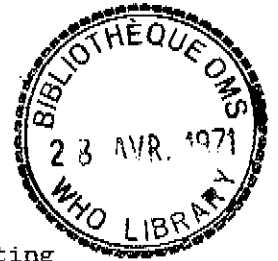


ORGANISATION MONDIALE DE LA SANTE

REPORT OF THE REPRESENTATIVES OF THE DIRECTOR-GENERAL TO THE TENTH
SESSION OF THE UNITED NATIONS DEVELOPMENT PROGRAMME
WORKING GROUP ON ADMINISTRATIVE AND FINANCE MATTERS, LONDON, MARCH 1971

To: Director-General
Deputy Director-General
Assistant Directors-General
Regional Directors
LUN



From: Representatives of the Director-General at the meeting

The Tenth Session of the UNDP Working Group on Administrative and Finance Matters (WGAFM) was held at IMCO Headquarters in London from 22 - 24 March 1971.

The report of the Tenth Session of WGAFM giving a detailed account of its proceedings is attached (document DP/WGAFM/R.10).

General

The purpose of this session of the WGAFM was primarily to afford the UNDP and the agencies an opportunity for a preliminary discussion of some of the proposed procedures being considered for implementation under the fully merged UNDP programme as from 1 January 1972. On the basis of the views expressed it is expected that final draft procedures will be prepared by UNDP for consideration and agreement at the next session of WGAFM foreseen for late autumn 1971. A special working party which is to deal with the details of the new procedures for costing, accounting and reporting to apply to projects will meet in Geneva in May 1971.

Project Work Plans

Draft procedures (including proformas for work plans) proposed for small-scale (TA type) and for large-scale (SF type) projects were presented to the Global Meeting of the Resident Representatives in February 1971, but UNDP is now consolidating these into a single set of procedures to govern all projects. Accordingly, WGAFM was not called upon to discuss the new format of Work Plans or the related procedures. The new Work Plan will apply to all UNDP projects and will replace plans of operation. Agencies will be invited to comment on the new text before it is finalized. Subsequently, its introduction will be progressive (see para 10).

WHO raised the question of signature of Project Work Plans (see para 9) which, in its opinion, should be signed by the Executing Agency as well as the Government and UNDP - as for current SF projects. (It was pointed out that WHO already signs plans of operations with the national health authorities for all its projects). This question was referred to the Programme Working Group (PWG). At that meeting WHO and other agencies reserved their position on signature. It was agreed that agencies could revert to the issue when commenting on the consolidated draft to be circulated.

The proposed abolition of allocation advices under the new system should also be noted (see para 11). As mentioned in para 4, the signed project proposal (Project Work Plan) - including its approved project budget - would constitute authorization for commencement of full scale project operations.

WGAFM also reviewed the possibility of financing agency participation in country programming missions - a particular problem for smaller agencies (see para 7).

Project Budgets

A number of proposals for the format, content and basis of calculation of future project budgets were considered.

The format of the project budget envisaged for the future is one that would lend itself to key-punching without the intermediary of coding sheets. The content would be rather detailed and would, to a considerable degree, correspond to the so-called worksheets currently used in the preparation of plans of operation for UNDP/SF projects.

The basis for the calculation of the costs of all components except project personnel is expected to be 'estimated actual'. As for project personnel some organizations favoured a system of so-called standard costs, (basing the initial costing as well as the subsequent reporting and accounting on a global standard cost per man month), while others (including WHO) preferred a combination of initial standard or proforma costs with subsequent actual cost reporting and accounting. Although no decisions were made at this session of WGAFM, we have since been informed by UNDP that they have decided to proceed on the basis of a system of standard costs, the details of which (as mentioned above) will have to be developed and/or refined by the working party in May.

Revision of Project Budgets

The basic point made by UNDP in relation to the new procedures for the formulation of individual projects within country programmes was the need for considerably greater emphasis on a realistic timetable for the execution of approved projects. It is expected by UNDP that under the new system the timing of events in original work plans and project budgets should be more realistic than has been the case under existing systems.

Later in 1971 a special form will be distributed to the agencies for the purpose of bringing up to date all project budgets covering the years 1972 and onwards.

As currently foreseen, the RRUNDP will play a key role both in the initial establishment and in the subsequent revision of project budgets - in close collaboration, of course, with officials of the government and the executing agency. The final procedures have yet to be spelled out and agreed upon, (see also para 25).

Agency Overhead Costs

As described in paras 26 - 32 the WGAFM considered a number of possible transitional measures for the reimbursement in 1972 and future years of agency overhead costs - pending adoption of a new system of reimbursement now under study. The WGAFM also received a progress report on the study of "overhead costs for extra-budgetary programmes", (paras 33 and 34). This latter subject will be further considered in due course by CCAQ.

Basic Agreements

UNDP confirmed that it was drafting a new comprehensive standard Basic Agreement with governments which would incorporate the provisions of existing agreements relating to TA, SF, UNDP field offices and Operational Assistance. This would permit Project Work Plans to make reference to this Basic Agreement without having to spell out legal provisions at length as is the case in the current SF Plans of Operation. From January 1972 and until the new Agreement is signed by a country, it may be necessary to add an annex to Work Plans for all projects setting out standard legal provisions. UNDP will be providing printed texts for this interim arrangement.

The draft Basic Agreement will be sent to agencies for comment after the June 1971 Governing Council.