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POLICY

FINANCIAL, BUDGETARY AND ADMINISTRATIVE MATTERS

Revised budget estimates for 1988-1989

Report of the Administrator

Addendum

SUMMARY

The purpose of this addendum is to present to the Governing Council the Administrator's proposal to upgrade the post of Director of the Office for Project Services (OPS) of the United Nations Development Programme (UNDP) to the level of Assistant Administrator (ASG).

INTRODUCTION

1. Since the establishment in 1974 of the UNDP Office for Projects Execution (OPE) - now the Office for Project Services (OPS) - the magnitude and variety of the Office's work has expanded steadily. The past five years have however witnessed a particularly sharp increase in its workload, stemming principally from the approval by the Governing Council by the concept of management services.

I. DIVERSITY OF OPS WORKLOAD

2. Over the years OPS has become engaged in an increasingly broad range of activities, some of them innovative in nature and breaking new ground in development co-operation.

3. Aside from handling the direct execution of projects funded from UNDP general resources, OPS performs a variety of services for other funding entities as well as government agencies that have responsibility for carrying out projects enjoying external support. Such services may be partial and limited to specific project components or embrace the entire management of large investment projects.

4. In particular, by providing management services on behalf of borrowers from multilateral banks and for recipients of bilateral grants, OPS has in the last few years substantially enlarged its sphere of action. The report of the Administrator on experience gained in the provision of management services (DP/1988/59) provides a detailed analysis of this aspect of OPS operations.

5. Thus, in addition to the more widely known role of executing projects funded from UNDP country, intercountry and global indicative planning figures (IPFs), OPS also provides substantive services such as the following:

(a) Procuring equipment for projects financed by the United Nations Capital Development Fund (UNCDF) and implemented by the recipient Government;

(b) Managing the construction of feeder roads in the Sahel, with financing from the the United Nations Sudano-Sahelian Office (UNSO); over 2,000 kms have been built so far;

(c) Providing the inputs, amounting to \$14 million in 1987, for the growing programme financed by the United Nations Fund for Drug Abuse Control (UNFDAC), under the latter's policy direction;

(d) Acting as loan administrator for the International Fund for Agricultural Development (IFAD), which has so far entrusted OPS with the supervision of 30 projects with a total loan value of \$250 million;

(e) Providing services to borrowers from the World Bank and the Inter-American Development Bank (IDB), to the extent and in the manner requested;

(f) Acting as general procurement agent for the Government of Bolivia, against external credit lines and the Government's own resources, through a management service agreement;

(g) Managing large infrastructure contracts, on behalf of recipient Governments, which are funded from special donor contributions, amounting to \$180 million;

(h) Undertaking procurement, on behalf of the recipients, of balance-of-payments support grants from the Government of Japan, or supervising the implementation of related procurement operations;

(i) Planning communications support and carrying out training courses for projects executed by the United Nations Population Fund (UNFPA), the Food and Agriculture Organization of the United Nations (FAO) and the World Health Organization (WHO) in the Asia and Pacific region;

(j) Acting as co-operating agency for 50 government-executed projects, in which OPS is responsible for delivering specific project components.

6. Quite apart from the managerial challenge posed by such a diverse portfolio of programmes, the formulation and negotiation of such innovative activities require intensive negotiation with senior officials of both recipient and donor Governments and agencies.

II. MAGNITUDE OF THE OPS PORTFOLIO

7. The steady accretion of the OPS workload is summarized in the table below:

<u>Programme indicators</u>	<u>1975</u>	<u>1981</u>	<u>1987</u>
Approved project budgets (millions of US dollars)	41	111	207
Annual programme delivery (millions of US dollars)	29	78	155
Number of active projects	376	589	861
Number of countries served	86	118	121
<u>Administrative indicators</u>			
Budgetary expenditures (millions of US dollars)	0.7	3.5	10.4
Professional staffing	13	39	51
General Service staffing	13	39	83
Total staffing	26	78	134

8. This level of programme and administrative workload clearly places OPS in the front rank of those parts of the United Nations system which deliver technical co-operation of all varieties. It has necessitated an expansion of the OPS personnel under the supervision of the Director of OPS, as well as a diversification of the skills required within the Office: OPS staffing now includes engineers and other technical specialists, as well as generalist programme managers. The managerial responsibility of the Director of OPS has expanded and become more complex in direct relationship. From its inception in 1973, the post of Director of OPE has been classified as D-2. It is clear from the information on programme and administrative workload reflected in the above table that the responsibilities of this point have increased substantially since the mid-1970s.

III. PROPOSAL TO UPGRADE THE POST OF DIRECTOR OF OPS

9. From the time he assumed office in 1986, the Administrator was struck by the magnitude and variety of the workload and responsibilities of OPS, and by the dynamic growth the Office manifested. Therefore he has taken a number of steps to recognize the importance of OPS in the organizational structure and operational environment of UNDP:

(a) In April 1987, he placed the Office under the direct supervision of the Administrator and the Associate Administrator, so that the innovative nature of its role could be appropriately monitored;

(b) The Administrator advised the Governing Council at its special session (see DP/1988/INF.1) of his decision to change the name of the Office for Projects Execution to the Office for Project Services, as a reflection of the diverse nature of its work. By its decision 88/11 of 18 February 1988 the Council took note of that action;

(c) In March 1988, the Administrator commissioned a report by an external consultant on the structure and operational procedures of OPS, in order to ensure that in both respects the evolution of OPS keeps pace with the type and level of its responsibilities;

(d) The Administrator is now proposing that the post of Director of OPS be upgraded to the Assistant Administrator (ASG) level in appropriate recognition of the level of responsibility involved.

10. It is the Administrator's firm belief that the post of Director of OPS fully merits the grade of Assistant Administrator (ASG), by virtue of its substantive responsibility, its span of control and the operational budget for which the incumbent is responsible. Indeed, it must be accounted one of the most substantial portfolios within the overall structure of the United Nations.

11. In presenting this proposal, the Administrator wishes to emphasize that he is fully cognizant of the report of the Group of 18 1/ and its recommendations concerning posts at the ASG/USG level. He feels, however, that this proposal should be considered and judged on its own merits, for several reasons:

(a) UNDP is an organization funded on a voluntary basis, not an assessed programme. As a voluntary fund its responsibilities and resources have steadily expanded over the past decade;

(b) Despite this accumulation of responsibility and workload, UNDP's stock of senior managerial posts at the ASG/USG level has, since 1974, remained static, at nine;

(c) The OPS post is extrabudgetary to UNDP, fully funded, as is the entire OPS administrative budget, from the support costs earned as a result of the project services provided. There would therefore be no increase in the UNDP net appropriation as a result of this upgrading.

12. The Governing Council may also wish to note that, although there is no relationship between the two, the present proposal does not in fact represent a net increase in the number of ASG/USG posts for UNDP as a whole, since the ASG post in Geneva is scheduled to be downgraded to the D-2 level during the biennium 1988-1989.

13. The budgetary implication of the proposal is an increase in the OPS annual estimates of \$17,431, being the difference in cost between a D-2 and an ASG post. Since the Administrator is proposing that this change be made effective 1 July 1988, the financial impact in the biennium 1988-1989 would amount to \$26,147.

14. For the reasons given above, the Administrator proposes the upgrading of the post of Director of OPS and requests the endorsement of the Governing Council for his proposal.

Notes

1/ Official Records of the General Assembly, Forty-first Session, Supplement No. 49 (A/41/49).

