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PROGRAMME BUDGET FOR THE BIENNIUM 1990-1991

Note by the Secretary-General

The Secretary-General has the honour to transmit herewith, for consideration by the General Assembly, a letter dated 26 November 1990 from the Director-General of the United Nations Industrial Development Organization (UNIDO) addressed to the Secretary-General regarding agenda item 118, Programme budget for the biennium 1990-1991.

AnnexLETTER DATED 26 NOVEMBER 1990 FROM THE DIRECTOR-GENERAL OF
THE UNITED NATIONS INDUSTRIAL DEVELOPMENT ORGANIZATION
ADDRESSED TO THE SECRETARY-GENERAL

On 6 November I received by telefax the report of the Secretary-General on Conference Services at Vienna (A/C.5/45/30). I was quite surprised by its contents for the implications they might have for UNIDO. It was even more surprising when some days later it came to my knowledge that another report with similar implications was prepared for the General Assembly as document A/C.5/45/32 on the Division of Administrative and Common Services, Vienna. Having always been faithful to inter-agency co-operation, UNIDO finds the situation hardly exemplary of this spirit. It strongly questions the presentation of the situation as reflected in the reports, the real value of the suggestions and the motives evoked. UNIDO is most gravely concerned with the manner in which the subject is being dealt with and wishes to express its dissatisfaction at being confronted with a fait accompli situation.

The picture of common and joint services at the Vienna International Centre is presented to the Member States in the wrong perspective. The information contained in the reports is incomplete and in a number of cases misleading. Both reports seem to be centred on changing administrative authority over the common and joint services and building up costly administrative infrastructure.

The contents of the reports and the way they are submitted to the General Assembly are not consistent with the legal régime governing the area of common services established by the Memorandum of Understanding of 1977 and by the Relationship Agreement of 1985. In particular it is clear that the 1977 Memorandum of Understanding may be amended only by mutual agreement between the three parties i.e. the executive heads of the United Nations, International Atomic Energy Agency (IAEA) and UNIDO. Moreover, the obligations to consult must be discharged by the respective secretariats in good faith with a view to reaching a common position, with the executive heads thereafter reporting the common, as well as any separate, position to their respective governing bodies. The practice of "full and prompt exchange of appropriate information and documents" agreed to by our organizations in 1985 must be fully adhered to and followed by all parties.

It is recalled that in accordance with article 17 of the Relationship Agreement between the United Nations and UNIDO, the United Nations General Assembly merely has the power to make recommendations to the UNIDO policy-making organs concerning the budget of UNIDO and representatives of UNIDO are entitled to participate in the deliberations of the General Assembly and of any committee whenever the UNIDO budget or general financial or administrative questions concerning UNIDO are being considered. It follows that the Advisory Committee on Administrative and Budgetary Questions (ACABQ) of the United Nations has no special authority over the common services arrangements at Vienna and that the intergovernmental policy-making organs of UNIDO retain full authority over the administrative and financial affairs of UNIDO, including the power to give general

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or specific guidance to the Director-General of UNIDO in accordance with UNIDO's Constitution.

In document A/C.5/45/30, Member States are not provided with estimates of the posts and related costs involved in the suggested unification of conference services. Based on a preliminary calculation, the figures could be as follows: 3 Professional and 12 General Service posts to establish a minimal personnel and finance infrastructure at the United Nations Office at Vienna estimated at \$US 1.8 million per biennium; 15 Professional and 50 General Service posts resulting from the conversion of temporary assistance used on a regular basis; and 54 Professional and 80 General Service posts to absorb personnel currently financed by UNIDO.

Even with part of the expenditure expected to be reimbursed by UNIDO on a cost-sharing basis, the move would result in substantial additional charges to the relevant objects of expenditure in the United Nations budget. Straining to achieve economies wherever possible, UNIDO, for its part, could hardly agree to share the increased costs, just to establish the above-mentioned infrastructure at the United Nations Office at Vienna for functions effectively performed under the present set-up at much less expense. UNIDO is concerned only with ensuring that its limited resources under the current policy of zero-growth budget be put to optimum use and that changes in the present set-up do not result in higher costs to the organization.

Similar reservations can be expressed about the contents and conclusions of document A/C.5/45/32. Here again, assumptions are made and facts and figures are cited, based on unilateral assessments and opinions. The report presents the views of the United Nations Secretariat. No opportunity was given to the other organizations concerned, i.e. UNIDO and IAEA, to challenge those views and put forward different figures and opinions. In particular, the objective of ensuring "the efficient and economic use of United Nations resources" appears to be largely unsubstantiated. Many of the statements contained in the report are inaccurate and one-sided. For instance, no compensation has been claimed by UNIDO, since its conversion into a specialized agency, for audio-visual coverage of United Nations activities. No doubt, reimbursement of those costs would have resulted in a better and more comprehensive coverage. It is pertinent to recall that the Joint Inspection Unit (JIU) concluded in 1984 that the audio-visual facilities at the Vienna International Centre need not be duplicated and that the modalities should be determined for their use by both UNIDO and the United Nations.

The whole report seems to be geared up to building a case for the creation of an additional high-level post with its corollary of support staff and resources. Member States may question the wisdom of establishing, on a regular basis, a higher grade post at Vienna for the sole purpose of reconsidering "the assignment of functions in the framework of common and joint services arrangements".

UNIDO is convinced that matters related to the use of resources of entities operating at the Vienna International Centre should be approached in a true spirit of co-operation within the framework of tripartite or bilateral consultations, followed by approval by the governing bodies of each organization. When needed, the organizations may seek advice of such organs as the JIU.

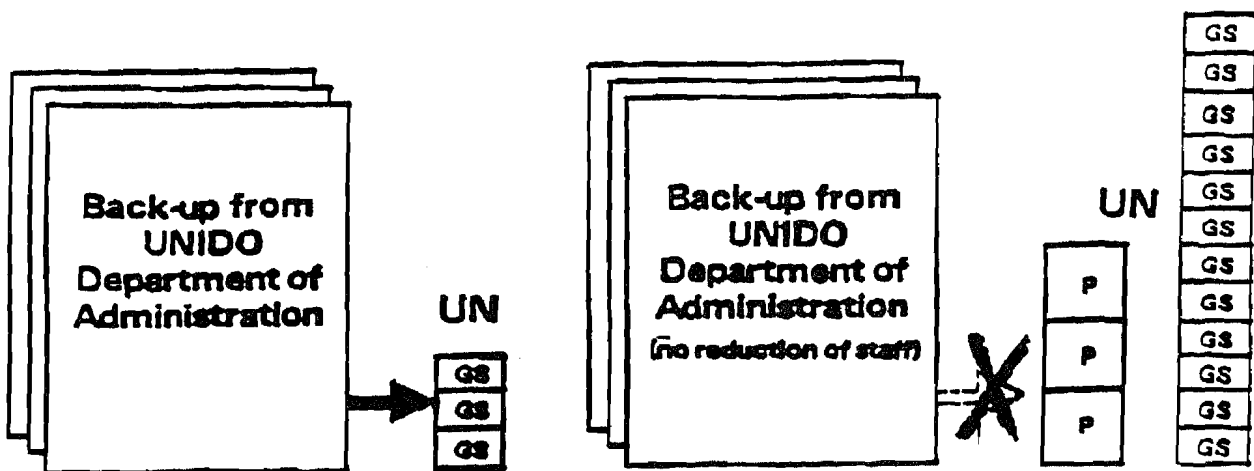
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I would like to kindly request you, Mr. Secretary-General, to distribute this message as a document of the General Assembly under agenda item "Programme budget for the biennium 1990-1991". UNIDO will submit detailed comments on the reports contained in documents A/C.5/45/30 and A/C.5/45/32 in time to be considered by the Fifth Committee. I would appreciate it if those comments could also be circulated upon receipt.

STAFFING AND COSTS OF INFRASTRUCTURAL SUPPORT FOR UN / UNIDO CONFERENCE SERVICES (finance, personnel, general services)

PRESENT SET-UP (staffing)

SUGGESTED SET-UP (staffing)



COSTS FOR STAFFING PER BIENNIUM (present set-up)

US\$ 330,000



COSTS FOR STAFFING PER BIENNIUM (suggested set-up)

US\$ 1,800,000

