

Distr.: General  
25 September 2002

Original: English

---

**Second regular session 2002**

23 to 27 September 2002, New York

Item 2 of the provisional agenda

**Financial, budgetary and administrative matters**

### **Note on the establishment of the UNDP special reserve for separations relating to UNOPS\***

1. UNDP has been working closely with the United Nations Office for Project Services (UNOPS) to assess the implications of the UNOPS workforce reduction for staff working at UNOPS who hold UNDP letters of appointment. As a result, an agreement was reached on apportioning the potential costs associated with displacement or separation of staff on UNDP contracts. Out of 59 people displaced under the UNOPS support budget, it is estimated that 37 may separate. Of this group, 16 have UNDP contracts whose services are not limited to UNOPS. While the eventual liabilities will depend on the number of staff who is placed and who is terminated, the current projected cost to UNDP under the cost-sharing arrangement is around \$1.2 million.

2. To meet these liabilities, the Administrator requests the agreement of the Executive Board in order to establish a special reserve for separations amounting to \$1.5 million by a charge against the general balance of the resources of UNDP. Charges associated with separations resulting from the situation at UNOPS are exceptional in nature and were not foreseen to be absorbed by UNDP during 2002/2003.

3. The use of these funds will be reported in the 2002-2003 UNDP audited financial statements. The Administrator will also report back to the Executive Board as the extent of these liabilities affecting UNDP becomes clearer.

---

\* The collection and analysis of current data required to present the Executive Board with the most up-to-date information has delayed submission of the present document.