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ADMINISTRATIVE AND BUDGETARY CO-ORDINATION OF THE UNITED
NATIONS WITH THE SPECIALIZED AGENCIES AND WITH THE
INTERNATIONAL ATOMIC ENERGY AGENCY

Study of the possible effects on the activities of the
United Nations, the specialized agencies and the
International Atomic Energy Agency of an increase in the
operations of the Expanded Programme of Technical
Assistance and the Special Fund

Second report of the Advisory Committee on Administrative and Budgetary
Questions to the General Assembly at its sixteenth session

1. By its resolution 794 (XXX) of 3 August 1960, the Economic and Social Council invited

"the Administrative Committee on Co-ordination to study the possible effects on the activities of the United Nations, the specialized agencies and the International Atomic Energy Agency of an increase in the operations of the Expanded Programme of Technical Assistance and the Special Fund in coming years, bearing in mind the need to ensure the co-ordinated development of these activities",

and to report on this subject to the Council at its thirty-second session (July 1961).

2. By its resolution 1554 B (XV) of 18 December 1960, the General Assembly invited

"the Administrative Committee on Co-ordination to transmit the results of its study to the Advisory Committee on Administrative and Budgetary Questions for whatever administrative and budgetary comments it may deem desirable"

and requested the Advisory Committee to submit its comments in time for consideration by the Council at its thirty-second session, together with the study prepared by the Administrative Committee on Co-ordination (ACC).

3. The study of the ACC is contained in chapter II (b), (paragraphs 8 to 33) of its general report to the thirty-second session of the Economic and Social Council (E/3495). For its part, the Advisory Committee has limited its consideration at this stage of developments to the elements contained in that chapter and, because of the interrelationship of the questions involved, to chapter IX (paragraphs 121 to 124) dealing with decentralization of the United Nations economic and social activities.

Scope of the question

4. The study is related to effects of an increase in the operations of the Expanded Programme of Technical Assistance (EPTA) and the Special Fund. While the administrative and budgetary problems involved in the implementation of programmes cannot be measured solely by the amounts of the funds involved, a comparison of these amounts may serve as an indication of the scope of the question:

	<u>1958</u> \$	<u>1961</u> \$
Regular budgets of the United Nations and agencies	103,700,000	131,500,000 ^{1/}
Expanded Programme of Technical Assistance	32,900,000	90,000,000 ^{2/}
Special Fund (established in late 1958)	-	

To make an evaluation, even in monetary terms, it must be borne in mind that the regular budgets of the United Nations and several of the agencies include substantial sums for operational projects of the same nature as those financed from the Special Account for Technical Assistance. Further, the General Assembly set, in December 1960 (resolution 1529 (XV)) a target of \$150 million for EPTA and the Special Fund, to be reached "in the immediate future". Thus, in 1961, something

^{1/} Excludes, for comparability, \$233,000 for the Inter-Governmental Maritime Consultative Organization and \$6,168,000 for the International Atomic Energy Agency, agencies not included in the 1958 figure.

^{2/} Approximate total of contributions pledged to the two programmes.

over 40 per cent of the funds administered by or through the United Nations and the agencies is for assistance and development programmes, mainly field projects, compared with some 25 per cent in 1958. With the attainment of the \$150 million target, both in contributions and level of programmes, some 60 per cent of the funds from the three sources - regular budgets, EPTA and Special Fund - will be intended for assistance and development expenditures.

5. In the circumstances indicated by the figures, adjustments will probably have to be made in the machinery developed over the past fifteen years if the shift in emphasis of programmes taken as a whole is to be carried out effectively. The executive heads of the organizations indicate in the ACC report that initial strains have appeared; others may appear, and it is not to be expected that the problems will be the same in all agencies. Effective steps to meet the new demands within each agency will be a problem for the agency, but continuing attention in the ACC to the experience of each agency will be to the advantage of all, and particular care must be exercised to ensure appropriate consultation on common problems and their solution. Not only the administrative, but also the legislative, framework will need adjustment. The Economic and Social Council and the General Assembly should keep the central machinery for control and direction of the programmes under examination as the programmes develop.

6. However, also, as indicated above and in the ACC report, the full impact of the increase in the EPTA and Special Fund programmes, even at present contribution levels, has not made itself evident. It is premature to attempt to analyse the new situation in terms of specific administrative or budgetary problems and their solution. Certainly this is true from the point of over-all administrative and budgetary co-ordination. The organizations themselves have, because of the steady growth of the EPTA programme, developed over the years a body of experience in the matter; the Economic and Social Council and the General Assembly, with the co-operation of the governing bodies of the organizations, have considerable experience of the problems of co-ordination among the organizations. The Special Fund projects and the requirements for their effective execution are of a different nature than those of EPTA. They may necessitate the development of new methods, and perhaps new perspectives.

7. The Advisory Committee does not believe that administrative and budgetary questions can be divorced from questions which relate to programme. At this point

of the developments, and particularly for the discussion of this question at the forthcoming session of the Council, the Advisory Committee would therefore restrict itself to certain general observations.

Priorities and concentration of resources

8. The General Assembly, the Economic and Social Council and the governing bodies of the organizations have on many occasions emphasized the necessity of concentrating the work of the United Nations and the several agencies on urgent or priority tasks. The increasing level of the total task makes this feature even more imperative. The ACC rightly draws attention to the necessity of providing adequate administrative and substantive support to field operations. Certainly, as these field operations increase, the demands for administrative and substantive support for them will also increase - though not in the same proportionate relationships. Each increase in the level of operational expenditures need not be accompanied by increased overhead expenditures, and here a continuing reappraisal of work programmes under the regular budgets can be expected to be of assistance. Quite aside from the over-all factor of the total financial resources which can be placed at the disposal of these programmes and the necessity to ensure that the maximum possible amount of the total is used on projects, there is the practical limiting factor of the difficulty of finding a sufficient number of highly qualified people to shoulder the Headquarters and field work involved (E/3495, para. 22). The Advisory Committee reiterates that the determination of priorities and the concentration of efforts on the priorities set is a combined task both for the Member States and the secretariats. Intensification of the activities of the ACC pursuant to Economic and Social Council resolution 799 (XXX) and the direction of its attention to practical problems arising from the increase in programmes being jointly effected by the United Nations and the agencies under central planning and control should assist greatly the secretariats in their role. The fact that the programmes, while carried out by the organizations, are under the central direction of inter-governmental bodies emphasizes the need for each Member State to follow a consistent policy in the various legislative bodies involved.

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Allocation of administrative and operational services costs between regular and programme budgets

9. The Advisory Committee has reported separately (A/4774) on the question of the allocation of administrative and operational services costs between the regular budgets of the participating organizations and the EPTA Special Account. Under the present arrangements (for most organizations) the staff and other expenses have been consolidated in the regular budgets and the Special Account makes allocations towards these expenses on a formula applied equally for all organizations (except the smaller ones). On the other hand, organizations whose actual administrative and operational services costs are less than the amount of the allocation therefor, or which, as a matter of policy, decide to absorb a part of those costs, may use the balance of the allocation in their programme planning.
10. For the Special Fund, General Assembly resolution 1240 (XIII) of 14 October 1958 stated that "the Managing Director shall rely as far as possible on the existing facilities of the United Nations, the specialized agencies, the International Atomic Energy Agency and the Technical Assistance Board. These facilities should be made available to the Special Fund without charge except when clearly identifiable additional expenses are involved". Practically all^{3/} the organizations to which one or more Special Fund projects have been assigned have found it necessary to request additional resources from the Fund for the technical and administrative management and supervision of such projects. The ad hoc formula generally followed by the Special Fund for this purpose is to allocate the equivalent of 2 per cent of estimated equipment costs covered by the project and 10 per cent of other project costs, except that where the executing agency employs contractual firms rather than individual experts, the

3/ The World Health Organization has so far not availed itself of any administrative allocations from the Special Fund in respect of the two projects for which WHO is the executing agency; this decision is, however, without prejudice to any further projects.

allocation in respect of project costs other than equipment would be less than the 10 per cent. As regards the use by the Special Fund of TAB field offices, the Special Fund will make in 1961 a subvention of \$410,000 towards total 1961 field office expenses of \$2,584,200 (net of staff assessment), a figure based on a broad review of work-load and costs, office by office. With the increase in Special Fund activities, both in absolute terms in so far as the agencies are concerned and relatively to EFTA, these ad hoc arrangements may cease to be appropriate. The ACC report indicates that it is the view of a number of the specialized agencies that the matter calls for further consideration.

Decentralization of the United Nations economic and social activities

11. In paragraphs 121 to 124 of its report, the ACC refers to the question of decentralization - to the regional economic commissions - of the United Nations economic and social activities, and stresses that action in this area should be carried out with attention to the problems of co-ordination at the regional, no less than at the Headquarters, level. The Economic and Social Council will consider at its summer session a note by the Secretary-General (E/3522), reporting on the action taken pursuant to Council resolution 793 (XXX) of 3 August 1960, and General Assembly resolution 1518 (XV) of 15 December 1960, at which time the views of specific agencies and the ACC on this matter will be before it. The Advisory Committee will follow the developments, both from the aspect of administrative and budgetary co-ordination and as to their effect on the expenses and organization of work of the United Nations. The Advisory Committee would, however, point out that the various aspects of decentralization of the programme activities which are the subject of this report will become more complicated as the programme expands. This fact will further emphasize the need for careful planning of decentralization, in its organizational and administrative aspects, if the effectiveness of the activities is to be maintained, and the overhead costs restricted.
