



unitar

United Nations Institute for Training and Research

Board of Trustees
Fiftieth session
Committee on Finance
Third session

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CONCLUSIONS AND RECOMMENDATIONS OF
THE SECOND SESSION OF THE COMMITTEE ON FINANCE
OF THE BOARD OF TRUSTEES

1. The Committee on Finance of the Board of Trustees of the United Nations Institute for Training and Research (UNITAR) convened in Geneva on 24 January 2011 for its third session.
2. The following members of the Committee and observers were present at the session:

Committee members:

Ms. Shirley FRANKLIN (United States)

Mr. Valery LOSHCHININ..... (Russian Federation)

Mr. Jean-Baptiste MATTÉI (Chairman).....(France)

Ex Officio:

Mr. Carlos LOPES, Executive Director, UNITAR

Secretary:

Mr. Brook Boyer, UNITAR

Observers:

Mr. K. Offei DEI, Chief, Administration and Finance Section, UNITAR

Ms. Isabel Hubert, Associate Director, Peace, Security and Diplomacy Unit, UNITAR

3. The Chairman called the meeting to order and reviewed the three sub-items under item 6, Finance and Administration, of the provisional agenda of the 50th session of the Board. In addition to the three sub-items, the Chairman informed the Committee that the Secretariat suggested the inclusion of an additional issue - approval of the Institute's updated organizational chart – and indicated that organizational changes have taken place since the Board took note of the work plan on staffing in 2007. As the matter is related to finance in so far as the organizational chart serves the basis upon which staff-level posts can be filled provided the budget permits, the Chairman proposed that the matter be considered by the Committee and added as sub-item 6d.
4. The Chairman invited the Executive Director to make opening remarks. The Executive Director informed the Committee that the Institute's growth has been steadfast with 2010 projected income at \$21.2 million compared with 2009 total income of \$16.4 million, representing a 30 per cent rate of growth. Despite this growth, the Executive Director deemed it prudent to propose a budget reduction due to factors related to the world economic climate and particularly due to the Spanish contribution not materializing. The Executive Director informed the Committee that the Institute has reduced expenditures more than required in order to increase reserves by \$4.9 million.
5. One Committee member commented that despite this favorable rate of growth, the Institute may face challenges ahead and encouraged it to continue to reduce administrative expenses.
6. **The Committee took note of the remarks of the Executive Director and adopted the agenda as proposed by the Chairman.**
7. On sub-item 6a, Report of the Advisory Committee on Administrative and Budgetary Questions (ACABQ), the Executive Director indicated that the recent ACABQ session was very positive and asked the Chief of the Institute's Administration and Finance Section (AFS) to elaborate.
8. The AFS Chief informed the Committee that the Institute's proposed revision to the Programme Budget for the Biennium 2010-2011 was presented to ACABQ on 6 December 2010 via videoconference and that the letter from the ACABQ Chairperson dated 17 December 2010 was submitted to the Committee as Annex 4 of the Board's documentation. He informed the Committee that the ACABQ recommended the Institute:
 - a. To provide justifications routinely in future budget submissions for staffing changes and that post changes be clearly identified; and
 - b. To include a specific time-frame for implementation of the Board of Auditors recommendations and provide that information on actions taken by the Institute as well as results achieved be reflected in the future budget submission.
9. The AFS Chief indicated that the two recommendations would be easily implemented and that the requested information would be provided in the next budget submission.
10. In recognizing the quality of the dialogue with the Advisory Committee, the Chairman noted the encouraging development in mobilizing self-generated income (SGI) in the order of 5.9 per cent and the contributing role of the new web-based registration system. The Chairman emphasized the importance of following up on the Advisory Committee's recommendations. **The Committee found the recommendations to be reasonable and invited the Board to take note of the ACABQ report.**

11. Under sub-item 6b, Proposed revision to the Programme Budget for the Biennium 2010-2011, the Chairman invited the Executive Director to elaborate. Before giving the floor to the AFS Chief, the Executive Director made several points, the first of which was noting the Institute's 100 per cent rate of financial delivery for 2010. Characterizing this rate as remarkable, he emphasized that the proposed revision to the Programme Budget remains ambitious but is still realistic, as the Institute expects to meet the proposed revised budget with the required funding. Second, the Executive Director underscored the importance of increasing the reserve, as it strengthens the Institute's autonomy and at the same time creates new relationships with supervisory bodies. Third, the Executive Director indicated that the budget is a true reflection of the Strategic Plan, which introduces *inter alia* a new business model, increased outreach with the opening of representational offices and strengthened autonomy through an increase in reserves.
12. The AFS Chief informed the Committee that the initial 2010-2011 biennium budget of \$50.7 million represented an increase of 19 percent over the revised 2008-2009 biennium budget of \$42.6 million, and that the projected income for the end of the year 2010 is expected to be \$21.2 million (some \$2.3 million short of the proportionate amount of the projected income for the year 2010 of \$23.5 million). As mentioned by the Executive Director, the AFS Chief informed the Committee of the Institute's proposal to revise the 2010-2011 biennium budget downward to \$42.1 million, noting that the revised budget would still represent an increase of 20 per cent of actual expenditures of \$35 million over the 2008-2009 biennium. The AFS Chief indicated that the outcome of the Fifth Committee deliberations on the financing of core diplomatic training and the Spanish contribution not materializing were part of the principal reasons for the proposed budget reduction.
13. The AFS Chief remarked that despite these constraints, the Institute continues to grow steadily and has made some significant progress towards the implementation of the 2010-2012 Strategic Plan. In the initial 2010-2011 budget, management had requested the Board of Trustees to provide it with the authority to draw on reserves for some much needed upgrading and investment in the Institute's infrastructure. However, in the current financial situation management deemed it more prudent to rather increase the reserves.
14. In concluding this remarks, the AFS Chief cited some additional developments, including:
 - a. the closing down of the e-Governance Programme due to the lack of donor interest;
 - b. not launching the New Directions in Governance Programme given that most the activities were to be funded from the Spanish contribution;
 - c. opening the Brasilia Office in line with the Strategic Plan to increase its presence in developing countries, its main constituency base;
 - d. receiving an unqualified audit opinion from the United Nations Board of Auditors for the second biennium in a row, a distinction enjoyed by very few organizations in the United Nations system; and
 - e. increasing self-generated income significantly as a percentage of total income (the confirmed figure to be presented after the closure of the accounts).
15. The Chairman invited members to comment. One member enquired about procedures for spending reserves. The Executive Director informed the Committee that there is no policy for spending reserves as such. He recalled that the Institute has a mandatory requirement to maintain a certain level in its reserves and that

amounts above and beyond the requirement are considered to be prudent. In the past, the Institute's reserves have been in the order of \$10 million, but with the proposed revision UNITAR expects to increase reserves to \$14 million.

16. Another member, while expressing much satisfaction with SGI as an increasing share of total income, cautioned that there was a need to act prudently, reduce administrative costs and aim to mobilize new financial resources.
17. The Chairman summarized discussion and emphasized the need for a prudent approach, noting the need to close programmes and to focus on generated resources on the basis of the new business model and through the newly established Fellowship Fund, including from non traditional donors.
18. **The Committee took note of the observations and recommended that the Board approves the proposed revision to the Programme Budget for the Biennium 2010/2011.**
19. Under sub-item 6c, Update on the Implementation of the Fellowship Fund, the Chairman gave the floor to the Executive Director. The Executive Director informed the Committee that the Government of Malaysia was the first country to provide support to the Fund with a \$50,000 contribution. He indicated that the Institute has set a target of mobilizing \$1 million by the end of 2011 and would continue efforts to mobilize support from a number of countries which have traditionally provided support to the Institute and core diplomatic training, in addition to other countries, such as Algeria, Angola, Egypt and South Africa. The Executive Director also informed the Committee that a new administrative circular was issued on the Fellowship Fund, the major change being the application of a standard fee to all countries as opposed to a modular or differentiated fee-based approach according to World Bank country categories, as proposed earlier. The Executive Director explained that the revision to the arrangement was intended to provide the Institute with increased flexibility for issuing fellowships in the form of fee waivers or reductions and to reduce possible friction and/or mitigate potential politicization within the broad and diversified group of developing countries which could result from a diversified fee structure, particularly in relation to the changes to core diplomatic training.
20. One member indicated that the adoption by the General Assembly of the resolution on the financing of core diplomatic training is a positive development with clarity now placed on what needs to be mobilized. Another member asked if the Fund was designed to increase the rate of participation.
21. The Executive Director mentioned that the issue is dependent on political dynamics for 'champion' countries to take the lead. In addition to Malaysia's contribution, the Executive Director informed the Committee that Turkey has pledged support for the Fund which, if materializes, would amount to a quarter of the 2011 Fellowship Fund target.
22. In complementing the Institute on progress made with the creation of the Fellowship Fund, the Chairman indicated that there may be uncertainties in terms of the amount of funds received and that it would be important to be informed on pledges made, amounts received and funds allocated. He also underscored the importance of developing relations with foundations and non traditional donors.
23. The Executive Director specified that the Fellowship Fund would apply beyond core diplomatic training and that CDT was one of various 'windows' in which funds could be placed.

24. **The Committee recommended that the Board takes note of the observations on the implementation of the Fellowship Fund.**
25. Under sub-item 6d, Updated organizational chart, the Chairman gave the floor to the Executive Director to elaborate. Making reference to the recommendations of the Advisory Committee and recent communication with the Office of the Controller, the Executive Director indicated that with the opening of the Brasilia Office and other organizational changes, it would be useful to have a clear presentation on the number and levels of the Institute's regular staff. The Executive Director indicated that the number and levels of staff as presented in the updated organizational chart did not necessarily mean that they were included in the budget and that the chart did not include other remunerated personnel, such as assistants or associates.
26. The Chairman requested some clarity on the cost-sharing arrangements with the out-posted offices in relation to staff. The Executive Director clarified that for all newly created out-posted offices, including the Brasilia Office and those which may eventually be established in Africa and/or Asia, 100 per cent of staff costs would have to be covered through the respective offices' agreed funding arrangement.
27. The AFS Chief mentioned that in the past the organizational chart had inadvertently shown only the budgeted posts. However, following the recommendation of ACABQ, an updated organizational chart was being presented for approval to show all approved posts for the sake of consistency and clarity.
28. The AFS Chief indicated the new posts that were included in the organizational chart are as follows: six new posts were created following the opening of the Brasilia Office; the Director of the Training Department is to be updated to D-2 following the comments of the ACABQ; and one post in the Governance Unit is to be upgraded from P-4 to P-5 following an increase in responsibilities.
29. The Chairman invited members to comment. The Chair asked why there were two posts at the D-1 level in the Governance Unit. The Executive Director clarified that one of the two posts was a previously classified post at the D1 level for the Manager of the Local Development Programme and that the post would not be filled at the D-1 level, but rather at the P-5 level.
30. **The Committee took note of the Secretariat's comments and recommended that the Board approves the updated organizational chart of the Institute.**
31. The session was adjourned.