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PROGRAMME BUDGET FOR THE BIENNIUM 1982-1983

JOINT INSPECTION UNIT

Use of consultants and experts in the United Nations

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 "Use of consultants and experts in the United Nations system" (A/37/358).

ANNEX

Comments of the Secretary-General

1. The progress report of the Joint Inspection Unit (JIU) on the use of experts and consultants in the United Nations (JIU/REP/82/8), transmitted to the General Assembly in document A/37/358, comes at a time when new instructions are about to be issued on the policies to be followed for obtaining the services of individuals, in particular those who are engaged as consultants to the Organization or who are invited to participate in advisory meetings, such as ad hoc expert groups. The initiative taken by JIU of producing its first report on the subject in 1973 focused attention on the question of consultants and experts. The administrative instruction ST/AI/232 of 28 November 1975 currently in force on the use of outside expertise and professional services resulted largely from this initiative. The continued interest of JIU has been of considerable assistance to the Secretariat in providing a further impetus for a review of that instruction. Specifically, it has led to the establishment of a much more efficient method of reporting on the use of consultants and participants in ad hoc expert groups throughout the Secretariat. The new reporting method has resulted in much more information being available centrally and the separate report being made on the subject, in response to section XIX of resolution 36/235 of 18 December 1981, provides a much better picture of the use of consultants and participants in such meetings.

A. Trends in expenditure for the use of consultants and experts

2. The JIU report suggests that the Secretariat has not observed properly the guideline established by the General Assembly that the estimates for the use of consultants and experts should be prepared with determined restraint, with a view to achieving reductions in funds requested for these purposes. Over the past few years the impact of changes in exchange rates and of inflation have been significant, affecting, in particular, the work of two of the largest users of consultants, namely, the secretariats of the United Nations Industrial Development Organization (UNIDO) and of the United Nations Conference on Trade and Development (UNCTAD). However, leaving these factors aside and notwithstanding the fact that the rate of growth in expenditure for consultants and experts was much higher than the rate of growth of the total regular budget (with the exception of the biennium 1978-1979), the following analysis does not support the conclusion of the report that the Secretary-General has not observed this guideline properly. A review of the programme budget proposals for the biennium 1980-1981 1/ and 1982-1983 2/ indicates clearly that, in submitting his proposals, the Secretary-General has exercised the restraint that was required. The total expenditure estimates proposed for 1980-1981 amounted to \$1,214,203,300, an increase of 28.9 per cent over the 1978-1979 expenditure estimates of \$941,701,700. With respect to consultants and experts, the 1980-1981 estimate was \$13,307,100, or an increase of 16.5 per cent over the 1978-1979 estimates of \$11,423,000. While the total expenditure estimates for 1982-1983 show an increase of 26.5 per cent over the 1980-1981 expenditure estimates (\$1,535,989,000 compared to \$1,214,203,300), those for consultants and experts show an increase of 16.0 per cent (\$15,431,600 compared to \$13,307,100).

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3. In addressing the question of funds devoted to consultants and experts, it should therefore be recognized that, as demonstrated in the comparison of figures in the preceding paragraphs, the Secretary-General has exercised restraint in accordance with the mandate of the Assembly. On the other hand the increases on the amounts of resources appropriated by the Assembly, compared with the amounts initially requested by the Secretary-General, stem for the largest part from action taken by legislative organs subsequent to the presentation by the Secretary-General of his programme budget proposals. For the biennium 1980-1981, following the submission of the Secretary-General's proposal, it was at the explicit request of the Assembly that considerable further resources were requested for outside expertise to be utilized for technical panels in connection with the conference on new and renewable sources of energy and for studies on confidence-building measures, on the feasibility of establishing a satellite monitoring agency, on South Africa's nuclear capability and on the institutional requirements relating to the process of disarmament. The final appropriations are therefore a reflection of both the Secretary-General's proposals and decisions of legislative bodies, and not of the Secretary-General's decisions alone.

B. Purposes for using consultants

4. Up to 1979 the method of gathering reports on the use of consultants and experts had not produced the desired results and led to the impression that they were neither carefully used nor properly controlled. The major reasons for this, however, were partly the result of the shortcomings in the reporting system itself, but perhaps even more they were the result of difficulties revealed in seeking to report on the subject. It became very apparent that the administrative instruction ST/AI/232 did not distinguish clearly enough between consultants with special expertise and other individuals engaged under contracts to assist in the regular work of the Secretariat. The latter's assistance was more appropriately obtained under a simple contract than as temporary staff on a letter of appointment, normally because the work did not require the individual to attend any office of the United Nations or only to attend from time to time. This lack of clear definitions led to many of those individuals who did not have special expertise being reported as consultants. That then led to the suggestion that consultants were being engaged without special expertise. As a result of new instructions that are to be issued shortly, it is expected that such confusion will be eliminated in future.

5. Although this rather negative impression was given, the situation since 1980 is more positive and the bulk of the work done by consultants has been seen by the authors of the report to have been concerned with priority items of work programmes. The examples given in the report of consultants hired to perform work which could have been done by regular staff had they been available reflect rather the fact that the difference between consultant services and other contractual services under ST/AI/232 was so blurred that it was difficult for the administering officials to maintain the true distinction between them. The new instructions link individual contractors with temporary staff, since both groups contribute to the work months budgeted as a whole for the normal work of each programme. Consultants are treated separately with participants in advisory meetings. They can only be

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engaged if they have special skills or expertise not normally possessed by regular staff. The use of consultants has to be specifically justified not only when they are budgeted for, on the basis of the programme managers' expectations of the need for them, but again when each consultant is about to be hired.

C. Geographical distribution of consultants

6. The report on the use of consultants will show separately the number and nationality of participants in ad hoc expert groups and of consultants in 1980 and 1981. They have been selected from a very wide number of countries, including many developing countries. The table given in paragraph 27 of the JIU report (A/37/358) shows that in the case of the two developed countries supplying the largest number of consultants in each of the three years quoted, the percentage has been reduced substantially in 1980, demonstrating the wider use of nationals of other countries. On the other hand, the percentage of nationals of the country from which the third largest number of consultants came in each of the three years quoted has been maintained because it is a developing country. If the figures given for 1980 in table 2 of the JIU report are compared with the mid-point of the desirable ranges of the Member States in each region, a yardstick used with respect to the distribution of staff, (A/36/495, annex, table 3), on 30 June 1980, the regional distribution does not appear unreasonable. The comparative figures are given in table 1 below.

Table 1

Regional distribution of consultants compared with the
mid-point of the desirable range for each region

	<u>Mid-point</u> <u>percentage</u>	<u>Consultants</u> <u>percentage</u>	<u>Difference in</u> <u>percentage points</u>
Africa	13.5	9.7	-3.8
Asia and the Pacific	18.1	15.6	-2.5
Europe (Eastern)	13.2	6.6	-6.6
Europe (Western)	22.8	33.5	+10.7
Latin America	7.7	10.0	+2.3
Middle-East	5.5	3.0	-2.5
North America and the Caribbean	19.2	20.3	+1.1
Others	-	1.3	+1.3
	100.0	100.0	

The differences of more than 2.5 percentage points involve only Africa (-3.8), Eastern Europe (-6.6) and Western Europe (+10.7).

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D. Level of education

7. The information on the level of education of consultants given in paragraph 28 of the JIU report is an example of the type of erroneous impression conveyed in the past as a result of incomplete reports. While it is true that some reports of the Secretary-General on consultants and experts before 1980 indicated that information on many contracts was not available, this was the result of the inadequacy of the system for reporting the information to Headquarters. Even for 1980 a number of offices did not report fully all the details requested. However, a further improvement in 1981 is noticeable. The report of the Secretary-General for 1981 provides information on all but a small percentage of the individuals engaged as consultants. But even if not all these reports were complete, it did not alter the fact that the personal history of each individual has to be scrutinized before the individual is offered a contract in order to determine the candidate's suitability. This can be seen if the pattern of the level of education of the 471 consultants hired in 1976-1977 whose level of education was reported as being clearly comparable to the three levels of education identified, is compared with the same information reported for the 503 consultants engaged in 1980. The pattern is generally similar for the two groups, as can be seen in table 2 below.

Table 2

Level of education of consultants whose level of education
was identified in 1976-1977 and 1980

	<u>1976-1977</u>		<u>1980</u>	
	<u>Number</u>	<u>Percentage</u>	<u>Number</u>	<u>Percentage</u>
Ph.D.	54	32.6	198	39.4
M.A.	164	34.8	183	36.4
B.A.	153	32.5	122	24.3

While accepting that the reporting system even in 1980 was not completely adequate, the figures hardly provide support for the conclusion in the report that the guideline established by the Assembly that consultants should only be recruited from highly qualified candidates in the specific field in question had not been fully observed.

E. Remuneration of consultants

8. The level of remuneration of consultants presents a very difficult problem because of the multiplicity of disciplines in which they may have expertise. In most cases the salary levels of regular staff provide a rough guide and most consultants may be equated somewhere between the P-3 and D-1 levels. Only rarely are higher salary levels authorized. A strict correlation is avoided since most consultants are paid a lump sum for a piece of work to be delivered.

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F. Duration of consultant contracts

9. Administrative instruction ST/AI/232 provides that the maximum duration for a consultant contract shall normally be six months, but continues that the period may be extended if necessary. The authority to extend such appointments is inherent in the instruction. The instruction does not prevent an individual being offered more than one consultant contract in a year. As the JIU report notes, the majority of consultants have been engaged in accordance with the instruction.

G. Use of former staff members as consultants

10. In considering the use of former staff members as consultants, a distinction must be drawn between those who separated from service at the age of retirement and those who left the service at an earlier age. Those who work for the Organization for a time and leave before reaching the retirement age to pursue their career in another context should not be put at a disadvantage because of their United Nations service, unless it has revealed some shortcoming. Rather they should be even more valued, since their expertise will be complemented by the knowledge they gained through working as a staff member. About a third of the former staff members engaged as consultants in 1981 were below retirement age.

11. In the case of the other two thirds, the concerns raised by the authors of the report have to be carefully considered. First, it is quite clear that the age of retirement established by the General Assembly should not be circumvented by allowing a former staff member to continue to exercise the same functions under the guise of a consultant. On the other hand, it must be noted that a small number of exceptions were authorized immediately after resolution 35/210 of 17 December 1980 which reaffirmed the need to apply the regulations regarding the age of retirement when it was clear that a short period of time was still required to provide time to recruit the staff member's successor. If a former staff member is to be re-engaged as a consultant to do another job for which an outsider with expert knowledge would otherwise have had to be engaged, the main concern is to see that the work is in fact different from the former staff member's previous functions. It is also appropriate to ensure that there is a real break in the former staff member's service. While it has been agreed among the organizations of the common system of salaries and allowances that the minimum interval should be at least a month, the Secretary-General considers that a one-month interval should be the irreducible minimum. Three months should normally be the minimum interval between the time when a staff member begins his or her retirement and the time when he or she is re-engaged, if appropriate, as a consultant for a separate (though possibly related) task.

12. With respect to the level of remuneration of consultants who were formerly staff members and are in receipt of a pension from the United Nations Joint Staff Pension Fund (UNJSPF), the Secretary-General agrees with the position taken by all the organizations applying the common system of salaries and allowances that the level of remuneration of a consultant cannot be affected by the level of any pension benefit that the consultant may be receiving. To restrict either the benefit from

UNJSPF or the level of remuneration itself would be discriminatory against the former staff members as compared with other consultants who have similar pension benefits from other sources or who have other sources of income altogether. It might result in such former staff members of great skill being reluctant to put their services at the disposal of the Organization. The Secretary-General does not therefore consider that a rule as proposed by the JIU report would be in the interest of the Organization.

H. Use of national institutions for consultancy services

13. The Secretary-General shares the view of the authors of the report that the increased use of national institutions would serve the interest of the Organization in using new sources of outside expertise. However, such national institutions are mostly located in relatively more developed countries. In many cases it is easier to engage a member of such an institution, such as a university, without involving the administrative procedures of the institution as such. It may also be cheaper since all overhead costs are avoided. The Secretary-General would welcome the offer of consultancy services by more national institutions where it is feasible and would appreciate offers by Member States of the services of staff of their national institutions.

I. Evaluation of consultants services

14. The impression given to the authors of the JIU report and others that the results of the work of consultants was not evaluated properly stems from the inadequacies of the system for reporting the evaluation centrally. The absence of recorded data means that either the services to be provided by the consultant were not complete at the time the information was provided to Headquarters or that the evaluation had not taken place. In both cases, the consultant would not have received the full payment due under the contract. The report of the Secretary-General will also include much more complete information on the evaluation of consultants.

J. Conclusions and recommendations

Recommendation 1

15. ~~The Secretary-General agrees with the recommendation that the principles and guidelines established by the General Assembly for the use of consultants and ad hoc expert groups are valid and should be fully applied through the Secretariat.~~ However, he does not share the very general conclusion of the report that these principles and guidelines have not been fully observed. The instances raised in the report are not all examples of non-compliance with the principles, and in the majority of cases valid explanations have been given for their apparent departure from them.

Recommendation 2

16. The Secretary-General not only agrees with the recommendation that a new administrative instruction should be issued as soon as possible to replace the current instruction but, as indicated in paragraphs 1 and 4 above, is implementing it. A number of the apparent inconsistencies shown by the examples given in the JIU report stem from inadequacies in the current instruction, such as a lack of clearly understood definitions of the terms consultant, expert and contractor. The new instruction, which required extensive consultation with offices away from Headquarters, will be issued as a matter of urgency. It will be part of a series of instructions that will clearly define the terms temporary staff, individual contractors, consultants and participants in ad hoc expert and other advisory groups.

Recommendation 3

17. The Secretary-General does not agree that it would be worthwhile to consider establishing productivity norms for regular staff in this context, nor does he consider - as is implied in paragraph 61 of the report - that recourse to outside expertise might be a measure of absolving the regular staff from making every effort to achieve maximum results. The report concludes that the absence of productivity norms hinders the full observance of the principles and guidelines laid down by the General Assembly. In many functions of the Secretariat, particularly those of research and development, it would be very difficult to establish such norms, and the JIU report itself recognizes that it might not be feasible to establish them for all categories of staff. The establishment of such norms and the control of their application would hardly be cost-effective and would have little effect on the need for consultants and participants in ad hoc expert groups who, by definition, will have expertise, special skills or knowledge not normally possessed by regular staff.

Recommendation 4

18. The substance of this recommendation, that methods for determining consultant requirements be interrelated with the methods of determining staff requirements, has been implemented. The procedures for the review of requests for the inclusion of provisions for consultancy services in the proposed programme budgets have been revised in response to comments made by the Advisory Committee on Administrative and Budgetary Questions and by the Fifth Committee in their respective reviews of the programme budget for the biennium 1982-1983. In paragraph 73 of the report, the authors express their full agreement with the requirements established by the Office of Financial Services concerning the detailed justification by substantive units in their budget submissions of requests for consultants and ad hoc expert groups. The review of such requests is carried out in the light of the simultaneous evaluation of the resource requirements of each programme or unit for regular staff, temporary staff and for other contractual services.

Recommendation 5

19. The Secretary-General agrees that in all cases the substantive unit should always give its assessment of each candidate considered for a consultant contract

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and explain why one candidate is preferred over others. More than one candidate should always be presented if possible and an explanation given when only one candidate is proposed.

20. Many departments and offices maintain rosters of consultants in their own field. Some, as in UNCTAD and UNIDO, may be large enough for it to be worthwhile including information on consultants in a computer data base. The Secretary-General agrees that rosters of candidates in their respective field should be maintained by each large user of consultancy services.

Recommendation 6

21. For the reasons specified in paragraph 12 above, the Secretary-General does not agree that special limits should be placed on the level of remuneration of a retired staff member, engaged at a later date as a consultant. The regulations of UNJSPF do not allow any periodic benefits to be withheld unless the beneficiary becomes once more a participant in the pension fund. It is clear that no restrictions are applied, nor can they be applied, to pension benefits on account of outside employment in general. There seems to be no reason, therefore, why employment by the United Nations or by another organization within the United Nations system should be selected for such treatment. The Secretary-General cannot therefore support this recommendation.

Recommendation 7

22. The recommendation that adequate reporting procedures common to all departments and offices in the Secretariat should be introduced has already been implemented.

Notes

1/ Official Records of the General Assembly, Thirty-fourth Session, Supplement No. 6 (A/34/6 and errata), annex VI.

2/ Ibid., Thirty-sixth Session, Supplement No. 6 (A/36/6 and Corr.1), annex VI.