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JOINT INSPECTION UNIT

Report on the use of experts and consultants in the United Nations

Note by the Advisory Committee on Administrative and Budgetary Questions

The Advisory Committee on Administrative and Budgetary Questions had received the comments of the Secretary-General on the report of the Joint Inspection Unit on the use of experts and consultants in the United Nations (A/9112) and transmits them herewith to the General Assembly.

A. INTRODUCTION

1. The report (A/9112) by the Joint Inspection Unit (JIU) on the use of experts and consultants by the United Nations in the execution of programmes requested and approved by Member States is based upon a study carried out by the Unit during 1972 and early in 1973, pursuant to a request of the Fifth Committee of the General Assembly at its twenty-sixth session. The Secretary-General believes that the Joint Inspection Unit is to be complimented for having prepared an important and comprehensive study of the subject-matter. The observations contained in the report cannot but help to bring about a number of improvements in internal policies, procedures and practices relating to the engagement of experts and consultants by the United Nations.

2. The Secretary-General agrees with and will implement most of the conclusions of the Joint Inspection Unit. He plans to recirculate to all organizational units the report (A/9112), along with his comments (A/9112/Add.1) and those of the Advisory Committee on Administrative and Budgetary Questions thereon (A/9112/Add.2) accompanied by instructions calling for improvements in policies, procedures and practices along the lines proposed by the Unit. One or two of the conclusions of the Unit do, however, give rise to certain reservations on the part of the Secretary-General and these are discussed below.

3. It is the consensus of the officials who have read the report that the Inspectors who carried out this study have examined, analysed and evaluated with exemplary thoroughness and realism the advantages, disadvantages and problems relating to the use of consultants by the United Nations in its programmes. Indeed, large parts of the report could well become "required reading" for all Professional officers, substantive and administrative, concerned with the management of programmes using consultants. The criticisms expressed by the Inspectors are, on the whole, felt to be soundly based. Their recommendations for improvements are considered sound, even though some may be difficult to put into effect. The Secretary-General plans to implement the various recommendations to the greatest practicable extent. In this regard, the Secretary-General has interpreted such criticism as not detracting in any way from the considerable volume of useful work being performed by consultants or calling into question the legitimate use by the Organization of experts and consultants.

B. GENERAL COMMENTS

4. In part, the short comings noted by the Inspectors regarding the programming and the engaging of consultants and ad hoc expert groups can be attributed to the fact that the previous United Nations budget system was outdated and caused a dichotomy between the processes of programme formulation, approval and implementation, on the one hand, and those of budget formulation, request and approval on the other. Under the previous system, emphasis was placed on the control of budgetary expenditures by each object rather than on the uses to which resources were devoted. This gave no opportunity for integrating and monitoring the programmes and their components in relation to the budgetary resources

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required for their implementation. Under these circumstances, it proved to be exceedingly difficult to carry out, at a departmental or central point, a proper review and assessment of the effectiveness and efficiency of a particular programme service in terms of its contribution towards achieving the programme objectives which had been approved by Member States. Examples quoted in the report serve to highlight the numerous inadequacies of the old type of budget system as an instrument which management could effectively utilize.

5. The Joint Inspection Unit report was prepared largely on the basis of the situation as it existed before the General Assembly, at its twenty-seventh session, made a major change in the budgeting system of the United Nations. Many of the short-comings indicated by the Inspectors should be overcome when the new programme budgeting system becomes the effective tool for programme managers which it is intended to be. Under the new system, the services of consultants or the use of ad hoc expert groups are considered as programme inputs, contributing towards the achievement of a stated objective or to the objective of a specific programme component or activity within the framework of a total programme. These inputs should only be included in the programme when complete assurance is given that the function or service cannot be carried out by staff available or to become available to the Organization.

6. It is desirable that programme managers should be permitted a certain degree of flexibility in making their programme budget submissions so that they may indicate the particular "mix" of resources required for the effective implementation of specific activities, for example, the number of professional man-months on established posts, the number of consultant man-months, the amount of travel funds required, and so on. In the light of a review of this information, Member States are in a position to know the total cost of the proposed activity and to approve the resources required. Subsequent circumstances may, however, require that a change be made in the distribution of actual resources, or a shift of certain types of resources between specific activities within a programme or between different programmes. While it would seem essential to ensure that the total funds allocated to a programme, programme component or specific activity are not exceeded, programme managers should have the possibility, subject to the Secretary-General's prior approval, of shifting resources in accordance with changing needs. Adequate safeguards regarding the flexible use of such items as travel, printing, equipment etc., would, of course, have to be established and enforced.

7. The Inspectors recommend that the budget estimates should clearly identify as a separate item the proposed expenditure for consultant services. ~~"Such information is presently shown in the budget for 1974-1975 under the breakdown of funds requested for salaries and wages. In the view of the Secretary-General, this method of presentation should suffice to meet the concerns expressed by the Inspectors. The Secretary-General hopes that additional classifications of expenditure, introduced into the budget presentation will not result in unnecessary rigidities under the programme budget system. The over-emphasis on objects of expenditure or on subobjects at the programme component or specific activity level is contrary to the intended approach to a programme budgeting system. What is important is that the supporting information provided as part of the programme budget presentation~~

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should reveal clearly to Member States the amounts proposed to be spent on consultant services under each programme heading and the purposes for which these expenditures will be made, while at the same time leaving to the Secretary-General the flexibility which he needs to make necessary adjustments in the use of these resources and to effect transfers and redeployment of funds and resources within a given programme or programme component or activity, as the occasion requires.

C. COMMENTS ON THE MAIN RECOMMENDATIONS

8. Recommendation 1. In their main recommendation 1, the Inspectors recommend that the annual expenditures for "outside expertise" (the preferred term of the Joint Inspection Unit) in 1974 and 1975 should not exceed \$2.25 million. Recommended limitation would be \$4.5 million for the biennium as a whole. The Secretary-General requested appropriations in the amount of \$5,513,000 for individual experts, consultants and ad hoc expert groups over the biennium covering the same offices included in the Inspectors' tabulations. (This amount omits the Office of the High Commissioner for Refugees and the United Nations Environment Programme, as was the case in the Inspectors' tabulation.) In contrast to the Inspectors' proposals, the Advisory Committee on Administrative and Budgetary Questions has recommended reductions totalling \$654,000 in the Secretary-General's request for a net appropriation of \$4,859,000. This means that the recommendation of the Joint Inspection Unit would result in a reduction of \$359,000 for the biennium below the recommendation of the Advisory Committee on Administrative and Budgetary Questions or a total reduction in the original appropriations of \$1,013,000, or 18.4 per cent of the amount requested.
9. The Secretary-General feels that it would be inconsistent with the principles of programme budgeting to continue to apply across-the-board cuts on the basis of generalizations as to alleged short-comings in past years, arising largely from inadequate programming and budgeting procedures.
10. The 1974-1975 budget submissions have been prepared on the basis of a detailed review of each programme approved by Member States, and the corresponding financial request for each Office and Department was determined on the basis of this review. Thus all requests for consultants' services represent an integral part of the requirements considered necessary to achieve the objectives stated. Moreover, with the disallowance of a sizable number of new posts requested for the regular budget establishment, increased reliance will, perforce, have to be placed on the use of consultants. It should also be noted that the Inspectors state that they did not include the use of consultants by regional economic commissions within the scope of their review. The 1974-1975 programme budget as submitted by the Secretary-General provides increased funds allocated to consultant services in regional economic commissions, some of which are in response to specific decisions of the commissions. The Inspectors' recommendation, if adopted, would also have the effect of ignoring such factors as devaluation, as well as new legislative actions taken by Member Governments during the General Assembly and in other legislative bodies which require the utilization of consultant services if the Secretary-General is to implement those decisions.

11. The position of the Secretary-General is that a reduction of the magnitude proposed by the Inspectors would adversely affect the programmes on which it is planned to use consultants over the biennium. The proposed reduction appears to have been reached in an arbitrary manner without any prior consideration or examination of the programmes on which the Secretary-General's budget proposals for 1974-1975 were based. It seems to ignore the changes in the budgeting procedures which were made as a result of the General Assembly's decision in 1972 to adopt biennial programme budgeting on an experimental basis. Furthermore, since completion of the Joint Inspection Unit report, very significant changes have occurred in the exchange rate relationship between the United States dollar and the Swiss franc and Austrian schilling, and this is expected to cause a considerable increase in the cost of consultant services without a corresponding increase in the number of man-months available to the Organization. In the light of these facts, the Secretary-General is obliged to oppose any reduction in appropriations for consultants and ad hoc expert groups in 1974-1975 below the level recommended by the Advisory Committee.

12. It may be noted in this connexion that the use of consultants is not spread uniformly throughout all departments or organizational units in the Secretariat. It appears to be concentrated largely in those areas which relate to economic and social affairs and, more particularly, those organizational units which concern themselves with programmes related to the objectives of the Second United Nations Development Decade. In most years, the greatest user would appear to be the Department of Economic and Social Affairs, followed closely by UNIDO and UNCTAD. These three organizational units, taken together, account for between 60 per cent and 70 per cent of all funds spent on consultants; it follows that any major reduction in the amount of funds devoted to consultants' services would affect primarily the work programmes of these three departments or units.

13. Since the Secretary-General believes that a basic policy issue is involved in the Joint Inspection Unit proposal to reduce the credits for consultant services, he feels he should direct the matter to Member States for consideration. The practice followed in preparing and submitting budgetary requests to the General Assembly has been established over a number of years, whereby the Secretary-General submits to the Advisory Committee on Administrative and Budgetary Questions his budget requests for the resources deemed in his judgement to be required to carry out the desires of Member States. Subsequently, as a part of the Advisory Committee's consideration of the Secretary-General's budget request, it has been possible for a dialogue to be established between the Secretary-General or his representatives and the Advisory Committee in the evaluation of his budget proposals. The Secretary-General appreciates the practice of direct discussions whereby he can provide additional evidence to support his budget request. Before the Advisory Committee reaches its decision concerning its recommendation to the General Assembly, ample opportunity is usually provided to the Secretary-General to defend his proposals. It would not, in the Secretary-General's view, contribute to the orderly consideration of his programme budget proposals, if, in addition to the Advisory Committee, which is the duly constituted body for advising the General Assembly with respect thereto, the Joint Inspection Unit were also to take it upon itself to advise on particular aspects of the same budget proposals.

14. Recommendation 2. Apparently when the Joint Inspection Unit completed its report, it did not have the benefit of the new form of presenting the biennial programme budget, in which requests for experts and consultants and ad hoc expert groups are shown in considerable detail. It is believed that recommendation 2 has been met in the budget. Should this not be the case, the Secretary-General is confident that the Inspectors' concern can in any event be met and he plans to consult with the Joint Inspection Unit on this point.
15. Recommendation 3. Under the Inspectors' recommendation 3, the Secretary-General has no difficulty in readily accepting subitems 3 (c), 3 (d) and 3 (f). The other subitems present certain difficulties. Recommendation 3 (a) requires that in all cases the experts or consultants' services be "specifically requested or accepted by governmental bodies". The Secretary-General doubts the wisdom of restricting the use of consultants in this way. It sometimes happens that the Secretary-General is obliged to hire experts or consultants because of a sudden increase in work, which is not expected to continue for more than a short period of time. In such circumstances, the Secretary-General feels it is reasonable to engage experts or consultants who may be readily available to assist in a part of the work for which they are qualified. When this happens, it may not be possible to have the work done by the experts or consultants "specifically requested or accepted by governmental bodies". It may also be noted that the expression "governmental bodies" would probably exclude bodies like the International Law Commission which are composed of independent experts. To require that experts or consultants be engaged only with the specific approval of governmental bodies would create unnecessary rigidities and would handicap the Secretary-General in his efforts to carry out the wishes of Member States.
16. The Inspectors' recommendation 3 (b) would seem to have the same defect as recommendation 3 (a) in that it ignores the situation where the Secretary-General may have to engage an expert or consultant in order to cope with essential work in order to allow the flexible use of existing staff to meet other urgent demands. In most cases, however, the Secretary-General would utilize experts or consultants with the assurances that the objectives sought have been approved by Member States in the programme budget or in the medium-term plan.
17. Recommendation 3 (e) would require that the work to be done by experts or consultants "cannot be carried out by the regular staff or the Secretariat for lack of specialized knowledge and/or expertise". As pointed out, there are cases where the regular staff does not lack knowledge or expertise, but simply lacks the free time to do the job; if experts or consultants cannot be hired in such cases, the functions would have to be left undone or, alternatively, temporary staff would have to be engaged for the purpose. The Secretary-General agrees that it is reasonable to require that the job be such that it cannot be done by the regular staff before experts or consultants are engaged. But this condition is different from one based solely on the lack of competence of the regular staff.
18. Recommendation 4. Recommendation 4, taken in conjunction with recommendation 2, appears to require explicit formal justification in advance in the programme budget estimates if experts or consultants are to be used. This would be in conflict with

one of the important purposes of the new programme budget. In order to give responsible programme managers a reasonable discretion within the appropriations for each programme, they must be permitted the necessary flexibility to get the work done. Moreover, the need for an expert or consultant is not always foreseeable; unexpected recruitment difficulties often make it necessary for work to be done by an expert or consultant which it had been hoped to entrust to a new staff member, who is unable to report for duty at the time required. Useful and proper flexibility must be provided for, if the Secretariat is to accomplish the approved work programme.

19. Recommendation 5. Under the Inspectors' recommendation 5, while the Secretary-General is able to agree completely with subitems 5 (a), 5 (c) and 5 (d), only limited agreement is possible for recommendation 5 (b). Under subitem 5 (b), the Secretary-General has no difficulty in accepting the proposition that the convening of ad hoc expert groups or panels of experts to advise the Secretariat should be regarded as an exceptional situation and only when budget resources for such groups or panels have been approved. However, the Secretary-General feels that he should express reservations should recommendation 5 (b) be interpreted as restricting his freedom of action when, in his best judgement, the particular approved objective might best be met through resorting to an ad hoc expert group or to a panel of competent experts.

20. Recommendation 6. The Joint Inspection Unit's main recommendation 6 has the whole-hearted support of the Secretary-General.

21. Under General Assembly resolution 2924 B (XXVII), the Secretary-General was requested to submit an annual report to the General Assembly on those major recommendations of the Joint Inspection Unit which have not been implemented, together with the reasons therefor. The Secretary-General will, of course, inform the General Assembly with regard to this aspect of the matter in the next annual report.

D. SPECIFIC COMMENTS ON VARIOUS PARAGRAPHS CONTAINED IN THE REPORT
OF THE JOINT INSPECTION UNIT

22. As a result of circulating the Inspectors' report to units within the United Nations, several comments on specific paragraphs have been received which the Secretary-General feels may shed additional light on the matters discussed. These comments are not intended as a rebuttal to the observations of the Unit, but merely to provide additional relevant facts, which might be taken into account when the study is considered.

Foot-note 2 (page 3)

23. In a foot-note, the Inspectors state that, "despite repeated requests", it did not receive any data from the Division of Social Affairs at Geneva in response to its request for certain data. The Secretary-General has been informed that the matter has been investigated by the Director-General of the United Nations Office at Geneva

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and a detailed explanation has now been provided to the Joint Inspection Unit. Furthermore, the Director-General has suggested to the Unit that, in order to avoid similar unfortunate occurrences in the future, whenever data is sought for organizational units falling within his jurisdiction, a copy of all requests for data should be sent to the Office of the Director-General so that he can ensure proper follow-up.

Paragraph 23

24. The Inspectors expressed a preference that the distinction between "individual experts and consultants" and "ad hoc expert groups" should be discontinued, since the Joint Inspection Unit was unable to establish a clear-cut difference between these two types of functions. While the Secretary-General does not have a strong preference for or against the maintenance of a distinction between the two terms, he does, nevertheless, believe it advantageous to provide for a clear identification of those "expert groups" established specifically by intergovernmental legislative decisions. Under previous budgets, the Secretary-General has been given the authority and responsibility for convening groups of experts as an important means of action. When this is the most desirable option for achieving a particular objective, it would seem that "expert groups" established by a specific legislative decision should continue to be identified separately from individual experts, consultants and groups of experts appointed by the Secretary-General solely on his own authority. The Secretary-General would also prefer to use the term "experts and consultants" rather than the term "outside expertise" suggested by the Inspectors. The term "experts and consultants" seems a more adequate reflection of the particular input being used.

Paragraph 31

25. The United Nations Industrial Development Organization (UNIDO) has expressed some difficulty in understanding the difference between the terms "official" cost and "actual" cost as used by the Inspectors in this paragraph. All costs in connexion with the meeting on "pulp and paper", held at Vienna in September 1971, were, in UNIDO's opinion, necessary and appropriate and, furthermore, were properly recorded in the UNIDO accounts. In addition, UNIDO considers that the meeting was particularly important as it was the first one organized by UNIDO in the field of pulp and paper and it led to important discussions of the subject, as well as suggestions dealing with such matters as the manufacturing of newsprint from bagasse.

Paragraphs 37 to 53

26. In the light of the Inspectors' comments in these paragraphs, the Secretary-General plans to have the applicable administrative instruction and form used reviewed so as to:

- (a) Ensure that more adequate information is provided on the legislative or programming basis for the request for consultants;

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(b) Require an explanation of the end use of the consultant service requested, its potential practical utility and its likely beneficiaries;

(c) Provide for an indication as to whether or not the consultants' services include the writing of a report and, if so, the purpose of the report; and

(d) Require a statement that the expertise required cannot be obtained at little or no cost from another source inside or outside the United Nations.

Paragraph 44

27. In this paragraph the Inspectors indicate that the statement of administrative and financial implications "failed to include the travel costs and per diem of the experts which, depending on their number and their place of residence, could easily constitute a major item of expenditure". Upon rechecking the document referred to (E/AC.6/L.438/Rev.1/Add.1), it can be ascertained that the Economic and Social Council was informed that the Secretary-General had assumed "that travel costs for the members would be borne by participating Governments". In the same paragraph, a reference is made by the Joint Inspection Unit to statements during the debate to the effect that the Secretariat exercises a bias in favour of certain proposals and against others. Such a charge is not to be taken lightly, since it implies a lack of integrity on the part of the Secretariat. The Secretary-General cannot accept this as a fair or valid generalization. The Inspectors themselves have not indicated whether they accept the criticism as valid. They have not endeavoured to substantiate the charge by significant evidence or facts in specific instances; until some such evidence is adduced, the Secretary-General does not feel called upon to take further action in the matter.

Paragraph 45

28. Under this paragraph, and elsewhere in the Inspectors' report, a theme is developed that the Secretary-General requires specific legislative approval for each and every item of expenditure. The Inspectors express "grave doubts" as to whether the Secretary-General can hire consultants for an assignment, even by absorbing the costs from within appropriated resources, unless he has sought and obtained specific legislative approval for the expenditure. The Secretary-General does not share the Inspectors' views in this regard. To require the Secretary-General to have specific legislative approval for each and every detailed expenditure would establish rigidities which could impair his ability to carry out approved programmes. It is the Secretary-General's opinion that he must be permitted a reasonable degree of flexibility in his role as Chief Administrative Officer under the Charter of the United Nations. He is, of course, bound in the administrative decisions he takes by the exercise of prudent discretion in carrying out specific restrictions established by the General Assembly. However, unnecessary rigidity and needless controls will tend to stifle initiative and retard progress.

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Paragraph 58

29. The Inspectors state that they were told time and again that one office hears about a study being taken by another United Nations office on a subject in which it is interested only after the work has been started or has already been completed. The criticism of the Joint Inspection Unit is that there is a lack of co-ordination of work programmes, of which two examples are cited. Before beginning the study on trends in the competition between natural and synthetic rubber, UNIDO reports that it informed all United Nations units and agencies likely to have an interest in the subject, including UNCTAD, and did not receive one reply. However, upon reviewing the paper in question prepared by UNCTAD, it seems to have been oriented principally towards the economic aspects and, in particular, investment in natural rubber production, while the UNIDO study covered both the technical aspects and utilization factors of natural and synthetic rubber production, as well as its economics. Several studies in the field of petro-protein had been completed before by organizations other than UNIDO, but, to its best knowledge, each of the previous studies was devoted to a particular aspect of the problem, whereas the UNIDO study mentioned by the Inspectors tackles the problems of proteins from hydrocarbons as a whole. UNIDO considered that there was some controversy in the previously published information, especially with regard to the degree of development of production processes by various companies and their plans to commercialize products. The UNIDO study contains up-to-date information collected through visits to some of the companies which are considered to be pioneers in the petro-protein field. A very important aspect of the study is an analysis of the Indian experience in the implementation of a research programme in the petro-protein field, which may be very useful for other developing countries. One chapter is devoted to the scope of a research centre, which may be established in a developing country. This, to UNIDO's knowledge, was the first exercise of this kind ever done. Though the study was primarily intended for internal Secretariat use, considerable outside interest has developed and about 60 copies have been distributed both to developing and developed countries.

30. With regard to the comments of the Joint Inspection Unit concerning the Outer Space Affairs Division, the three papers relating to remote sensing of earth resources and the environment were prepared for the use of the recently established Working Group on Remote Sensing of the Earth by Satellites of the Scientific and Technical Sub-Committee of the Committee on the Peaceful Uses of Outer Space. The studies which covered the areas of direct interest to the activity of the Working Group were welcomed by it as a positive contribution to the understanding of the various implications of the use of remote sensing of earth resources and related fields. These studies were subsequently issued as official United Nations documents. It should be stressed that the Working Group has been entrusted by the Committee on the Peaceful Uses of Outer Space to study the various implications of the use of remote sensing of the earth by satellites, including its political, economic and legal implications. The Working Group was not aware of the studies conducted by the Resources and Transport Division. Steps have been taken to strengthen the co-ordination in the field between these United Nations units.

Paragraph 60

31. A major research activity was carried out during 1969/1972 jointly by the Economic Commission for Latin America (ECLA), the Inter-American Development Bank and UNIDO on the "Possibilities of integration and complementation of the motor vehicle industry in Latin America". For this activity, a certain number of supporting studies were needed where particular attention had to be given to the questions of economies of scale of production in small and medium series in developing countries vis-à-vis the high-scale production in industrialized countries. Such a study required an over-all but deep knowledge of automotive and ancillary industries and extensive industrial experience both in developed and developing countries. The consultant engaged to prepare the study referred to above had just retired from a major French automotive firm, where he had held posts such as Vice-President for Automotive Assembly Operations Abroad and President for their factories in Chile and Argentina. In addition, the consultant was the pioneer in intercountry industrial co-operation for this industrial sector in Latin America, where he introduced a novel complementation scheme between Chile and Argentina believed to be a considerable success, which is still in operation. His background and experience were unique and the Secretary-General considered himself fortunate to find the consultant available for this job. The Secretary-General is satisfied that, in this case, the work could not have been carried out as effectively by someone from within the region. The survey on "Fertilizer production facilities in Latin America" was completed by a fertilizer expert on the regular staff of UNIDO and a pesticides expert engaged as a consultant. This expertise was certainly not available in the region in question and the mission had to be carried out very quickly as a result of the urgent request by the Government of Ecuador. The result of the mission is recorded in a report, which was submitted only to the Government concerned. In the experience of UNIDO, particularly in the case of under-utilization of existing production facilities, it has been found wise to engage consultants or use staff members who come from different regions or countries, in order to render unbiased advice to the requesting Government. With regard to the study mentioned on "The situation and perspectives of the aluminium-producing industries in the ECAFE region", it is important to note that the consultant engaged was an internationally renowned industrial economist with extensive experience in the aluminium manufacturing industry. The choice of consultant was particularly appropriate in view of the fact that this industry is one of the most highly internationally integrated industries and the bulk of world production is in the hands of less than a dozen multinational companies.

Paragraphs 67-92

32. In paragraphs 67 to 92, the Inspectors analyse one of the factors they have established as contributing to the increasing use of consultants within the United Nations, namely "the often unduly ambitious nature of work programmes involving outside expertise". Under this heading, the Joint Inspection Unit presents several observations upon which the Secretary-General feels obliged to comment. In the analysis of the Joint Inspection Unit, considerable attention is devoted to percentages of underspending or overspending of consultant appropriations. Several generalizations are presented which, if taken out of context, would seem to lead to

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a misunderstanding of the true situation. For example, the main reason for the underspending of consultant funds by UNIDO during the period referred to was the delay in the planning programme relating to its new permanent headquarters in Vienna, a delay over which the Secretary-General had no control. The citing of percentages by the Inspectors, as opposed to actual versus planned costs in connexion with expenditures on ad hoc expert groups, can also be misleading. For each ad hoc group, the expenditures involved are comparatively small and, therefore, unspent balances would usually be the result of non-attendance by one or possibly two experts at some meetings. This should not be interpreted as representing poor planning or budgeting. In paragraph 74, it is felt that the example cited for the water conference does not accurately reflect the information provided. The Inspectors were informed that, at the time, no appropriations had been approved for activities in preparation for the conference, but, when and if such a conference were approved, several of the activities and studies already in process could serve as inputs for the conference. However, it was not intended to imply that these same activities and studies were being presently undertaken solely for the purpose of a water conference. In paragraph 74, the Inspectors refer to the use of a consultant's services to determine the problems and methods of international co-operation in the development and utilization of hydrocarbons, with particular emphasis on developing countries, for potential use by an interregional symposium. The main objective of the study was to assist developing countries interested in the subject-matter. It appears that the Joint Inspection Unit obtained the impression that the study was carried out only for the purpose of the symposium. However, the interregional symposium was to be only one of the means of action selected to disseminate the results and conclusions of the study.

Paragraph 97

33. The use of consultants by various Divisions should not be considered as directly related to the size of the Division. An area such as the Office for Science and Technology, which has a small regular staff, is in need of a large variety of expertise, which has to be updated frequently and for which it is practically impossible to obtain the required services on a long-term basis as a part of the regular staff. Nor are those services required on a sufficiently long-term basis to justify the hiring of long-term staff. The reference to a "... parallel establishment ..." used by the Inspectors does not seem to take into consideration the fact that the fields of expertise covered for the Office for Science and Technology by its consultants are extremely varied.

Paragraph 99

34. It should be noted, in connexion with the comments of the Joint Inspection Unit in this paragraph, that the Secretary-General has taken concrete steps to improve the managerial capacity of the Department of Economic and Social Affairs as a consequence of recommendations of the Administrative Management Service by establishing two units, a Departmental Finance and Administration Office and a Resource Planning and Programming Office.

Paragraph 108

35. Under this paragraph, the Joint Inspection Unit seems to question the propriety of using former staff members as consultants and cites two examples. While opinions may differ on this point, the Secretary-General believes that the best test in such cases is how the particular expertise needed can best be obtained. In many cases, the over-all best interest of the Organization may well be served by obtaining the services of a former staff member. The Secretary-General, however, intends to take every precaution to ensure that improprieties do not occur when former staff members are used as consultants. The relevance of whether a consultant, once engaged, is receiving a pension from the United Nations or some other source seems questionable. The guiding principle, it would seem, should be that the consultant should be fairly compensated for his work without regard to such other sources of income as he may have. When a regular staff member is engaged, his compensation is not set on the basis of any other outside income he might receive. The same consideration should apply when a consultant is engaged.

Paragraphs 115 to 117

36. The Secretary-General does not feel that the use of consultants should be related in any way to size of the organizational unit, the amount of research carried out, the size of its operational programme or any other such extraneous factor. Simply put, consultants are a means of action to be used to achieve a particular goal and only this consideration, plus the economies involved, should be given any weight in deciding whether to engage consultants to carry out a task.

Paragraph 124

37. The Inspectors noted that, in their discussions with members of the Secretariat on the growing recourse to "outside expertise" in the United Nations, the relationship between the availability of staff travel funds and consultant travel funds came up several times. It would appear that the Inspectors may have gained the wrong impression. The availability of travel funds is not a major consideration leading to the use of a consultant. Moreover, under the new budgeting system, previous distinctions or restrictions per se for using travel funds for regular staff or consultants would be eliminated. Likewise, the hiring of consultants to undertake studies in their home country or neighbouring region will not relate to the availability of staff travel funds. The expertise of the consultant, his knowledge of the region and often the background material he already possesses, are more likely to be the important determinants in the choice of a particular consultant.

Paragraph 128

38. This paragraph states that a Mexican field study on socio-economic aspects of rural industrialization seems to have been undertaken without proper co-ordination with UNIDO, and it turned out to be a failure. The statement about lack of co-ordination is not supported by the record. This project originated at the behest

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of UNIDO's predecessor, the Committee for Industrial Development. A staff member from the Social Development Division visited UNIDO, during the year preceding the field study, to discuss the content of this activity. The correspondence on this study between the Social Development Division and UNIDO shows an exchange of over 20 letters between March 1972 and September 1973. The study served as a working paper at a recent meeting of an expert group in Bucharest, where the view was expressed that an excellent study had been prepared. This study cannot be termed a failure.

Paragraphs 186 and 187

39. The Joint Inspection Unit is of the opinion that a consultant, by definition, is expected to possess expertise not available in the Secretariat and should be selected for his special competence in a given field. To support this view of the Unit, attention is drawn to the choice of a consultant involved in preparing (a) research material for studies on the peaceful uses of outer space and (b) a bibliography of available material on the subject. The Inspectors feel that a research librarian selected to carry out this task was not a proper choice, since his expertise on the two matters appears to have been confined to an unpublished paper on "the use of space in developing nations".

40. The Secretary-General, after reviewing the specific case, has made the following observations. In 1969, the General Assembly endorsed the recommendation of the Committee on the Peaceful Uses of Outer Space, which, *inter alia*, requested the Secretary-General to appoint an expert on space applications who was to have wide-ranging responsibilities and also to prepare several reports (General Assembly resolution 2601 (XXIV)). The reports envisaged were of an urgent nature requiring for their completion the collection of data and carrying out certain basic research. The expert on space applications was specifically requested by the Committee on the Peaceful Uses of Outer Space to prepare a comprehensive assessment of assistance required in the field of the peaceful applications of outer space and ways of meeting the needs for assistance, including the magnitude of the administrative, technical and financial requirements. The preliminary study called for by the Committee that was needed in the preparation of a comprehensive assessment, as one of the basic papers, was entrusted to a consultant who would undertake the study in combination with the preparation of a comprehensive bibliography on remote sensing (also requested by the Committee). The estimated cost of both assignments was \$2,000. Since both studies were to be completed within a time period of three months, virtually full-time work at United Nations Headquarters was most necessary. The consultant chosen by the Secretary-General was considered to have sufficient experience to prepare these two studies. It may be relevant to note that the consultant engaged had previously written a paper on "the use of space in the developing nations", which, it was felt, clearly indicated his familiarity with the subject-matter of the research. It was not an easy task to find a research consultant who was familiar with the subject to be studied and who could also work as a researcher on a full-time basis for the short period of three months.

Paragraph 239

41. In this paragraph, the Inspectors state three basic criteria, which they feel should prevail in determining the fees paid to consultants by the United Nations. The Secretary-General agrees with the first principle, namely, that "emoluments should be based on present duties, not on former ones". With regard to the second proposed principle, that "consultants' fees should in no case exceed the equivalent of D-1 (step 1)", the Secretary-General finds no basis for such a conclusion. Given the present state of the labour market, the imposition of such a limit on the engagement of consultants would hinder the flexibility necessary to conduct the Organization's operations and, in fact, it is believed that it would preclude the United Nations, in many cases, from obtaining the required services when a high-level consultant is needed. Likewise, the Secretary-General has strong reservations about the applicability of the third principle, namely, that when former staff members are hired as consultants, their pension and fee should be related to their monthly salary at the time of retirement. As has been stated previously, such a limitation would apply a discriminatory standard of compensation for former staff members. Outside earnings are not considered when engaging consultants who are not former staff members or when engaging regular staff members; there is no reason why outside earnings should be considered in the case of former staff members.

Paragraph 241

42. The Secretary-General is satisfied that contracting for consultants for longer periods and the clearance of fees should continue to be the function of the Office of Personnel Services, under the direction of the Assistant Secretary-General for Personnel Services. The Assistant Secretary-General for Personnel Services, in accordance with normal practice, will consult, as required, with the Under-Secretary-General for Administration and Management, should any instances arise in which the length of the term or the rate of remuneration proposed appear to be in excess of normal limits. Naturally, there must continue to be careful consultation between the Office of Personnel Services and the office substantively responsible for the study.

Paragraphs 255 to 260

43. The Secretary-General has duly noted the observations of the Joint Inspection Unit concerning the evaluation and certification of services rendered by consultants and plans to install new internal procedures in those units, resorting to a great extent to consultants' services.

Paragraph 271

44. Under this paragraph, the Inspectors conclude that, based upon their investigations, recourse to consultants by the United Nations is excessive, and they call for the exercise of more effective controls. The Secretary-General has reviewed the system of controls, many of which have been in existence for a number

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of years. He agrees that these should be revised and modernized, and he plans to undertake a comprehensive overhaul of procedures and practices with a view to bringing them into line with present-day requirements. On the basis of his review of the question of usage, however, the Secretary-General continues to hold the view that, in general, the use which has been made, and continues to be made, of consultants is reasonable and can in most instances be justified. The detailed review that has been carried out by the Joint Inspection Unit makes it clear that improved procedures and controls are needed. However, he is not convinced that the use of consultants is disproportionately large in relation to the total budget or that funds for consultants can, or should be, arbitrarily reduced below the levels which the Advisory Committee on Administrative and Budgetary Questions, on the basis of its detailed examination of the budget estimates, has recommended in the normal way.

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JOINT INSPECTION UNIT

Report on the use of experts and consultants in the United Nations

Observations of the Advisory Committee on Administrative and Budgetary Questions

General comments

1. The Advisory Committee on Administrative and Budgetary Questions has studied the report of the Joint Inspection Unit on the above-mentioned subject and also a written statement embodying the comments of the Secretary-General on that report (A/9112 and Add.1).
2. As the Secretary-General has stated that the comments in part D of his report are not intended as a rebuttal of the observations of the Joint Inspection Unit (even though some of the comments appear to have that intent), the Advisory Committee has concentrated its attention on parts A, B and C of his report.
3. The Advisory Committee agrees with the Secretary-General that the Joint Inspection Unit report constitutes a thoroughgoing analysis of the use of consultant services in the United Nations system. It recognizes that the use of consultant services is consonant with the need to respond promptly to new requirements in specialist fields. But the employment of experts and consultants should be subject to strict criteria, and they must not be regarded as just another source of generalist manpower to be used as a supplement to departmental manning tables.
4. As shown in the report of the Secretary-General (A/9112/Add.1, para. 12), recourse to consultant services is not spread uniformly throughout the Secretariat. It is very largely concentrated in three units: the Department of Economic and Social Affairs, UNCTAD and UNIDO, which between them have accounted for close to 70 per cent of all consultants and experts employed in the United Nations during recent years.

5. The thrust of the report of the Joint Inspection Unit is that over the years consultant services have not been used as efficiently and productively as might have been expected. The Inspectors indicate that such a situation could only have arisen because even in areas where proper rules existed they have not invariably been applied with the required degree of consistency and rigour. The Advisory Committee endorses that view.

6. As the Inspectors indicate in paragraph 12 of their report, the Advisory Committee recognized as far back as its report on the budget estimates for 1947 (A/336) that there are occasions when the employment of experts and consultants is warranted. The Committee feels, however, that there is need for the development and application of criteria to be used in determining and delimiting the areas in which consultant services may be utilized.

7. For instance, the Secretary-General states in paragraph 10 of his observations that, "with the disallowance of a sizable number of new posts requested for the regular budget establishment, increased reliance will, perforce, have to be placed on the use of consultants". The Advisory Committee cannot endorse that approach, which would circumvent the will of the General Assembly. Other observations by the Secretary-General provide additional evidence of this apparent lack of a clear concept of when and where recourse to services of experts and consultants can be justified. He states, for example, that "it sometimes happens that the Secretary-General is obliged to hire experts or consultants because of a sudden increase in work..." (*ibid.*, para. 15), that "the Secretary-General may have to engage an expert or consultant in order to cope with essential work in order to allow the flexible use of existing staff to meet other urgent demands (*ibid.*, para. 16), and that there may be cases where "the regular staff does not lack knowledge or expertise, but simply lacks the free time to do the job" (*ibid.*, para. 17).

8. The Advisory Committee does not consider the above criteria as valid justification for the recruitment of experts and consultants. It feels that such recourse should be restricted to short-term needs for skills of a type or level not readily available within the Secretariat. Other means, such as redeployment of staff or recourse to temporary assistance should normally be employed to meet changing programme requirements.

9. In the Committee's view, a more effective utilization of manpower resources within the Secretariat could reduce the need for outside expertise and prevent unproductive expenditure of the kind of which the report of the Inspectors provides examples. Furthermore, the Committee believes that there is need to develop wider sources of recruitment, through the establishment, for instance, of rosters of qualified consultants; more adequate criteria for the selection of experts; and more precise standards for determining levels of remuneration. In connexion with the last point, the Committee draws attention to prevalent practice in several national government services which places limitations on the amount of compensation that may be paid for contractual services performed by former public servants in receipt of pensions. The Committee also agrees with the hope expressed by the Inspectors in paragraph 200 of their report that existing rules governing the re-employment of retired staff as consultants should be more strictly enforced.

10. In the Committee's view, the terms "expert" and "consultant" can be used interchangeably (and they have been so used in this report). By contrast, the Committee agrees with the Inspectors that a distinction is called for between consultants used on an individual basis and ad hoc groups of experts, for the two do not fulfil the same type of requirement. The Committee feels, therefore, that the terms "consultants" and "ad hoc expert groups" should be retained and that little would be gained by replacing them with the term "outside expertise" as suggested by the Inspectors in their report (recommendation 1).

Comments on the main recommendations

11. In paragraphs 8 to 13 of his report, the Secretary-General explains why he feels unable to accept the Inspectors' recommendation that annual expenditure on consultancy services should not exceed \$2.25 million. the Advisory Committee agrees with the Secretary-General that across-the-board cuts are not consistent with programme budgeting, under which the need for resources must be directly related to each programme. At the same time, it should not be assumed that the Inspectors' recommendation is of a purely arbitrary nature since it was clearly made after a detailed review of existing procedures and practices. Nor should the fact that the Advisory Committee had recommended a higher figure be regarded as invalidating the Inspectors' recommendation, since the Advisory Committee formulated its own recommendation before it had access to the Inspectors' report. Nevertheless, in view of the continuation of inflationary trends and the fluctuations in exchange rates, the Advisory Committee would not now recommend any reduction in the provision made in the programme budget for the 1974-1975 biennium. The Committee believes, however, that despite such cost increases the Secretary-General should ensure that expenditure for consultancy services is maintained within the approved figure and that no supplementary estimates are presented under this heading.

12. The Advisory Committee agrees that there is need for more detailed information on the use of experts and consultants than is provided now in the biennial budget. Therefore, it cannot subscribe to the Secretary-General's contention that "recommendation 2 has been met in the budget" (*ibid.*, para. 14). It also understands that the Secretary-General has not so far consulted the Joint Inspection Unit in this connexion, despite the statement in paragraph 14 of his report.

13. The Advisory Committee agrees with the thrust of recommendations 3 and 4. However, the Committee shares the Secretary-General's reservations regarding subparagraph 3 (a).

14. The Advisory Committee agrees with recommendation 5 of the Joint Inspection Unit report, but accepts the Secretary-General's reservation that it should not be interpreted so strictly as to deprive him of the necessary degree of flexibility.

15. The Advisory Committee accepts recommendation 6, to which the Secretary-General has also subscribed.

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16. In accordance with recommendation 7, the Committee urges the Secretary-General to submit promptly to the General Assembly a concise report on the specific measures which he proposes to take in the light of the report of the Joint Inspection Unit in order to secure the timely and effective implementation of its recommendations.