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REVIEW OF THE EFFICIENCY OF THE ADMINISTRATIVE AND FINANCIAL FUNCTIONING OF THE UNITED NATIONS

Common services at United Nations Headquarters

Note by the Secretary-General

The Secretary-General has the honour to transmit to the members of the General Assembly observations by the Joint Inspection Unit on his comments on the Unit's report entitled "Common services at United Nations Headquarters" (A/51/686/Add.1).

ANNEX

Additional observations by the Joint Inspection Unit

I. GENERAL

1. The Inspectors observe that although the Secretary-General shares the vision and objectives of their report on common services at Headquarters and welcomes many of the review findings and recommendations, as noted in paragraphs 1 to 25 of his comments (A/51/686/Add.1), he nevertheless raises in paragraphs 26 to 30 some reservations on the practical feasibility of the new framework proposed by the Inspectors for significantly improving the cost-effectiveness of existing arrangements for Headquarters common services.

2. The Secretary-General's reservations focus exclusively on the operational constraints that the reorganization of common services recommended by the Inspectors could entail for the providers and users of those services. No convincing example is given of such possible constraints, however, nor is evidence provided to the effect that such constraints would in any way outweigh the significant benefits, summarized in paragraph 73 of the Joint Inspection Unit's report (A/51/686), of the changeover to a more coherent and cost-effective system of common services at Headquarters. In this connection the Inspectors have found that, for the operational programmes and funds particularly, improved administrative synergies and economies of scale at their common New York Headquarters would facilitate their achievement of integrated and coherent field operations and facilities worldwide, as mandated by the General Assembly in its resolutions 42/196, 44/211, 46/219, 47/199, 48/209 and 50/120.

3. The interrelationship between collaborative approaches at Headquarters and similar approaches at other duty stations, especially in field locations, is not underlined in the Secretary-General's comments, nor is there any reference to the clear directives contained in common system legislation on the subject of common services, as recalled by the Inspectors in paragraphs 1 to 4 of their report.

4. The Inspectors further observe that in paragraphs 26 to 30 of his comments the Secretary-General appears to depart from his declared reform goal of achieving a leaner, more efficient and effective Organization, as well as from his strong advocacy for the strengthening of common services at other duty stations, notably Nairobi and Vienna, which have applied the same comprehensive framework for common services recommended by the Inspectors for United Nations Headquarters.

II. SPECIFIC OBSERVATIONS

Budgeting and reimbursement formulas

5. With reference to paragraphs 23 and 24 of the Secretary-General's comments, expressing a reservation about the Inspectors' recommendation that common services be budgeted as semi-autonomous facilities whose direct and indirect costs would be borne proportionally by all user entities excepting the policy organs, it may be recalled that, besides the secretariat of the Joint Staff Pension Fund, other United Nations system common services and inter-agency bodies (e.g., the Joint Medical Service and the International Computing Centre, both at Geneva, or Administrative Committee on Coordination bodies, the International Civil Service Commission and the Joint Inspection Unit for that matter) are indeed budgeted and financed proportionally by the participating organizations. In this light, the Secretary-General could usefully explain why the same budgeting and cost-sharing principle cannot be applied to common services managed by United Nations Headquarters and involving either the entire United Nations system or several organizations of the system. He could also propose alternative measures for addressing the weaknesses identified in paragraphs 52 to 55 of the Unit's report in existing common service budgeting and cost-allocation methods.

Staffing

6. In connection with paragraph 25 of the Secretary-General's comments, the Inspectors observe that the effects of staff competence as well as vacancy and turnover rates on the functioning of common services reflect the assessment of the users of those services as reported to the Inspectors. The JIU report as such makes no "allegation of substandard competence" of common service managers. However, the statement that the Secretary-General is fully satisfied with the competence of management and staff of common services deserves to be considered in the light of the criticisms and dissatisfaction expressed by some of the users of the services.

New framework

7. The Inspectors concur with the Secretary-General's view, expressed in paragraph 27 of his comments, that the suggested reform of the common services should be approached on a case-by-case basis, with due regard to the specific circumstances of each service and the strengths, weaknesses and priorities of its current users and providers. That also is the approach recommended by the Inspectors in paragraph 64 (b) of their report: "In view of the specific nature of each common service, the participants should decide on the most appropriate modality for organizing and providing the service concerned, including in some cases the need for relatively autonomous, self-supporting joint ventures, or use of outsourcing under a single policy and contract as exemplified by existing arrangements for travel, shipping and freight-forwarding services".

8. The Secretary-General's preference for a pragmatic and case-by-case approach would seem to coincide with the comments to the Inspectors dated 30 December 1996 by the Executive Director of UNICEF, who has proposed two pilot test cases for common services, namely reproduction and generic management

training, in order to first test the methodology on a limited basis. The Inspectors believe, however, that the legislative mandate regarding the development of common services for co-located organizations should be applied uniformly and consistently and that the need for pragmatism in regard to the specific character and requirements of each service should be addressed within the framework of a coherent strategy applicable to all eligible services and similar to the comprehensive approach adopted by the Vienna-based organizations.