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Report on the setting of priorities and the identification of
obsolete activities in the United Nations

Note by the Secretary-General

The Secretary-General has the honour to transmit to the members of the General Assembly the report of the Joint Inspection Unit entitled "Report on the setting of priorities and the identification of obsolete activities in the United Nations" (JIU/REP/81/7).

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English

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JIU/REP/81/7

REPORT ON THE SETTING OF PRIORITIES AND THE IDENTIFICATION OF
OBSOLETE ACTIVITIES IN THE UNITED NATIONS

by

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Joint Inspection Unit

New York

March 1981

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INTRODUCTION

1. The interest shown by Member States in the way in which international agencies operate seems to be focused increasingly on the possibility of exercising comprehensive control over a system that is too complex and too diversified. Everything seems to indicate that the phase of expansion and diversification represented by the first three decades of existence of such agencies is giving way to a phase of reorganization and systematization. Some States are primarily concerned with the savings in resources which could result, others with the effectiveness of the instruments of negotiation, research, training or information which programmes can provide for economic and social development and for peace-keeping. But this difference of approach does not rule out the possibility of a convergence of views on the solutions. Effectiveness and savings are not necessarily mutually exclusive.

2. During the past 10 years or so, various avenues of research have been explored and various methods have begun to be tested. Planning-programming-budgeting-evaluation systems have been set up and a restructuring of the economic and social sectors of the United Nations has been undertaken. Numerous studies and reports have contributed to the exploration of these problems, numerous reforms have been adopted and considerable progress has been made. But even as progress was being made and new machinery devised, additional gaps to be filled were being discovered. In other words, the methodology of this vast transformation operation continues to be refined even as the operation itself proceeds. In matters as complex and difficult as optimum methods of operation for intergovernmental organs and effectiveness of the international bureaucracy, it is not surprising that it should have been necessary to resort to this method of trial and error.

3. The most recent progress made in this respect related particularly, on the one hand, to the creation of the post of Director-General for Development and International Economic Co-operation and the reorganization of the Secretariat units dealing with economic and social questions and, on the other, to such measures as the virtually total reform of the method of preparing the medium-term plans, the establishment of a time-table for plan preparation involving the participation of all intergovernmental and regional technical bodies, a clearer definition of the term "output", a new format for budget performance reports and the creation of evaluation machinery.

4. The Joint Inspection Unit has endeavoured to make its contribution to a number of these reforms, the pace and scope of which have increased very considerably since the recent commencement of operations by the Office for Programme Planning and Co-ordination in the Department of International Economic and Social Affairs. It might therefore appear that the cumulative effect of all this progress should be to enable this whole range of machinery to begin producing its first results. However, the attention of Member States has for several years been focused on two major problems which, although they have repeatedly been clearly expounded, have not yet been satisfactorily solved. They are:

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(a) The setting of priorities (see resolution 35/9); and

(b) The identification of activities which are considered to be obsolete, of marginal usefulness or ineffective (see resolutions 3534 (XXX), 31/93, 32/201, 32/211, 33/204, 34/225 and 35/209).

5. This may seem to be a paradoxical situation, since determining priorities and eliminating anything that might be obsolete may appear to be the basic purpose of all the reforms already made. The paradox becomes less striking, however, if one considers that additions to the list of unsolved problems are called for. In his report A/35/527 and Corr.1, the Secretary-General referred to the need for a number of improvements in the functioning of the machinery provided for in section VIII of the annex to resolution 32/197, while the General Assembly, in its resolution 35/203, invited proposals for further measures and adjustments in this connection. Moreover, the evaluation exercises are only just beginning to produce some results but serious difficulties remain when it comes to implementing the conclusions. Lastly, the new methodology for medium-term planning is only just beginning to be applied.

6. Broadly speaking, the establishment, alongside a system of purely budgetary control, of a system of control over the programmes themselves and, a fortiori, the integration of the two systems are not yet completed either for the United Nations as such or for the United Nations system. However, the situation now seems sufficiently ripe and the stakes sufficiently high for a decisive effort to be made.

I. THE PRESENT SITUATION WITH REGARD TO
THE SETTING OF PRIORITIES

A. The concept of priority and the various levels at which priorities are determined

1. The problem: the need to review existing methods and to specify those which are envisaged

7. The Committee for Programme and Co-ordination (CPC) has, as everyone knows, been trying for several years to deal with the problem of priorities by using the "relative growth rate" method. This method, which was introduced for the 1978-1981 plan, was made official by paragraphs 38 to 40 of the annex to resolution 32/197. 1/ It involved recommending, for each of the Organization's major programmes for the period of the medium-term plan (in fact, with the rolling-plan method this recommendation applied to each budget period), different growth rates. The major programmes were broken down into categories: "well below average" or "below average" and "above average" and "well above average". This method ran into quite a number of difficulties in terms of practical implementation. Moreover, the criteria for determining the rates applicable to each of the major programmes had not been clearly defined, and those actually used were not supported by all delegations. These difficulties and this lack of support eventually resulted in resolution 35/9, in which it was decided that "the Committee for Programme and Co-ordination should not continue to set relative real growth rates" and the Committee was requested "to determine new criteria and methods to be employed in setting programme priorities".

8. Another method of determining priorities was recommended recently. It involved requesting the Secretary-General, assisted for that purpose by the Director-General for Development and International Economic Co-operation, to provide Member States with the data needed for the preparation of the introduction to the medium-term plan. The Committee for Programme and Co-ordination described in its report on its nineteenth session 2/ how the introduction to the plan could help to indicate trends which reflected the priorities set by the intergovernmental organs. However, this method has not yet been tried, and it was not mentioned further in resolution 35/9. Ways of integrating it into an over-all methodology require examination (see paras. 68 and 69 below).

1/ Those paragraphs stated that "the competent intergovernmental bodies charged with programming and budgeting should develop thematic approaches with a view to ensuring the implementation, by the Secretariat units concerned, of the over-all priorities established by the General Assembly" and that CPC should "formulate recommendations, for consideration by the Economic and Social Council and the General Assembly" on the relative growth rates "of the major programmes as outlined in the medium-term plan".

2/ Official Records of the General Assembly, Thirty-fourth Session, Supplement No. 38 (A/34/38), paras. 68-83 and 304 (b).

2. The concept of priority: transfers of resources and the levels at which they occur in the United Nations

9. The meaning of the word "priority" is not as obvious as it seems. It can be defined as "that to which most importance is attached" or "that which is to receive most attention", but any such definition is very vague. To say that priority programmes are those which receive or ought to receive the largest amount of resources would lead to an inaccurate perception of the matter; the fact that some programmes may receive more resources than others because the mechanisms for implementing them are more costly in themselves does not mean that they are considered more important than others whose objectives can be achieved at less cost; the fact that a training subprogramme may cost more than a research subprogramme does not imply that the former has higher priority than the latter. Nor does the establishment of an order of priorities mean that, in the case of reduction of the existing resources, one would be prepared to eliminate entirely the programmes in the lowest category. However, it may mean that in such a situation the reductions in resources for the lowest-priority programmes would be larger than those for the highest-priority ones.

10. The concept of priority is therefore relative to a given situation. For example, where economic and social development is concerned, attention must be given simultaneously to all sectors of activity: industry, trade, agriculture, health, social problems, collection of basic data, research, and so on. The policy of the United Nations (and of the United Nations system) has been, from the outset, to try to cover all sectors in which it was felt that the international Organization could or should play a role. In view of the limited volume of resources, the result is that very little goes to each sector. Within each major programme, the units responsible have also generally tried to cover all possible aspects, sometimes unduly fragmenting their resources.

11. One can envisage correcting the excesses of such a policy by eliminating activities that are not meaningful or effective and transferring resources from one programme to another or from one subprogramme to another, but to abruptly eliminate a number of major programmes in order to concentrate on only two or three is obviously out of the question. However, between an attitude of merely introducing minor and gradual changes in a given situation and one of seeking to bring about drastic changes, there is room for many intermediate positions. In other words, one can be moderate or bold in determining priorities, but in either case determining priorities means deciding on changes in relation to a given situation.

12. Decisions of this type are difficult. It must be clearly understood that the determination of priorities concerns several spheres of negotiation: that of negotiations between Governments, whose views on priorities obviously differ; that of negotiations between specialists from various fields (experts of different nationalities have no difficulty in agreeing on the importance of the sector with which they are concerned); and that of the relations between the decision-making powers of the Secretariat and the intergovernmental organs. Unless definite procedures are developed in order to clarify problems and facilitate negotiations,

it is highly probable that there will continue to be no explicit determination of priorities. In the circumstances, it seems important to emphasize that such changes can be brought about both by setting new objectives for the plan and budgetary periods and by modifying proposals for the allocation of resources between major programmes, programmes and subprogrammes. Decisions on objectives and on programmes are obviously crucial, but they become fully meaningful only when translated into financial decisions, which concern, first of all, the over-all level of the appropriations for the plan and budgets, that is to say, the over-all growth rate agreed to. However, once the over-all growth rate has been determined, decisions involving the setting of priorities are decisions concerning appropriations and hence - especially when the agreed growth rate is a low one or zero - transfers of resources. In this report, therefore, the term "setting of priorities" will be considered as equivalent to "transfers of resources needed to make substantial changes in the programme of the Organization". 3/

13. In principle, such transfers can be effected at three different levels:

Between major programmes and programmes within the Organization;

Between subprogrammes within a programme or a major programme;

Between programme elements within a subprogramme.

In actual fact, a major programme or a programme is never eliminated, save in absolutely exceptional cases. The subprogramme level is therefore the essential one. It is at that level that meaningful decisions can be taken to eliminate programmes which are unnecessary, of little use or obsolete, or to initiate new activities in pursuit of new objectives, whether the transfers are made within a major programme or from one major programme to another. The "pruning" of programme elements or of unnecessary or obsolete outputs also yields some results but has no real effect on the over-all policy of the Organization.

3. Other levels for the determination of priorities: extrabudgetary programmes, United Nations system, international strategy

14. The foregoing applies only to the regular programme of the Organization. However, the occasion to determine priorities often arises at other levels besides that of the United Nations programme. The latter programme, furthermore, is meaningful only because it is integrated in a whole complex of more comprehensive

3/ The term "transfers of resources" in this meaning should not be confused with the minor changes in the use of budgetary appropriations which, under the Financial Regulations, the Secretary-General can make, on his own initiative, within each section of the budget or, after consultation with the Advisory Committee on Administrative and Budgetary Questions (ACABQ), between sections (regulation 4.5 and rule 104.4 of the Financial Regulations). These devices are used merely to facilitate management tasks, not to modify the content of programmes.

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activities, including those financed from extrabudgetary funds and those of all of the other organizations of the United Nations system. All this in turn stands side by side with, or forms part of, much larger complexes and in particular, where economic and social development is concerned, the activities of bilateral aid programmes and especially those of the Member States themselves.

15. No serious discussion of priorities for the United Nations is possible unless this world-wide complex is taken into account, because international organizations try to influence the setting of priorities at these levels, either through their fund-raising efforts or through exercises aimed at producing consensus among Member States on what major approaches are desirable (international development strategy, resolutions of various major special conferences, of the general conferences of the specialized agencies and of the General Assembly itself). Here again, there is a question of an order of priorities. The difference is that in the case of the voting of regular budgets and the approval of medium-term plans the governing bodies of international organizations take decisions, whereas in the other areas mentioned above they can only try to influence decisions that are or will be taken by others. This distinction involves nuances and degrees which an attempt is made to show in the following table.

16. This table classifies the various priority-setting levels into three major types:

(a) Levels at which the legislative organs of international organizations have decision-making power through the voting of programme budgets and the approval of medium-term plans;

(b) Levels at which the United Nations system, as a negotiating forum for Member States and an instrument for determining the existence of a consensus, has no decision-making power but tries to influence the priorities set by Member States themselves, either in their national policies or in their bilateral co-operation activities;

(c) Between these two, levels of extrabudgetary funds of international organizations and the level of co-ordination among the organizations, at which decision-making systems are complex and the effects of any influence exerted are difficult to determine.

17. Strangely enough, a study of these various levels shows that:

(a) The United Nations system is more effective and more innovative at the "influence-exerting levels" than at those where the legislative organs can take decisions;

(b) At the "intermediate levels", priorities are established and changes are made, but without any centralized control;

(c) At the "decision-making levels", the powers which Member States possess are not really used.

The reasons for this paradoxical situation merit further scrutiny.

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Types of levels	Level	Who takes decisions?	Influence exerted on decisions	
			By the United Nations	By organizations of the United Nations system
Decision-making levels	United Nations regular budget and medium-term plan (a) Regular programme funds	CPC + ECOSOC + General Assembly with the assistance of ACABQ		Consulted with a view to co-ordination, but very meagre results
	(b) Technical co-operation funds (under the regular budget)	CPC + ECOSOC + General Assembly as regards amount of funds and the over-all objective. Recipient countries and secretariat as regards specific projects		Informal consultations
	Regular budgets of other organizations of the United Nations system (a) Regular programme funds	Legislative organs of each organization assisted by their subsidiary bodies	ACABQ is consulted. Report made to ECOSOC and the General Assembly, but little practical effect	Meagre inter-agency co-ordination
	(b) Technical co-operation funds (regular budget)	Legislative organs of each organization as regards amount of funds and over-all objective. Recipient countries and secretariat as regards specific projects	Consultation procedure and, with few exceptions, meagre co-ordination	Meagre inter-agency co-ordination

Types of levels	Level	Who takes decisions?	Influence exerted on decisions	
			By the United Nations	By Organizations of the United Nations system
Intermediate levels	Extrabudgetary funds (a) UNDP	Amount of funds: contributing Member States. Use: recipient Member States, under IPFs and country programmes: Governing Council of UNDP endorses country programmes	United Nations	United Nations and other organizations, especially their secretariats, suggest projects to recipient States
	(b) Other extra-budgetary funds: UNICEF, Population Fund, etc.	Amount of funds decided by contributing States. Use determined by negotiations between funds or organizations, guided by their governing bodies, and recipient States	Meagre co-ordination	
	Over-all level, United Nations system (total of all preceding levels)	Decisions depend on a number of decision-makers; over-all view seldom taken	Very indirect influence. No machinery for determining priorities	Meagre co-ordination

Types of levels	Level	Who takes decisions?	Influence exerted on decisions	
			By the United Nations	By organizations of the United Nations system
Influence-exerting levels	Bilateral aid	Negotiations between donor Member States and recipient Member States	Varying influence through guidelines provided by the international strategy and other resolutions of the General Assembly, of major specialized conferences and of the general conferences of the various organizations. When action for the introduction of new policies entails the creation of new major programmes or new international organizations, changes in priorities are made in regular programmes (cross-reference to decision-making levels)	
	National budgets and plans	Member States concerned and their national decision-making institutions (governments, parliaments, etc.)		

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B. Influence-exerting levels and determination of priorities by successive additions

18. The ability of the United Nations system to exert an innovative influence on the policies of Member States and on the priorities they adopt in their plans and budgets cannot be denied. It has been apparent on numerous occasions in many fields. More thorough research would be necessary in order to measure the degree and extent of this influence and to determine the fields in which the impact has been greatest, the types of country that have been most receptive, and the nature of the structural modifications of national budgets or plans and of the changes in management methods that have resulted.

19. It is not essential, however, to have all these data at hand in order to realize that the United Nations did a great deal during the 1950s to spread the gospel of planning in the developing countries or that the Conferences of Ministers of Education convened by UNESCO contributed to the expansion of school enrolment and the definition of education policies in a great many countries. More detailed analysis would be necessary in order to determine whether the role of the United Nations in the development of a number of new tendencies and methods was truly innovative or only that of supporting and amplifying. It cannot be denied, however, that the Organization has played an important role in the way in which many Member States have designed their policies on industrialization, family planning, and defending and stabilizing the prices of their raw materials. The United Nations has likewise had something to do with the attention paid by Governments to the problems of exploiting marine resources, environmental problems, the role of transnational corporations in the development process, the transformation of health policies by the "primary health care" method, and the feasibility of achieving a certain level of social development (health care for all, drinking water for all, etc.) within a reasonable period without waiting until the level of economic development formerly considered as a prerequisite was attained.

20. These examples are cited purely by way of illustration, but in all cases, and probably with varying success, international organizations have helped to change priorities in national plans and budgets. On the whole, however, that influence has tended to be exerted far more through special procedures such as ad hoc conferences, groups of eminent persons, ministerial conferences, etc., than through the day-to-day work of intergovernmental organs or global synthesis exercises of the international strategy type (whose main object is to consolidate results already obtained rather than to promote new ideas). The names and dates of major conferences which have contributed to the exercise of that influence are landmarks in the history of the United Nations.

21. In quite a number of cases, a consequence of this capacity for innovation has been to bring about the establishment of new major programmes or new organizations. As a result, the proportionate importance of many major programmes of the United Nations itself has changed as the new entities are created. In this

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sense it can be said that the priorities of the regular programme have indeed been modified (establishment of the United Nations Conference on Trade and Development (UNCTAD) in December 1964, of the Centre for Industrial Development in 1961, its conversion into an autonomous organization - the United Nations Industrial Development Organization - in 1965, creation of the United Nations Environment Programme in 1972 and of the United Nations Centre on Transnational Corporations in 1975, etc.) but they have been modified only by successive additions.

C. Decision-making levels and the impossibility of identifying obsolete activities

22. There is therefore a fundamental relationship between the "levels of influence" and the "decision-making levels". When the member States of international organizations decide that a new sector or programme is important for the whole international community and that it should be reflected by the introduction of new priorities into national policies, they alter priorities in the programmes of international organizations by adding to them. Generally speaking, however, they do not, in the normal performance of their budgeting and planning function, revise, delete from or substantially modify existing programmes.

23. The conservative nature of the regular budgets of the agencies has repeatedly been brought to the attention of Member States. One of the first reports of the Joint Inspection Unit, in 1969 (A/7822), in a short analysis of the programmes of the five major agencies, demonstrated the constancy of the relative size of their major programmes. It attributed the phenomenon to a structural rigidity which was liable to prevent a smooth and prompt reorientation of the entire programme in case of necessity.

24. A very interesting passage on growth and changing priorities was included in 1975 in the Secretary-General's introduction to the medium-term plan for the period 1976-1979; ^{4/} in it he showed that for the seven-year period used as an example (1966-1972) the percentage share of various major programmes had remained stable. A study of the figures up to the most recent programme budget would show that this stability has remained a constant feature of the regular programme. It is clear, therefore, that the decision-making powers available to the legislative organs when they come to vote on budgets are not, on the whole, utilized for the purpose of setting priorities. It is of fundamental importance to analyse this seeming paradox; it is probably a classical instance of bureaucratic conservatism. It is well known that all administrative departments have a natural tendency to make themselves more important. When the resources on which they subsist are limited and their growth is contained by the resistance of contributors, the fight between departments for their share of the growth generally leaves neither losers nor winners. The same rate of growth is applied almost uniformly to all without significant differences, and this is so regardless of the real efficiency of the programmes executed and regardless of the merit of the objectives that they have been instructed to attain.

^{4/} Official Records of the General Assembly, Thirtieth Session, Supplement No. 6A (A/10006/Add.1), chap. I.

25. When such situations are perpetuated, they give rise to stagnation and inefficiency. Inevitably, programmes that are extended indefinitely without any effective monitoring of the degree to which they are attaining the objectives become bogged down in routine.

26. The essential purpose of the whole planning and programming methodology patiently built up over the years is to prevent such situations from arising. In particular, the purpose of the recommendations on distinguishing between ongoing activities and time-limited activities, the systematic, periodic reviewing of ongoing activities, the description of alternative strategies with a view to allowing a choice to be made between different types of subprogramme, the very precise specification of objectives - including the distinctions between the objectives of Member States and those of the Secretariat - is to institute the necessary discipline; if this discipline is observed in future it will enable Member States to make informed decisions on the continuation and expansion - or the reduction or elimination - of large segments of programmes. Unfortunately, much of this planning methodology has been applied only in the most recent instructions concerning the forthcoming medium-term plan. It is not possible to know yet whether their implementation is starting to shake up the conservatism described above.

27. The strength of resistance to change and to the application of new disciplines must not, of course, be underestimated. In this connexion, the fact that it has been found impossible to identify activities deemed to be obsolete, of marginal usefulness or ineffective is significant. It will be remembered that the issue of identifying activities of this kind was raised for the first time in 1975 at the thirtieth session of the General Assembly (resolution 3534 (XXX)), which clearly specified that the instruction in question was to become part of the planning and programming cycle. The resolution stated that the General Assembly was desirous of improving the presentation of the United Nations programme budget, in order to make optimum use of available financial resources and to create a more solid comparison base and well-founded justification in proposing possible growth of such resources. It also referred to "finding budgetary means to finance the new programmes by utilizing the resources released". Finally, it linked those concerns to a decision to include in future United Nations programme budgets information on the anticipated duration of all new programmes, projects or activities.

28. It will also be recalled that despite the regular reiteration of the content of that resolution in a number of subsequent resolutions (31/93, 32/201, 33/211, 33/204 and 34/225), the General Assembly found the reports of the Secretariat on the subject unsatisfactory. Historically speaking, the Secretariat's efforts took the form of five reports submitted from 1976 to 1980 ^{5/} and of a special paragraph added to the "strategy" section of all subprogramme narratives in the medium-term plan 1980-1983 (A/33/6/Rev.1).

^{5/} (a) A/C.5/31/27 of 13 October 1976; (b) A/C.5/33/13 of 15 November 1978; (c) A/C.5/34/4 of 15 August 1979; (d) part two of the performance report on the 1978-1979 budget, A/C.5/35/1 and Add.1 of 19 March 1980; (e) A/C.5/35/40 of 1 November 1980.

29. In fact, these documents, together with the debates of the intergovernmental committees that discussed them and the resolutions they adopted, are suggestive of a succession of misunderstandings. In general, the programme managers invited by the Secretary-General to identify activities of marginal usefulness declared that their programmes contained no such activities. Whereas the resolutions referred expressly to "programmes, projects or activities" (resolution 3534 (XXX), para. 1), in most cases the information provided dealt solely with "programme elements" and not with programmes or subprogrammes. Some confusion was created by the fact that completed activities and terminated activities were treated in the same way. The often complex calculations concerning the staff redeployment thus made possible led to no decisions. No distinction was ever made between ongoing activities (carried forward from one budget to the next), the cessation of which genuinely could release resources, and activities that were to be executed within specified periods (the completion of which would not release new resources) was never made.

30. A number of the reports, particularly the most recent one, undoubtedly did underline the difficulties that had been experienced and gave grounds for hoping that the progress patiently made in the planning-budgeting-monitoring-evaluation method might in future bring about a solution to the problem. But no solution was actually proposed, although in its most recent resolution (35/9) the General Assembly finally asked the Committee for Programme and Co-ordination to undertake in the context of its consideration of the problem of establishing priorities, an in-depth study of the problem of obsolete activities. It seems essential that instruments quite different from those now available to them should be proposed to the intergovernmental organs if they want to use the decision-making power available to them in order to bring about real transfers of resources. Before turning to consideration of possible remedies, the description of the situation must be completed by an analysis of the levels described as "intermediate" in the table in chapter I, section A.

D. The "intermediate levels": the absence of an identification mechanism at those levels

31. Here two summary but important observations need to be made.

(a) As things stand, the United Nations system has no machinery for determining priorities as between the sectors of activity for which the individual agencies are responsible. The existing resolutions on the subject talk only about co-ordination, and the policy of each agency is very independent as regards both budgetary expansion or restriction efforts and as regards mobilizing extrabudgetary financing. Interagency co-operation bodies such as the Administrative Committee on Co-ordination have never undertaken a review of these problems, and intergovernmental bodies such as the Economic and Social Council which receive reports on the programme budgets of the agencies lack the necessary instruments to form a judgement on the issue of priorities as among sectors apportioned between agencies.

(b) Extrabudgetary programmes undergo substantial and rapid changes over time, but there is no centralized system to enable the legislative organs of the

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United Nations (Economic and Social Council or General Assembly) to monitor these changes or to lay down orders of priority. The policies on "fund-raising" from Member States applied by the agencies, the United Nations Development Programme, the United Nations Children's Fund, the United Nations Fund for Population Activities and the United Nations High Commissioner for Refugees are not, despite the arrangements for combined pledging conferences, really co-ordinated, except in a few cases. Moreover, the sharing, out of projects, in recipient Member States, among agencies or major programmes is effected by propaganda methods in which competition predominates over co-ordination.

32. The issues raised by these two findings are important in the context of the whole problem of priorities. In particular, they raise the question of whether it is of any use at all to monitor the setting of priorities at the budgetary level within each agency without having at least some instruments for monitoring the other two levels. They accordingly put the problem outlined in paragraphs 22 to 30 above in a special perspective.

E. Summary of the over-all situation regarding priorities

33. On the basis of this brief review, the over-all result of the way in which this problem of priorities is handled can be stated as follows. Changes of any magnitude in the major programmes of the United Nations have from the start come about in virtually all cases by means of successive additions of new programmes and not through the transfer of resources released by the elimination of useless or obsolete programme segments, the identification of which by the Secretariat has proved to be almost impossible. Member States have no instruments to enable them, when exercising their decision-making powers in the voting of budgets and plans, to lay down priorities for the regular budget of the Organization. They have even less scope, in the absence of any suitable mechanism, for establishing priorities at the level of extrabudgetary funds and for the United Nations system among the sectors for which individual agencies are responsible. This report will confine itself to making recommendations on the setting of priorities in the United Nations. The final chapter will, however, describe the conditions in which the issue of priorities in the United Nations system as a whole could be studied.

II. CONCEIVABLE TYPES OF SOLUTION IN THE UNITED NATIONS

The objective sought and three requirements for attaining it

34. The foregoing description of present problems associated with the setting of priorities demonstrates that the implementation of solutions will require large-scale and difficult efforts over a fairly long period. It may be reasonable to ask, before embarking on this process, whether the objective sought is really worth the trouble. There is a decisive choice to be made here, and it is one that involves all Member States and the future of the international agencies themselves. It is not an exaggeration to say that the choice lies between inexpensive and efficient agencies, capable of giving Member States services

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appreciated by all, and organizations whose credibility would diminish in inverse proportion to the growth of their budgets. This is a problem familiar to national administrations but one which is particularly acute in the case of international agencies, precisely because of the complexity of their functions.

35. What is needed in reality is not to allow the agencies to get bogged down in vagueness, indeterminacy and verbalism, pursuing poorly-defined objectives and using poorly-defined methods. What is needed, then, is to be able to prune all dead or unproductive branches in order to have a more vigorous tree. If that is to happen, three prerequisites must be satisfied; there must be:

(a) A rigorous system for the setting of precise and time-limited objectives;

(b) Machinery for making impartial and ruthless diagnoses on the basis of recognized criteria, culminating in recommendations for the transfer of resources;

(c) A decision-making process at the intergovernmental level capable of having the operations so recommended, if they are acknowledged to be necessary, carried out.

36. With regard to the United Nations itself, it can be said:

(a) That the first requirement is about to be met owing to the progress made in the techniques of planning-programming-evaluation-budgeting and to the structures instituted by resolution 32/197;

(b) That the second and third requirements, on the contrary, are far from being met, despite the progress made in programme planning and evaluation. This report will examine ways of enabling the second and third requirements to be met in the United Nations. Before doing so, however, it seems essential to recommend that the progress already made in the area of planning methodology should be consolidated. Thanks to the attention given to these matters by all the delegations of Member States, the work of the Committee for Programme and Co-ordination, and the combined efforts of the Office for Programme Planning and Co-ordination and the Budget Division, increasingly refined formulations of methodology have been approved (especially in the main resolutions in the report of the Committee for Programme and Co-ordination and in the most recent instructions concerning the preparation of the medium-term plan), and it would now be advisable to compile all this methodology in a single document. Regulations on the lines of the Financial Regulations or the Staff Regulations should be submitted as soon as possible to the General Assembly for approval. It might be even more desirable to incorporate the rules on planning, programming and evaluation in the Financial Rules. It is recommended that work should begin very soon on the preparation of a report by the Secretary-General to the General Assembly on this subject.

A. The elements of the problem and their interrelationships

37. What has just been said regarding the requirements to be met implies identifying as components of the future decision-making process:

- (a) Criteria for setting priorities;
- (b) The times at which decisions can be made and decision-making tools;
- (c) Levels among which priorities are set (major programme, programme, subprogramme, etc.);
- (d) Basic data for the priority-setting process;
- (e) Institutional machinery for making diagnoses;
- (f) Decision-making structures of intergovernmental bodies.

38. The fact that all of these components are connected precludes dealing with each of them separately. Criteria cannot be discussed without knowing at which level it is intended to apply them. The doubts about the criteria to be used which have prevailed throughout the period of the application by the Committee for Programme and Co-ordination of the "relative rates of growth" method are typical in this respect. Similarly, criteria cannot be applied, even if they have been clearly specified, if the information that makes them of practical value is not available. The first step, therefore, is to devise mechanisms for assembling the required information and means of utilizing existing information before the criteria are put into operation. Finally, identifying the exact times at which decisions to eliminate activities or transfer resources can be taken is also essential for an over-all understanding of the exercise. One of the ways of unravelling this tangle is to begin by clearing up the question of the times at which decisions can be taken and that of the levels among which priorities are to be set, and then to consider together the problem of criteria and that of the information required for their application.

B. Times at which decisions can be taken and levels at which they can occur

39. One of the main reasons for the confusion that has prevailed for some years on the subject of the identification of obsolete activities, which is obviously so essential to the setting of priorities, lies in the fact that there has never been a clear statement of the point of time when this operation should occur.

40. The Secretariat reports on the subject, including the most recent one, have largely tended to cite as examples (see annexes to these reports) activities which have become obsolete during the period covered by an approved budget. Moreover, the level at which the identification of such activities should take place has always been assumed to be the "output" level. Accordingly, no serious thought has been given to classifying, for example, subprogrammes - not to mention programmes or major programmes, as obsolete. Generally speaking, the problem has thus been

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discussed with the implicit assumption that all United Nations activities were ongoing or permanent. All the distinctions embodied in the planning methodology with regard to the identification of subprogrammes having time-limited objectives, as well as the instructions concerning the presentation of programme elements with an indication of their completion dates, seem to have been forgotten when possible methods of identification were discussed.

41. If the problem of identifying activities which are obsolete, of marginal usefulness or ineffective is to be handled properly, in other words, to be made part of the process of setting priorities and, consequently, possibly transferring resources from one type of activity to another, a very clear distinction must be introduced between activities that can be identified as useless while they are still in progress (i.e. after they have been voted on, during a budget period or during the implementation of a plan) and those which can be identified as useless at the time of the preparation and approval of a new plan or a new programme budget.

1. Activities for which a transfer of resources is decided on during their lifetime

42. Transfers of resources between activities already voted or approved can be decided on only at the time when existing programme budgets or plans are revised, which in practice means when what are called supplementary and revised proposals for a current budget are approved, which occurs every year (regulations 3.7, 3.8 and 3.9 of the Financial Regulations). The main problems which arise in this connexion relate to:

(a) The promptness with which information is supplied on the desirability of discontinuing certain activities or, in other words, the continuity of performance monitoring;

(b) Division of the authority to effect transfers of resources from discontinued activities to new activities between the Secretariat and the intergovernmental organs;

(c) The methodology for transferring resources, once a transfer is decided on by the intergovernmental organs.

(i) The problem of performance monitoring

43. The last budget performance report, for 1978-1979 (A/C.5/35/1 of 19 March 1980), provided Member States with important information, the implications of which have apparently not yet been appreciated. The main item of information provided by the report was that programmes financed under the budget had been only

partially implemented. More specifically, an analysis of the results given in the report 6/ provides the following figures:

Out of 91 programmes for which it was possible to calculate the percentage of all output completed as programmed, it is found that:

- (a) Only one fourth of the programmes (24 programmes or 26 per cent) could be considered to have been completed as programmed;
- (b) 35 programmes (or 38 per cent) were between 60 and 90 per cent completed;
- (c) 32 programmes (or 35 per cent) were less than 60 per cent completed, including:
 - 4 between 0 and 10 per cent completed;
 - 4 between 10 and 30 per cent completed;
 - 15 between 30 and 50 per cent completed. 7/

44. So much criticism was directed towards the accuracy of this information that its seriousness and importance may have been overlooked. 8/ One particular comment was that the relative value or "weight" of each output covered by the calculations had not been known in advance, with the result that percentages applying only to the number of outputs were distorted. This is a very strong argument for improving the budgeting system so that for each programme element the estimated cost in man-

6/ The methodology used for identification (document A/C.5/35/40, para. 47) assigned programme elements to the following categories:

- (a) Completed as programmed;
- (b) Completed with deviation;
- (c) In progress as programmed;
- (d) In progress with deviation;
- (e) Terminated;
- (f) Not commenced and postponed.

The report provided precise figures in absolute values for all the above-mentioned categories, and as a percentage in the case of items of output "completed as programmed".

7/ These figures do not cover all major programmes; in particular, UNCTAD's programme performance was not reviewed in the report in question.

8/ The percentages provided concern the implementation of programmes and not the utilization of funds appropriated for those programmes. In most of the cases, except where non-implementation is due mainly to vacant posts, the appropriations are 100 per cent utilized at the end of the financial period. The difference between the two percentages indicates the gravity of the situation.

months or as a percentage or the total for the subprogramme would be indicated in the programme budget. It is not, however, a justification for saying that the orders of magnitude provided in the report are meaningless. If the relative value of items of output had been known, the figures available would probably have been changed, but upwards as well as downwards.

45. In fact, it is likely that a more sophisticated and accurate methodology would have resulted in even more drastic findings. Calculating the percentages by subprogramme would undoubtedly have shown that a number of them had not been commenced. 9/ In any event, the information thus provided to Member States is of vital importance, since it shows that a large number of programmes are implemented in so partial a manner that they in fact become practically meaningless. It also shows that most programmes are not implemented 100 per cent.

46. Consequently, it leads to the following alternative conclusions:

(a) The parts of the programme that have not been implemented were not very useful, in which case they need not have been financed, and this is precisely where the "activities that are obsolete, of marginal usefulness or ineffective", which seem generally so difficult to identify, were to be found; or

(b) Those parts which have not been implemented were useful and indeed necessary, but the units concerned could not perform the task entrusted to them, which is hardly acceptable and should have led, in a number of cases, to an administrative investigation.

Such comments seem all the more justified in view of the fact that the reasons given for non-performance of much of the programme are very often unsatisfactory. This was also noted by the Committee for Programme and Co-ordination. In the circumstances, the reactions of those who expressed the view that changes in programmes must in future be authorized by the Member States seem largely justified.

47. However, this raises the problem, in particular, of the prompt submission of information to Member States. The present method of programme performance reports provides the information too late for timely decision-making. This occurs on so wide a scale that it would appear extremely useful to institute permanent programme performance monitoring, not only to oversee performance, but also to provide in good time the information needed for decision-making. The introduction of such a function might result in large savings. What is more, it has already been made possible by the adoption of a number of provisions, especially those relating to the specification of individual outputs in the programme budget, the establishment of time-horizons for their implementation and the introduction of internal work plans (programme element information sheets), which were used for the preparation of the 1980-1981 budget in the economic and social sectors and have been extended to the humanitarian, political, legal and public information sectors for the preparation of the 1982-1983 budget. A function of this kind could, in principle,

9/ See report of the Joint Inspection Unit on evaluation of the public administration programme (E/1978/42 and Add.1).

be discharged by the Programme Planning and Evaluation Division of the Office for Programme Planning and Co-ordination working in collaboration with the Office of Financial Services. The strengthening by two Professional posts of the Evaluation Unit, which might become the Monitoring and Evaluation Section, should suffice for the performance of the necessary tasks. 10/

48. Substantive units should be asked to produce reports on the implementation of programmed output at regular intervals. The internal work programme performance sheets should be prepared, centralized and checked by the monitoring and evaluation unit at reasonable intervals - for example, after the first nine months of the first year and then every three or four months. The internal auditors might also take a hand in programme auditing; in this connexion, it should be possible for at least some members of the internal auditing staff to be given training in programming.

49. In order to achieve somewhat greater accuracy in reporting programme implementation percentages, each output in the programme budget would have to be assigned a value in man-months or, preferably, as a percentage of the total volume of the subprogrammes. This proposal, which has already been made by the Joint Inspection Unit in its report on methods of determining staffing needs, 11/ should now be given serious consideration. It would enable programme implementation percentages to be calculated in two ways, as a percentage of the number of outputs and as a percentage of the time spent in implementing that output as a whole. It should, however, be realized that the objective data do not need to be extremely accurate in order to be usable. What is important is not the accuracy of the percentages but their order of magnitude. For example, any implementation fraction under 50 per cent obviously means that special attention should be given to investigating the causes of the situation. But what ultimately counts is knowing whether the objective of the subprogramme itself will be attained or not. This is a matter of qualitative judgement, which the above quantitative data will help to establish.

- (ii) The need for a division between the Secretariat and the intergovernmental organs of the authority to effect transfers of resources

50. Reporting to Member States on the programme performance situation should not be the only task of the monitoring unit. A division of responsibility between the Secretariat and the intergovernmental organs is necessary. Those responsible for implementing programmes must be allowed some degree of flexibility. In the United Nations, as everyone knows, the preparation of a budget begins roughly 15 months

10/ Obviously, the monitoring should cover all units and should not be confined to economic and social programmes alone. This might create problems with respect to any extension of the competence of the Office for Programme Planning and Co-ordination and the means of co-operation with the Department of Administration, Finance and Management. But it is to be hoped that such problems could be easily settled.

11/ JIU/REP/81/1 prepared by Mark E. Allen, reproduced in document A/36/168.

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before the start of a budget period, which itself covers two years. Obviously, it may be difficult in many cases to draw up so far in advance a definitive list of programme elements and outputs. To require the implementation of such a list without allowing for changes would not be conducive to good management.

51. Whatever machinery is devised should therefore serve to reconcile conflicting requirements. It should make it possible to identify discontinued activities early enough for the resources which were assigned to them to be used for other tasks, while at the same time it must allow programme managers enough leeway to achieve the objectives which have been set for them; such a result can be achieved only if the unit responsible for permanent programme performance monitoring is also given the necessary power to authorize any changes, up to a specified limit, in current programmes.

52. The system for ensuring some degree of flexibility while preserving the prerogatives of the legislative authority might be the following:

(a) Programme or subprogramme managers would be allowed a margin of flexibility of roughly 10 per cent. This would mean that, within a limit of 10 per cent of the number of programme elements planned for each subprogramme, ^{12/} it would be possible to drop some programme elements and replace them with others considered to be more useful for attaining the objectives of the subprogramme in question without seeking special authorization, although such action would have to be reported to the programme monitoring unit;

(b) Within an additional margin of 20 per cent (making a total of 30 per cent when added to the foregoing), changes could be made by programme managers with the consent of the monitoring unit;

(c) Beyond the 30 per cent limit, no change could be made without the consent of the legislative authority. Such consent could be obtained on submission of the necessary justifications at the end of the first year of the budget period;

(d) However, the intergovernmental organs which approved the budget would, of course, also be free to draw their own conclusions from the reports submitted to them when the 30 per cent margin was exceeded, particularly if it was shown that the level of implementation of a given subprogramme was not such as to afford the hope that it would achieve at least a significant proportion of its objectives.

(iii) Methodology for effecting transfers of resources when they are decided on by the intergovernmental organs

53. The proper time for Member States to draw financial conclusions from the non-implementation of programme elements provided for in the budget and to make the resulting transfers of resources would be when the revised estimates came up for

^{12/} For the reasons given in paragraph 49 above, the calculation of percentages in numbers of programme elements is ultimately as meaningful as a calculation in man-months or dollars and is more easily established.

approval at the end of each year. Currently, in the majority of cases, expenditure is added, not curtailed. Yet it should be possible, if the necessary information is available in good time, to reduce the total amount appropriated under the current budget by cutting off the allocations for:

(a) Subprogrammes which have been implemented only to a manifestly inadequate extent;

(b) Outputs (or programme elements) which it has been decided to eliminate (after a refusal to transfer resources within a subprogramme beyond the 30 per cent margin referred to in the preceding paragraph).

54. Such deletions from the budget should release resources which could be used to cover at least some of the requests for additional appropriations submitted to the General Assembly as financial implications of new decisions on programme matters which have arisen during the current budget period. In order for this to be possible, however, the information would have to reach Member States:

(a) At the end of the first year of the budget period, if the report provided by the programme performance monitoring unit made it possible to determine, by that time, programme elements which would certainly not be implemented; or

(b) Towards the middle of the second year, when there would still be time to take decisions of this kind; in that case, the information would have to be available for submission to CPC and ACABQ at their joint meetings in May/June of the second year and the General Assembly would have to delegate to them the power to make the necessary decisions, at least provisionally.

55. However, redeployment of the resources thus released is conceivable only if it really leads to savings in staff costs. This point is dealt with in paragraphs 82 to 89 below. In any event, it must be stated that the procedure of resource transfers in the current budget can be employed only when small amounts are involved. The most important results of a mechanism for determining priorities are those deriving from the scrutiny of the new plans and new budgets.

2. Activities for which a transfer of resources is decided on at the time leading up to the approval of a new medium-term plan or a new programme budget

(i) Concept of the degree of continuity between successive plans and budgets

56. The concept of transfer of resources needs to be clarified and made specific when it is applied to future plans and budgets, since what it means depends directly on the degree of continuity which exists between successive plans or budgets or, conversely, on what proportion of a new plan or a new budget is altogether new. Despite the progress achieved in the methodology of planning and budgeting, it is not absolutely certain that this problem has been completely clarified. This is largely due to the fact that the new planning methodology has only recently begun to be applied.

57. Of course, in the case of programme budgets (but this could equally well apply to the medium-term plan), one theory which was in vogue for a time advocated zero-base budgeting. The uncompromising and paradoxical character of this theory had the merit of drawing attention to the need for a radical review of all the justifications presented on the occasion of a new budget. It could even be interpreted to mean calling into question, with each new budgetary period, the very existence of all administrative units. Although this theory has its intellectual appeal, it is obviously too remote from reality to be readily applicable in an international organization (or, for that matter, in any structured bureaucracy). 13/ On the other hand, the traditional routine method of taking it as self-evident that every programme budget can reproduce and continue the preceding programme budget (or that every new plan is a continuation of the preceding plan), provided that justifications are presented for the proposed increases in expenditure, and particularly for additional posts, is no longer compatible with the advances made in programming methods.

58. In order to be able to set priorities correctly, and hence really to apply the concept of transfer of resources to future plans or budgets, one must decide what is considered to be an acceptable degree of continuity between two successive plans or budgets. Continuity consists in:

(a) The order of magnitude of the financial package allowed for major programmes or for programmes, which covers a given volume of activities without any commitment as to its content. (The order of magnitude is roughly the same from one budget to the next, the degree of change being measured by the rate of growth);

(b) The ongoing or permanent activities which are accepted as forming part of the tasks of the unit and are in fact equivalent to functions (e.g., production of the Statistical Yearbook by the Statistical Office and other regular publications). (Unless a decision is taken to eliminate them, activities of this type are identical from budget to budget);

(c) The pursuit of the general objectives of the major programme through time-limited subprogrammes (or parts of subprogrammes). (Continuity is here represented by the fact that, when a time-limited subprogramme has attained its objectives, it is replaced by a comparable subprogramme, and hence the degree of continuity is more readily monitored, since the acceptance or rejection of new subprogrammes can be effected by the methods described in the following paragraphs.)

(ii) Methodology for effecting transfers of resources

59. The methodology for effecting transfers of resources should probably consist of the following:

13/ It is, of course, possible to contend that the theory relates solely to non-renewable expenditure and, in this sense, is indeed applied in the United Nations. However, such a contention reduces the scope of its application to a very small portion of the budget.

(a) Treating the existing financial package (the package adopted in the budget preceding the one which is being approved) as a working hypothesis within which units are asked to submit their proposals. However, that hypothesis should not be used as it is at present, namely, as a kind of fixed base to which units are in any event entitled, the only justifications required of them being those relating to expenditure (additional posts, etc.) in excess of the limits thus set;

(b) Giving different types of consideration to the proposals contained in that financial package, according to whether the document under consideration is a proposed medium-term plan or a proposed programme budget.

(iii) Consideration of a medium-term plan

60. The consideration of a medium-term plan should be the occasion ^{14/} for establishing the order of magnitude of the over-all financial package, primarily by means of a critical scrutiny of the value and quality of the subprogrammes proposed. This scrutinizing process should be such as to result in denial of approval for subprogrammes whose objectives do not appear to be sufficiently precise or to be properly related to the over-all strategy of the major programme. It should involve consideration of the alternative strategies presented by the programme managers. We shall see below what criteria might be applied and what instruments might be used to make this review useful. What should be noted at this point is that the study of the plan should be the first and most important opportunity for eliminating, at the highest level on which a precise judgement can be formed, namely, the subprogramme level, activities which are considered to be obsolete, of marginal usefulness or ineffective.

61. It is the deletions made at this stage which should release the necessary resources for transfers to more useful activities or, in other words, should make it possible to finance other subprogrammes and thus increase the importance accorded to other major programmes. In order for such transfers to be made correctly, it is of course essential that the relative importance of each subprogramme in the financial package for each major programme should be indicated in the proposed plan (at least as a percentage).

^{14/} In times of inflation and rapid fluctuations of exchange rates, the establishment of an order of magnitude for the over-all financial package (enveloppe financière) of a six-year medium-term plan poses difficult problems which must not be underestimated. The best method of determining a fixed standard might be to establish the financial package in man-months or in number of posts. Another point deserving consideration is whether the negotiation of the financial package or the over-all rate of budgetary growth during the plan period should not be separated from the negotiation of the priorities within the package. Currently, the discussion on proposals for a new programme or the extension of an existing programme deals simultaneously with two different issues:

- (a) The value of the proposal itself;
- (b) How the proposal is to be financed.

Generally speaking, new proposals giving rise to new expenditures are opposed by Member States which believe that the over-all financial package should be

62. Ultimately, therefore, it is through the judgements which are made on whether to accept or reject subprogrammes that priorities between major programmes should be set, since the approved amount of the financial package (enveloppe financière) for a major programme would be the aggregate of the amounts approved for the subprogrammes which had been accepted. Such a procedure prompts the suggestion that every programme manager should be asked to propose a slightly larger number of subprogrammes than his financial package - the working hypothesis - would allow him to finance. These excess subprogrammes would normally be expected to be rejected, but transfers of resources released through the rejection of other subprogrammes which were considered to be obsolete might make it possible to approve some of them. This system, supplemented by the practice of alternative strategies which we recommended in our previous report, would have the useful result of enabling programme managers to compete with one another in terms of quality of programming and management and would make the plan approval exercise genuinely meaningful. 15/

(iv) Consideration of programme budgets

63. The consideration of programme budgets every two years, together with proposed revisions of the current plan, should provide a further opportunity for making more transfers of resources between programmes. By allowing a more detailed review of the Organization's activities, since the budgets provide a complete list of outputs for each of the subprogrammes, this consideration should result in the necessary corrections and revisions being made to the priorities previously set in the plan.

64. By studying these lists it should be possible to identify subprogrammes of limited usefulness which were not detected at the time of the approval of the plan.

(continued)

maintained within the limits already programmed and are supported by Member States which hope that additional financing can be found. However, the discussion is distorted by the fact that those in favour of the new proposal try to demonstrate the merits of the programme concerned, whereas those opposed to it are interested merely in the question of financing. If the negotiations on the two issues could be separated, they would gain in clarity.

15/ In practice, this method might be worked out, in general terms, as follows:

(a) The over-all financial package (enveloppe financière) for the plan would be determined in advance by the intergovernmental organs, as would the maximum number of subprogrammes - for example, x hundreds of millions of dollars or tens of thousands of man-months and 350 subprogrammes;

(b) The total number of proposals submitted by administrative units would be, say, x + y hundreds of millions of dollars or tens of thousands of man-months and 450 subprogrammes;

The intergovernmental organs would therefore be forced to reduce the proposals made by at least y hundreds of millions of dollars or tens of thousands of man-months and 100 subprogrammes. In such an exercise, only those subprogrammes which were best presented and most convincing, and the credibility of which was vouched for by the past performance of the administrative units responsible for them, would be accepted and priorities would be more readily apparent.

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The process of adopting the second and third programme budgets submitted during the four- or six-year period of a medium-term plan should, in particular, lead to the identification of subprogrammes which have not been properly implemented in accordance with the programmes planned during the first budgetary period. The information provided, either by reports on budget performance or on a more regular basis by the programme performance monitoring unit the establishment of which was recommended earlier, should facilitate the identification of poorly executed subprogrammes the continuation of which would therefore appear to be unjustified. The budget adoption process could thus be another important opportunity for identifying activities which are obsolete, of marginal usefulness or ineffective. Moreover, identification could extend to programme elements, particularly in the case of activities involving ongoing functions.

65. In other words, the methods for the consideration of a proposed programme budget by the competent expert committees and by the delegations of Member States (ACABQ, CPC, Fifth Committee) before its adoption should include:

(a) How the design and presentation of the budget before them leads them to compare the proposed staff resources with those provided for in the previous budget; and also

(b) A study of the consistency of the programme budget with the medium-term plan of which it is a two-year segment; and

(c) A review of the efficiency of the units and the credibility of the lists of programme elements proposed under each of the subprogrammes, using information provided by the performance reports on the most recent programme budget. This is a further reason for reviewing the design and date of submission of this report, as proposed in the final paragraph of the previous part.

66. The following, in particular, should be verified:

(a) That the time-limited programme elements which should have been implemented during the previous biennium are not simply carried over, without authorization and with new implementation deadlines, into the next programme budget;

(b) That the proposed programme elements really do reflect the short-term objectives defined in the plan for each subprogramme;

(c) Which programme elements correspond to ongoing activities and what justification is offered for continuing them.

67. In reality, it is pointless to scrutinize the justification for the continuation or termination of ongoing activities at the time when a proposed programme budget is being considered unless there is a parallel procedure for regular and systematic review over a longer time-span. Specifically, it is through this latter procedure that obsolete activities which are not time-limited could be identified. This procedure should make use of:

(a) The in-depth programme evaluation studies which are submitted annually to CPC;

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(b) A method for scrutinizing one specified category of ongoing activities each year so that all ongoing activities which are carried over from one budget to the next are thoroughly reviewed at least once every six years.

C. Criteria for setting priorities and the information necessary for their application

1. Choice of criteria

68. The problem of the criteria to be applied for establishing priorities and, more specifically, for denying resources to proposed subprogrammes and making transfers to other subprogrammes, was borne in mind throughout the "relative growth rates" experiment. While there did not seem to be any special difficulty about achieving unanimity on taking into account the political importance attached by Member States to a particular major programme, even if consensus on its degree of importance was not always easy to achieve, doubts were expressed about whether the real efficacy of programmes should be taken into account. Should a major programme which has clearly been poorly implemented or is ineffective be "penalized" by a reduction in its growth rate even if it is felt that the programme itself is of considerable importance? No definite answer seems to have been given to this question. This problem of a clash between possible criteria deserves serious thought, but, in my view, the criterion of effectiveness cannot be excluded in setting priorities. Indeed, it is one of the most important. The three criteria which, to my mind, should be used are the following:

- (a) The criterion of the importance of the major programme's objective;
- (b) The criterion of the Organization's capacity;
- (c) The criterion of the effectiveness of the implementing units.

With each of these criteria are associated specific information instruments, without which Member States could not apply the criteria.

2. First criterion: the importance to Member States of the major programme's objective

69. The experiment with relative growth rates showed clearly how difficult it was to determine whether the statistics programme, for example, was more important than the public administration programme or vice versa, or whether the "commodities" programme should rank higher than the programme on transnational corporations. In fact, the review of the nature of the objectives which the international Organization should propose is required only once every six years - when each new plan is approved (or, on specific points, when modifications to the current plan are adopted every two years). An exercise of this importance cannot be carried out properly unless the Member States have suitable instruments of analysis. Yet, the only instrument of analysis which has been proposed to date is the introduction to the medium-term plan. In its report on medium-term planning in the United Nations (JIU/REP/79/5, March 1979), the Joint Inspection Unit explained (para. 105) what the content of that document might be. The Director-General for Development and

International Economic Co-operation, at the nineteenth session of CPC, gave his views on the preparation of the introduction and the implementation of its provisions in four successive phases. CPC subsequently stated in its report that it attached great importance to the exercise, specifying that the matter should be given more thorough consideration at a later stage. However, the detailed consideration of the issue of priorities now embarked on should provide an opportunity for determining more precisely the design of this document and the main function it should serve.

70. What is required is a justification of the changes the plan will make in the Organization's existing programmes by means of an analysis which incorporates all that is known of the new objectives or changes of direction laid down by Member States in the major resolutions of the General Assembly and the general conferences of the specialized agencies, in such exercises as the international development strategy, and in the work of the regional economic commissions and specialized bodies. The aim should be, not simply to outline and summarize existing legislative authority, but to propose that Member States should modify that authority in the light of an analysis of the world situation, particularly as regards economic and social matters, and an over-all evaluation of the results obtained by the Organization's programmes during the preceding planning period. It is essential to make a critical evaluation of the role of the Organization in the form of specific proposals for the deletion of programmes or parts of programmes and the creation of new programmes or subprogrammes. The analytical work needed for the preparation of such a document is therefore of vital importance. It requires the synthesis of a multitude of data, the analysis in some cases, with the assistance of very high-level consultants, of the reasons militating in favour of the development or curtailment of individual programmes, and the maintenance of an ongoing dialogue with all the chiefs of substantive units. What is required, in fact, is a permanent priorities analysis function. It would therefore be necessary to consider the possibility, first, of bringing into this exercise all the instruments of analysis and reflection available in the United Nations itself, and especially the Department of International Economic and Social Affairs, and, secondly, of strengthening the staffing resources of the Director-General for Development and International Economic Co-operation, if the function should require this.

71. Another important consequence of what has just been stated concerns the methods by which the intergovernmental organs consider the introduction and the plan itself. Paragraphs 88 to 91 of this report suggest the structural changes that seem desirable in this respect at the level of CPC and ACABQ. As regards the Main Committees of the General Assembly, however, it seems necessary to emphasize here and now that the plan and its introduction should be considered not only by the Fifth Committee, as happens already, but also by each of the Main Committees, at least in so far as any portion of the programmes falls within their respective spheres of competence, before the plenary Assembly finally adopts the plan as a whole. In other words, the capacity of the Organization must be demonstrated by means of the strategy on which each of the programmes is based and this strategy must explain the choice of subprogrammes.

3. Second criterion: the capacity of the Organization

72. The capacity of an international organization to take action in a particular sphere must be demonstrated. The services which it can provide must be explained, and its specific role must be shown, taking into account what has already been done in the sphere in question at the international level by other agencies. This requires a situation analysis, a historical account of efforts already made, a clear statement of the objectives sought and of the periods within which they can reasonably be expected to be attained, and a description of the instruments which the organization intends to devise for the use of Member States to help them in their tasks of negotiation and development.

73. The application of the second criterion therefore means scrutinizing the quality and value of the planning exercise for each programme and investigating the extent to which the proposed subprogrammes are justified by their direct bearing on the objective sought and deserve their place among the tools which are to be devised. 16/ There is no reason why the level of resources allocated to a programme should not be determined on the basis of the quality of the part of the plan covering that programme. The merits of the explanations, the convincingness of the relationship described between the objectives and the tools proposed, and the precision and value of the tools themselves are means whereby the value of the management and the real capacity of the unit may be judged. Detailed scrutiny of the plan itself, subprogramme by subprogramme, makes it possible to achieve this.

16/ The internal instructions issued by the Director-General for Development and International Economic Co-operation for the preparation of the 1984-1989 plan specify, in this connexion:

"At its twentieth session the CPC recommended that: Where there were objectives for intergovernmental action, they should be reproduced in the plan in such a way as to clearly distinguish them from the objectives for Secretariat action associated with them. The Secretariat's objectives should be, to the greatest extent possible, concrete and time-limited, and should be useful both to set targets and to serve as tools for evaluation.

"This CPC recommendation should lead in most instances to the formulation of two levels of objective in a subprogramme narrative:

- (i) the intergovernmental objective as set forth in the legislative mandates which should be to bring about a change in the situation described under 'problem addressed' or some alleviation of that problem.
- (ii) the time-limited and instrumental objective of secretariat activities associated with and aimed at facilitating the pursuance of the intergovernmental objectives."

Specific examples of the application of this method are provided in annex 7 of the instructions.

4. Third criterion: the criterion of effectiveness

74. The above comment applies equally to the third criterion, that of the real effectiveness of the administrative units concerned. There is absolutely no point in financing units which are incapable of attaining their stated objectives. In this case, Member States possess means of appraisal which could and should be further developed. We have already described the lessons which can be drawn from the budget performance report for the purpose of making transfers of resources during budgetary periods. The information thus provided makes it easy to identify units which are not implementing their programmes satisfactorily. This information should be utilized systematically when the time comes to make decisions on agreeing to or refusing to approve future subprogrammes.

75. Permanent programme performance monitoring should provide, when the new plan and new budgets are being considered, a precise statistical statement of implementation performance, subprogramme by subprogramme. Applying this analytical format to the proposals of individual units would enable the intergovernmental bodies to assess their credibility. This might lead them systematically to reduce the number of subprogrammes proposed by the least credible units, thus reducing their resources. Naturally, a reminder of the results of evaluation exercises, either by summarizing in-depth studies already made or by applying the achievement indicators available in order to produce an over-all balance-sheet, would also be a valuable instrument for assessing the credibility of proposed programmes. 17/

5. The problem of conflicting criteria

76. Although, as stated earlier, the three above-mentioned criteria should be used in close conjunction with one another, it is possible to envisage at least one possible type of conflict between these criteria: this would be the case if, in a sector considered paramount by Member States (first criterion), the data on the quality of planning and the effectiveness of the administrative units concerned led to a recommendation for a reduction in activities. Cases of this kind have occurred in the past after evaluation studies had demonstrated the poor results achieved by certain units. At present, it is not easy to secure decisions on evaluation reports of this kind in the absence of a clearly-formulated procedure for reaching such decisions. That is why the institution of special procedures should be envisaged.

17/ Thus, with the three criteria proposed are associated three instruments, all available to the intergovernmental organs:

(1) importance of the objective: the introduction to the medium-term plan;

(2) capacity of the Organization: the plan itself (appraisal of the convincingness of the means proposed to attain the objectives);

(3) effectiveness: the statistical statement of implementation performance by the units.

77. Before suggesting them, this seems to be the point at which I should try to answer two basic questions:

(a) Who can put before Member States the diagnoses that will enable them to identify activities to be cut or eliminated and to designate those that could be developed?

(b) What intergovernmental machinery can enable Member States to take any necessary decisions?

D. The diagnostic tools

78. I think that one of the main causes of the failure to identify activities which are obsolete, of marginal usefulness or ineffective lies in the fact that unit managers were asked to perform the identification task. It is difficult to see how this method could produce results, as those who propose activities cannot at the same time bring a critical judgement to bear on them. The fact is that Member States will be able to identify activities that should be eliminated only if a distinction is made between the function of proposing programmes and that of criticizing those proposals. To this end various approaches can be envisaged.

79. 1. Within the Secretariat itself, despite the legal fiction that it is a single unit (all documents, reports, draft plans or budgets are submitted by the Secretary-General), some separation between the functions of proposing and of critical evaluation can be supposed. This distinction has always existed in financial matters, between the budget authorities and the units handling expenditure. However, it has also come into being with regard to programmes since the establishment of the Office for Programme Planning and Co-ordination and since evaluation exercises began to be organized. The evaluation reports prepared by the Secretariat on a number of substantive departments - sometimes with a steering committee serving as umpire - did not reflect the views of the unit heads concerned alone. The institution of the permanent programme performance monitoring function in the evaluation units would strengthen the function of critical evaluation of the proposals and would sustain the necessary dialogue between the heads of substantive units and the Office for Programme Planning and Co-ordination.

80. More generally, critical evaluation is also a direct responsibility of the Director-General for Development and International Economic Co-operation, especially at the time when the units prepare and establish the documents serving as a basis for the introduction to the medium-term plan, as we have seen in paragraph 69 above. Whether this function of critical evaluation for sectors other than the economic and social sectors should be exercised at the level of the Director-General for Development and International Economic Co-operation and the Office for Programme Planning and Co-ordination or at another level is a matter to be pursued in a study of restructuring, which is outside the scope of this report.

81. 2. Outside the Secretariat the intergovernmental organs, too, could make use, if they see fit, of diagnostic tools within the Secretariat. In this connexion, collaboration between the Committee for Programme and Co-ordination

and the Joint Inspection Unit has made it possible to prepare a number of evaluation reports on major programmes and methodological reports. However, to have the Joint Inspection Unit make a critical review of all the proposals embodied in a medium-term plan or a budget does not seem compatible with the Unit's statutory functions. On the other hand, it should be possible to form groups of outside consultants, made up of people who are competent in programming and have a good knowledge of international organizations, to submit comments on programmes to Member States. It might even be possible to have mixed groups consisting of a few Secretariat staff, some outside people and some representatives of monitoring or inspection bodies (external auditors, Joint Inspection Unit). Any arrangement that would make it possible to bring together competence, capacity for critical diagnosis and independence of judgement could be explored. The members of these teams should, of course, be selected by intergovernmental organs.

E. The conditions in which decision-making is possible

82. The absence of critical diagnosis embodying suggested programme changes and the transfer of resources is certainly one of the major causes of conservative decisions in the budget approval process, but it is surely not the only cause. Other contributory factors are well known: one is the rigidity of the existing bureaucratic structure, particularly the tendency of staff to defend the status quo, and the second is the opportunities which parts of the Secretariat that come under criticism have to organize enough support among delegations of Member States in their defence to prevent the adoption of a decision to eliminate, reduce or even reform. Unless these two phenomena are studied objectively and ways found to remove the road-blocks they represent, there is no hope of being able to identify obsolete activities, determine priorities or effect transfers of resources.

1. Personnel policy

83. One of the most important aspects of the present situation is that up to now changes in programmes have been made only by way of additions, as has been shown. Accordingly, the only staff problems that have arisen have been those involving the need to recruit new staff. If the proposed new machinery were to lead instead to the elimination of subprogrammes, reduction of some programmes or major programmes and significant transfers of resources, the personnel problems that would arise would involve possible terminations, non-renewals of fixed-term contracts or transfers of staff from one type of activity to another, often quite different, type. It would be unrealistic to underestimate the importance of this problem. The resistance of any bureaucracy to possible changes is due chiefly to defending the interests and acquired rights of existing staff. The defence of staff interests is normal and legitimate; however, the regulations on which it is based should not enable it to obstruct the normal functioning of the organizations. In the event of the elimination of significant segments of programmes, therefore, clearly-formulated procedures for organizing the redeployment of staff must be available.

84. Moreover, the effectiveness of programmes obviously depends to a great extent on the quality of staff recruited to implement them, particularly the higher-level staff in positions of responsibility. As things stand, the structure and composition of teams of Professional and General Service staff assigned to

execution of programmes is often decided on, as regards the grades offered and the qualifications required, by means of an estimate made by the chiefs of the units concerned with a new programme without the use of any specific method and, in particular, in the absence of any standard instructions.

85. The existing job classification staff could probably help to prepare such instructions, but their functions in classifying existing posts or new posts the descriptions of which are supplied by the substantive departments amount only to photographing the existing structure. They have no role in - and it is no part of their function - prescribing the administrative structure necessary for the execution of programmes. It is this prescription function, now dispersed among a great many decision-making centres in the substantive departments, that must now be established as a centralized function. The proposed instructions should deal in particular with how the types of posts required for the execution of a given programme are determined, the expected grade structures and the types of contracts to be offered. We shall revert to this problem in our forthcoming report on the careers issue, but we felt it necessary at this point to mention the need to establish a function that does not at present exist in the United Nations. As far as the economic and social departments are concerned, this function of "determining the type of staff needed to execute programmes" seems to be performed collaboratively by the Director-General for Development and International Economic Co-operation, the Under-Secretary-General for Administration, Finance and Management and the Assistant Secretary-General for Personnel Services. 18/

2. Problems pertaining to the application of the third criterion

86. The strengthening of diagnostic tools may further increase the frequency of conflicts between the first criterion (importance attached by Member States to the objectives of a programme) and the third criterion (effectiveness of units). This problem (which we alluded to in para. 75) is particularly difficult to solve where those responsible make a very critical diagnosis, which in extreme cases could result in their recommending the discontinuation of the units under investigation.

87. The difficulties of such a situation are caused by the following:

(a) The use of the effectiveness criterion to curtail poorly implemented programmes is legitimate to the extent that it would curb the wasteful use of resources. However, in the case of particularly ineffective units, the systematic application of this criterion could lead to recommendations for the abandonment of programmes considered vital by Member States. In cases of this kind, other procedures must be available;

(b) These procedures should lead to an objective and comprehensive investigation of the reasons for the ineffectiveness discovered;

18/ The Administrative Management Service (AMS), which might have studied these problems, does not appear to have thought of doing so, nor does it seem to be equipped for the task.

(c) They should guarantee the teams of Professional officers that are implicated the means of presenting their defence and of having their arguments investigated in conditions which ensure that the decisions taken will be as objective as possible;

(d) On the other hand, it should be possible for the investigation of the problems thus posed to result in decisions affecting the importance and content of the programmes themselves and the future of the staff assigned to their execution (including, if necessary, proposals for punitive measures). In particular, there should be an opportunity to describe new conditions for the development of the programmes concerned when such development is thought appropriate in the light of the first two criteria.

88. Currently, no procedures of this kind exist in the Secretariat. When there is a harsh diagnosis concerning the effectiveness of a unit, say following an internal or external evaluation report, the methods to be employed in reaching decisions are not clearly laid down. This leads to embarrassing situations in which the incriminated Professional officers have the impression that their means of defence are inadequate and which generally fail to conclude with any satisfactory decisions.

89. The establishment of special procedures should therefore be explored. Such procedures might include:

(a) The creation by the Secretary-General of a standing committee to review these problems, 19/ consisting in the main of a small team of top officials of the Organization, and perhaps presided over by the Director-General for Development and International Economic Co-operation; and the determination of:

(b) The powers of this committee as regards investigation, implementation of the recommendations made by monitoring and evaluation reports, and proposals for solutions concerning the assignment of staff and reorganization;

(c) The conditions in which those responsible for monitoring and evaluation could bring matters before the committee; and

(d) The methods by which Member States would be informed of the findings of the inquiries so conducted.

19/ The establishment of such a committee would merely develop and make more permanent a system which has already been tried out by the creation on 2 November 1978 of a Steering Committee to issue directives and establish methods of procedure for an internal evaluation connected with the evaluation of the transnational corporations programme. This Committee comprised the Director-General for Development and International Economic Co-operation, the Under-Secretary-General for Administration, Finance and Management, the Under-Secretary-General for International Economic and Social Affairs, the Executive Director of the United Nations Centre on Transnational Corporations and the Assistant Secretary-General for Programme Planning and Co-ordination.

F. The intergovernmental decision-making structure

90. The problem concerning the intergovernmental decision-making structure may be stated as follows: the setting of priorities requires in all cases an over-all view of all the Organization's activities. It demands that the problems involved be so handled that the programming and financial aspects go hand-in-hand. As things stand, however, there is no intergovernmental body, apart from the plenary of the General Assembly, with that sort of over-all authority. 20/ The question is therefore whether the division of responsibilities inherent in the present structure can be maintained or whether it is necessary to contemplate procedures for altering it.

91. This question was raised a long time ago by the Secretary-General in one of his earliest reports on replacing budgets by class of expenditure by programme budgets (A/C.5/1429, 1972).

The suggestion made was as follows:

"Measures would need to be taken at the intergovernmental level to rationalize the present decision-making process ... To this end, the Secretary-General, in previous submissions, has already indicated the need for concrete action which would concentrate the authority to determine and approve programme and budgetary matters in as few intergovernmental organs as possible, ideally in a single body."

92. So far, this suggestion has not been reproduced in subsequent reports of the Secretary-General, and has not been raised officially by any delegation. However, the role of the Committee for Programme and Co-ordination has grown considerably. The annex to resolution 32/197 (sect. VI, paras. 39, 40, 41 and 46) redefined the role of this Committee in respect of planning, programming, budgeting and evaluation and stated that its terms of reference should be kept under continuous review by the Economic and Social Council and the General Assembly. Paragraph 48 of that annex recommended that there should be close co-operation between CPC and ACABQ and that their programmes of work should be harmonized. Furthermore, the length of CPC's sessions has been extended and consideration will probably have to be given to extending them further from next year onwards if the medium-term plan for 1984-1989 is to be examined as carefully as is desirable (that is, as we have suggested above, subprogramme by subprogramme).

93. Although so far the suggested closer co-operation appears to have been difficult to bring about, it indicates a desirable trend which should be maintained. Indeed, we should be looking forward already to its logical conclusion, which would be the establishment of a single committee replacing both CPC and ACABQ. The most desirable formula for study would seem to be the establishment of a governing council comparable to the organs of this nature which exist in all the other

20/ At the level of the Main Committees of the General Assembly, programme questions are considered chiefly by the First, Second, Third and Fourth Committees, and financial questions by the Fifth Committee. At the level of the subsidiary organs, programme questions are considered by CPC, an intergovernmental body, and financial questions by ACABQ, a body of experts.

agencies of the United Nations system. Such bodies generally comprise some 30 members, have a programme sub-committee and a budgetary and financial sub-committee. This type of arrangement offers far more facilities for dealing with issues of such vital importance as the determination of priorities and the transfer of resources than those provided by the present structure of intergovernmental or expert bodies in the United Nations. It would certainly be necessary to make a very detailed preliminary study before taking such an important decision. In particular, it would be desirable to examine the relations between this governing council, on the one hand, and the Main Committees of the General Assembly and the Economic and Social Council, on the other, the responsibilities and operating conditions of the sub-committees, the dates and possible length of sessions, the number of members, ^{21/} the role and prerogatives of the president of the Council and the chairmen of the sub-committees, the operating conditions of the Secretariat, the powers to be entrusted to the council under Article 17, paragraph 3, and Article 63, paragraph 2 of the Charter (see para. 99), the establishment, if necessary, of an interim period and transitional procedures linking the present structure and the new structure, and other such particulars. The Secretary-General might be requested to submit a report on this subject, dealing with all those questions.

G. Possibility of a special session of the Economic and Social Council or of the General Assembly on the problem of priorities

94. When the competent intergovernmental bodies have considered the problems of priorities and resource transfers which are discussed in this report, and also in the report submitted by the Secretary-General on the same subject, some thought might be given, in view of the importance of the issues involved and the sweeping reforms needed in order to solve them, to devoting a special session of the Economic and Social Council, and perhaps of the General Assembly, to them.

III. SOME THOUGHTS ON THE POSSIBILITY OF SETTING PRIORITIES IN
THE CONTEXT OF THE UNITED NATIONS SYSTEM AND EXTRABUDGETARY
FUNDS

95. At first sight the arguments in favour of central control of the setting of priorities for the use of the United Nations system's extrabudgetary funds are very convincing: there is little purpose in setting priorities for United Nations programme budgets (and possibly for the budgets of individual agencies of the system) if uncontrolled movements of extrabudgetary funds disrupt the results thus obtained and if priorities are not set, however roughly, among those agencies. If account is taken of the sectors of activity that are common to several organizations (for example, science and technology or problems relating to drinking water), it is even possible for clashes to arise unless over-all control is exercised. The difficulties of such an enterprise are, however, obvious. At

^{21/} In the interests of the effectiveness and sound operation of such a body, it is extremely important that the number of members should be as small as possible, say a maximum of about 30.

present decisions on extrabudgetary funds are the outcome of negotiations between donor countries and agency heads or those responsible for major programmes. It is difficult to contemplate measures that would reduce the scope for initiative of the countries that provide the funds. The system devised in the case of UNDP in the 1972 consensus was satisfactory to the recipient countries to the extent that the countries themselves decide on their own country programmes. Finally, it is doubtful whether a system of setting priorities among organizations as varied as the International Labour Organisation, the World Health Organization or UNESCO is really possible, given the great diversity of major programmes for which each of them is responsible. Clearly, therefore, in these fields the situation has not yet reached a stage at which a practicable solution can be envisaged. On the other hand, efforts which, although modest, should not be overlooked have been made toward finding a solution.

96. The efforts just mentioned include all the work carried out with a view to harmonizing budget formats and the work on formulation of plans for a uniform period (1984-1989). The provisions of General Assembly resolution 32/197 (annex, sect. VII) concerning interagency co-ordination emphasize the importance of concerting the implementation of policy guidelines and priorities emanating from the Economic and Social Council and the General Assembly on joint planning, the reorganization of the machinery for interagency co-ordination, the possible association of the chairmen of intergovernmental committees with the Administrative Committee on Co-ordination and so on. Many measures have been taken, including the review of co-operation machinery, and these should enable further progress to be made. Should it be desired to go further and faster in such a way that intergovernmental bodies may one day have an over-all picture of the system and be at least a little more methodical with respect to basic policy, some additional research might be envisaged.

Such research might concern:

97. Preparation of a single set of system-wide planning and programming regulations

There is also much to be gained by trying to extend the regulations recommended earlier for the United Nations (see para. 36) to all the agencies of the United Nations system, many of which have also made substantial progress in this field. Consideration might be given to the idea of setting up a working group under the authority of the Director-General for Development and International Economic Co-operation as the best means of trying to develop a single set of draft regulations.

98. Centralization of information on monitoring and evaluation

Progress has admittedly been made in all the agencies of the United Nations system in the field of monitoring and evaluation. Progress is often slow and uneven. The Joint Inspection Unit in several special reports has outlined what has been accomplished. As and when the evaluation efforts begin to bear fruit, it would be extremely useful to begin centralizing the information they produce, however incomplete or sporadic, especially with regard to the economic and social sectors at the level of the Office of the Director-General for Development and International Economic Co-operation. Such centralization might help to strengthen the

methodological work of the Joint Inspection Unit 22/ and speed up progress in that field, in the hope of being able to offer Member States some enlightenment as to the over-all efficiency of the United Nations system.

99. Possibility of a comprehensive report of the Secretary-General, prepared by the Director-General for Development and International Economic Co-operation, on the plans of the agencies of the United Nations system

If the priorities analysis unit proposed earlier were to be set up with a view, among other things, to assisting the Director-General for Development and International Economic Co-operation with the preparation of the introduction to the United Nations medium-term plan, it might also contribute to another kind of exercise: that of making a system-wide analysis of the efforts made by all the agencies through their regular programmes and extrabudgetary funds. This synthesis of programmes, at least in the economic and social sectors, might make it possible to say whether the basic options of the programmes and the levels of resources allocated to individual sectors appeared to be in conformity with the general policies prescribed for the agencies in major resolutions of the General Assembly and of their general conferences. Such a report would probably not enable Member States to take decisions on resource transfers among agencies, but it would give them the opportunity to make over-all recommendations that might lead to correcting the most glaring anomalies on a number of points.

100. The status of a possible United Nations "single committee" vis-à-vis the United Nations system

Should the recommendation on the possible establishment of a single United Nations committee be adopted, it would be important to specify clearly what its functions would be with regard to the programmes and budgets of the agencies of the United Nations system. Consideration should be given to how Articles 17, paragraph 3, and 63, paragraph 2, of the United Nations Charter, under which the General Assembly is required to examine the budgets of the specialized agencies with a view to making recommendations to the agencies concerned and the Economic and Social Council may co-ordinate their activities, can be put into practice. In all probability, the Committee for Programme and Co-ordination, as the main subsidiary body of the Economic and Social Council and the General Assembly for planning, programming and co-ordination, already has fairly wide powers of review over agency programmes; ACABQ, for its part, regularly examines the budgets of most of the agencies of the United Nations system. However, those powers might be combined and strengthened if the single committee were set up. They would have to be such as to enable it, if required to take a decision on the comprehensive report recommended in the preceding paragraph, to lay down precise guidelines on planning,

22/ Earlier in 1981, the Joint Inspection Unit established an informal clearing-house (i.e. an informal system for the transmission and redistribution of documents concerning evaluation problems among interested agencies), which, however, is not designed to perform the function suggested here, namely, to prepare a comprehensive balance-sheet of the results obtained at the level of monitoring and evaluation.

programming and budgetary policy which, transmitted to the Economic and Social Council and the General Assembly, could provide the whole system with the policy and technical guidance which it now lacks.

101. There is no formal recommendation in this report on the policy options outlined in the present section. Such options could form the subject-matter of subsequent reports by the Secretary-General or the Joint Inspection Unit if they hold the attention and interest of the delegations of Member States. Our decision to devote a chapter to exploring future possibilities was prompted by the realization that the account of the problems of setting priorities in the United Nations would not be complete without a fairly detailed examination of the over-all framework to which the Organization belongs.

IV. CONCLUSIONS AND PRINCIPAL RECOMMENDATIONS

102. What is at stake in finding - or not finding - an answer to the problem of setting priorities is important. It amounts to finding out whether resources can be transferred, by eliminating activities that are obsolete or of marginal usefulness, to activities that are really useful and effective. It is no exaggeration to say that, to some extent, the very credibility of international agencies is thus called into question. The progress achieved so far in setting up satisfactory structures and in the methodology of planning, programming, budgeting and evaluation constitutes a very important advance towards solving the problem, but decisive efforts are still required. They might include the following measures:

A. Making official the regulations on planning and programming and studying certain changes

Recommendation No. 1: The establishment, with a view to their approval by the General Assembly, of official regulations (on the lines of the Financial Regulations or Staff Regulations) on methods of planning, programming, budgeting, monitoring and evaluation (see para. 36).

Recommendation No. 2: A statement in programme budgets of the value, as a percentage of subprogrammes, or in man-months, of each programme element or output (see paras. 44 and 49).

Recommendation No. 3: The adoption of rules governing methods for amending the list of outputs provided in the budget: division of authority between the Secretariat (for the first 30 per cent of the number of outputs) and intergovernmental bodies (beyond the 30-per-cent limit) (see paras. 50-52).

B. Adopting new procedures and new methods

Recommendation No. 4: The transmittal of the medium-term plan to all the Main Committees of the General Assembly, so that they may consider and approve the parts which concern them (see para. 71).

Recommendation No. 5: The adoption of new procedures to reduce, either at the end of the first year of the budgetary period or, at the latest, in the middle of the second year, the appropriations in current programme budgets for subprogrammes whose implementation is manifestly inadequate.

Recommendation No. 6: The adoption of a method of reviewing the medium-term plan that makes it practicable to reject a proportion of the proposed subprogrammes (see paras. 60-62).

Recommendation No. 7: The adoption of a method of considering budgets that is complementary to the critical scrutiny of subprogrammes which has already been carried out at the time of approval of the plan (see paras. 63-66).

Recommendation No. 8: The adoption of a method for systematic and regular review of ongoing activities (see para. 67).

Recommendation No. 9: The adoption of three criteria (importance of objective, capacity of the Organization, and effectiveness of units) for classifying priorities (see paras. 70-75).

C. Establishing new functions and new mechanisms

Recommendation No. 10: The adoption of special procedures for dealing with conflicting criteria (see paras. 76 and 77).

Recommendation No. 11: Differentiation between the "proposing" function and the "critical diagnosis" function within the Secretariat (see paras. 78 and 79), and instituting ways of conducting priorities analysis, in particular for the preparation of introduction to the medium-term plan (see para. 70).

Recommendation No. 12: The setting up of independent "diagnostic teams" outside the Secretariat (see para. 81).

Recommendation No. 13: Study of the possibility of instituting a "function of analysing the types of staff required for programme implementation" (see para. 84).

Recommendation No. 14: The setting up of a standing committee within the Secretariat capable of forming a judgement on and drawing conclusions from evaluation reports or particularly harsh critical diagnoses (see paras. 86-89).

D. Initiating study of the reorganization of the intergovernmental machinery dealing with the programme and budgets

Recommendation No. 15: Exploration of the possibility of establishing in the United Nations a "single intergovernmental committee" to review plans, programmes and budgets (see paras. 90-93).

Recommendation No. 16: Consideration of the possibility of organizing a special session of the Economic and Social Council or of the General Assembly on the problem of priorities (see para. 94).