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SECOND REPORT OF THE AD HOC COMMITTEE OF EXPERTS TO
EXAMINE THE FINANCES OF THE UNITED NATIONS AND THE
SPECIALIZED AGENCIES

(containing recommendations submitted to the General Assembly
at its twenty-first session)

CONTENTS

	Page
Index of recommendations	3
Letter of transmittal	4
I. INTRODUCTION	5
II. GENERAL OBSERVATIONS	11
III. BUDGET PREPARATION, PRESENTATION AND PERFORMANCE	13
A. Budget preparation	15
B. Standardization of budget documents	15
C. Budget practices and performance	18
D. Standardization of financial regulations	21
IV. THE BUDGET CYCLE	22
V. STANDARDIZATION OF NOMENCLATURE	24
VI. AUDIT, INSPECTION	26
A. External auditors	27
B. Establishment of an Inspection Unit	27
VII. PROGRAMME PLANNING AND EVALUATION	30
A. Long-term planning	30
B. Evaluation	34
VIII. CO-ORDINATION	37
IX. CONFERENCES, MEETINGS AND DOCUMENTATION	45

CONTENTS (continued)

	<u>Page</u>
X. LOCATION OF SERVICES OF THE UNITED NATIONS	51
XI. ADMINISTRATIVE COSTS OF EXTRA-BUDGETARY PROGRAMMES	52
XII. OTHER QUESTIONS	54
A. Personnel questions	54
B. United Nations bond issue	54
C. Other matters	55

ANNEXES

- I. List of representatives
- II. Letter addressed to the specialized agencies and to the International Atomic Energy Agency

Index of recommendations

	<u>Paragraphs</u>	<u>Page</u>
BUDGET PREPARATION, PRESENTATION AND PERFORMANCE		
A. Budget preparation	26 - 29	15
B. Standardization of budget documents	30 - 33	15
C. Budget practices and performance	34 - 51	18
D. Standardization of financial regulations	52	21
THE BUDGET CYCLE	56	22
STANDARDIZATION OF NOMENCLATURE	59	25
AUDIT, INSPECTIONS	66	27
PROGRAMME PLANNING AND EVALUATION		
A. Long-term planning	73	32
B. Evaluation	79	35
CO-ORDINATION	90 - 91	42
CONFERENCES, MEETINGS AND DOCUMENTATION	104	48
LOCATION OF SERVICES OF THE UNITED NATIONS	107	51
ADMINISTRATIVE COSTS OF EXTRA-BUDGETARY PROGRAMMES	112	53
OTHER QUESTIONS		
A. Personnel questions	115	54
C. Other matters	124	55

Letter of transmittal

19 July 1966

Sir,

In accordance with paragraphs 6 and 7 of General Assembly resolution 2049 (XX), of 13 December 1965, I have the honour to transmit to you the report of the Ad Hoc Committee of Experts.

I should be grateful if you could transmit this report to the General Assembly at its twenty-first session.

Accept, Sir, the assurances of my highest consideration.

(Signed) Mario MAJOLI
Ambassador

Chairman of the Ad Hoc Committee of Experts to
Examine the Finances of the United Nations and
the Specialized Agencies

His Excellency
U Thant
Secretary-General
United Nations
New York

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I. INTRODUCTION

1. The Ad Hoc Committee of Experts to Examine the Finances of the United Nations and the Specialized Agencies was established by General Assembly resolution 2049 (XX) of 13 December 1965, which reads as follows:

"The General Assembly,

"Considering that, because of the financial difficulties of the United Nations and the many and varied measures taken to overcome them, Member States should have available to them information giving a clear and accurate picture of the financial situation of the Organization, including in particular a detailed description of its commitments,

"Considering that, independently of the problems created by certain peace-keeping operations which affect the finances of the United Nations, the magnitude of the amounts henceforth placed at the disposal of the Organization, the specialized agencies and the International Atomic Energy Agency, either under their regular budgets or in the form of funds constituted from voluntary contributions, requires a detailed examination of the procedures for preparing and approving the budgets and a review of the procedures for controlling the execution thereof,

"Considering that, without encroaching on the autonomy of the specialized agencies, the General Assembly is competent, under Article 17, paragraph 3, of the Charter of the United Nations and under the agreements concluded between the United Nations, on the one hand, and the specialized agencies and the International Atomic Energy Agency, on the other, to carry out an over-all examination of the budgets of the United Nations and the agencies, with particular reference to:

(a) Means of comparing and, if possible, standardizing the different budgets, in order to enable the activities covered therein to be rationalized;

(b) Means of ensuring that the activities of the United Nations and the agencies brought into relationship with it under Articles 57 and 63 of the Charter are pursued in the most effective and economical manner, with the greatest regard to development needs and the costs that Member States have to bear as a result of these activities,

"1. Decides to establish an Ad Hoc Committee of Experts to Examine the Finances of the United Nations and the Specialized Agencies, consisting of fourteen Member States;

"2. Requests the President of the General Assembly, upon the adoption of the present resolution, to designate the Member States which will compose the Ad Hoc Committee, choosing them on an equitable geographical basis;

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"3. Requests the members of the Ad Hoc Committee to appoint, as soon as possible and not later than the end of the present session, such experts as they deem best qualified to perform the functions listed in paragraphs 5 and 6 below;

"4. Requests the Secretary-General to:

(a) Draw up an analysis of the finances of the United Nations, showing the actual expenditure by type of activity, including the amount of expenditure committed for the different peace-keeping operations since their inception, the resources utilized to meet them and, where applicable, the debts contracted by the United Nations;

(b) Prepare, on the basis of the work mentioned in sub-paragraph (a) above, a complete statement of the financial situation of the Organization as at 30 September 1965;

(c) Deliver the document in question to the members of the Ad Hoc Committee, as soon as the experts have been appointed, and transmit it at the same time to other Member States;

"5. Invites the Ad Hoc Committee to examine the document delivered to it by the Secretary-General and, after asking, if necessary, for any additional information it considers useful, to transmit its comments, through the Secretary-General, to Member States at the earliest possible date and by 31 March 1966 at the latest;

"6. Further invites the Ad Hoc Committee to:

(a) Examine, with the assistance of the Advisory Committee on Administrative and Budgetary Questions and in liaison with the Secretary-General and the executive heads of the specialized agencies and of the International Atomic Energy Agency, the entire range of the budgetary problems of the United Nations and the organizations brought into relationship with it, notably their administrative and budgetary procedures, the means of comparing and, if possible, standardizing their budgets and the financial aspect of their expansion, with a view to avoiding needless expenditure, particularly expenditure resulting from duplication;

(b) Submit to the General Assembly at its twenty-first session, without prejudice to the terms of reference of the Special Committee on Peace-keeping Operations, such recommendations as it may deem appropriate, in order, on the one hand, to secure better utilization of the funds available through rationalization and more thorough co-ordination of the activities of the organizations and, on the other, to ensure that any expansion of those activities takes into account both the needs they are intended to meet and the costs Member States will have to bear as a result;

"7. Invites the Secretary-General of the United Nations and the executive heads of the specialized agencies and of the International Atomic Energy Agency to give the Ad Hoc Committee whatever assistance it may require in carrying out its work."

2. The Committee was composed of the following fourteen Member States designated on 21 December 1965 by the President of the General Assembly: Argentina, Brazil, Canada, France, Hungary, India, Italy, Japan, Nigeria, Senegal, Union of Soviet Socialist Republics, United Arab Republic, United Kingdom of Great Britain and Northern Ireland and United States of America. A list of the representatives, alternative representatives and advisers at the three sessions of the Ad Hoc Committee is given in annex I of this report.

3. The Committee elected Mr. Mario MAJOLI (Italy) Chairman, Mr. Karoly CSATORDAY (Hungary) First Vice-Chairman, and Mr. Menoumbé SAR (Senegal) Second Vice-Chairman.

4. The Committee held three sessions, the first in New York from 2 February to 25 March 1966, the second in Geneva from 19 April to 6 May 1966, and the third in New York from 6 June to 19 July 1966. In addition to plenary meetings of the Committee, which were held between these dates, a working group of the whole met in New York from 31 May to 3 June and other working and drafting groups were established as necessary, more particularly during the closing stages of the Committee's work.

5. At its first session, during which it held twenty-seven plenary meetings, the Committee directed its attention mainly to an analysis of the finances of the United Nations and to the financial situation of the Organization as at 30 September 1965, in accordance with paragraph 5 of General Assembly resolution 2049 (XX) (see paragraph 1 above). The Committee's report on these matters was addressed by its Chairman to the Secretary-General on 26 March 1966 and is contained in document A/6289.

6. Also during the first session, the Committee had a preliminary exchange with the Directors-General of the Food and Agriculture Organization of the United Nations; the United Nations Educational, Scientific and Cultural Organization; the World Health Organization; the Secretaries-General of the International Civil Aviation Organization, the World Meteorological Organization and the Intergovernmental Maritime Consultative Organization; the Deputy Director-General of the Universal Postal Union and representatives of the International Labour Organisation and the International Atomic Energy Agency, and practical arrangements were agreed upon for the work to be undertaken during the second session to be held in Geneva.

7. As required by General Assembly resolution 2049 (XX), paragraph 6 (a), the Committee performed the task set forth in that paragraph with the assistance of the Chairman of the Advisory Committee on Administrative and Budgetary Questions and in liaison with the Secretary-General and the executive heads of the specialized agencies and the International Atomic Energy Agency. It received from them written replies to a questionnaire (see annex II) and had detailed discussions with them or their representatives on the entire range of budgetary problems. The Committee also received submissions from members, both oral and in writing.

8. The Committee's second session was held at the Palais des Nations, Geneva, from 19 April to 6 May 1966. It held twenty-five plenary meetings. At its first meeting in Geneva, it agreed on a list of points upon which it might focus attention. These were:

(a) Possibility for each specialized agency to develop its long-term planning geared to agreed objectives prepared on a programme basis, taking into account both the availability of resources, human and financial, as well as the needs of the developing countries;

(b) Possibility of Member Governments receiving the information necessary, and as far as possible on a comparative basis, on the operation and impact of the activities of the agencies, including those carried on in the field, to facilitate evaluation by the appropriate bodies;

(c) Possibility of standardizing budget presentation and devising methods for facilitating comparison;

(d) Quantum of resources available to each specialized agency, both under the regular budget and as extra-budgetary funds; methods and principles utilized to determine the rates of assessments of Member States;

(e) Possible means for improving the existing methods and techniques in the field of the preparation of programmes and budgets and avoidance of duplication, including follow-up action and implementation of policies; steps taken by the agencies on resolutions of the Economic and Social Council in the direction of co-ordinating their activities;

(f) The number, length, co-ordination, scheduling and documentation of conferences and meetings;

(g) Other matters which might be raised by any member of the Ad Hoc Committee.

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9. The Geneva session was devoted mainly to meetings with the specialized agencies, at which the written replies submitted by them in response to the Committee's questionnaire were examined; additional oral questions were put by members of the Committee and a dialogue established between the representatives of the agencies and members of the Committee. Some of the agencies also furnished the Committee with additional written documentation and background material.
10. The Committee benefited from an exchange of views with the executive head, or his representatives, in the case of WHO, the ILO, UNESCO, FAO, ITU, UPU, WMO, IMCO and IAEA. It also heard the Deputy Director-General of the United Nations Office in Geneva on some of the administrative problems of that Office and the Deputy Under-Secretary for Economic and Social Affairs and Special Representative of the Secretary-General to the specialized agencies on the co-ordinating role of the Administrative Committee on Co-ordination.
11. During its third session in New York from 6 June to 19 July 1966 the Committee held forty-three meetings and its Drafting Committee of the Whole twenty meetings. The Committee began with an examination of the financial and budgetary problems of the United Nations, in which the United Nations Controller and his staff participated and provided information to the Committee, both in writing and orally, on various aspects of the United Nations budget.
12. In the course of its third session, the Committee met with a number of senior United Nations officials, including the Under-Secretary for Economic and Social Affairs, the Director of Personnel, the High Commissioner for Refugees, the Commissioner for Industrial Development, the Associate Administrator of the United Nations Development Programme and the Secretary-General of the United Nations Conference on Trade and Development. It met with the Secretary-General of the International Civil Aviation Organization, and also heard a statement by the President of the International Bank for Reconstruction and Development.
13. The Committee wishes to place on record its indebtedness to all these officials of the United Nations family of organizations for their co-operation, their valuable advice and their willingness to give much of their time in order to assist the Committee in the accomplishment of its task. It also wishes to express its gratitude to the Chairman of the Advisory Committee on Administrative

and Budgetary Questions, who, despite a heavy programme of meetings, gave the Committee all possible assistance. Finally, the Committee wishes to put on record its appreciation of the valuable services rendered by those members of the Secretariat who directly serviced it.

II. GENERAL OBSERVATIONS

14. The growth of economic and social activities in the United Nations family of organizations^{1/} over the past decade has been truly remarkable. During that period, the total funds available to them have increased from about \$186 million to almost half a billion dollars annually. Although a proportion of the total funds has been absorbed by increased administrative costs, a sizable part has been expended on new programmes in the field of economic and social development. But in spite of this growth in the developmental activities of the United Nations family of organizations, it must be recognized that the total needs of the developing countries are far in excess of available resources.

15. This unprecedented expansion of vital activities in the economic and social fields has not always followed a preconceived plan. Concern has been expressed lest uncontrolled expansion and growth should render less effective the increased efforts Member States must be prepared to make in order to accelerate economic and social progress in the developing countries. A judicious allocation of the limited resources available must be made in order to achieve maximum results. For the same reason, it is incumbent upon the organizations, both individually and collectively, to keep their programmes and methods of work under constant review with a view to increasing the effectiveness of their action.

16. The recommendations which follow in this report are based on the general considerations contained in resolution 2049 (XX), namely that any expansion of the activities of the United Nations family of organizations "should take into account both the needs they are intended to meet and the costs Member States will have to bear as a result". In this context, and in addition to the recommendations set forth in the body of the report, certain members were of the opinion that the United Nations and the agencies should attempt to keep the expenditures provided for in their regular budgets within predetermined limits, or to define in advance a rate of growth for the United Nations family of organizations. Several other members were of the view that this was not practicable.

^{1/} Throughout this report the term "United Nations family of organizations" includes the United Nations and the specialized agencies. The terms "specialized agencies" or "agencies" are intended to include the ILO, FAO, UNESCO, ICAO, UFU, WHO, ITU, WMO, IMCO and IAEA.

17. The Committee concentrated its endeavours on the basic measures needed to ensure greater efficiency and real value for money in the vital work of human, social and economic development. As a group of experts, the Committee has paid particular attention to over-all efficiency, to the elimination of possible duplication and overlapping, to improved methods of budget preparation and presentation, to inspection and control, to better administration, long-term planning and evaluation and to the best utilization of available resources, both human and material. It is the hope of the Committee that its recommendations, if found acceptable to the General Assembly and subsequently implemented, will further strengthen and invigorate the United Nations family of organizations in the performance of their fundamental task.

III. BUDGET PREPARATION, PRESENTATION AND PERFORMANCE

18. General Assembly resolution 2049 (XX) laid special stress on budgetary questions. It drew attention to the need for "a detailed examination of the procedures for preparing and approving the budgets" and "a review of the procedures for controlling the execution thereof". It stated further that in its examination of the entire range of the budgetary problems of the United Nations and the organizations brought into relationship with it, the Committee should consider in particular "their administrative and budgetary procedures, the means of comparing and, if possible, standardizing their budgets".

19. In the course of its inquiries, the Committee found that in a number of cases the budgetary methods and procedures could be made more effective. Sometimes budgets are prepared and reviewed in a manner which deprives the procedures for approval by Member States of some of their value. The Committee also noted that the review of the estimates undertaken by the appropriate organs could be improved by being more thorough and by including a more specific appraisal of technical matters. Sometimes the structure of the budget is such that it contains no figures on certain categories of expenditure, such as staff or equipment costs, and that once approved it allows the administrative organs too much latitude. Still further latitude is often given by practices which have been introduced at the execution stage. It seemed to the Committee that it is essential to tighten up budgetary methods and that it is possible to do so and still allow for sufficient flexibility.

20. The Committee carefully considered the question of standardizing the budgets of the organizations in the United Nations system. Although such standardization is desirable, there are obstacles in its way because of differences in the functions and traditions of the different bodies. In particular, some of them have sound reasons for continuing a conventional layout which lists the different items of expenditure (staff, equipment, publications, etc.) while others have equally persuasive reasons for preferring a functional presentation by type of activity.

21. The Committee therefore favoured a two-pronged approach. On the one hand, it suggests that a systematic and necessarily long-term study should be made to

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determine the extent to which standardization is feasible. On the other, it calls for certain measures that can be applied now in order to introduce certain common principles into budgets, which could retain their differences of structure pending the conclusion of the study on standardization. These common principles would be designed to ensure greater clarity, to facilitate control and co-ordination and to provide certain essential data at present lacking, particularly the breakdown of expenditure into administrative costs, operational costs and research and general study costs.

22. On one particular aspect of some importance in this area, the Committee noted that the term "mandatory increase" is frequently used in budget statements, the implication being that increases of the amount stated, representing, for example, the costs of applying a wage or salary increase to the existing numbers and grades of staff, are inescapable, and that the legislative body has no option but to approve them. This is not in fact the case, and the expression "mandatory increases" is misleading. The organization may indeed be bound to pay increased wages or salaries or to give a cost-of-living adjustment, but as regards the total cost involved, savings can be effected by increased efficiency and more economical use of resources. This matter has been the subject of recommendations by the Advisory Committee on Administrative and Budgetary Questions in its sixteenth report to the twentieth session of the General Assembly (A/6122, paras. 53 to 57).

23. As far as budget execution is concerned, it was recognized that some practices connected with transfers, unforeseen expenditures, and the use of working capital funds were open to criticism. The Committee felt that more precise guidelines should be laid down on these various aspects.

24. The adoption of the following recommendations would obviously necessitate certain reforms and in particular certain provisions in the financial regulations of some of the organizations would have to be revised. The Committee thought that such revision might provide the occasion for standardizing the financial regulations.

25. The recommendations are set forth in general terms in the paragraphs which follow under letters A, B, C and D. In many instances, one or more organizations already follow them as made or in slightly modified form.

A. Budget preparation

26. The heads of the organizations should transmit preliminary and approximate estimates to the bodies responsible for examining the budget early enough to enable them to consider the main items of the budget well in advance of formal presentation and to make comments and suggestions thereon in good time. This could be done about one year before the date on which the legislative bodies of the organizations are required to give their final approval to the budget.

27. The heads of the organizations would then prepare and draw up their budget estimates for detailed consideration by the competent constitutional organs. The documents constituting the budget estimates should be passed to the competent organs early enough to enable them to make a thorough study before the beginning of their budgetary sessions.

28. In all the organizations, a financial committee or similar body should make a report on the budget estimates, giving its comments thereon. The report should be made available to Member States in adequate time before formal adoption of the budget by the appropriate legislative bodies. Organizations should make sure that bodies responsible for examining financial matters should be so constituted as to make this examination as effective as possible and where members of financial committees or executive boards are not themselves specialists in financial matters they should as far as possible be assisted by such specialists at meetings at which budgetary matters are considered.

29. The organs responsible for examining the budget estimates should arrange their work in such a way that they can devote as many meetings to this subject as are necessary for a thorough discussion.

B. Standardization of budget documents

Uniform budget layout

30. A study should be undertaken under the auspices of the Advisory Committee on Administrative and Budgetary Questions with a view to defining ways and means of bringing the organizations' budget layouts into line and of consequently securing, if possible, their acceptance of a uniform budget presentation.

/...

31. Pending the formulation of such a uniform budget presentation, each of the organizations, while retaining for its own budget the layout most closely suited to its particular operating conditions and at the same time to the requirements of control, should provide, in a special document, a breakdown of its expenditures following the standard classification which has been or will be proposed by the Administrative Committee on Co-ordination. As far as the United Nations is concerned, the special document should contain information on the various units included in the budget, particularly those related to the economic and social fields.

Common principles of budgetary presentation

32. Without disrupting the practices followed by each organization, the organizations should in the first instance provide a certain amount of supplementary information for the purpose of imparting greater clarity to the existing budget documents.

(a) The organizations using the traditional budgetary breakdown by object of expenditure should submit, either in the budget itself or in a special document, a breakdown of their expenditure by main fields of activity.

(b) The organizations using the functional method of budgetary breakdown by main fields of activity should submit, either in the budget itself or in a special document, a breakdown by object of expenditure.^{2/}

^{2/} The following is an example of such a breakdown: permanent staff, temporary staff, conferences (expenses directly attributable to conferences and meetings), travel and transport, purchases of supplies and small equipment, grants, fellowships, rental and maintenance of premises, contractual services, financial costs, purchases of premises and major renovations, purchases of large equipment, repayment of loans.

(c) All organizations should submit certain annexes^{3/} to their budgets, one of which should give a breakdown of expenditures into administrative costs, operational costs, and general research and study costs.

(d) All organizations should include in their budget documents a foreword and comments which are drafted along approximately the same lines.^{4/}

3/ These annexes should include:

(a) A descriptive list of the main activities (programmes or projects) covered by the budget. This would avoid encumbering the actual text of the budget with too much detail. It would also be important to distinguish in this annex between old activities nearing completion, those continuing and new ones.

(b) A geographical annex classifying the different projects by the countries in which they are carried out. It would be sufficient in an annex of this kind to give the title and cost of each main activity, without repeating the detailed description that may have been made elsewhere in the budget document.

(c) An organizational chart for the budget period under consideration. This document would give a clear picture of the distribution of staff among the different units and, by comparison with previous budgets, of the way the distribution changes over the years. In giving this breakdown of staff a distinction could be made between general service and professional staff and, as far as possible, between temporary and permanent staff.

4/ It is suggested that:

(a) The foreword should aim, as far as possible, at showing the main purposes of the activities the organizations propose to undertake during the budget period under consideration. It would be helpful, therefore, if the texts were to deal individually and briefly with a number of essential points, such as:

(i) the objectives to be achieved within the framework of the programme and budget submitted and the manner in which they fit into the organization's long-term plans;

(ii) the total expenditure proposed in each of the organization's main fields of activity and the extent to which it differs from that in previous budgets, with explanatory comments showing how much of the change from previous years is attributable to expenditure necessary for the continuation of current programmes or projects and how much to the execution of new programmes or projects and what resources, by comparison with the previous budget, are released as a result of the completion of old programmes or projects;

(iii) comments on the reasons for the proposed changes in staff and the resultant expenditure;

(iv) the total cost of budgetary and extra-budgetary programmes and a summary showing the origin of the various sources of finance available to the organization for these programmes, with comments on the changes in these sources in recent years.

Cost increases for present establishment

33. Estimates should show clearly to what extent proposed increases are due, on the one hand, to expansion of staff, programmes, or activities generally, and, on the other hand, to increases in prices (including in this term salaries and wages). All organizations should adopt a standard budgetary practice and nomenclature in identifying and showing separately increases in proposed expenditure due solely to rises in prices (including salaries and wages), noting that in this context the expression "mandatory increases" is inaccurate.

C. Budget practices and performance

Reporting on budget performance

34. The heads of all organizations should prepare a report on their budget performance, emphasizing the salient features of the performance and drawing attention to the main changes as compared with the original estimates including transfers and supplementary expenditures which have taken place during the financial period under consideration and measures taken to meet the cost increases for present establishment (particularly by way of savings, reassessment of priorities and redeployment of resources). These reports should be forwarded to Member States as soon as possible after the close of the financial year.

Transfers

35. The head of each organization should retain full discretion to make transfers within each "appropriation line", provided, however, that he reports such transfers at the earliest opportunity to the competent organs vested with financial responsibility. The term appropriation line means the basic heading for the appropriation, whatever the name used by the organization in question.

(Foot-note 4 continued from previous page)

(b) The comments explaining items in the budget should, as far as possible, aim at brevity, so that the budget document itself does not become excessively bulky. Generally speaking, it would be preferable to include in the budget itself only such comments as are absolutely essential, relegating any detailed discussion and description that may seem necessary to appropriate annexes. In this way, it would be possible to reduce the size of the budget document proper, making it easier to handle and clearer, so that it could be used and understood by persons not necessarily expert in the matters with which the organization is concerned.

36. The provisions set forth in paragraph 35 above might leave undue latitude where a particular appropriation line represents a disproportionately large percentage of the total budget. Accordingly, for the purpose of applying that paragraph, such appropriation lines should be subdivided into sub-headings of a reasonable size, each of which would be considered as an individual "appropriation line". It should be left to the competent organs vested with financial responsibility to decide which appropriation lines represent a disproportionately large percentage of the total budget, and what ought to be the size of the sub-headings.
37. As far as transfers between appropriation lines are concerned, the head of the organization should request prior authorization from the competent organs vested with financial responsibility, resorting, if necessary, to a postal approval procedure, which would have the advantage of enabling him to poll the members between sessions.
38. In his financial report on budget performance, the head of the organization should describe any transfers effected, and explain why they were made.

Supplementary estimates

39. The heads of the organizations should calculate the budget estimates and control obligations in such a way as to ensure that appropriations are not exceeded.
40. Unavoidable increases in expenditure in certain sectors should, as far as possible, be financed in the first instance by savings in other sectors. This applies in particular to increases due to rises in prices (including in this term salaries and wages) which should so far as possible be absorbed by reassessment of priorities, redeployment of resources, and, where necessary, by adjustments within the budget.
41. In order to provide the heads of the organizations with a small amount of funds to meet contingencies which may arise and which cannot be met by savings or postponed until the adoption of the next budget, a special appropriation line might, where necessary, be included in the budget for these minor contingent expenses.
42. Drawings on the working capital fund to finance supplementary expenses without prior appropriation should, as a general rule, be discontinued as from the time when the organizations adopt the procedures suggested above.

43. Drawings on the working capital fund without prior appropriation should be made only in clearly exceptional cases involving emergencies within the limits laid down by legislative bodies, and to the extent that they cannot be financed out of the measures mentioned in paragraphs 40 and 41 above.

44. When drawings on the working capital fund without appropriation have been made, the heads of the organizations should report at the first opportunity to the competent organs vested with financial responsibility and submit the appropriate requests for supplementary appropriations to their organization's legislative body.

45. Adherence to the above procedure should ensure that recourse to supplementary appropriations would be kept to a minimum.

46. In every case the heads of the organizations should include as part of their annual financial reports the requisite explanation of the supplementary expenses incurred and the financing procedure used to meet them.

Working capital funds

47. Working capital funds should not be used to finance supplementary expenses without prior appropriation, except in clearly exceptional cases (see paragraphs 43 and 44 above). The essential purpose of such funds is to make it possible to finance expenditures pending the collection of contributions.

48. The practice whereby some organizations credit all or part of their miscellaneous income to their working capital fund should be discontinued; miscellaneous income should be paid into the general fund.

49. The level of the working capital fund should be determined by reference not merely to the total budget but also to the expected timing of the inflow and outflow of total funds at the disposal of the organization.

50. Consequently, any requests for an increase in an organization's working capital fund should be accompanied by a statement of liquid funds, showing inflows and outflows on a monthly basis during set periods in preceding years and a forecast for the coming year. Explanatory comments should be provided specifying the main factors which might jeopardize the organization's liquidity and the time of year when they most usually occur. The competent organs would thus be in a better position to approve the most appropriate level for each organization's working capital fund.

51. The States members of the various organizations should pay their contributions as promptly as possible, so as not to create additional difficulties for the organizations in respect of liquidity.

D. Standardization of financial regulations

52. If the organizations decide to adapt their internal regulations in order to follow the recommendations made by the Committee in A, B and C above, they should try as far as possible to reconcile and standardize their respective financial regulations when making the necessary amendments thereto.

IV. THE BUDGET CYCLE

53. The question of a biennial budget cycle was discussed at length by the Committee with the assistance of the Controller and the Chairman of the Advisory Committee on Administrative and Budgetary Questions. While the Committee reached unanimously the conclusion that the specialized agencies with an annual budget should prepare their budget for a period of two years, there was a difference of opinion with respect to its application to the United Nations.

54. Those members holding the view that a two-year budget cycle should be adopted by the United Nations were of the opinion that savings of time and a reduction of workload on the part of the United Nations Secretariat, the related United Nations organs and committees would be realized and, as well, that wider scope would be given to key personnel to devote their attention to planning, management and co-ordinating activities. They also stressed that an improvement in budget preparation would be possible and that advantages, from the point of view of co-ordination and programming, would accrue from a common budget period for the main members of the United Nations family.

55. Those members favouring the continuation of the present one-year budget cycle were of the opinion that extending the United Nations budgeting term would affect the flexibility of the United Nations in the political, economic and social fields, and that it would not be appropriate to the complex nature of the United Nations budget. They also stressed that long-term planning by the United Nations family of organizations and biennial budgeting by the specialized agencies would contribute positively to reduce the pressure on the secretariats and bodies entrusted with financial tasks as well as to bring out a more complete picture of United Nations finances.

56. The Committee concluded that a thorough study was needed. Accordingly, while the annual budget cycle for the United Nations itself continues, the Committee recommends that:

(a) Specialized agencies having an annual budget cycle should adopt a biennial cycle;

(b) The Secretary-General should be asked to make a detailed study of the advantages and disadvantages of a biennial cycle for the budget of the United

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Nations, having in mind the discussion of this matter in the Committee, and his report, together with the comments of the Advisory Committee on Administrative and Budgetary Questions thereon, should be submitted to the twenty-second session of the General Assembly.

V. STANDARDIZATION OF NOMENCLATURE

57. Each of the entities of the United Nations family of organizations has, over the years, developed its own financial nomenclature. Many commonly used terms have different meanings in some of the organizations. This is not only a source of puzzlement to Member States, but it makes comparison of budgets and financial statements quite difficult. The following are some examples:

Sections, chapters, parts: These terms denoting divisions of a budget have different meanings from organization to organization.

Programme: Some organizations use the term to mean all the operational activities included in their regular budget. One agency applies the term "major programme" to all of its activities without distinction. Another agency calls the whole of its regular budget the "regular programme".

Operational: All of the organizations use this term, but in different senses. One agency calls anything financed by the United Nations Development Programme "operational". Another agency calls the whole organization "operational". Other agencies use the term to designate all the activities relating to the execution of any action undertaken in one or more countries.

Mandatory increases: This expression is used in different organizations to cover groups of expenditures varying widely in composition. One organization may describe as "mandatory" little more than increased costs due to wage and salary increases. Others may include such items as an increased volume of telephone calls and postal services, costs due to greater length of conferences, additional rentals of office space, and so on.

58. The Committee was informed that in the latter part of 1965, the Secretary-General instituted a review of the United Nations Financial Regulations and Rules, having in mind, inter alia, the elimination of inconsistencies which had become apparent in the past few years, particularly with regard to nomenclature. The review was not yet completed but it had already resulted in arrangements being made for the compilation of a glossary of standard terms. The Committee understood that when the review was completed, the Secretary-General intended to see to what extent the revised nomenclature and related changes could be adopted by all United Nations programmes and he would consult with the **executive heads** of the specialized agencies with a view to extending uniformity throughout the United Nations family.

59. The Committee warmly welcomes the initiative of the Secretary-General and recommends that:

(a) The Secretary-General should be requested to pursue this matter actively in consultation with the agencies, and to prepare a report for the information of the General Assembly;

(b) The specialized agencies should lend their full co-operation to the Secretary-General in this matter;

(c) A standard nomenclature of budgetary and financial terms should be adopted and followed throughout the United Nations system.

VI. AUDIT, INSPECTION

60. The Committee was impressed by the fact that external controls over the organizations' financial management were, generally speaking, less developed than is the case in many Member States. The implications of this situation might not have been too serious as long as the organizations' expenditures remained at a relatively modest level. But the rapid growth in their budgets in recent years and the level now reached by total expenditure prompted the Committee to advocate the strengthening of external controls.

61. The Committee thought that the work of the external auditors, whose role is essential if regularity is to be ensured in the financial operations, might be made more effective in two ways.

62. In the first place, the Committee found that the financial regulations of certain organizations enabled the external auditors to make observations not only on financial, but also on administrative and management matters. It considered that such should be the case in all organizations and that, to this end, the financial regulations should, where necessary, be amended.

63. In the second place, the Committee considered whether it might not prove helpful to rotate at appropriate intervals the external auditors associated with the United Nations organizations. In this connexion, it gave some thought to the formation of a common panel of auditors, which might promote the development of common audit standards throughout the United Nations family, and concluded that this question merits further study.

64. It appeared to the Committee, however, that the responsibility for maintaining adequate supervision over the management of the different services from both the administrative and the financial point of view could not be discharged by the auditors alone.

65. The Committee therefore considered the establishment, on an experimental basis, of a small inspection unit consisting of a limited number of specialists highly qualified in financial and administrative matters. These officials would visit the different services of the United Nations organizations, if necessary without prior notification, in order to examine the way in which they operate and to propose any reforms they deem necessary.

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for a period of four years by the Secretary-General of the United Nations, after consultation with the other members of the Administrative Committee on Co-ordination. The inspectors should not be appointed to any post in the secretariats of the organizations of the United Nations family until the expiry of at least three years after termination of their functions.

(c) Functions and powers: The inspectors should make on-the-spot inquiries and investigations, some of which may be without prior notification, as and when they may themselves decide, in any of the services of the different organizations of the United Nations family. Acting singly or in small groups, they should have the broadest powers of investigation in all matters having a bearing on the efficiency of the services and the proper use of funds, and should be accorded at the highest level full co-operation and facilities for the discharge of their duties, including access to any particular information or document. They should be bound by professional secrecy as regards all the information they receive and the contents of their reports. Standards for the conduct of the inspections, and the inspection programme, should be determined by the unit itself. The inspectors themselves should have no power of decision nor should they interfere in the operation of the services they inspect.

(d) Reports: The inspectors should draw up, over their own signature, reports for which they should be alone responsible, and in which they should state their findings and propose solutions to problems they have noted. As regards these inspection reports:

- (i) They should be sent to the service being reported on and to the Executive Head of the organization concerned simultaneously;
- (ii) The service should have an opportunity to present in writing, in a document to be attached to the inspection report, any comments it may wish to make;
- (iii) The combined documents should be transmitted by the Head of the organization concerned to the members of the organization's Executive Board or Governing Body (in the case of the United Nations to the Advisory Committee on Administrative and Budgetary Questions) with a statement of his own stating what action he has taken, or proposes to take, on the inspection report and any other comments he may wish to add;

66. Such a unit would in the Committee's opinion make an effective contribution not only towards improving management and methods but also towards achieving greater co-ordination between the organizations.

67. The Committee therefore recommends that:

A. External auditors

(a) The various organizations should, wherever necessary, amend their financial regulations which set out the duties of the external auditors, in order to enable them to make observations on the administration and management of these organizations;

(b) The Secretary-General, as chief administrative officer of the United Nations, and as Chairman of the Administrative Committee on Co-ordination, in co-operation with the heads of the specialized agencies after consultation with the Chairman of the United Nations Board of Auditors should study the question of the establishment of a common panel of auditors, responsible for auditing, on a rotational basis, the accounts of all the organizations of the United Nations family, and report thereon to the General Assembly at its twenty-second session.

B. Establishment of an inspection unit

An Inspection Unit should be established on the following lines:

(a) Establishment of the Inspection Unit: There should be established, in agreement with the various organizations of the United Nations family, a joint Inspection Unit. This Unit would be administratively attached to the Secretary-General, as chief administrative officer of the United Nations and as Chairman of the Administrative Committee on Co-ordination.

(b) Composition and appointment: The Inspection Unit should consist of a very limited number (not exceeding eight) of inspectors chosen from among members of national supervision or inspection bodies, or from among persons of similar competence, on the basis of their special experience in national or international administrative and financial matters. The President of the General Assembly should draw up, with due regard to equitable geographical distribution, a corresponding list of countries, each of which should be requested to nominate a candidate or preferably a panel of candidates. The inspectors should be appointed initially

- (iv) The Executive Board should follow up on the matter until it has been satisfied;
- (v) The Executive Board should decide on the further distribution, if desirable, of the inspection report and its appendices;
- (vi) The Executive Board should communicate to the Special Committee on Co-ordination of the Economic and Social Council for its information a résumé of the above-mentioned reports, comments and action.

(e) Administrative and financial provisions: The cost of the operation of the Inspection Unit should be shared by the organizations of the United Nations family, as agreed upon by them.

(f) Temporary provisions: The Inspection Unit should be established for an initial period of four years. Prior to the end of that period, the organizations of the United Nations family should decide, upon the recommendation of the General Assembly whether the Inspection Unit should be continued.

VII. PROGRAMME PLANNING AND EVALUATION

A. Long-term planning

68. Further development and application by the United Nations family of organizations of an integrated system of long-term planning on a programmed basis is an essential ingredient in improving their programming and budgetary processes and ensuring throughout the United Nations system the most rational use of available resources. While most of the agencies are giving increasing attention to planning and programme formulation, there are considerable differences in their approaches - most notable is the fact that planning, programming, and budgeting are not more systematically integrated even after allowing for a necessary degree of independence from each other.

69. There are several reasons why further development of the planning, programming and budgeting processes is important to the future welfare of the United Nations family:

(a) The activities of the United Nations family have expanded rapidly in recent years and it is not surprising that there are different views on how these activities should be further developed and adapted to meet future needs of Member States. In these circumstances, re-examination and re-thinking of objectives, identification of programme priorities, and the development of specific but yet tentative plans for some years in advance would appear essential.

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(b) The present and foreseeable needs of Member States which the organizations are helping to meet appear to be without limit, while the resources available are limited. In this situation it is essential that the best use should be made of them. To accomplish this goal, forward planning and adequate co-ordination of the whole United Nations effort is required.

(c) If the United Nations and agencies are to be as effective as possible they should know better where they are going over a given period of time. Planning, carrying with it the reasonable expectation that approved plans will be supported fully by Member States, is essential to good management.

(d) If the United Nations family is to obtain the necessary human and financial resources to help meet the growing needs of Member States, it is essential that Member States have in advance a clearer picture of how these resources are to be utilized and for what purposes. Forward planning and programme formulation will assist greatly in accomplishing this and will facilitate co-ordination between the United Nations organizations, as well as between these bodies and donor and recipient countries. This should also bring greater harmony into what is being done through multilateral as well as bilateral efforts. At the same time, this process will facilitate the comparing of planned future activities and possibly avoid action being undertaken separately by different organizations; this should result in better integration of complementary activities and further ensure the achievement of over-all generally agreed objectives.

(e) In summary, through such a process information would be provided on a timely basis which would be useful to both the organizations and Member States in establishing a framework: (i) within which programmes and budgets would be prepared; (ii) for determining future activities and resources required to implement them; (iii) for identifying areas where the organizations should develop their internal capabilities to meet anticipated changing needs; (iv) for apprising Member States of proposed activities far enough in advance so that there would be sufficient time for them to consider the direction in which an organization is moving and develop their respective national positions; and (v) for acquainting

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Member States through legislative and governing bodies of the organizations of estimated future costs and purposes of activities which may be of a continuing nature.

70. "Programme budgeting" does not in any way require that traditional budgeting be cast aside since this is essential within each organization for exercising financial control. These two methods of budgeting are not in conflict; on the contrary, they can and should operate in a complementary manner.

71. While it is recognized that forward planning is not dependent on any particular budget cycle, in the case of agencies with biennial budgeting, the planning cycle might consist of a two-year programme and budget, a second two-year plan, and a further two-year tentative plan. While the legislative and governing bodies would consider and make recommendations on the plans covering the entire planning cycle, they would actually approve only the programme and budget covering the first two-year period. The planning cycle of those agencies having a biennial budget cycle could be synchronized and eventually established for a similar time period.

72. It is recognized that in applying an integrated system of long-term planning, programme formulation and budget preparation, account must be taken of the environment in which each organization operates, its own constitutional provisions, and other factors. As long as the basic concepts of the system are respected, procedures employed may vary from organization to organization.

73. Subject to the considerations in the preceding paragraph, the Committee recommends to each of the organizations of the United Nations family that:

(a) Early steps should be taken to develop and adopt an integrated system of long-term planning, of programme formulation and of budget preparation;

(b) To this end, each organization should develop an effective long-term plan in keeping with the broad goals included in its charter or statute. The process would involve making these broad goals more specific by formulating the priority objectives to be accomplished by the organization within the planning period. Specific courses of action for accomplishing the agreed objectives and goals would be contained in the organization's proposed plan;

(c) Throughout the planning process choices should be made among competing demands. This entails establishing further priorities by the organization as well as giving consideration to alternative ways of accomplishing its specific objectives;

(d) Each organization should develop its own processes and staff capability to carry out the following:

- (i) Define clearly its specific objectives - i.e., what it hopes to accomplish within definite points of time - by taking into account the priority needs of Member States, the over-all capability of the organization, and the probable financial costs to Member States;
- (ii) Formulate, following consultations with other interested organizations, major alternatives, with related costs, which would express in specific terms how to accomplish the previously defined objectives; analyse these alternatives (with related costs); and include in the plan those which would be likely to achieve the best results in terms of cost-effectiveness;
- (iii) Provide leeway for possible adjustments to changing circumstances and for the inclusion of further activities which might respond to the special and often changing needs of the developing countries;
- (iv) Present the proposed plan to its governing body for consideration and comment on the content of the plan, the priorities, and the general magnitude and time-phasing of expenditures;
- (v) Prepare an integrated document (containing all programmes financed from both budgetary and extra-budgetary funds) for the selected time period, which would be based on the agreed plan, which, in addition to containing the long-term agency plan, would include the proposed programme and budget for the next budget period, having taken into consideration prospective resources. This programme would be detailed and provide information on specific activities while the plan would concentrate on major activities and would be drawn up so as to provide the necessary degree of flexibility. The document would show the estimated total cost time-phased over the expected duration of the plan. The appropriate bodies of the organization would review and comment on this document, and approve with whatever changes they considered

necessary that part which corresponded to the next budget period. In preparing subsequent programme and budget documents, the heretofore agreed plan might be revised in the light of changed circumstances, and an additional two-year tentative plan formulated to complete the suggested six-year time period. An essential aspect is the continuous process of review and updating. The introduction of new elements into the plan would depend in part on the progress achieved in the preceding period;

(e) Each organization should synchronize its planning and its budget cycle with those of other organizations in so far as they have the same budget periods;

(f) Each organization should incorporate in the process discussed above the experience and knowledge gained through systematic evaluation of its activities.

B. Evaluation

74. Over-all evaluation consists in estimating the scope, cost and potential effectiveness of a project or programme before a decision is taken on it, checking the estimates and performance during its execution, and determining the cost and the results achieved when the project or programme is finally completed.

75. It appeared to the Committee that the third function, namely, the determination of the cost and the evaluation of the results, was the least well-performed. Yet the third phase was very important, because it made it possible to choose the most effective methods of future action and programmes.

76. The Committee noted that the significance of evaluation is being recognized by organizations in the United Nations family. The three pilot evaluation studies made under Economic and Social Council resolution 1042 (XXXVII) represent an important contribution to the body of experience in this area. The Committee believed that evaluation reviews are particularly helpful to the organizations themselves in developing future programme proposals. Information gained from such reviews should therefore be an important element of the system of long-term planning, programme formulation, and budget preparation which the Committee had recommended in the preceding section of this report.

77. Discussions among members of the Committee and with representatives of the United Nations and specialized agencies have led the Committee to the conclusion

that continuing evaluation and assessment of the operations of the organizations within the United Nations family and the impact of their activities, both at Headquarters and in the field, should be further improved. With the needs of Member States in the area of economic and social development practically unlimited, and with limited available resources to meet these needs, it was all the more necessary to improve the effectiveness of the operations of the organizations so that the maximum return would be obtained from each unit of money expended. One way to help achieve this objective was to devise efficient techniques and guidelines for evaluating operations in order to identify and eliminate unproductive practices and activities which result in less than maximum organizational effectiveness and which do not meet the needs of Member States. The Committee believed that insufficient attention had been given to the establishment of common evaluation techniques and guidelines which could be applied by the United Nations family of organizations. Moreover, it was necessary that the results of internal reviews of operations be made available to governing bodies and Member States on a more timely basis so that they could benefit from past experience in considering current activities and proposed new programmes. Further, recommendations made elsewhere in this report concerning the budget cycle should result in the Economic and Social Council having more time to devote not only to the co-ordination but also to the evaluation of activities.

78. The Committee noted that in the opinion of the Secretary-General of the United Nations the United Nations Training and Research Institute (UNITAR) could be of great assistance in working out standards, criteria, and techniques of evaluation for use by the United Nations family of organizations.

79. In view of the need for effective evaluation and assessment of the activities of the United Nations family of organizations, the Committee recommends that:

(a) The organizations should take steps to improve and strengthen the evaluation process wherever possible;

(b) The organizations should utilize information resulting from internal reviews of their operations, as well as the views of Member States in which these operations are conducted, to a greater extent in programme formulation and execution, thus making results of their reviews an important element of the system of long-term planning, programme formulation, and budget preparation which the Committee has recommended;

(c) The organizations should be required to provide governing bodies (including executive committees or councils), as a part of timely progress reports, with evaluation data on continuing projects or programmes at intervals of no more than twelve months, as well as reports on evaluation of projects or programmes when completed;

(d) The Economic and Social Council and the Administrative Committee on Co-ordination should encourage to the fullest extent the development of common evaluation methods and standards for the organizations;

(e) The Economic and Social Council should continue its systematic evaluation of the impact, both over-all and specific, of the programmes of the organizations in the economic and social field in meeting the needs of Member States and, if necessary, strengthen arrangements for co-ordinating evaluation.

VIII. CO-ORDINATION

80. Both the United Nations Charter and the relationship agreements between the United Nations and the specialized agencies provide for very important central roles for the Economic and Social Council and the General Assembly in relation to the programmes and the administrative budgets of the agencies. These provisions were undoubtedly made not only to ensure co-ordination of the activities of the organizations but also to enable Member Governments to have an over-all view at least once each year of the whole range of economic, social, cultural, educational, health and related activities of the entire United Nations family, and of the cost thereof, in order both to evaluate past and present activities and to plan future activities.

81. Although the General Assembly has, under the Charter, over-all responsibility in the international economic and social area, it is the Economic and Social Council which is more directly concerned with the agencies. The Charter provisions with respect to the role of the Economic and Social Council in relation to the agencies are contained in Articles 57, 58, 62, 63 and 64. Articles 57 and 58 define the general relationship of the United Nations to the agencies, and Articles 62-64 provide for the specific functions of the Economic and Social Council in this relationship.

82. In general terms, it may be said that the Charter Articles mentioned give the Economic and Social Council a central role with respect to studying and reporting on international economic, social, cultural, educational, health and related matters dealt with by the United Nations and the specialized agencies and making

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recommendations thereon to the General Assembly, Member States and to the agencies concerned (Article 62). To enable the Economic and Social Council better to carry out this function itself or with the assistance of its functional commissions, and to co-ordinate the activities of the United Nations and the agencies, the Charter authorizes the Economic and Social Council:

- (a) To enter into relationship agreements with the agencies (Article 63);
- (b) To co-ordinate the activities of the agencies through consultation with and recommendations to them and through recommendations to the General Assembly and to Members of the United Nations (Article 63); and
- (c) To obtain regular reports from the agencies on their activities and on steps taken to give effect to Council recommendations and to certain recommendations of the Assembly (Article 64).

83. So far as the relationship of the General Assembly to the agencies is concerned, the Charter provides generally that the Assembly shall initiate studies and make recommendations for the purpose of "promoting international co-operation in the economic, social, cultural, educational and health fields" (Article 13); and that it is primarily responsible for the discharge of the functions of the United Nations set forth in Chapter IX entitled International Economic and Social Co-operation (Article 60). The Charter also provides specifically that the Assembly shall (a) approve any financial and budgetary arrangements made by the United Nations with the agencies and examine their administrative budgets with a view to making recommendations to them (Article 17); (b) approve the relationship agreements with the agencies (Article 63); and (c) receive the observations of the Economic and Social Council on reports received from the agencies (Article 64).

84. The relationship agreements entered into by the agencies with the United Nations are (with the exception of those involving the International Bank for Reconstruction and Development and the International Monetary Fund) similar in character and generally contain, inter alia, the following important elements:

- (a) The agencies, "having regard to the obligation of the United Nations to promote the objectives set forth in Article 55 of the Charter and the function and power of the Council, under Article 62 of the Charter, to make or initiate studies and reports with respect to international economic, social, cultural, educational,

health and related matters and to make recommendations concerning these matters to the specialized agencies concerned, and having regard also to the responsibility of the United Nations, under Articles 58 and 63 of the Charter, to make recommendations for the co-ordination of the policies and activities of such specialized agencies, agree to arrange for the submission, as soon as possible, to their governing body, conference or other appropriate body, of all formal recommendations which the General Assembly or the Council may make to it". The agencies agree to consult with the United Nations on request with respect to such recommendations and report to the United Nations on action taken to give effect to them. The agencies also affirm their intention of co-operating in whatever further measures may be necessary to make co-ordination of their activities and those of the United Nations fully effective. In particular, they agree to participate in, and to co-operate with, any body or bodies which the Council may establish for the purpose of facilitating such co-ordination, and to furnish such information as may be required for the carrying out of this purpose.

(b) The agencies and the United Nations agree to arrange for the "fullest and promptest exchange of information and documents". The agencies also agree "to comply to the fullest extent practicable with any request which the United Nations may make for the furnishing of special reports, studies or information", subject to possible cost-sharing.

(c) Recognizing the desirability of eventually developing a single unified international civil service, the agencies of the United Nations and the United Nations agree, inter alia, to develop common personnel standards and to consult on such matters as conditions of service, salary scales, allowances, etc.

(d) The agencies and the United Nations recognize the desirability, in the interest of administrative and technical uniformity, of avoiding a duplication of administrative and technical services and of consulting on the establishment of common services and facilities.

(e) With respect to budgetary and financial arrangements, the relationship agreements provide, inter alia, the following:

- (i) The agencies recognize the desirability of establishing close budgetary and financial relationships with the United Nations in order that the administrative operation of the United Nations and of the agencies shall

be carried out in the most efficient and economical manner possible, and so that the maximum measure of co-ordination and uniformity with respect to these operations shall be served.

- (ii) The agencies and the United Nations agree to consult on the desirability of the inclusion of agency budgets within a "general budget" of the United Nations.
- (iii) The agencies agree to consult with the United Nations in the preparation of their budgets.
- (iv) The agencies agree to transmit their proposed budgets annually to the United Nations at the same time as the budgets are transmitted to Member States. The General Assembly is expected to examine these budgets and is authorized to comment on any item contained therein.
- (v) The agencies agree to conform as far as may be practicable to standard practices and forms recommended by the United Nations.

85. In view of the foregoing provisions in the Charter and relationship agreements, one might have expected that the Economic and Social Council and the General Assembly would today be playing an important central role not only in examining the plans, progress and problems of the agencies and in co-ordinating their activities, but also in informing Member States annually of their views and recommendations on the existing situation. The Committee considered in particular a note from the Secretary-General in which he described in some detail the way in which co-ordination procedures have developed over the years and recent measures taken by the Economic and Social Council to facilitate the analysis of programmes of the United Nations family of organizations in relation to their cost. The information furnished to the Committee, however, indicates that while much has been done to implement the provisions of the Charter and of the relationship agreements, certain vital elements in the techniques now being used could be usefully strengthened.

86. In the course of discussions with the representatives of the specialized agencies, during the Geneva session of the Committee, the following points were underlined:

- (a) That the Committee on Co-ordination of the Economic and Social Council (Committee of the Whole), and the Special Committee on Co-ordination (which was established by resolution 920 (XXXIV) of the Economic and Social Council of 3 August 1962) have not entirely succeeded in their task of achieving greater and

smoother co-ordination, because apparently it has not been possible to secure a full exchange of views between the United Nations and the agencies.

(b) That despite the best efforts of the Administrative Committee on Co-ordination and the Advisory Committee on Administrative and Budgetary Questions to fulfil their respective mandates, it has not been possible for either of them to devote as much time and continuing attention throughout each year to the task of co-ordination as is required now, especially in view of the tremendous growth in the activities and budgets of the United Nations and the specialized agencies.

(c) That the need is not for the creation of new bodies to ensure better and greater co-ordination, but for the streamlining and refurbishing of the machinery which already exists.

87. The Committee thought that certain changes of a technical nature might improve the efficiency of the Administrative Committee on Co-ordination, so that concerted action could be further advanced.

88. Geographical co-ordination, or harmonizing the activities of the different bodies of the United Nations family in a given country or region, is one of the principal purposes of co-ordination. While the main responsibility rests with Governments, experience shows that the United Nations system also has significant responsibilities. First, it can help Governments in setting up their national plans. Secondly, it has to achieve increasing harmonization of its various actions in given areas, a task in which the Resident Representatives already play a very useful role. In both of these fields, it seemed to the Committee that there was perhaps some room for certain improvements.

89. The adoption by the agencies with an annual budget of a two-year budget cycle and of longer-range programming as recommended elsewhere in this report would be important steps toward more effective co-ordination. This should facilitate review of the budgets and the programmes of the agencies - as well as of the United Nations - by the Advisory Committee on Administrative and Budgetary Questions and the Economic and Social Council, in their respective spheres, as well as by the General Assembly. One of the objectives should be to make it possible for the Advisory Committee on Administrative and Budgetary Questions and the General Assembly to conduct more effectively the examination envisaged by Article 17 of the United Nations Charter in such a way, and early enough, to permit the United Nations and the agencies, their respective governing bodies, and Member Governments

to secure the greatest benefit possible from these reviews. The other objective would be to improve the co-ordinating function of the Economic and Social Council and the General Assembly as envisaged by Article 63 of the Charter. In this connexion, it is recognized that, in order to get the maximum value from these reviews, meeting and conference schedules will have to be harmonized to the greatest extent practicable.

90. In order to improve co-ordination within the United Nations family, keeping in mind the above comments and observations, the Committee makes the following recommendations:

(a) The agencies, the Advisory Committee on Administrative and Budgetary Questions and the General Assembly should, to the extent practicable, perform their respective reviews of budgets in such a way as to enable the agencies to take the recommendations of the General Assembly into consideration before adopting their respective budgets.

(b) The United Nations and the agencies should give careful consideration to the harmonization and adjustment of meeting and conference schedules in order to secure the greatest benefits from the reviews discussed above.

(c) The Advisory Committee on Administrative and Budgetary Questions and the Economic and Social Council should give increasing attention to identifying vital issues and making recommendations thereon for consideration by the General Assembly and each body should share with the other its comments and recommendations on these and other matters within their respective spheres.

(d) The Advisory Committee on Administrative and Budgetary Questions should, from time to time, review systematically and in depth the administrative and management procedures concerning the programmes and budgets of the specialized agencies. This might be done by examining in depth one or two agencies each year. This, in addition to its direct usefulness, should enable the Advisory Committee on Administrative and Budgetary Questions to recommend the application of more consistent standards and approaches to common problems.

(e) In the intervals between the scheduled meetings of the Administrative Committee on Co-ordination at the executive head level, meetings of their alternates should be organized to prepare for top-level discussions, to handle problems not requiring executive heads' consideration and to ensure the execution of decisions taken. The alternates should be from among the direct assistants of the executive heads of the organizations.

(f) In addition to the effective role at present being carried out by the Resident Representatives in achieving co-ordination among the organizations in the field, the United Nations Development Programme, the principal dispenser of funds in the operational field, which has already initiated internal procedures to develop its own information on the actions carried out by a number of organizations on a geographical basis, should, in agreement with the various organizations, systematically improve the procedures for co-ordination on a geographical basis. Accordingly, the organizations should inform the United Nations Development Programme, at the earliest possible stage, of the actions they plan to carry out, in order to make it possible to eliminate the possible overlapping and to improve the harmonization of different projects through mutual information and consultations.

(g) The Economic and Social Council, in order to carry out more effectively its responsibilities for co-ordination under provisions of the United Nations Charter, should reconstitute its Special Committee on Co-ordination, to consist of experts.

(h) As regards the new Committee:

(1) The Economic and Social Council should elect twelve experts out of nominations by States Members of the United Nations, for a period of three years, on a rotational basis, taking into account the principle of equitable geographical distribution, to serve as governmental representatives in their expert capacity; experts should be eligible for re-election.

(2) Those elected should have a high degree of experience and competence in the following or similar fields:

(a) The United Nations and related organizations, in the economic, financial and social areas;

(b) The governing bodies of the specialized agencies and subsidiary bodies of the United Nations.

(3) The Committee should meet as necessary to review the activities of the United Nations and the specialized agencies in order to prepare recommendations for the Economic and Social Council on the co-ordination of their programmes in the economic, social and human rights fields; it should, inter alia, pay particular attention to possible overlapping and duplication.

(4) The Committee might at an early stage consider the existing procedures for co-ordination.

(5) In the accomplishment of its task, the Committee should place emphasis upon a full exchange of views with representatives of the secretariats of the organizations.

(6) The Committee should, in the discharge of its functions, work in close liaison with the Advisory Committee on Administrative and Budgetary Questions and the Administrative Committee on Co-ordination.

(i) Adequate staff support should be provided to the Advisory Committee on Administrative and Budgetary Questions, the Economic and Social Council, and the Administrative Committee on Co-ordination by utilizing as far as possible the present staff of the United Nations and of the specialized agencies.

91. Despite the other steps recommended above, effective co-ordination will eventually be achieved through co-ordination within Governments themselves of their own efforts and of the positions of their own representatives to the several organizations. It is hoped that the observations and comments contained in this report will impress Governments with the necessity for more effective co-ordination at all levels, including the national level of Member States.

IX. CONFERENCES, MEETINGS AND DOCUMENTATION

92. Conferences and meetings have always occupied, and will continue to occupy, an important place among United Nations activities.

93. As the situation has developed, conferences and meetings are held by various bodies and can generally be classified as follows:

- (a) Those of principal organs of the United Nations;
- (b) Those of principal organs of the specialized agencies;
- (c) Functional commissions of the United Nations and similar commissions in the specialized agencies;
- (d) Regional economic commissions of the United Nations;
- (e) Special meetings and conferences called for by the General Assembly to deal with specific questions, e.g., the Conference of the Eighteen-Nation Committee on Disarmament, the Special Committee on Peace-keeping Operations, the Special Committee on the Situation with regard to the Implementation of the Declaration on the Granting of Independence to Colonial Countries and Peoples, etc.;
- (f) All other conferences, meetings and seminars which are convened at the invitation of, or by decision taken by, the different organs of the United Nations and the specialized agencies.

94. Whereas conferences and meetings constitute a unique forum in which all Member States, large and small, may, as equals, express their views and discuss their problems in relation to peace and the well-being of mankind, for several years both the Secretary-General and the Advisory Committee on Administrative and Budgetary Questions have uttered warnings that the over-all conference and meeting programme had reached proportions such that its effectiveness was open to serious doubts, that results were not commensurate with the time and effort devoted to these activities and that the law of diminishing returns was making itself felt. More

/...

recently, in his foreword to the 1966 Budget, the Secretary-General stated that the programme of meetings had reached "unmanageable proportions".

95. It is obvious that certain of the conferences referred to above will have to continue to be held, unless the charters of the relevant organs are changed.

96. However, the present situation within the United Nations family makes it possible for committees, commissions, or agencies to take decisions regardless of the actions of others. The result is that the total volume of demands for meetings and conferences may constitute a programme well beyond the capacity of the secretariats to service adequately.

97. The Committee looked into the situation in some detail. It was informed by the Secretary-General that the concern expressed by him and the Advisory Committee on Administrative and Budgetary Question was based on the following facts:

(a) A continuing increase in the number of conferences and meetings. The number of meetings has almost doubled over the past six years, and, as far as Headquarters, New York, and the Palais des Nations, Geneva, are concerned, the facilities are used to capacity (between 2,000 and 2,400 annually for New York and between 4,000 and 4,300 annually for Geneva, including both United Nations and agency meetings); meetings held elsewhere have also increased - those held by the United Nations regional commissions increased from 770 to 1,120 over the same period;

(b) Increased participation. New Members and larger delegations have resulted in a substantial increase in the number of participants. As regards Geneva, this increase has been of the order of 40-50 per cent over the past six years;

(c) An ever-growing volume of documentation. The annual reproduction capacity at Headquarters based on existing manning table and equipment (approximately half a billion impressions) has already been reached and it is expected that it will be reached at Geneva (approximately one third of a billion impressions) in 1967; at the same time there is a provision in the United Nations 1967 budget estimates of almost \$2 million for contractual printing.

98. These increases in conference activity have been accompanied by corresponding increases in budgets, and it is to be noted that for 1967, as far as the United Nations alone is concerned, the relevant sections of the budget estimates provide for an expenditure of about \$26 million, spread over various sections of the budget, for costs directly attributable to conference activities. This is equivalent to some 20 per cent of the total United Nations budget. The corresponding figures for 1960 were about \$13 million, also 20 per cent of the total budget.

99. The increases in conference activities have given rise to a number of problems. Firstly, conference rooms of the required size, equipped for simultaneous interpretation, and offices to accommodate the extra staff required for servicing the meetings, both at New York and at Geneva, are now inadequate and plans are before the General Assembly for their extension. Secondly, even if there were adequate physical facilities and the necessary funds were voted by the General Assembly there is but a limited reservoir of qualified temporary staff - interpreters, revisers, translators, précis-writers, etc. - and competition for their services is becoming more and more severe year by year.

100. Thirdly, the volume of documentation has increased to an even greater extent than the number of conferences and meetings, and frequently it has been undertaken only at the price of serious disruption of regular work; in other cases the quality of the documentation has suffered. The documentation placed before the 1962 summer session of the Economic and Social Council amounted to some 8,000 pages, less than one-half of which had been distributed within the time-limit fixed by the Council; by the 1965 summer session, the documentation had increased to 11,000 pages, costing the United Nations and agencies close to half a million dollars for translation alone; it is estimated that for the 1966 summer session the figure will not decrease.

101. Lastly, even if this mass of documentation were distributed in good time in all the requisite languages, many Governments may find it difficult to study it, co-ordinate the views of interested departments on it and brief their representatives in such a manner as to enable them to participate fully in the discussions in the various meetings.

102. The fixed pattern of conferences which is now in force was established for a period of five years from 1 January 1958 by General Assembly resolution 1202 (XII); it has been extended, with a few amendments, annually since then. In the meantime, both the Secretary-General and the Advisory Committee on Administrative and Budgetary Questions have made repeated pleas to the Economic and Social Council and to the General Assembly for a rationalization of the programme of conferences and meetings. They have pleaded, inter alia, for restraint in convening meetings, for the establishment of priorities and for the functional commissions of the Economic and Social Council to meet only once every two years rather than annually. The General Assembly, at its twentieth session, adopted resolution 2116 (XX) by which, inter alia, it urged restraint in the scheduling of meetings and decided that not more than one major special conference of the United Nations would be scheduled in any one year.

103. The Committee noted that adequate restraint does not appear to have been exercised in the programme scheduled for 1967. It believes that Member Governments themselves must face up to this problem. They must be prepared to take more effective measures than in the past - and make them work, if General Assembly resolutions in this regard are to be implemented. Otherwise, Governments would have to face the burden of major additional expenditures for facilities and human resources. And budget increases alone would not suffice. Not only would scarce conference personnel have to be secured (perhaps specially recruited, then trained) and facilities be built, but Governments would have to equip themselves with sufficient personnel to read, digest, and otherwise cope with the increased documentation and meeting time required to make present, to say nothing of additional, conferences effective.

104. In view of the seriousness of the situation confronting the United Nations family of organizations, the Committee makes the following recommendations, the implementation of which would make it possible not only to rationalize the programme of conferences but also to ensure the best possible use of the financial and human resources available:

(a) Each major organ of the United Nations and the specialized agencies should review the conference programmes of each of its related bodies, including the functional and regional economic commissions or committees of the United Nations and similar commissions or committees of the specialized agencies

This review should be conducted with a view to reducing total meeting time to the extent possible, including consideration of the possibility of biennial meetings;

(b) Those specialized agencies whose legislative bodies now meet on an annual basis should consider the possibility of biennial sessions;

(c) All the organizations in the United Nations family should inform the Secretary-General in good time of the conferences and meetings they are planning and when taking their decisions in this regard, they should be guided by the following procedures:

(i) The Secretary-General, in order to carry out his responsibilities for servicing conferences and meetings, and as Chairman of the Administrative Committee on Co-ordination, should, in consultation with the organizations in the United Nations family, draw up in advance a draft consolidated annual calendar of all conferences and meetings, reconciling as far as possible the total available resources and the views expressed by the various bodies concerned;

(ii) The appropriate organs of each of the organizations concerned, in their endeavours to bring about close co-ordination among themselves, should be invited to take their decisions in establishing their own programmes of conferences and meetings on the basis of the consolidated calendar;

(d) In the budgets of the organizations of the United Nations family, the costs of conferences and meetings should be the subject of:

(i) A special line in the budget, showing the expenditure directly attributable to conferences and meetings;

(ii) An annex containing an estimate of the total expenditure pertaining directly and indirectly to these activities;

(e) The Secretary-General should be asked to recommend a definition of the term "major special conference" which appears in paragraph 5 of General Assembly resolution 2116 (XX);

(f) The Member States of the United Nations and the specialized agencies should be urged to spare no effort in reducing substantially their requests for all conference documentation, so as to facilitate the possibility of presenting it at

the most opportune time, in a concise form and in the most economic way, avoiding all unnecessary expenses; that whenever possible the Chairmen should encourage the holding of meetings without verbatim or summary records since, while affording participants an opportunity to express their views more freely, this would lead to a substantial reduction in services and documentation;

(g) Governments normally sending large delegations to international conferences should substantially reduce the size of their delegations with a view to easing the strain on existing conference facilities and decreasing the quantity of documents required for distribution;

(h) No dependent body should be permitted to increase the number or length of its meetings already authorized without the specific approval of the organ which established it;

(i) Where practical, physical facilities for conferences should not be expanded until it has been possible to evaluate the effect of putting into practice the above recommendations;

(j) Only the most urgently needed new conference personnel should be added to the secretariats of the United Nations family of organizations until it has been possible to evaluate the effect of putting into practice the above recommendations;

(k) In the planning of future conferences and meetings the following guidelines should be taken into consideration by the United Nations family of organizations:

- (i) Priorities should be established for fixing the areas and programmes of meetings and conferences on a long-term basis;
- (ii) The availability of human and physical resources necessary for servicing conferences should be determined and taken into account;
- (iii) The financial ability of the organizations and of Member States to meet the requirements necessary to hold conferences should be determined and taken into account;
- (iv) An adequate interval of time should be allowed between conferences of the same body or of a similar nature;
- (v) There should be effective co-ordination between the United Nations and the specialized agencies on the convening of major international conferences;
- (vi) Whenever possible the United Nations and the specialized agencies should jointly convene conferences, meetings or seminars which are of a similar or complementary nature .

X. LOCATION OF SERVICES OF THE UNITED NATIONS

105. During discussions with representatives of the United Nations European Office at Geneva and in subsequent discussions at Headquarters, certain delegations raised the question of the location of various services of the United Nations Secretariat. The view was expressed that some parts could more effectively be placed elsewhere, depending on the location of the body or conference serviced and in some cases in connexion with a specialized agency. It was noted that it was unlikely that large numbers of staff would be affected.

106. The Committee considered that further study of the matter might be found useful and noted that the Secretary-General of the United Nations had questions of location under continuous review.

107. The Committee recommends that:

(a) The Secretary-General's attention should be drawn to the views expressed in the Committee;

(b) The Secretary-General should be invited to maintain his continuous review of the location of the various services of the United Nations Secretariat, bearing in mind the need for the most effective and economical arrangements.

XI. ADMINISTRATIVE COSTS OF EXTRA-BUDGETARY PROGRAMMES

108. In the total financial resources of the United Nations family of organizations the amount of the extra-budgetary funds has increased considerably over the past ten years. In one organization they are double those provided by the regular budget. As a consequence, in the over-all activity of the organizations the operational programmes have come to the foreground and to a certain extent the character of some of them has changed.

109. The bulk of the extra-budgetary resources is provided by Member States through the United Nations Development Programme. To cover the overhead costs of the assistance programmes the central administration of the United Nations Development Programme gives the regular budget of the organizations a subsidy amounting to 11-14 per cent of the direct project costs.

110. Although the Advisory Committee on Administrative and Budgetary Questions made recommendations on this question in 1965 (A/5842), in the course of the Committee's discussions with agency representatives in Geneva, some of them claimed that the amounts they received from the United Nations Development Programme were inadequate and that they were diverting a substantial part of funds provided for their regular activities to support for extra-budgetary programmes. If the statements of these agencies could be substantiated, it would mean that:

(a) Funds provided in the regular budget of the organizations were being used for financing extra-budgetary tasks instead of being used for the purpose envisaged in the regular budget;

(b) To the extent that overhead costs are not reimbursed, Member States are making additional contributions to the United Nations Development Programme;

(c) Budgetary planning should and could be tightened.

111. Other representatives stated that they were reasonably satisfied with the amounts they received. It seems to the Committee that this difference of opinion may be attributable largely to the fact that the problem of determining with precision the administrative costs of any individual programme has undoubtedly become more complex as a result of the integration of staff who service the over-all programmes. However, the Committee was not in a position to look into this problem in as much detail as it would have wished.

112. The Committee therefore recommends that the Advisory Committee on Administrative and Budgetary Questions keep the problem of the administrative costs of extra-budgetary programmes under review in order to ensure equitable sharing of the overhead cost of the United Nations Development Programme by the executing agencies and the United Nations Development Programme.

XII. OTHER QUESTIONS

A. Personnel questions

113. In a discussion with respect to the composition of the Secretariat and other personnel questions, different positions were expressed, especially on the percentage of the Secretariat which should be staffed by permanent and fixed-term contracts. Certain members of the Committee expressed the view that the effective, and hence economic, servicing of the United Nations and the specialized agencies is possible only if the staff members of the secretariats are recruited on a broad geographical basis, which, they stated, is now prevented by the system of permanent contracts. Other members disagreed and believed that the system of permanent contracts, taken together with the provision for fixed-term contracts already provided for under recent decisions of the General Assembly, result in the best and most economic method of recruitment of an efficient secretariat on an equitable geographic basis and in securing the highest standards of efficiency, competence and integrity.

114. The Committee noted that these matters have been kept under continuous review by the Secretary-General and the General Assembly. The Committee, referring to the Secretary-General's report of October 1965 (A/6077), noted that the Secretary-General with a view to redressing the imbalance in the composition of the Secretariat, has undertaken special recruitment efforts, but in spite of the efforts already made suitable results have not as yet been attained.

115. The Committee recommends that the Secretary-General should make every effort to improve the measures he has already undertaken in the matter of permanent and fixed-term contracts, in order to correct the imbalance in the composition of the Secretariat to the largest extent possible, keeping fully in mind the principles of Articles 100 and 101 of the Charter.

B. United Nations bond issue

116. Some members drew the Committee's attention to the fact that, whereas the expenses for certain peace-keeping operations are kept apart from the regular budget of the United Nations, repayment of the bond issue, which was primarily intended and utilized to finance these operations, was not kept apart from the

regular budget nor was it subject to the special criteria adopted by the General Assembly for the apportionment of contributions to peace-keeping expenses. They suggested that the Committee recommend to the General Assembly that a special account be established for the amortization of the bond issue and interest payable thereon and that it be financed according to the special criteria set forth in resolution 1874 (S-IV) or such other criteria as the General Assembly may approve for the apportionment of contributions. They maintained that this matter was fully within the Committee's competence since it related to the income budget of the United Nations, and that, by preserving the principle of collective responsibility of the membership, the suggested change in the methods of financing the repayment of the bond issue respected entirely the obligation incurred by the United Nations in this connexion.

117. Certain Members held the view that all peace-keeping operations and their financing must be authorized by the Security Council.

118. Some Members, including those holding the view referred to in the preceding paragraph, considered that matters relating to the United Nations bond issue did not come within the competence of the Committee, as defined in General Assembly resolution 2049 (XX), because they related to peace-keeping operations and because the understanding was reached during the debate leading up to the creation of the Committee that the Committee was not to deal with these matters. Some of them stated that the proposal could not be considered, for it impaired the integrity of commitments made by the United Nations on which a large number of States relied in purchasing the bonds of the United Nations, and because it includes a change in the method and source of collection of funds for repayment, and recalled, in connexion with the preceding paragraph, that they take a different view of the relative competences of the Security Council and the General Assembly.

C. Other matters

- (i) The United Nations regular programme of technical assistance
- (ii) Division of the budget into an administrative budget and an operational budget
- (iii) Methods of financing; rates of assessments

119. Certain members of the Committee proposed that the United Nations technical assistance regular programme be transferred from the United Nations regular budget to the United Nations Development Programme, which is financed through voluntary contributions. They also proposed that the United Nations regular budget be broken down into an administrative budget and an operational budget. The latter would provide for the expenses arising from research and operational activities. The Committee on Contributions would be invited to formulate proposals concerning the methods and means for the financing of these two budgets. They finally expressed the opinion that those Member States which, for various reasons, so wish, be allowed to pay the part of their contributions which related to the regular programme of technical assistance in their national currencies or in kind.

120. Several other members expressed the view that the regular programme of technical assistance should be kept in the regular budget of the United Nations in order to safeguard the principle of collective responsibility and the multilateral nature of the programme. Some of these members were also of the view that breaking down the United Nations budget into administrative and operational expenses might be advantageous if it were done in order to alleviate the financial burden of the developing countries by adopting special criteria of assessment for financing operational expenses.

121. The same members mentioned in the last sentence of paragraph 120 above recommended that, in order that the capacity to pay of the developing countries be more fully taken into account, those specialized agencies which apply methods of assessment similar to those utilized to determine the United Nations scale of contributions to the regular budget should bring as soon as possible their scales into harmony with the United Nations scale, giving due consideration to differences in membership and other such factors.

122. Some members of the Committee thought that, without prejudice to their views on the above-mentioned questions, transferring the United Nations regular programme of technical assistance out of the United Nations regular budget, and changing the present methods of financing operational and research activities either through a system of voluntary contributions, or through a system of payments in kind or in some national currencies, or through a special scale of assessments, were

questions which have political bearing, and which, accordingly, do not fall within the terms of reference of the Committee. They held the same view about suggested changes in the scale of assessments of specialized agencies.

123. Those members, who did not agree with the various reasons stated above for separate administrative and operational budgets, did join with the others in a general agreement set forth under "Budget preparation, presentation and performance" that simply "for the purpose of imparting greater clarity to the existing budget documents" the organizations should submit an annex to their budgets "which should give a breakdown of expenditures into administrative costs, operational costs, and general research and study costs".

124. The Committee took note of the above-mentioned positions and recognized that there are forums in which these matters may be taken up. It recommends accordingly that attention be given to these matters by the General Assembly of the United Nations when they are raised by Members.

ANNEX I

LIST OF REPRESENTATIVES

First session, New York, 2 February to 25 March 1966

ARGENTINA

Representative: Mr. Raúl A. QUIJANO

BRAZIL

Representative: H.E. Mr. José SETTE CAMARA

Alternates: Mr. David SILVEIRA DA MOTA
Mr. Henrique de ARAUJO MESQUITA

Adviser: Mr. Carlos Antonio Bettencourt BUENO

CANADA

Representative: Mr. James Douglas GIBSON

Alternates: Mr. Gordon E. COX
Mr. Dudley BIGNELL

Advisers: Mr. Sydney A. FREIFELD
Mr. V.G. TURNER

FRANCE

Representative: Mr. Guillaume GUINDEY

Advisers: Mr. Maurice VIAUD
Mr. Michel VAN GREVENYNGHE
Mr. Ivan MARTIN WITKOWSKI
Mr. Antoine BRUNET

HUNGARY

Representative: H.E. Mr. Károly CSATORDAY

Alternate: Mr. József TARDOS

Advisers: Mr. Ede GAZDIK
Mr. Géza SELMECI

INDIA

Representative:

Mr. K.L. GHEI^{a/}

Alternates:

Mr. B.C. MISHRA

Mr. S.K. SINGH

ITALY

Representative:

H.E. Mr. Mario MAJOLI

Alternates:

Mr. Vincenzo TORNETTA

Mr. C.M. ROSSI ARNAUD

Adviser:

Mr. Fabrizio DE MARTIIS

JAPAN

Representative:

H.E. Mr. Isao ABE

Alternate:

Mr. Tokichiro UOMOTO

NIGERIA

Representative:

Mr. B. Akporode CLARK

SENEGAL

Representative:

Mr. Mandoumbe SARR

Alternates:

Mr. Cheikhou FAYE

Mr. Abdou CISS

UNION OF SOVIET SOCIALIST REPUBLICS

Representative:

H.E. Mr. P.M. CHERNYSHEV

Alternates:

Mr. K.N. PLOTNIKOV

Mr. A.F. SOKIRKIN

Advisers:

Mr. V.F. ULANCHEV

Mr. V.V. LOZINSKI

^{a/} Mr. Ghei participated in the work of the Committee until 20 March, when he passed away suddenly in New York.

UNITED ARAB REPUBLIC

Representative:

H.E. Mr. Mohamed Awad EL-KONY

Alternate:

Dr. Ashraf GHORBAL

Adviser:

Mr. Shaffie ABDEL-HAMID

Secretary:

Mr. Ibrahim ALLAM

UNITED KINGDOM

Representative:

Sir George Humphrey MIDDLETON, K.C.M.G.

Alternate:

Mr. James GIBSON, C.B.E.

UNITED STATES OF AMERICA

Representative:

H.E. Mr. Philip M. KLUTZNICK

Alternates:

Mr. Albert F. BENDER, Jr.

Mr. Seymour M. FINGER

Mr. Wilbur H. ZIEHL

Second session, Geneva, 19 April to 6 May 1966

ARGENTINA

Representative: Mr. Raúl A. QUIJANO

BRAZIL

Representative: Mr. David SILVEIRA DA MOTA

CANADA

Representative: Mr. James Douglas GIBSON

Alternates: H.E. Mr. S.F. RAE
Mr. Dudley C. BIGNELL

Advisers: Mr. Sydney A. FREIFELD
Mr. Allan BEESLEY

FRANCE

Representative: Mr. Guillaume GUINDEY

Alternate: Mr. Michel VAN GREVENYNGHE

Advisers: Mr. Antoine BRUNET
Mr. Michel LENNUYEUX-COMNENE

HUNGARY

Representative: H.E. Mr. Károly CSATORDAY

Alternate: Mr. József TARDOS

Adviser: Mr. J. BENYI

INDIA

Representative: Mr. T.P. SINGH

Alternate: Mr. S.K. SINGH

Adviser: Mr. S.V. PURUSHOTTAM

ITALY

Representative: H.E. Mr. Mario MAJOLI
Alternate: Mr. Emiliano GUIDOTTI
Advisers: Mr. F. CAPECE-GALEOTA
Mr. Fabrizio DE MARTIIS

JAPAN

Representative: Mr. Masahiro NISHIBORI
Alternate: Mr. Tokichiro UOMOTO
Advisers: Mr. Junichi NAKAMURA
Mrs. Hisami KUROKOCHI

NIGERIA

Representative: Mr. Adebayo ADEDEJI

SENEGAL

Representative: Mr. Ménoumbé SAR

UNION OF SOVIET SOCIALIST REPUBLICS

Representative: H.E. Mr. P.M. CHERNYSHEV
Alternates: Mr. K.N. PLOTNIKOV
Mr. A.F. SOKIRKIN
Adviser: Mr. V.S. POJARSKY

UNITED ARAB REPUBLIC

Representative: Dr. Ashraf GHORBAL

UNITED KINGDOM

Representative: Sir George Humphrey MIDDLETON, K.C.M.G.
Alternate: Mr. James GIBSON, C.B.E.
Advisers: Mr. John R.H. EVANS
Mr. J.G. QUINTON
Mr. L.C.J. MARTIN
Mr. C. BROADBENT
Mr. C.F. PENNISON

UNITED STATES OF AMERICA

Representative:

H.E. Mr. Philip M. KLUTZNICK

Alternates:

H.E. Mr. Roger W. TUBBY
Mr. Albert F. BENDER, Jr.
Mr. Wilbur H. ZIEHL

Advisers:

Mr. Paul JONES
Mr. David STOTTLEMEYER
Miss Betty GOUGH
Mr. James WACHOB
Miss Estelle M. WETZLER

Third session, New York, 6 June to 19 July 1966

ARGENTINA

Representative: Mr. Raúl A. QUIJANO
Alternate: Mr. Carlos DA CUNHA
Adviser: Mr. Roberto DALTON

BRAZIL

Representative: H.E. Mr. José SETTE CAMARA
Alternate: Mr. David SILVEIRA DA MOTA
Adviser: Mr. Sergio Damasceno VIEIRA

CANADA

Representative: Mr. James Douglas GIBSON
Alternates: Mr. Gordon E. COX
Mr. Dudley C. BIGNELL
Advisers: Mr. Sydney A. FREIFELD
Mr. V.G. TURNER
Mr. G. WARREN

FRANCE

Representative: Mr. Guillaume GUINDEY
Alternate: Mr. Michel VAN GREVENYNGHE
Advisers: Mr. Ivan MARTIN WITKOWSKI
Mr. Antoine BRUNET

HUNGARY

Representative: H.E. Mr. Károly CSATORDAY
Alternates: Mr. József TARDOS
Dr. Arpád PRANDLER
Advisers: Mr. Ede GAZDIK
Mr. Géza SELMECI

INDIA

Representatives: Mr. T.P. SINGH (until 11 July 1966)
H.E. Mr. G. PARTHASARATHI (as of 11 July 1966)

Alternates: Mr. S.K. SINGH
Mr. C.R. GHAREKHAN

Adviser: Mr. G.S. BHASIN

ITALY

Representative: H.E. Mr. Mario MAJOLI

Alternates: Mr. Vincenzo TORNETTA
Mr. C.M. ROSSI ARNAUD

Adviser: Mr. Fabrizio DE MARTIIS

JAPAN

Representative: H.E. Mr. Isao ABE

Alternate: Mr. Tokochiro UOMOTO

Adviser: Mr. Kiyoshi FURUKAWA

NIGERIA

Representative: Mr. Adebayo ADEDEJI

SENEGAL

Representative: Mr. Abdou CISS

UNION OF SOVIET SOCIALIST REPUBLICS

Representative: H.E. Mr. P.M. CHERNYSHEV

Alternates: Mr. K.N. PLOTNIKOV
Mr. A.F. SOKIRKIN

Advisers: Mr. V.F. ULANCHEV
Mr. V.V. LOZINSKI

UNITED ARAB REPUBLIC

Representative: H.E. Mr. Mohamed Awad EL-KONY
Alternate: Dr. Ashraf GHORBAL
Adviser: Mr. Shaffie ABDEL-HAMID
Secretary: Mr. Ibrahim ALLAM

UNITED KINGDOM OF GREAT BRITAIN
AND NORTHERN IRELAND

Representative: Sir George Humphrey MIDDLETON, K.C.M.G.
Alternates: Mr. James GIBSON, C.B.E.
Mr. R.M. PEET
Mr. E. YOUDE, M.B.E.
Mr. P.J.S. MOON
Adviser: Mr. J.I. McK. RHODES

UNITED STATES OF AMERICA

Representative: H.E. Mr. Philip M. KLUTZNICK
Alternates: Mr. Albert F. BENDER, Jr.
Mr. Seymour M. FINGER
Mr. Wilbur H. ZIEHL
Advisers: Mr. Paul W. JONES
Mr. David L. STOTTEMEYER

ANNEX II

LETTER TO THE SPECIALIZED AGENCIES AND TO THE
INTERNATIONAL ATOMIC ENERGY AGENCY

Letter dated 15 February 1966 from the Chairman of the Ad Hoc
Committee to the Executive Heads of the specialized agencies
and the International Atomic Energy Agency

I refer to my letter dated 3 February 1966, in which I expressed the hope that the Ad Hoc Committee of Experts would have an opportunity to hold a short meeting with you in March, to establish liaison and plan together the modalities of co-operation between the specialized agencies and the Committee. This co-operation is essential if the Committee is to discharge its responsibilities under General Assembly resolution 2049 (XX).

I have been informed that many of the Executive Heads and senior officials of the specialized agencies and the International Atomic Energy Agency will be present in New York on or about 22-23 March, to attend the meeting of the Inter-Agency Consultative Board of the United Nations Development Programme. I wonder whether we could agree on a mutually convenient date during that same week for this preliminary meeting, for instance, Thursday, 24 March, at which the Ad Hoc Committee might discuss with you and your colleagues of the other agencies the procedural aspects of the work involved under resolution 2049 (XX), such as place and dates of subsequent meetings, documentation which the agencies may wish to submit, or which the Committee may wish to receive, etc.

Although the Committee does not expect to undertake the substance of its work under paragraph 6 of resolution 2049 (XX) before the latter part of April, some members have already given an indication of certain problems which might, in their view, deserve the attention of the Committee. The questions they asked are annexed to this letter. It goes without saying that this list is not exhaustive and is mainly intended to open a dialogue between the Committee and the agencies. This matter could be further pursued at our first meeting with you in March, and the Committee will no doubt appreciate hearing your views.

List of questions

(a) Breakdown of estimated cost of main fields of activity for the period 1957-1965

(b) Extra-budgetary programmes

Procedures adopted for the implementation of extra-budgetary programmes. What was the proportion of extra-budgetary programmes as compared with the organization's regular budget, on a yearly basis, over the period 1957-1965? Does the Agency wish to submit any observations on the effect that these programmes have had on their regular programmes?

(c) Operational activities

Can the Agency indicate what has been done in the past, and on the basis of such experience, does it wish to offer its views or suggestions on any measures that might be taken to eliminate any possible duplication or overlapping of programmes or procedures, thereby ensuring the optimum use of resources for operational activities?

(d) Annual expenditures

Could the Agency provide information and identify the main areas where yearly increases have taken place over the period 1957-1965 and give briefly the reasons for such increases over the following categories of expenditure:

- (i) expansion of existing programmes and the introduction of new ones;
- (ii) recruitment of new staff resulting from (d) (i) above;
- (iii) changes in salaries, wages and staff allowances and benefits;
- (iv) changes in Working Capital Funds and their purposes;
- (v) increases occasioned by additional space requirements;
- (vi) other reasons, e.g., increases resulting from the organization acting as executing agency for extra-budgetary programmes, and changes due to expansion of research activities (related to (d) (i) above)?

(e) Programme and budget

- (i) details of the procedure followed in the preparation and compilation of programme and budget;
- (ii) the nature of, and procedures adopted by, the approving bodies;
- (iii) the internal and external controls effected for implementation of the approved budget and programmes.

(f) Actual expenditure

Information regarding the actual out-turn of expenditure, on a yearly basis, compared with estimated expenditure.

(g) Supplementary estimates

- (i) the method of handling supplementary estimates, especially between sessions of their legislative bodies;
- (ii) the percentage of supplementary estimates as compared with initial regular budget appropriations, on a yearly basis, for the period 1957-1965;
- (iii) the source of funds utilized for financing supplementary estimates.

(h) Unforeseen and extraordinary expenses

Information on the legislative authority for approving unforeseen and extraordinary expenses, and total amounts, on a yearly basis, for the period 1957-1965.

(i) Form of budget presentation - uniform layout

What further consideration has been given to the proposals for adopting a more uniform layout for the preparation and presentation of budgets, and the relationship of programme to budget, taking into account the action requested of the agencies in accordance with Economic and Social Council resolution 1090 (XXXIX) D.1 of 31 July 1965 (preparation and submission of agency budgets), which calls for reports by the agencies to the Council at its forty-first session?

(j) Financing of regular budgets

Information on the following points concerning the financing of regular budgets of the agencies:

- (i) scale of assessments - what were the scales of assessments during the period 1957-1965; what criteria are employed in determining the scale of assessments to be levied on Member States for financing the organization's regular budget, and if such criteria differ from those applied by the United Nations, could the agencies give the reasons of the variations in the scales?
- (ii) collection of contributions - has the agency experienced any difficulty in the collection of contributions from Member States, and if so, what steps have been taken to overcome any such difficulties? Information on the percentage of collection at mid-year and year-end over the period 1957-1965.
- (iii) Working Capital Fund - what method is employed for assessing Member States' contributions to the Working Capital Fund and what is the present authorized level? Rules governing the operation of the Working Capital Fund, including determination of the level and authority for withdrawals.
- (iv) other sources of income - disposition and utilization of miscellaneous income.
- (v) method used to finance the shortfall of income over expenditure.

(k) General Service salaries

What arrangements are there for co-ordinating with other agencies in applying to particular types of General Service staff the general principles laid down by the International Civil Service Advisory Board?

(l) Staffing resources

- (i) Table showing the growth of staff over the period 1957-1965, giving totals for each year, broken down between Professional and General Service categories, and showing the percentage increase from year to year and the average annual rate of increase over the period.

- (ii) Yearly distribution of staff, by department, over the same period.
- (iii) For each year of the same period, number of experts employed by the organization, and system of remuneration.
