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

JOINT INSPECTION UNIT

Common services of United Nations organizations  
at the Vienna International Centre

Comments of the Secretary-General

The Secretary-General has the honour to submit to the members of the General Assembly his comments on the report of the Joint Inspection Unit entitled "Common services of United Nations organizations at the Vienna International Centre" (A/39/520).

ANNEX

Comments of the Secretary-General

General observations

1. The Secretary-General welcomes the report of the Joint Inspection Unit on "Common services of United Nations organizations at the Vienna International Centre". The study was carried out pursuant to a recommendation contained in the report of the formal meeting on the conversion of the United Nations Industrial Development Organization into a specialized agency, held at Vienna from 16 to 20 May 1983, the relevant paragraphs of which state as follows:

"It was recognized that any changes in the existing working arrangements between the United Nations and UNIDO and the common services at the Vienna International Centre as a consequence of UNIDO's transformation into a specialized agency were a matter to be worked out, after UNIDO has become a specialized agency, by the appropriate authorities of the organizations concerned, taking into account the need to ensure efficiency and effectiveness in the United Nations system. It was recommended that the Joint Inspection Unit be asked to conduct a study of the matter and to submit its report to the competent authorities of the new UNIDO and the other organizations concerned.

If changes in the existing arrangements are deemed necessary they will be undertaken, in any case, taking into account the interests of the organizations concerned, the United Nations, UNIDO and the International Atomic Energy Agency (IAEA), and in conformity with established procedures governing such arrangements."

2. The Secretary-General recognizes that the current scope and configuration of common services at each of the duty stations where arrangements of this nature are in place - New York, Geneva, Vienna, and most recently, Nairobi - add up to produce a specific character that is a product of a complex of variables that are unique to each location. The Secretary-General therefore appreciates that the Inspectors have seen a need to review carefully, and in some detail, the particular series of developments that have led to the management pattern that has been adopted for common services at the Vienna International Centre. These arrangements have been strongly influenced by the fact that the several organizations concerned became established at Vienna at different times over a period of more than 20 years. As the Inspectors have noted, a system of common services for IAEA and UNIDO was already in place for some years before the transfer to Vienna of several United Nations offices and before the move of all these organizations in 1979 to new premises at the Centre.

3. Prior to the location of United Nations units at Vienna, IAEA and UNIDO in 1974 formed a joint working group to determine which among a wide range of services could be operated on a common basis, once the two organizations occupied their new premises at the Vienna International Centre. The working group also examined several options regarding the management arrangements for the provision of

the selected services. It recommended that the method of "allocated administration" be adopted, by which each common service was assigned as the responsibility of one or other organization, being fully assimilated into that organization's management structure. The specific arrangements at the Centre, which continue to be in effect, were governed by the provisions of a Memorandum of Understanding that was signed on 31 March 1977 by the Secretary-General of the United Nations, the Director-General of IAEA and the Executive Director of UNIDO. This Memorandum set out the principles and procedures regarding the provision of common services at the Centre. It also established the basis on which costs would be shared and provided for the allocation among the participants of the responsibilities for the operation and management of common services.

4. The allocation of common services is as follows:

IAEA: commissary, printing and reproduction, computer services, library service, medical service;

UNIDO: catering service, buildings management, language training;

United Nations: security and safety service.

The Memorandum of Understanding envisaged that several other areas were to be provided separately, though subject to further study as to the feasibility of their being rendered on a common service basis. These include procurement and contracting services, conference services, receiving, storage and inventory control services and the areas of mail, pouch, visas and insurance.

5. On the basis of their review of the organization and management of the current common services arrangements in section III of the report, the Inspectors indicate as their conclusion that, "notwithstanding some weaknesses, these services function generally well". They indicate, too, that had such arrangements not been in place, the cost to Member States would likely have been higher. The fact that valuable experience in the operation and management of common services has been gained by the participants is also acknowledged. Overall, the Inspectors draw the conclusion that there should be "no change in existing common service arrangements unless it is demonstrated that a realignment of responsibilities would lead to more efficient and cost-effective results".

6. The Secretary-General considers the report to be a useful contribution to further efforts to rationalize and carry out on as efficient a basis as possible the range of programme support activities in administration, finance, conference services and general services at the Vienna International Centre. In the view of the Secretary-General the strength of the report lies in the fact that it sets out a conceptual framework within which the further evolution of common services should be considered. The Inspectors have approached the subject from an evolutionary standpoint, perhaps as a reflection of their understanding of the desires of Member States as expressed at the formal meeting, rather than from a more narrowly analytical perspective. This approach is apparent notably in section III of the report, in which the Inspectors describe the organization and management of common services at the Centre, and highlight features of these operations, both those that

are regarded by the users as satisfactory as well as those aspects that are not fully satisfactory, as reported to the Inspectors by the participating organizations and units.

7. It is in this context that the Secretary-General appreciates the relevance of the five criteria that the Inspectors have developed. By these criteria, a given activity would be assessed as to its potential as a common service in accordance with whether:

(a) The service in question would require the setting of policy objectives, and if so, would such policy objectives be incompatible between organizations;

(b) The common arrangement would impinge on the ability of the individual organizations to discharge their responsibilities;

(c) Requirements of confidentiality might be abridged;

(d) Conflicts of priority might arise between the provider and users of a common service;

(e) Employer/employee relationships might be adversely affected.

These criteria for the selection of functions amenable to common service arrangements are put forward in the context of several basic principles. As stated by the Inspectors, for any common service there must be cost benefit for the participants, effectiveness, efficiency and quality in the services provided, and partnership in their operation.

8. The Secretary-General considers that these criteria form a useful basis for the consideration of the suitability of a function for provision under a common arrangement, though in practice they may lead more readily to conclusions regarding the identification of activities that are not suitable to be provided on a common basis, rather than to the assessment of the benefits to be derived from carrying out a particular activity as a common service. The Secretary-General does agree with the Inspectors in their observation in paragraph 87 (c) that in selecting the appropriate organization to provide such a service, particular emphasis should be given to the question of experience and resources to carry out the service in question. He would also agree with the general principle expressed in paragraph 87 (a) that whenever more than one organization is based in the same city, the use of common service arrangements should be considered as a matter of course though in this regard it would be only prudent to avoid prejudging the results of such assessment.

Comments on the recommendations

Recommendation 1

(a) A joint co-ordination committee of the three organizations at the level of chiefs of administration should be established with a clearly defined role. They should have responsibility for reaching agreement on policy issues concerning financial and budgetary questions, including the budgetary implications of common service arrangements; and for the review of costing procedures and cost-sharing patterns.

(b) All user organizations should be represented on common service advisory committees. The level of representation on these bodies should be high enough to ensure that their recommendations can be effectively translated into practice.

9. As the Inspectors have noted, common services in Vienna have been established on the principle of "allocated administration". Accordingly, the authority and responsibility for the operation of a common service rests with the particular organization to which it is entrusted. Each common service would therefore be managed in accordance with the administrative, financial and budgetary rules, and form part of the managerial system of the organization having the responsibility for its provision. In this regard, the Secretary-General would agree with the Inspectors' observation that this approach has both advantages and disadvantages, the former being principally the assurance of accountability and a clear line of responsibility in the provision of a common service. The main disadvantage of this arrangement lies, as the Inspectors have noted, on the side of the users, and arises as a consequence of the fact that they do not have direct control of the service for which they are paying. On balance, however, the Secretary-General believes that the advantages of the allocated administration approach have outweighed the disadvantages, and he would share the assessment of the Inspectors that this approach has "stood the test of time and experience". As regards the functions that have been provided on a common service basis in Vienna, the Secretary-General holds the view that the record of experience has been a good one. It should, however, be borne in mind that under this system the managerial responsibility for each common service rests ultimately with the executive head of the organization that provides it.

10. The Secretary-General is in agreement with the Inspectors regarding the important role that should be played by a joint co-ordination committee of the type suggested in recommendation 1 (a). The efficacy of any common service arrangement is enhanced to the extent that there is a fully functioning consultative machinery available to the participating organizations. Indeed, the Secretary-General sees this as essential to ensure that the common services mechanism will operate to the satisfaction of all parties over time and in the face of changing programme requirements. The Memorandum of Understanding in fact provided for the establishment of a tripartite committee representing the three organizations at Vienna to ensure policy guidance and overall management of the planning and implementation of common services at the Vienna International Centre. While, as originally envisaged, the mandate of the tripartite committee was, strictly speaking, limited to the period until the Centre was occupied, ad hoc contacts have

been maintained, including participation in the review of the Memorandum of Understanding initiated by the Secretary-General earlier this year.

11. In the course of their review, the Inspectors were informed by several users of problems that they experienced with regard to certain common services. The report indicates that, in certain instances, users have felt that they were not getting the quality of service paid for, and that they lacked the means adequately to influence decision-making with regard to the service. The Secretary-General does share with the Inspectors their view, indicated in recommendation 1 (b) above, that greater use should be made of common service advisory committees, particularly by their establishment in areas where they are not presently established. Through the wider establishment of, and participation in such advisory committees, user organizations would be kept better informed, misunderstandings avoided and problems, where they do arise, more readily resolved.

#### Recommendation 2

The task of simplifying the cost-sharing keys in computer and other contested services so that they are fully accepted by all parties should be entrusted to the joint bodies.

12. It is assumed that the joint bodies referred to are the advisory committees indicated in recommendation 1 (b). The system of cost sharing is one that has evolved over time since the establishment of common services. The Secretary-General would share the view of the Inspectors that in most cases the cost-sharing keys are determined in a straightforward manner and in a way satisfactory to the users, but that in some areas, notably with regard to computer services, improvements may need to be made. The whole issue of cost sharing is being addressed in the context of the review of the Memorandum of Understanding initiated earlier this year.

#### Recommendation 3

VIC organizations should immediately investigate whether those services identified in the 1977 Memorandum of Understanding, together with those suggested by the Inspectors above, can, after applying the principles and criteria mentioned in paragraphs 86-92, be the subject of common service arrangements, and report to their respective legislative organs thereon.

13. As indicated above, a review of the Memorandum of Understanding is under way, and the possibility of including additional common services will continue to receive due attention in the course of that review.

Recommendation 4

The Secretary-General should withhold implementation of any definitive or substantive changes in existing joint services until after the Constitution of the new UNIDO has effectively entered into force and should review actions already taken in the light of the conclusions and recommendations of this study. Subject to this, the informal review under way by VIC occupants on existing common services and consultations on future common services as recommended above should continue.

14. The Secretary-General understands that this recommendation stems from the perception of the Inspectors, indicated in paragraphs 78 and 96, that his proposal last year to establish separate United Nations services in the personnel, public information and legal fields prior to the entry into force of the Constitution of the new UNIDO was precipitate. The Secretary-General does not, of course, share that view. It should be recalled, in this connection, that the proposed arrangements relating to both the information and the personnel services were set out in a report to the thirty-eighth session and received the approval of the Assembly. Upon the transfer of United Nations units to the Vienna International Centre, the Secretary-General had made arrangements within the United Nations for UNIDO to provide a number of services, essentially of an administrative and supporting nature, to the United Nations Office at Vienna and the United Nations units. These included the personnel and public information services referred to. The posts and resources necessary for this purpose were either established under different sections of the programme budget, and thus had not been part of the UNIDO staffing tables or budget, or were established within UNIDO specifically for the purpose of accommodating the extra work-load involved in servicing the United Nations units. These support services were entrusted to UNIDO in its capacity as an integral part of the Secretariat of the United Nations before the establishment of the United Nations Office at Vienna in February 1982. In his report to the Assembly (A/C.5/38/87), the Secretary-General stated his belief that separate and distinct services in these fields would be required. Both of these functions are closely tied to the policies and work programme of each organization. What may be proper for the common services to different parts of the same organization may not be appropriate when applied to management policy units under the direct responsibility of different executive heads. The Secretary-General considers that this distinction is pertinent in relation to the criteria elaborated by the Inspectors referred to in paragraph 7 above.

15. The Secretary-General does not find himself in entire agreement with the interpretation that the Inspectors apparently give to the recommendations of the formal meeting on the conversion of UNIDO, the text of which is reproduced in the first paragraph of this report. The recommendation of the formal meeting referred to existing working arrangements between the United Nations and UNIDO and the common services at the Vienna International Centre; the changes made by the Secretary-General related to internal administrative arrangements that had been made, on his own authority, upon the move of United Nations units to the Vienna International Centre, and that were not of a "common service" nature, nor the subject of formal agreements. Neither does the administrative action taken with regard to personnel and information services prejudice consultations leading to

further agreement among the three organizations concerned to extend common services along lines compatible with their respective work programme requirements and legislative mandates.

Recommendation 5

The existing UNIDO/United Nations joint conference service should be continued after UNIDO becomes a specialized agency and the present informal co-operative arrangement with some IAEA conference-servicing units should be formalized. Modalities should be determined for pooling other IAEA conference-servicing units into a single VIC conference structure after application of the principles and criteria set forth in paragraphs 86-92.

16. In the view of the Secretary-General the Inspectors have rightly given emphasis to the desirability of rationalizing conference servicing at the Vienna International Centre. There is a wide measure of agreement that a single conference-servicing facility at the Centre would represent the ideal solution, purely from the standpoint of cost efficiency. The existence of separate conference services inevitably inhibits the fuller realization of economies of scale and of scheduling. It would be difficult, for example, to justify a substantial corps of permanent interpreters for the individual meetings programme of each of the organizations in Vienna; therefore, all must rely at present on non-local free-lance interpreters. Furthermore, a combined meetings planning and servicing operation would be more effective in establishing an even level of meeting activity throughout the year, resulting in a more efficient utilization of conference-servicing resources, including an enlarged corps of interpreters, and of the meeting rooms themselves. The alternative would appear to be a more costly and less efficient operation composed of three separate conference-servicing units, with consequent duplication of supervisory functions. A combined conference-servicing operation, however, would not necessarily include such functions as the library and the publishing facilities, which could remain as separate entities.

17. At present conference services at the Vienna International Centre are provided by the separate establishments of IAEA and UNIDO, the UNIDO operation being provided for in two separate sections of the United Nations programme budget. Under what began as an interim arrangement, meetings of the United Nations Office at Vienna are serviced by UNIDO, though at the present time United Nations meetings are at least as many as those of UNIDO. It is worth recalling in this context that United Nations organs must meet in conformity with the calendar of conferences and meetings established on the basis of General Assembly resolutions on the pattern of conferences, notably section I of resolution 31/140 (17 December 1976). In accordance with this resolution, United Nations organs that have their established headquarters at Vienna are required to meet there. Therefore, should present arrangements continue, the situation of the United Nations in Vienna would be somewhat anomalous, both in terms of the relative levels of conference-servicing requirements and in the light of the fact that, for the first time, the Organization would rely on another agency for its conference servicing.

18. The Secretary-General has consistently favoured the goal of unifying conference services to achieve maximum efficiency and economy. In the light of its



experience in this field and its ability to recruit and retain a large, well-qualified language staff, as exemplified by the situation in Geneva, and in view of its mandate to provide the full range of servicing operations for its deliberative bodies, the United Nations is ready to assume the responsibility of providing conference services for all organizations at the Vienna International Centre. The views and guidance of Member States are sought on this question.

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