNDP Financial Regulations.

2. At the twenty-sixth session, the Administrator submitted document DP/388 and Add.1 and Add.1/Corr.1 and Add.2 and Add.2/Corr.1 which contained a note on UNDP Financial Regulations and Rules together with proposed revised UNDP Financial Regulations and proposed revised UNDP Financial Rules. In paragraph 2 of DP/388 the Administrator stated that the requests made by the Governing Council at its twenty-fifth session had received careful policy attention by the Administrator and a major staff effort had been undertaken to comply fully with the objectives of the Council's decision. Several alternatives were considered, including an attempt to list UNDP and United Nations provisions in corresponding columns for submission to the Governing Council. This approach, however, did not prove to be feasible or to provide a meaningful comparison. In addition, many of UNDP's Financial Regulations and Rules were promulgated to meet the specific needs of a funding entity dealing exclusively with development co-operation, which derived its resources entirely from voluntary contributions, as opposed to assessments. They were also prepared at a time when comparability and standardization of all entities for which the Secretary-General has responsibility was not a companion objective. Moreover, the major emphasis on programming and project procedures in UNDP, relations with Governments and Executing Agencies and related methods of controlling programme funds resulted in further divergences. Yet another consideration was the cost of producing a necessarily lengthy and complex document which would only serve to highlight the divergence.

3. In decision 79/41, the Governing Council, at its twenty-sixth session, decided "to postpone action on the proposed financial regulations until the twenty-seventh session of the Council in the light of the unavailability of documentation in the languages required".

4. Since then, it has become apparent to the Administrator that several of the considerations outlined to the Council in paragraph 2 of DP/388, and referred to above, call for a number of refinements and additions to the proposed Financial Regulations, well beyond original intentions. As

a significant example, the Administrator considers that the coverage of the regulations must be extended to include governing financial policies related to programming and to project formulation and execution, and must codify procedures for programming and projects, activities which are a major emphasis in UNDP but do not necessarily have parallels reflected in the Financial Regulations of the United Nations.

5. It also has become clear that attempts to fully harmonize UNDP regulations with United Nations regulations resulted in anomalies and awkward drafting, with the result that the re-drafted Regulations in DP/388 cannot be expected to meet long-term requirements. The Administrator would therefore like to proceed with a further revision, tailored fundamentally to the specific needs of UNDP while having regard to the need to maintain as close conformity as possible to corresponding relevant United Nations regulations. Many developments have occurred since the current UNDP Regulations were drafted, and there are several of these Regulations, as well as relevant United Nations Regulations, which experience has shown can benefit from improved drafting.

6. The Administrator reached his conclusions in this regard when it was too late to produce a revised draft in time for consideration by the Governing Council at its twenty-seventh session. Accordingly, after consultations with the ACABQ Secretariat, the Administrator proposes to re-draft the Regulations along the lines indicated above prior to the autumn 1980 session of ACABQ, for consideration early in that session, with circulation of re-drafted Regulations with ACABQ comments thereon soon thereafter.

7. Following issuance of the ACABQ comments on the proposed Financial Regulations, the Administrator will prepare revised Financial Rules for promulgation once the Financial Regulations have received the approval of the Governing Council.

8. The Council is therefore being asked:

(a) To agree to a revision of its decision referred to in paragraph 1 above to the effect of requesting the Administrator to prepare a new draft of the UNDP Financial Regulations which will be most appropriate for UNDP's needs while having regard, to the maximum extent possible, to the desirability of ensuring conformity with relevant United Nations Regulations.

(b) To request the Administrator to obtain the comments of ACABQ on the revised Financial Regulations; (In the previous decision of the Council, the ACABQ's comments were to be obtained on both the Regulations and the Rules. The Administrator has been informed by the ACABQ Secretariat that it is not the practice of ACABQ to comment on Rules which are subsidiary to the Financial Regulations.)

(c) To request the Administrator to provide the Council, for adoption at its twenty-eighth session, with revised Financial Regulations on the basis of paragraphs (a) and (b) above;

(d) To request the Administrator, in conformity with Financial Regulation 1.4, to report to the Council at its twenty-ninth session on the Financial Rules which he has established on the basis of the revised Financial Regulations adopted by the Council; and

(e) To reaffirm that the authorization contained in paragraph 3 of decision 79/41 remains in force until such time as revised Financial Regulations have been adopted by the Council.
