



REPORT

on

PROGRAMMING AND BUDGETS
IN THE UNITED NATIONS FAMILY OF ORGANIZATIONS

by

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This document consists of:

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Foreword

A. As was stated earlier in the report of January 1969 on the overhead costs of extra-budgetary programmes (JIU/REP/69/2), a study undertaken in April 1968 resulted in the preparation of two notes (A and B), which were sent to the secretariats of the various organizations. The replies to the questionnaire attached to note A were of assistance in the preparation of the above-mentioned report. The replies to the questionnaire attached to note B, which dealt with the standardization of budgetary presentation, were transmitted by the responsible inspector to Mr. McCandless, the expert appointed at the same time to study the subject by the Advisory Committee on Administrative and Budgetary Questions (ACABQ). The Joint Inspection Unit decided to defer the preparation of its own report until the submission of the expert's report, which is now nearly ready and will shortly be discussed by the members of ACABQ.

B. There is in reality no disadvantage in the issue of two reports on this subject from different sources at about the same time. It was not purely by chance that the two studies were undertaken simultaneously. On the contrary, it demonstrates awareness of a problem whose importance was stressed in the recommendations of the Ad Hoc Committee of Experts to Examine the Finances of the United Nations and the Specialized Agencies (the Committee of Fourteen - cf. General Assembly resolution 2150 (XXI) of 4 November 1966). Moreover, it is so difficult to work out a positive approach to the solution of this problem that there is no danger of duplication of effort in making two separate studies on the subject.

C. At the time of writing, the ACABQ expert has just completed the final text of his report, which has not yet been seen by the members of the Advisory Committee. He has nevertheless been kind enough to inform us of the substance of his proposals. The central idea seems to be that, although the adoption of a uniform method of budgetary presentation by all the organizations is not practicable at present, it is conceivable that the organizations might produce budgetary information in a "compatible" form, thus providing a basis for further study of the possibility of a uniform presentation.

This proposal is to some extent based on a distinction between the form of the legislative decision on the budget (the enacting resolution) and the presentation of information on the content of the budget. While the former might be kept in conformity with the traditional requirements of the individual specialized agencies, the latter could easily be made comparable by using common methods (compatible presentation).

What the rapporteur appears to have in mind, however, is not merely the preparation of detailed annexes, identical in their presentation, for all the organizations but also - and this seems a more ambitious idea - that this comparable presentation should be of use in administering the budget, in programming for the United Nations family as a whole, and in performance reporting.

As a starting point for further studies, the report will include, in tabular form, models of budgetary presentation which could be used to integrate the programs of the United Nations family as a whole, and a model for one single organization, with advice on methods of converting the traditional form of the budget to the new "compatible", programme-based presentation.

This is a set of extremely constructive proposals which seem to us, on the whole, to be excellent. Their discussion and application, after study by the Advisory Committee, should permit substantial progress on lines which the Joint Inspection Unit can only approve and encourage.

D. In the report which follows the subject is approached from a different standpoint than that of the existing relationship between programming and budgets. The report attempts to ascertain what problems of substance will have to be solved in order to make standardized presentation possible.^{1/}

^{1/} It should be explained that in July 1969, before this definitive report was prepared, a draft report was sent to the agency heads and their senior assistants in matters relating to the programme and budget. The very many oral and written observations - some of them extremely substantial - received by the rapporteur were of great help to him in preparing the final text, which consequently departed considerably from the original draft.

Report on programming
and budgets
in the United Nations family

01. The problem of the standardization of budgetary presentation in the organization belonging to the United Nations family is neither a purely formal nor even a merely technical one.

It is a question of introducing clarity into two areas where a fair amount of confusion at present prevails, viz:

the financial system: of what do the receipts and expenditures actually consist, and to what activities are they devoted?

the programming system: what is actually the aim of the activities of the various organizations? What precise results are sought and how are they to be obtained?

In the final analysis, to introduce more clarity into this complex is tantamount to giving an exact definition of what the activities of the international agencies consist of, and to providing member States with a clear and exhaustive description of the reasons why they contribute to these activities financially.

This means that the problem has a political significance: the application of a good solution would entail the elimination of a number of factitious problems by which the relations between the "big-contributor" countries, the secretariats of the organizations and the developing countries are at present disturbed. The future of international action in economic and social matters may therefore be said largely to depend on the efforts that are made to resolve this question.

Such a statement, made with reference to a subject which at first sight might seem purely technical, would appear to be somewhat venturesome, had not the work already done revealed its importance and indicated the lines on which a solution should be sought.

It must be noted in this connexion that of the 53 recommendations of the Committee of 14 (document A/6343) approved by the General Assembly on 4 November 1966, 26 concerned the preparation and standardization of budgets and budgetary practice and

nomenclature; and the important recommendation number 29 on long-term planning stresses the link between budgetary problems and the medium- and long-term programming effort O2. The recommendations of the Committee of 14 are, however, only one of the signs of the increasingly general awareness of the fact that it is necessary to have a better knowledge of the nature, cost and results of the activities of the international agencies in order to be able better to lay down in future the lines along which they should be directed and the objectives to be assigned to them.

These activities have undeniably developed during the last 25 years: their cost has increased, the tasks to be carried out have grown considerably in variety, new organizational structures have been added to the existing ones, the number of member States has more than doubled since 1960, and the share devoted to assistance to the developing countries has become preponderant, at least on the financial level; moreover this new branch of activity has been incorporated in structures and procedures that had originally been designed only for international co-operation between countries more or less equally developed.

At the same time, other multilateral agencies were coming into being and developing, particularly at the regional level (OECD, European Community, etc.), and bilateral assistance was being organized and institutionalized for carrying out tasks that were comparable to if not identical with those of the organizations in the United Nations family.

Such radical changes call the more urgently for clarification, since the existing confusion endangers the agencies' very existence. Although the financial contribution of member States might be a relatively modest item in national budgets, the fact that they are growing and often compete with other expenditures of the same type within those budgets means that they have to be justified and that not only ministers of finance but also public opinion in the countries concerned have to be provided with evidence to show that they are effective and worth-while. In the absence of such evidence, there is obviously a danger that the budgets of organizations will contract and that the activities they support will slow down or be discontinued. Moreover, in view of the complex developments referred to above, the need to redefine the objectives and structures of the world agencies concerned with economic development, and particularly with assistance, is becoming increasingly urgent.

A redefinition of this nature, contributing to the agencies' development and supporting the ideals which it is their duty to defend, can be achieved only if the agencies provide jointly a clear statement of their methods, activities and results.

03. It is quite easy to demonstrate that the budgetary document can and should be the instrument by which this necessary clarification must be achieved.

The budget, as a document which provides relatively detailed estimates of income and expenditure for a specific period, and constitutes an authorization to undertake such financial operations, is indeed the only document that can faithfully and fully reflect an agency's activities. Being designed to give a comprehensive picture of an organization's work for the examination of those who finance it, it cannot disregard any aspect of the problems arising, and must therefore be detailed. This essential feature makes it irreplaceable; no other document, which is not subject to this critical examination by the financial contributors, can offer the same guarantees of reliability and completeness.

On the other hand, and precisely because of this characteristic feature, it must be a document which can be used by all those who have to understand the functioning of the body in question. In other words, this technical document must be clear, and must not be prepared only for the use of experts - members of secretariats or of legislative bodies, who are so familiar with budgetary machinery and practice that they may tend to use esoteric layouts and language. The number of persons who use this important and irreplaceable document far exceeds the two categories of experts referred to above: it must also, inevitably, be used by the representatives of member States without any specialized knowledge of the problems of a particular agency, officials of secretariats who need information about the activities of any agency other than the one to which they belong, expert officials or representatives of member States dealing with general programming problems, etc.

In other words, the budget should not only be a document authorizing receipts and expenditure but also a document providing information on the life of an agency in all its aspects. In cases, therefore, where the financial resources used by an organization are not entirely covered by its own budget (financed by the statutory contributions of

its member States), but where increasingly important activities, often accounting for more than 50 per cent of the total funds utilized, are financed by voluntary sources (UNDP, funds in trust) or loans (International Bank), the budget document must contain a large descriptive part, with figures, showing the make-up and cost of these activities and their relationship with those financed from the organization's own resources.

This complete presentation (with the two kinds of activity shown side by side or, more often, described in an integrated way) in a single document is the more indispensable as an agency budget, if presented in any other way, could not give an account of the programme, i.e. of the objectives pursued and the means applied to achieve them.

But this result can be obtained only by profound changes, not only in methods of budgetary presentation, but also in the programming system.

04. Between thinking on a world scale about what should be done (Development Decades, and so on) and what is being done from day to day (i.e. project preparation and implementation in the field) there exists, in fact, a vacuum which should be filled both by the endeavour to provide the indispensable inventories of requirements and resources and by the elaboration of sufficiently precise methods. Thus, the development of a common programming language might facilitate the process of adding, comparing and integrating which must be carried out if priorities are to be observed and maximum efficiency is to be achieved in consequence. At the same time, the exact role of the system of international agencies in the field of development might be better defined.

05. This report, which is a contribution to the study of the above important problems (which certainly require further research and more numerous decisions than those here proposed), attempts to suggest some lines of thought and a few measures which might represent a useful step forward on the way to obtaining the necessary clarification. It will discuss:

- (1) the disadvantages of the present financial system employed by the organizations of the United Nations family;
- (2) the inadequacies of the programming system.

It will then propose in its third part:

- (3) a few immediate practicable and desirable reforms.

PART 1: DISADVANTAGES OF THE PRESENT FINANCIAL SYSTEM

1.1. The disadvantages of the financial system currently in use in the organizations of the United Nations family can be summed up in two sentences:

(1) Only part of the system is covered by budgets; a very large fraction of resources comes from funds not amenable to forecasting or authorization for periods of at least one year (and thus even less so for the two year budgetary period recommended by the Committee of Fourteen)

(2) The system does not provide the comprehensive advance picture needed for a rational organization of the agencies' work.

In other words, the present system lacks clarity and does not play its proper part as a convenient working tool.

1.2. Lack of clarity

It is a difficult matter to try to obtain a complete picture of all the income and expenditure of the United Nations family; it is impossible to forecast this information a year in advance, and extremely difficult to ascertain it even after the event.

This difficulty is due not only to the variety of forms in which the financial documents called budgets are presented (differences in period covered - one year, two years, five years; differences in distribution, etc.) but also, and especially, to the fact that probably about half the funds used are not budgeted for: in other words, are neither forecast nor authorized in advance for a particular year, but are provided on terms which rarely include a precise indication of the period covered, and are forthcoming at different times in the course of the year. This applies particularly to UNDP funds and the various funds in trust.

The preparation of a table of approximate forecasts for a given year is a task for experts and entails making inquiries of the various organizations.

There is to our knowledge no official document which clearly shows all the budgetary and extra-budgetary funds available to each organization.

The existing documents prepared for the information of the Economic and Social Council and the General Assembly of the United Nations do not give identical results because they are not all based on the same data.

For example, according to document E/4501 of 10 May 1968^{1/}, the most comprehensive of the existing consolidated documents, total estimated expenditure (all organizations and all sources of funds) for 1968 was \$604.2 million (\$272 million of regular budgetary funds and \$332 million for extra-budgetary funds)^{2/}.

However, the twenty-third report of ACABQ to the General Assembly (twenty-third session, A/7379 of 6 December 1968) gives for 1968 a total of \$335.8 million for appropriations requested and approved under the administrative budgets of nine specialized agencies, the International Atomic Energy Agency (IAEA) and the United Nations. This figure seems difficult to reconcile with those given above.

The fact is that document E/4501 gives information only on funds intended for economic and social development, to the exclusion of expenditure for political purposes. This limitation is not clearly indicated in the document itself, and this omission may cause confusion.

Hence, to give a complete picture of the funds used in 1968 it would be necessary to add to the total of \$604 million given in the document the missing amount of expenditure for political purposes; this would comprise about \$70.2 million under the United Nations budget, plus a few items of expenditure, which we have not identified, in other agencies and in IAEA. Again, it is doubtful whether the extra-budgetary funds (voluntary contributions) of the Office of the United Nations High Commissioner for Refugees (at least \$4 million for 1968) were taken into account. Lastly, it is not certain that a full inventory was made of all funds in trust.

Generally speaking, information on the extra-budgetary funds used by the agencies is either very vague or semi-confidential. Some organizations, for example UNESCO, WHO and FAO, try to provide as clear a picture as possible in their budget documents; others give only totals or no information at all. Some recent progress in the case of the United Nations itself is worth noting: the total extra-budgetary expenditure for 1968 is shown in the Official Records of the General Assembly, twenty-third session, Supplement No. 5 (A/7205, Budget estimates for the financial year 1969 and information annexes, volume II), where it is estimated at \$63.5 million.

1/ "Development and co-ordination of the activities of the organizations within the United Nations system", report of ACC.

2/ The figures for 1967 were \$532.1 million (\$248.7 million for budgetary funds and \$283.4 million for extra-budgetary funds).

Significantly, however, it is a budget document for 1969 that indicates the total funds used in 1968; which proves that this considerable item of expenditure could not be "budgeted for", i.e. that it could not be forecast and was not covered by any specific advance authorization.

Allowing for these various adjustments, it is likely that the funds used by the organizations of the United Nations family (excluding the International Monetary Fund and the International Bank for Reconstruction and Development) totalled about \$700 million in 1968.

1.3. Table of funds available by organization (budgetary and extra-budgetary funds)

In the table which follows we have tried to show how this total is distributed among the organizations, distinguishing between budgetary and extra-budgetary funds. Although very likely incomplete and inaccurate, this table nevertheless brings out certain features of the United Nations financial system.

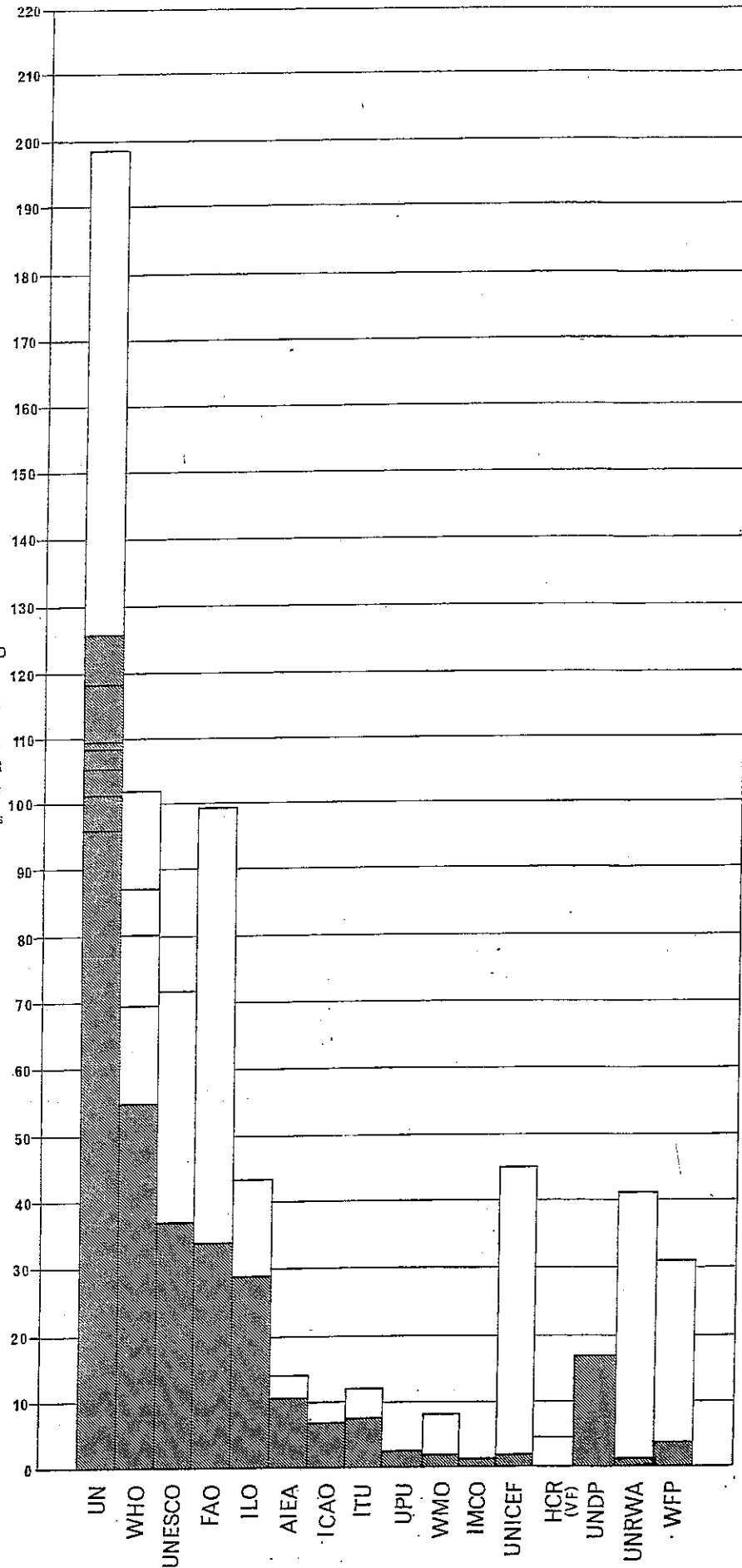
Notes on the table

- (1) The figures represent million of dollars.
- (2) - Shading indicates budgetary funds; white space indicates extra-budgetary funds.
- (3) The column marked UNDP represents the operational budget of that Programme. The other funds distributed by UNDP are included in the column for each executing agency.
- (4) The column marked UNHCR, unshaded, represents the voluntary funds available to the High Commissioner's Office (its regular budget is included in the budget column of the United Nations). This small column could have been carried forward to the top of the "UN" column.
- (5) The four sub-divisions in the blank part of the WHO column correspond to the following:
 - Voluntary Fund for Health Promotion
 - Pan American Health Organization
 - UNICEF
 - UNDP.

TABLE I

Breakdown of the financial system of the United Nations family in budgetary and extra-budgetary funds (by executing organization)

UNIDO
UNCTAD
International court of justice
H C R
Special missions
Technical programmes



The terms used here (budgetary, extra-budgetary funds) require some explanation and comment. The preceding table shows that the United Nations family, as understood in this report, consists of:

1. the United Nations itself, which, in addition to its political activities, performs in the field of economic and social development (through the Department of Economic and Social Affairs, UNIDO, UNCTAD, etc.) a function equivalent to that of several specialized agencies;

2. ten independent specialized agencies (UNIDO, FAO, ILO, UNESCO, IAEA, ICAO, ITU, UPU, WMO, IMCO).

These ten organizations and the United Nations are financed from their own budgets (out of the statutory contributions of member States) and from funds set aside for them either by member States (Funds in Trust) or by UNDP (these are voluntary payments, the volume of which is freely determined by each member State).

3. UNDP, which has its own budget devoted entirely to UNDP administrative expenditure. This budget consists of funds set aside each year by the Governing Council out of the voluntary payments made by member States.

4. UNICEF, UNRWA and WFP, which, like UNDP, have their own administrative type of budget, consisting also of funds from the voluntary contributions of member States. On most occasions (and unless there is an agreement with other organizations) these agencies themselves use in field projects the funds they receive from voluntary contributions.

The difference between budgetary funds and those referred to here as extra-budgetary funds is not therefore a difference between statutory contributions and voluntary payments by member States, since in at least four cases a proportion of the voluntary payments comes under the budget, meaning that their use is foreseen and authorized by an annual and comprehensive decision covering administrative expenditure as a whole.

The funds referred to here as extra-budgetary are in fact:

- foreseen and authorized (either by the Governing Council of UNDP or the Intergovernmental Council of WFP, etc.);
- but they are not voted as a whole or annually;
- they are
- assigned on a project-by-project basis (usually upon submission of a specific plan of operations);

- allocated in most cases for several years, the actual period varying from project to project;
- usually voted on twice a year (in January and July for UNDP);
- at least in the case of UNDP, projects are not executed by the agency which has decided on the volume of the funds and approved their allocation.

There are some drawbacks to these features;

- they do not compel the secretariats and legislative bodies to try and form a general picture of the use of funds, or in other words to prepare a synthetic programme: the "project-by-project" voting procedure seems to be at variance with the very idea of programming;

- they prevent the executing agencies, over 50 per cent of whose activities, as shown by the table, are often financed by these funds, from knowing in advance, or at least when their own budget is put to the vote, either the amount or the purpose of the funds thus allocated to them. This is obviously the most serious shortcoming - it prevents the formation of a coherent general picture of the action to be undertaken and therefore considerably hampers rational programming.^{1/}

- in addition, in order to obtain a detailed knowledge of the activities of the United Nations family as a whole, many decisions taken at different times and relating to different periods have to be collated, and this is a most difficult task, even for experts.

The discovery of these serious shortcomings does not necessarily mean, however, that the system of voluntary funds should be abandoned. The present procedures for the use of these funds can easily be changed without making the provision of these funds by the contributing States compulsory and, therefore, without affecting the States' freedom of decision.

These comments should be borne in mind in considering table I.

^{1/} Rational programming would not be possible at all were it not for the fact that UNDP funds still represent only 50 per cent of the total funds available to the agencies, and that the present system, to some extent, allows approximate but roughly valid assumptions to be made regarding the volume and use of funds which will not be finally allocated until later.

The table shows, in particular:

The large share accounted for by the United Nations itself: about \$200 million out of \$700 million, or 28.5 per cent of the total;

The share of the four large organizations (FAO, UNESCO, WHO, the ILO): about \$325 million, or 46 per cent of the total;

Above all, the relatively small proportion of funds which are covered by budgets (about \$355 million, or approximately half the funds used).

1.4. Main difficulties to be overcome

These three observations immediately suggest that, in an endeavour to make the financial system of the United Nations family as a whole somewhat clearer in presentation, the basic difficulties to be overcome do not concern the small organizations (whose finances are on a very minor scale), but relate to:

The United Nations budget; presentation of this budget by programme, in accordance with a model of the same type as those adopted by the four large organizations, would give a coherent overall picture of the development programme of the United Nations family;

Budgeting for extra-budgetary funds, and more particularly those disbursed by UNDP to the executing agencies; "budgeting" means knowing in advance for the budgetary period (two years is the period which most of the agencies are tending to adopt) at least the volume and broad allocation of the funds concerned.

It is certain that if an annual document could be produced which would show clearly, for each budgetary period, even in summary form, the allocation by main continuing activities, or by main projects or groups of projects, of all the funds thus used, this would give a clearer picture of the activities of the United Nations family as a whole. To be truthful, such a document would serve its purpose only if it also showed the place occupied by this instalment of activities in a whole which, in most cases, includes activities carried on over the medium-term. This, however, would entail clear identification of the objectives pursued.

1.5. Lack of precision in the objectives pursued

It is a fact that this lack of financial clarity goes hand in hand with a lack of precision in the definition of the objectives pursued. True, the general objectives

which the organizations of the United Nations family lay down for themselves are known. However, the distinction between the political objectives (maintenance of peace, functioning of political organs, etc.) and what might be called the contribution of the United Nations family to economic and technical development does not emerge very clearly. At the financial level, in particular, the amounts allocated to these two distinct series of activities are not readily identifiable. Above all, the specific objectives of the various organizations with regard to development do not stand out with sufficient clarity.

Probably the main reason for this is that the idea of planning, although very popular in United Nations ideology, is not applied very systematically to the actual programmes of the organizations. It is true that long-term objectives (such as the eradication of some disease, the campaign against illiteracy or for full employment, or the development of world food resources) are the subject of "programmes" covering several years. It would be more accurate to say that some sort of continuity can be noted between successive programmes. But the stages to be reached in these various directions, over periods of five, six or ten years, comparable to those adopted for national plans or for "ten-year prospects" in the developing countries, are not covered by explicit official documents of which the various budgets (whether annual or biennial) would form a component part. This imprecision is no doubt largely due to the multiplicity of the objectives pursued in a great many countries with - in the last analysis - very modest means. The fact remains that, despite the various but unequal efforts that are being made, the current methods of budgetary presentation are not conducive to maximum clarity in this respect.

1.6. Absence of a common language

Again, the fact that the techniques of programme and budget presentation vary from one agency to another, so that there is no common language between them, makes it impossible for the United Nations to serve as a model and reference for the economic and financial administrations of the developing countries; yet it seems fairly obvious that to set an example in this matter would be at least as effective as sending missions of experts who transplant their own national techniques here and there. This is no doubt a particularly difficult task, but the United Nations family is the only laboratory in which such an effort has any chance of progress and success.

1.7. In short, those who give no importance to clarity and standardization of budgetary presentation in the United Nations family seem to us to underestimate the significance of the problem:

- (a) From the technical standpoint: improvement of the technical functioning of the agencies themselves, facility for the work of specialists, solution of the vital problem of evaluating the results of their programmes;
- (b) From the standpoint of information: clarity of communication with member States on the one hand and with international public opinion on the other; if such opinion was better informed as to the specific objectives pursued and as to the quality of the results obtained, it would certainly contribute more towards increasing the resources allocated by the various States to finance United Nations activities.

1.8. In the last analysis, therefore, progress towards a standardized budgetary presentation is - though of course in varying degrees - one of the essential technical conditions for the efficiency of every organization. Whereas technical research in certain specific fields such as the law of the sea, the international regulation of postal and telecommunications or meteorology calls for the continuous efforts of a few organizations, it is certainly regrettable that, to many minds, technical improvements in budgetary, financial, accounting and administrative presentation, as applied to the organizations of the United Nations family themselves, do not seem such a pressing matter.

1.9. Present situation with regard to the implementation of the recommendations of the Ad Hoc Committee of Financial Experts

The various observations we have just made are no doubt largely identical with those which prompted the earlier mentioned financial recommendations of the Ad Hoc Committee of Fourteen.

Barring a few cases, unfortunately, the implementation of those recommendations is meeting with many difficulties and with an attitude of reserve that is due either to the desire to preserve the importance and originality of the agency concerned or to the absence of a common general outlook on programming problems.

The present report has been planned not only as a contribution to certain studies called for in the Committee's conclusions (more specifically in recommendations 4, 5 and

6 on budgetary presentation and recommendation 29 on long-term programming), but also with a view to determining what type of practical measures could be quickly applied in order to facilitate adoption of the Committee's proposals as a whole.^{1/}
1.10. From the remarks we have just made it will be fairly clear that the main difficulties in the way of a rational and standardized presentation are of the intellectual kind.

The replies received to the questionnaire annexed to note B revealed that most of these difficulties were closely bound up with the vagueness of the very concept of a "programme" (inasmuch as budgets, in the last analysis, are in their essentials merely the annual - or biennial - financial translation of a programme, drawn up either for the same period or, sometimes, for a longer period).

This concept, therefore, will need very careful consideration and analysis if there is to be any hope of overcoming the difficulties in question.

^{1/} On some points, close study of the problems involved has led us to recommend measures slightly different from those proposed by the Committee. These divergencies are explained either in the body of the report or in notes.

PART 2: THE INADEQUACIES OF THE PROGRAMMING SYSTEM

2.1. As we have just seen, the financial structure of the organizations in the United Nations family seems to have many defects; a study of the programming methods used reveals, likewise, machinery which is by no means in perfect working order.

The confusion of ideas which seems to exist in many sectors can no doubt be explained by the difficulties inherent in the nature of the problem; but awareness of a considerable scope for improvement is becoming increasingly evident.

It is a large and difficult task to bring about such improvement, which must lie in the general direction of replacing the present methods - essentially project-based - by methods conducive to the formulation of proper plans. However, there seems to be no doubt that, just as the financial system at present reflects the uncertainties of the programming methods employed, an improvement in the financial machinery itself would facilitate this difficult reorientation.

These are the ideas which will be developed in this part of the report.

2.2. Vagueness of the notion of "programme"

The notion of "programme" and the necessity of its use for budgetary presentation are certainly neither understood nor accepted in the same manner by all the organizations. We deem it essential to quote here the main replies of the secretariats on the problems posed by the very definition of the word "programme" (mainly in connexion with questions B.8 and B.9).

Thus the ITU secretariat, for example, replied to one of the questions (B.3): "ITU has no programme".

According to the WHO secretariat: "what is desirable above all is an agreed common definition of 'programme'".

The secretariat of IMCO says that its programme is covered by the single word "transport".

The United Nations Secretariat, in stating its views on the difficulties encountered, goes into more detail:

"Because each of the organizations in the system has its specialized field(s) of activity and responsibility, a common method of identifying programmes is difficult. This (difficulty) is more pronounced in the case

of the United Nations, whose activities are wide-ranging and cover such disparate areas as: political and peace-keeping; apartheid; decolonization; international law; and those sectors in the economic, social and human rights fields as are not covered by the Specialized Agencies. An agreed definition of 'programme' and a standard categorization (division into parts of the budgets, vide: 3.2 of Note B) could contribute to an easier identification of the Organizations' activities and comparability."

Other secretariats observe:

Either that "programmes" are in practice identical with the organizational chart of activities (UPU),

Or that

"those activities which could be classified by projects and hence provided for in the 'Projects' section of the budget are so small and so uncertain at the time when the budget is approved as to make it impossible and unnecessary to attempt a more specific presentation in this budget..."

It is difficult to see how a budgetary breakdown could be made in detail of the co-ordinating and catalytic role which WMO plays in regard to each of the eight Technical Commissions and the one hundred odd highly specialized working groups" (WMO).

Regarding the breakdown of the programme part of the budget (part II), the secretariat of UNESCO considers it essential that the latter should be divided into the main subjects (in the case of UNESCO: education, sciences, culture and so on) and that each subject should be subdivided into specific types of activities (education, for example, should be divided into research, teacher-training, adult education, etc.).

2.3. Thus the concepts of programme, field of activity and project seem to have different meanings, which are not all equally clear, for the secretariats of the various organizations. More particularly it would appear:

That certain types of activity in a given sector cannot be easily predicted: the work performed by the departments concerned takes shape more or less from day to day, and activities are too numerous, minute and unforeseeable to be susceptible of definition in advance;

That certain fields of activity are less amenable than others to treatment in the form of specific and coherent projects: for example, some of the fields mentioned by the United Nations (maintenance of peace, decolonization, apartheid, etc.).

But whatever the difficulties encountered, and despite some of the points mentioned above, it seems a priori to be hardly likely that any organization in the United Nations family could do without a "programme".

2.4. Need to distinguish between different types of activities

Actually, this is primarily a question of definition.

The organizations in the United Nations family all have general objectives, some sort of mission which is usually defined in their charters or basic texts.

At first sight, therefore, the programme of these organizations cannot be anything else but a translation of those general objectives into more specific and more limited objectives for a particular period.

But such a translation has to be possible. According to the best dictionaries, a programme is an "ordered set of operations necessary and sufficient to produce a result".

Thus it is necessary both to have access to a method of classification and to be capable of producing a given result. While hope is never an essential prerequisite of any undertaking, the tasks assigned to the organizations of the United Nations family cover some fields in which the results to be attained are too problematical for programming to be conceivable.

There are other fields where results are easy to achieve but where the method cannot be foreseen, inasmuch as the work involves the application of known techniques to events too minute or too unpredictable to allow of any forecasting how the activities to be undertaken will actually be carried out.

In these various respects, the political or diplomatic activities of the United Nations, the maintenance of peace in particular areas, specific functions (e.g. the International Court of Justice), the technical problems dealt with by the smaller

specialized agencies (meteorology, the law of the sea, air traffic regulations) and activities connected with economic development or the control of social evils may be regarded as belonging to sectors which are obviously not comparable as regards feasibility of forecasting or as regards the technique of programming the activities which can be undertaken.

It therefore seems absolutely essential to distinguish between these various types of activities. It seems possible to classify them for this purpose in three broad categories:

Political activities;

International co-operation activities among countries of all levels of development;

Aid to the developing countries.

2.5. Political activities

Political activities cannot, of course, be programmed; as regards finance, all that has to be done is to allocate the funds and manpower required to keep the political organs in operation.

This category covers peace-keeping activities in particular areas.

In any case, these various activities account for only a very small part of United Nations expenditure. In practice, only the United Nations budget (plus, to a very minor extent, those of the large specialized agencies) seems to be involved, up to a total sum which does not appear to exceed \$30 million (operation of political organs: \$20 million; maintenance of peace: \$5 million;^{1/} excluding administrative costs).

The presentation of the United Nations budget, however, is not such that the appropriations for these activities can be readily identified or isolated (to obtain this result, items in sections 1-16 would have to be added up). Yet there would seem to be some political advantage to be gained by making it clear how small those appropriations are.

^{1/} At certain periods, peace-keeping activities accounted for much larger sums; yet insofar as it is effective, such expenditure cannot be compared with the costs of a war.

2.6. International co-operation activities among countries at all levels of development

This heading covers many different activities. In the main they represent the type of activity which, before aid to the developing countries came on the scene and grew, the international agencies intended to be almost their sole function. Nevertheless, the considerable volume now attained by aid for development (see section 2.7. below) has not done away with the various organizations' traditional activities.

Without exhausting the list of these activities, they may be said to include the following:

(a) Technical functions, which represent, to some extent, fairly well-defined international public services whose operating costs do not vary greatly in the long run: in the case of the operation of a court, such as the International Court of Justice; or in that of liaison services between national public departments responsible for telecommunications, postal services, meteorology, etc., the expenditure is usually incurred in the performance of standing duties which of course may vary in nature but, as a rule, only within narrow limits. This is probably the interpretation to be placed on the reply quoted above from ITU to the effect that ITU "has no programme".

(b) In addition to these clearly defined technical functions which have been entrusted to particular agencies, the United Nations family, and in particular the four large organizations (FAO, UNESCO, ILO and WHO) and the United Nations have undertaken activities to promote co-ordination between countries at all levels of development with the aim of:

- collecting information at a global level, such as world statistical data;
- pooling knowledge and exchanging information on technology or science, for example through the scientific congresses convened by UNESCO; or studies on standards by the ILO;
- conducting research on problems of concern to all countries, whether developed or developing, including problems relating to intellectual and even moral activities, etc.

These various types of expenditure cannot be exactly quantified. The clearly-defined technical functions carried out by highly specialized agencies (total of the

technical budgets of the small organizations i.e. ICAO, UPU, WMO and IMCO and of the budget of the International Court of Justice) - represent about \$25 million. The second category, on the other hand, can only be estimated very roughly, because there is no system of identification whereby it can be distinguished (within the overall expenditure on economic and social development) from expenditure on aid. According to the classification adopted, it is considered that this expenditure must represent rather more than \$50 million.

It must be emphasized how important it is to make a clear analysis of this expenditure: many national activities relating to research or the collection of information at the world level, and to the fields referred to in this section generally, have become pointless because these functions are discharged by international agencies. They are probably carried out more rationally and therefore more economically in this way than if each country was obliged to maintain national services for the purpose. International activities in this case, therefore, lead to economies in national expenditure (since the total of the contributions made for this expenditure is lower than what the cost of the activities would be if they had to be carried out by each of the contributing countries). A clear identification making it possible to calculate the cost would therefore be of obvious value. It would also show that if the content of international co-ordination in these spheres could be still further expanded, the effect on the public expenditure of each country would be beneficial.

The possibilities of programming these activities - that is, of organizing them in advance in an orderly and detailed fashion with a view to achieving a specific result - vary considerably.

2.7. Activities aimed at aiding the developing countries

These activities have the following characteristics:

- over the past fifteen years they have expanded considerably so that they now appear to represent over three quarters of the agencies' activities as a whole;
- these are the activities which could most easily be programmed, and which should certainly be programmed, preferably over the medium term;
- these activities are not the monopoly of the United Nations family; the developed countries in fact carry out very similar activities through other institutions (in the form of bilateral or other forms of multilateral aid).

These basic characteristics mean that before these development activities can be programmed and expressed in budgetary terms, some prior thought must be given to the methods adopted by the various organizations for attaining the chosen objectives.

2.8 The theoretical problem.

It is a common feature of aid to the developing countries that the latter is extended in pursuit of long-term or medium-term objectives which can be identified with a fair degree of precision, which indeed can often be quantified and which are the subject of a very general international agreement (though there are, of course, technical and political differences regarding the means to be applied).

In the last analysis, therefore (once political activities and co-operation functions have been set aside), what is needed in connexion with development aid is to establish:

For a specified period:

A definition of the activities to be undertaken and of the means to be applied

In order to achieve results which will represent a milestone on the way to the general objectives laid down by the charters of the organizations.

This raises a number of questions relating to the following:

The length of the period to be chosen: is the time-span of the budgets (generally one year or two years) long enough, or would it be better to take a longer period (such as the six years adopted by the Committee of Fourteen), so as to cover several budgets, or even the ten years adopted for the Development Decades?

The definition of the activities undertaken: are they projects established at the request of the countries concerned or proposed by the agencies without any overall plan, or do they constitute a coherent body of activity made up of separate but co-ordinated projects?

The nature of the results to be aimed at: can the objectives be defined in specific terms and, if so, how? Are the objectives attainable in one country or a number of countries, or do they apply to all the underdeveloped countries? Can dates be fixed for their attainment - and so on.

The definition of a programming method entails obtaining clear answers to precise questions, and this does not seem feasible at present.

This confusion appears to be due mainly to difficulties peculiar to the United Nations family. They are well known, but we thought it necessary to recapitulate them briefly.

2.9 Specific difficulties of development programming methods in the United Nations Family

The methods of development programming have been refined over a period of decades and are still being improved; but this progress has occurred within a well-defined national framework.

In other words, all known methods have been developed and improved for use in the service of States^{1/}. This applies to economic analysis (collection of basic statistics, establishment of inter-industry matrices, establishment of product balances, national accounting and forecasting methods, etc.); to industrial or agricultural planning (setting of growth targets, general coherence calculations, etc.); and to means of execution (methods of financing, credit utilization, vocational training, etc.). No comparable progress has been made, however, at the international level, partly for obvious political reasons but partly, without any doubt, for reasons relating to the complexity of the problems and the number of variables involved.

2.10 So far as the United Nations family in particular is concerned, it must be stated at the very outset that the specific difficulties of the problems involved are considerable.

They seem to be due especially to the following factors:

The general nature, ambitiousness and multiplicity of the objectives pursued. It is instructive in this respect to take a general look at the charters (basic texts) of the organizations; there is no mistaking the optimism and dynamism of the ideology which inspired their preparation. The terminology used bears the stamp of the idea of moving towards a better world, as witness the verbs most frequently used: to seek, to improve, to co-operate, to suggest, to augment, to disseminate, to encourage, to facilitate, to promote, to accelerate, etc. But although the fields of activity are clearly indicated - sometimes with quite a high degree of precision - these instruments say almost nothing about the rate of progress, the phases or the limits of the activities in question.

All these documents afford a clear indication of ideals on the one hand and of fairly specific fields of activity on the other; but there is no definition whatsoever of any strategy: i.e., of a method of applying the means available in order to achieve specified results by specified dates;

^{1/} Enterprises, too, may now be said to have a set of technical methods enabling them to forecast and organize their development; but general economic and social development techniques clearly concern States alone.

The paucity of financial resources available. There is no need to labour this point, since it is well known that the several hundred million dollars^{1/} mobilized annually for multilateral aid channelled through the organizations of the United Nations family represents no more than 6 to 7 per cent of the total bilateral or multilateral aid rendered by the developed countries to the developing countries^{2/};

The inevitable dispersion of this effort among a great many recipients, since for obvious reasons the United Nations family cannot concentrate its aid on a few developing countries;

The number of decision-making centres in the United Nations family: each specialized agency has its own secretariat and generally its own legislative body; policy is formulated in the course of various separate dialogues between the two; and the situation is further complicated by internal transfers of funds between disbursing organizations such as UNDP and the executing agencies.

The international composition of these decision-making centres is a further complication; they must take into account all the moves made and ideas put forward by the representatives of all the member States in the legislative assemblies, which are inevitably numerous and diverse. It is true that these proposals provide a valuable and indeed necessary contribution to the centres' thinking; but they make the process of consolidation even more difficult, and this delicate task is still further complicated by political considerations of prestige, balance or respect for established situations in particular countries. In the circumstances, the efforts made by the secretariats, and particularly by their heads, in helping the governing bodies to perform the task of consolidation involved in the preparation of annual or biennial budgetary programmes are considerable and often commendable;

Lastly, the equivocal situation of the various organizations:

On the one hand, they have in their legislative bodies the best qualified representatives of most of the States in the world, and might therefore regard themselves, to some extent, as a focal point for all the efforts of their member States;

^{1/} The exact figure, which is probably between \$500 and \$600 million (i.e. that part of the \$700 million given in section 1.2 above as the total budget of the United Nations family in 1968, which is earmarked solely for assistance to the developing countries), cannot be accurately calculated so long as expenditure under the various budgets is presented as it is now.

^{2/} If the objectives are compared with the means, it is no exaggeration to say that the organizations of the United Nations family are expected to organize the happiness of mankind with a few hundred million dollars.

On the other hand, they have at their disposal only the very meagre financial resources mentioned above.

Is it the task of the organizations in the United Nations family to administer a supplementary and modest assistance effort or to consolidate all forms of aid forthcoming? The reply to this question is never very clearly brought out.

2.11 This situation is no doubt due in part to the general characteristics of the world's political structure; the generous ideology of the organizations' charters has, in the last resort, little influence on the political attitudes of the various nations and, in particular, on the economic relations which exist in practice between the developed and the developing countries.

However, it is also the result of a certain type of administrative structure and of a set of procedures and methods peculiar to the organizations of the United Nations family

It is not our intention to deal here with structural problems^{1/}. However, as regards the procedures followed (within the context of existing structures), it seems certain that improvements are possible and that they might help to overcome some of the difficulties mentioned.

2.12 Characteristics of the current methods

The methods currently in use appear at first sight to be based on the project technique, supplemented by somewhat theoretical efforts at grouping and consolidation which have no direct effect on the practical work done. By contrast with the planning method, therefore, the whole system gives the impression of a dissipation of effort and of rather futile attempts at grouping.

In reality such a judgement would be over-hasty and requires qualification; a description of the methods used should take into account, in particular, the structure of the organizations' programme administrations, the nature of the various programmes or projects, and the unequal headway made in the methodological studies now in progress.

2.13 Structure of the agencies and distribution of programme activities between headquarters and the field

In order to obtain a more exact picture of the annual share in the programme which is borne by the main organizations concerned with economic and social development, we have drawn on the information at present available in the budget and various annexed

^{1/} These are a matter for, among others, the group responsible for the Capacity Study.

documents and have then attempted to compile a table showing the structure and relative magnitude of the various branches of activity. This table lays no claim to great detail or accuracy^{1/}, but it does help to draw attention to certain features.

Notes on the table

The areas in black represent, in millions of dollars, the amount of funds allocated to finance programme activities at the headquarters of the organizations; the shaded areas show the amount of funds allotted to field activities, irrespective of origin (budgetary or extra-budgetary). In most cases, however, with the exception of WHO, the funds in the second category are of extra-budgetary origin.

The items indicate the main departments or services using the funds (except in one case: that of non-communicable diseases, under WHO).

^{1/} Based on the figures available for 1968, it covers only five large organizations and relies to some extent - e.g. for FAO - on estimates.

TABLE II

Breakdown of programme activities of five largest agencies (between headquarters and field).

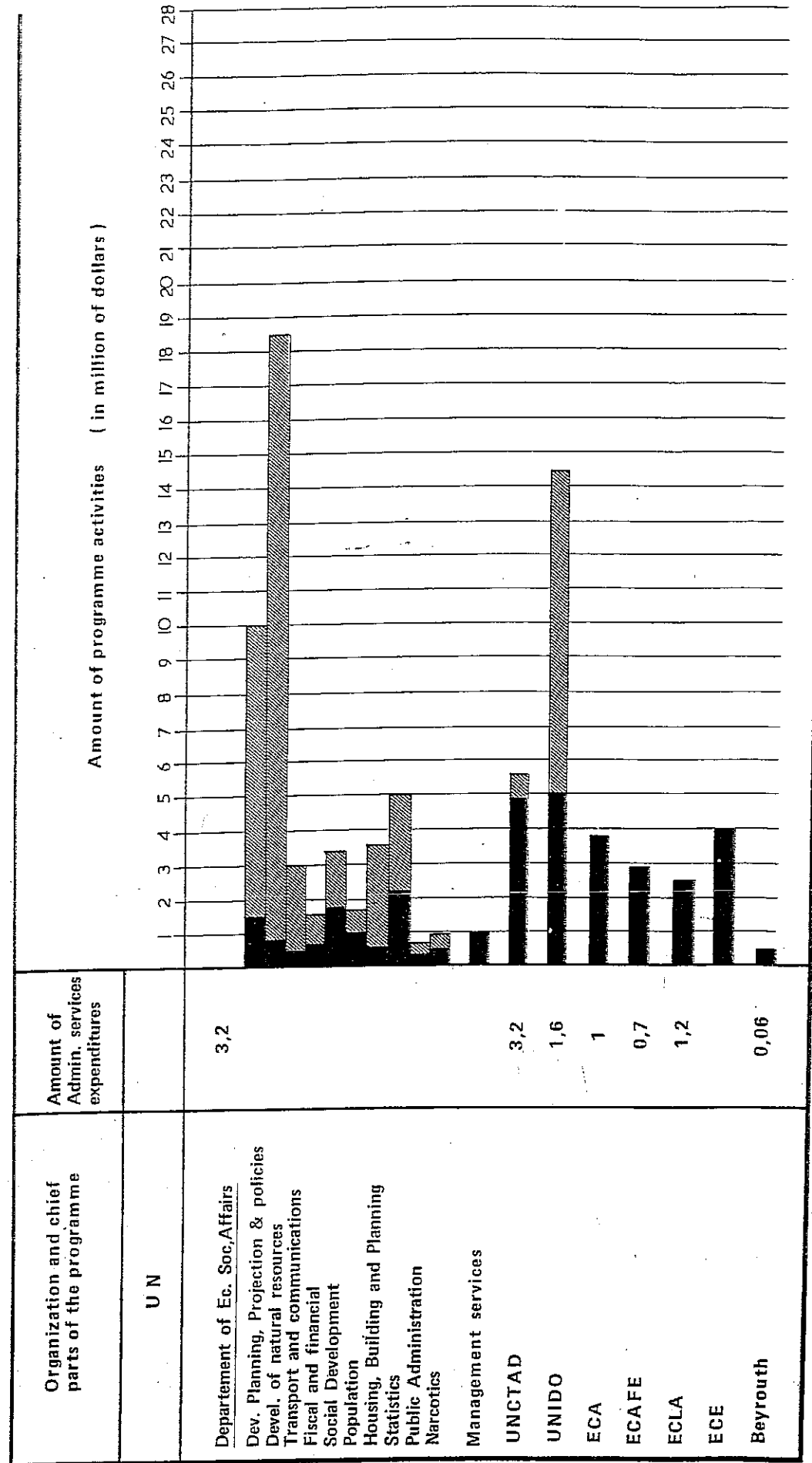


TABLE II

Breakdown of programme activities of largest agencies (between headquarters and field) —
cont'd

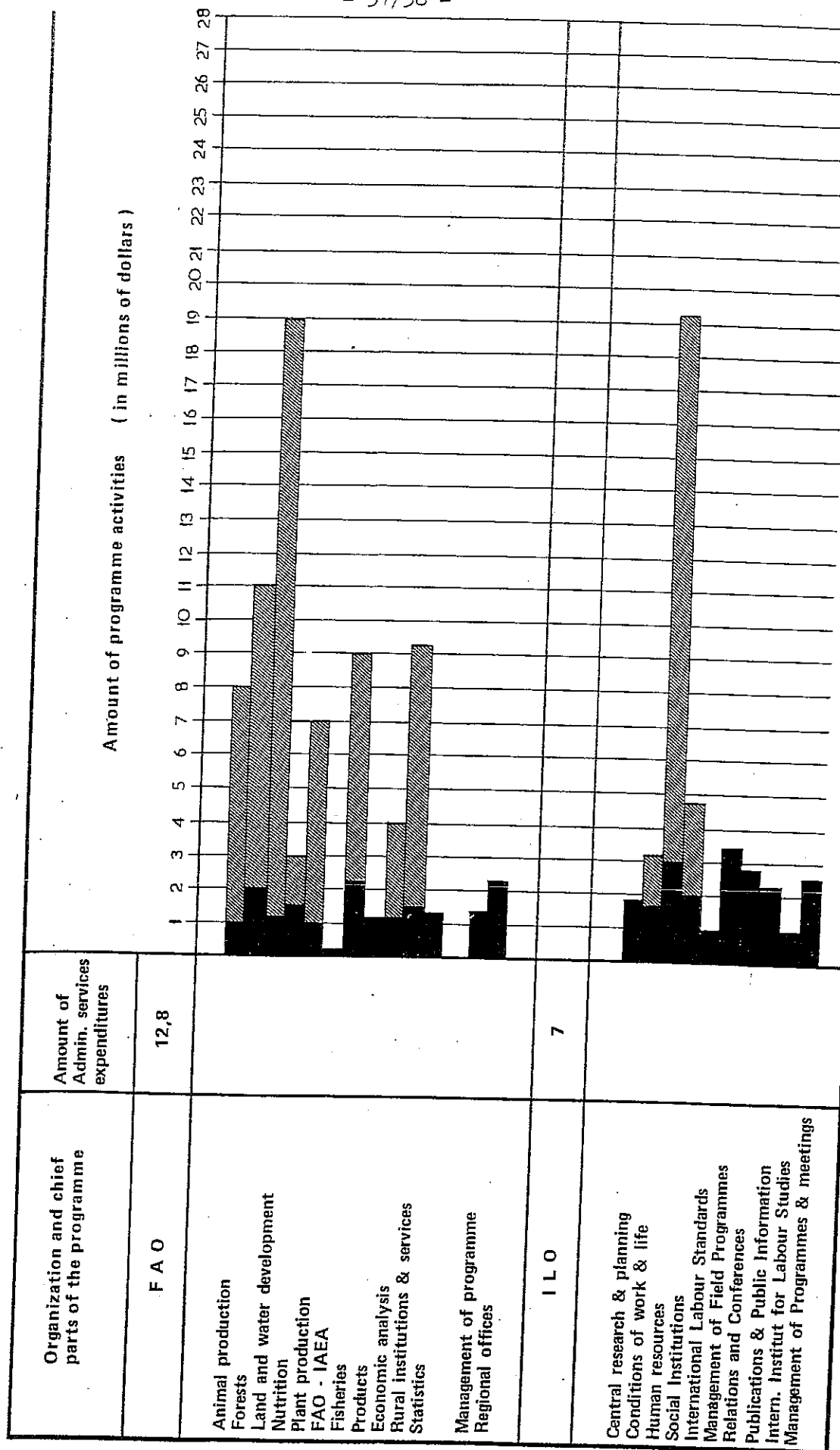
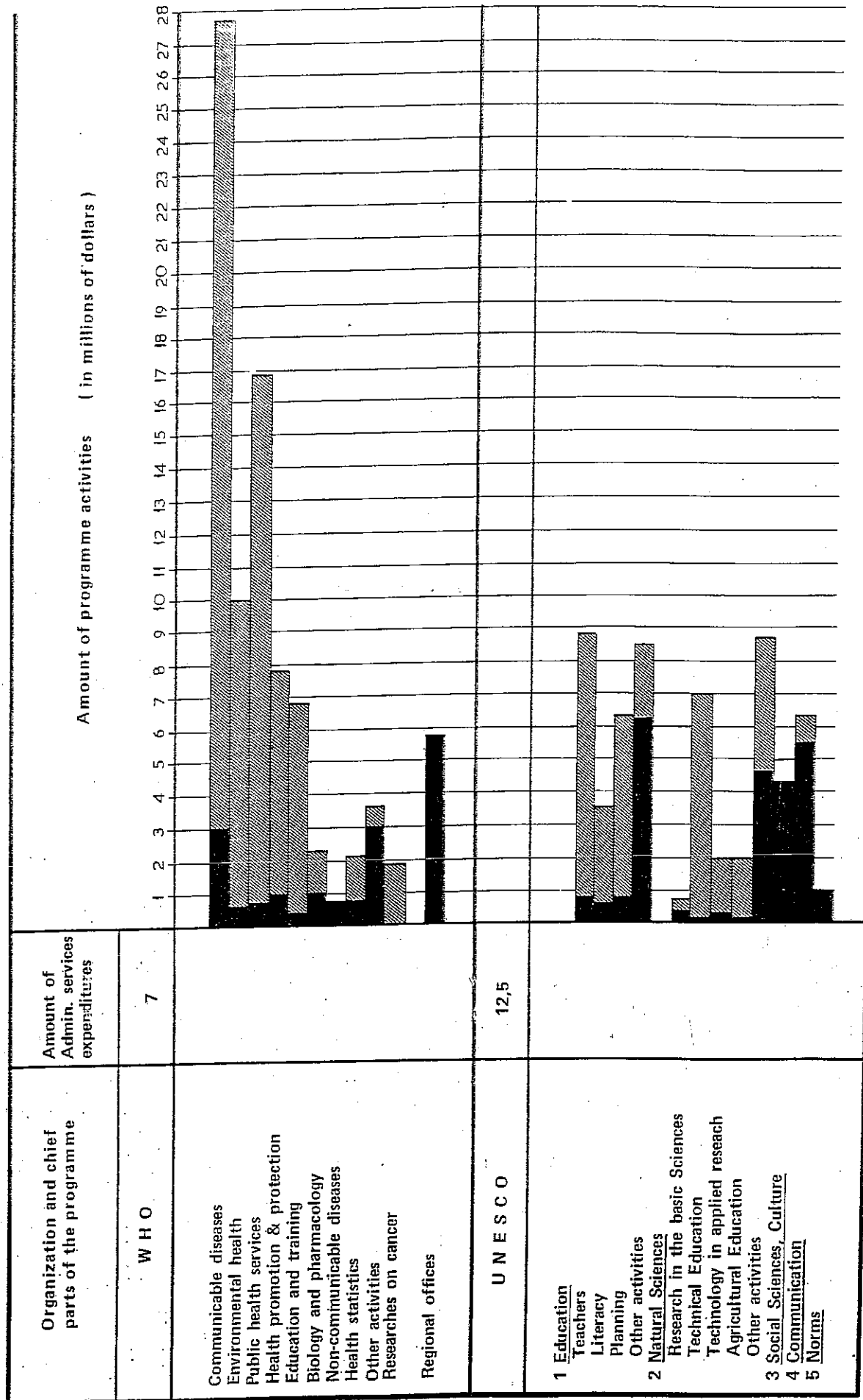


TABLE II

Breakdown of programme activities of five largest agencies (between headquarters and field)



2.14 Comments on the general programme of the United Nations family

This table calls for the following comments:

(1) Although it was prepared on the basis of the figures available for 1968, a look at the documents for 1965, 1966, 1967 and 1969 reveals that, if the figures for a different year had been taken, the table would not have been appreciably different in structure. It represents, therefore, a fairly stable model.

(2) This being so, the table shows that the general programme of the United Nations family is conditioned by the actual structure of the organizations, and particularly by the composition of their programme services. These structures act as a kind of mould from which the same model is reproduced every year. This rigidity doubtless affords some advantages (it guarantees a degree of continuity and is resistant to changes prompted by passing fashion), but it also has its disadvantages: for example it does not permit an easy and rapid reorientation of the programme as a whole, even where there is a general consensus in favour of priority action in a particular field. No drastic change is conceivable without structural modification of the services concerned. This fact should be borne in mind in examining the attempts at consolidation which have been or are being made.

(3) The table also shows that the activities of the programme administrations at headquarters are on a far from negligible scale.

(4) Field activities are concentrated in a few main sectors.
Thus the table brings out:

The relative wealth of WHO by comparison with the other organizations, and the concentration of its efforts on communicable diseases, supplemented by activities in four other large sectors (public health services, environmental health, health promotion and protection, and education and training);

The particular importance attached by the United Nations to the development of natural resources, which receives decidedly more funds than are allocated for research in the field of planning;

The concentration of ILO's activities on the development of human resources;

The importance attached by UNESCO to teacher training and technical education;

The more balanced apportionment of FAO resources among animal production, plant production, forests, fisheries and rural institutions and services, albeit with particular emphasis on land and water development;

The fact that the proportion of activity devoted to industrial development is still very small.

(5) It would be necessary to have access to more numerous and more detailed descriptive documents (tables and maps), and thus to gain a more comprehensive conspectus, before making any attempt to pass judgement on the general design of the programme of the United Nations family as a whole. It would probably also be necessary to have a similar conspectus of other multilateral or bilateral aid programme. However, the broad outlines of this programme as revealed in the foregoing table at least lay it open to question whether the emphasis is really laid on those matters (within the competence of the United Nations) which are the most important and urgent for the development of poor countries.

(6) At all events, there is no clear indication of any unity or internal logic in this programme. Although this is probably due to the summary nature of the table, we do not know of any document which attempts to identify the unity of conception underlying the programme of the United Nations family.

This compartmentalization into a series of separate and, it would seem, inadequately integrated programmes is apparently accompanied by:

Systematic reliance on the project technique for field activities;

A lack of precision in identifying the "headquarters" activities of programme administrations.

2.15 The project technique

In the current usage of the organizations in the United Nations family, a project is an operation having the following characteristics: its duration may vary from a few months to several years; its objective is limited and fairly specific; its geographical site, if any, is known (a given establishment or town, part of a country, a country or several countries); and the resources for executing it consist of appropriations for staff (or equipment) made either under the regular budget of an organization, or from extra-budgetary funds, or from special contributions by Member States.

What characterizes a project, therefore, is the limitation and fairly specific nature of its objective and, more particularly, the certainty that the resources needed for its execution will be available.

The notion of a "project", however, has never been very accurately defined. The word is used both to describe comparatively large-scale planned operations covering several years, such as Special Fund projects, and to describe much more sporadic operations such as sending an expert to a country for six months to try and find an answer to a question of detail.

The notion of the project seems in most cases to be confined to operations undertaken with extra-budgetary funds, and in any case to field operations.

Several comments are called for in this connexion:

- (a) The method is not only rational but is in fact the only possible one; it allows clear identification of the various activities undertaken. Hence there can be no question of criticizing it in principle. On the contrary, we shall recommend below its extension to headquarters activities, which seem to us to be neither adequately identified nor conclusively programmed.
- (b) On the other hand, the most obvious difficulty encountered by the agencies in this connexion is that of integrating these various limited activities:

Firstly, into the development plan of the various countries (the projects undoubtedly contribute to development, but the exact part they play is always difficult to define, probably because they are on such a small scale);

Secondly, into the agencies' general programme of action at the world level. In this respect, the most rational and most satisfactory method of presentation is probably the "integration" method used by UNESCO, which gives a clearer picture of the link between headquarters activities and field activities. In any case, however, this is certainly a very difficult problem, and the short time-span of the budgets does not make it easier to solve.

These two problems of integration do not seem really susceptible of solution except within a general system of comprehensive programming, on which a great deal of research has been and is still being done as we shall see below.

2.16 The activity of programme administrations

However, the "programmes" of the organizations also include a very large, though variable, amount of work which is carried out at agency headquarters and which, for lack of a more accurate term, we are forced to call "the activity of programme administrations". According to the circumstances of the case, this activity includes the administration and promotion of projects, research work, the comparison of experience, the dissemination of information, the preparation of documentation and publications, etc.

All this activity is of course necessary but, strangely enough, it is seldom programmed: i.e., it is rarely assigned specific objectives to be attained within a given time.

The terminology used to describing this activity is revealing in this respect. In the FAO Programme of Work and Budget for 1968-1969, the most commonly used word, particularly in Chapter VI (Technical and Economic Programme), is the verb "to continue", while in the ILO programme and budget for 1969 (item 6-10) the expressions "will continue" and "will be intensified" also recur. The same is true of the UNESCO programme and budget.

The use of such vague terminology means that, with few exceptions, no indication is given of the beginning or end of the period devoted to a particular activity, so that the latter is not clearly identified in terms either of duration or of objectives - even more often than not, in terms of the staff assigned to it.

Hence confusion arises between:

Continuing functions (general administration and promotion of projects, for example) which there is no reason not to "continue" throughout the lifetime of the organization itself (or in any case throughout that of the programme administration concerned); and

Functions which could be programmed, i.e. defined in terms of duration, objectives and resources, but which are not so programmed in any clear way. This applies particularly to:

- Research activities;
- Publications for information or training purposes;
- Technical co-operation activities;
- Technical, scientific or vocational training activities;
- Organization of meetings.

Admittedly such activities normally last longer than one year. This is no reason for failing to state their exact starting and completion dates, or for failing to provide a clear definition of their objectives. The technique of planning tables is perfectly applicable to most of these activities, but this fact does not seem to have been grasped.

Admittedly, also, this type of activity requires some degree of "flexibility"; but since the planning tables are designed with a view to modification in course of execution, this technique has never imposed absolute rigidity on the organizations which use it. Excessive flexibility is ultimately harmful to efficiency.

2.17 The large organizations are certainly making considerable efforts to improve presentation. Thus ILO has adopted for the various items on its programme a standardized classification which distinguishes between the following: departmental management; programme development and control; research, reports and publications; the collection and dissemination of information; technical meetings; standard-setting activities; technical co-operation; other administrative and technical activities; and secretariat and office activities.

Under each of these headings an indication is given of the requirements in terms of annual staff, man/months (according to ILO's own system) and expenditure, analysed under such heads as staff, travel, grants, etc., as well as a summary of the purpose of the work.

UNESCO also sets out its programme by numbered sections which show for each item the amount of the corresponding appropriation (proposed budgetary appropriation plus Technical Assistance and Special Fund, if any), the activities being divided into

research work, meetings, publications and project management. UNESCO does not classify these activities in as systematic a way as the ILO, but each activity and, particularly, studies are described with the same degree of precision. On the other hand the personnel figures are given more generally by chapter and service, while the information on publications is set out in annex 2 to this budget^{1/}.

The activities of the FAO programme divisions are described in vaguer terms; emphasis is placed on the continuity of activities, but it is often impossible to determine exactly what research is being carried out, what publications are being prepared and what type of aid is being rendered to the developing countries. The degree of precision varies, moreover, by division and by chapter.

WHO describes the continuing functions of its programme services in detail in numbered sections, listing the activities and giving particulars of the personnel assigned to each section. However, the organization of research, which is not specified, and the publication of documents, the numbers and titles of which are not indicated, seem to be regarded as part of the continuing functions. On the other hand, field projects, many of which are financed from the regular budget, are very precisely identified (staff, amounts, objectives and duration, if for more than one year).

For a description of the United Nations programme, the Organization's budget for 1963 refers the reader to document E/4331 (and Add.1-18) prepared pursuant to Economic and Social Council resolution 1177 (XLI) of 5 August 1966, while the 1969 budget refers the reader to document E/4463 (and Add.1-26). It should be noted that, as regards the description of programme administration activities in the Department of Economic and Social Affairs, a major step forward was made in 1969. That part of section 3, "Salaries and wages", which deals with the Department and the regional economic commissions contains a brief description of functions and services, together with some indications of their work programme. However, this information is far less detailed than that given in the budgets and programmes of the other large organizations. For a fuller account, the supplementary document (E/4463) must be consulted. But this

^{1/} A more detailed analysis of document C/5, which contains the draft programme and budget submitted to UNESCO's General Conference, is made in Mr. García del Solar's report (JIU/REP/69/4). It reveals a number of unnecessary repetitions and draws attention to the excessive amount of space given to draft resolutions, which overburden the document as a whole. These observations are not at variance with the method which we advocate below in order to arrive at as clear a description as possible of the various projects or 'units' of the programme (section 3.6.).

Paragraph 59 of the above-mentioned report emphasizes that a distinction should be made between the draft and the "approved document", which should contain the detailed work plans for the various projects so as to enable the Executive Board to follow through the execution of the programme. The same view is expressed below (section 3.6.a.).

document provides useful information only for the years 1966-1968 and is subject to many corrections (amendments, corrigenda, etc.) which make it difficult to use. The summary tables in the statistical annex are useful, but the figures shown for project under extra-budgetary programmes are final only for 1967.

The document gives a fair amount of significant information on the activities of the programme services and on the staff, cost and object of the expenditure. In the last analysis it represents, in some degree, an outline programme budget for the United Nations.

Thus the activity of the programme administrations of the large organizations is generally presented and split up into components by methods which allow of identification with varying degrees of precision. However, some organizations such as the ILO and UNESCO attain a worth-while degree of precision which they would do well to increase even further so that the non-permanent components of the programme administrations' activities may be singled out as genuine projects. The suggestions which occur to us in this connexion are set out in paragraph 3.6 below.

2.18 Attempts at a consolidation of activities

Inasmuch as a consolidation of all activities (field projects and headquarters activities alike) is carried out only with great difficulty at the level of each agency and does not seem to be done at all at the level of the United Nations family, it is not surprising that attempts to rationalize and consolidate the activities undertaken have been made for a very long time and are still being made; the need which is constantly felt for such endeavours is never satisfied. A quick description must be given of these various attempts in order to convey a complete picture of the existing methods of programming for in reality they form part of those methods.

We cannot hope to provide a full and systematic review of such efforts, but we can at least classify them into various types.

2.19 Methods of statistical classification

The best known is the classification into sixteen categories adopted by the Administrative Committee on Co-ordination for presentation to the Economic and Social Council.

This type of information is extremely superficial and probably inaccurate; a particular project or part of a programme may equally well be classified under any one of several headings. For example, an activity relating to the education of refugee children may be classified just as well in category "o" (material assistance and protection of refugees) as in category "c" (development of human resources, including education and training) or even, in some cases, in category "d" (social development, welfare and living conditions). The same applies to any project which is at all complex.

At all events, this type of classification does not provide a comprehensive picture from which to find out what an organization, or the whole group of organizations is really doing; we have mentioned it here only for the sake of completeness; moreover there would be no point in trying to develop such a system to a higher degree of precision (for example by using dozens of categories), because such a classification would probably continue to have the same shortcomings as long as it was not modelled on the actual structure of the programme administrations.

2.20 Large or "major" projects

The grouping of activities, either in space or in time, so as to arrive at a more general body of activity than that of projects limited to one country and one specific subject, is a more useful exercise.

Quite a number of examples could be given of such attempts to ensure either:

Continuity of activity over time (exceeding the annual or biennial budget period in order to attain medium-term objectives); or

Focussing in space through the co-ordination of efforts devoted to a particular region (either in a specific branch of activity or through efforts encompassing several disciplines).

No doubt this type of effort is continually being made in all the organizations, in the process of supervising their activities within their respective spheres of competence. At times, however, it has assumed a more organized form in that, in order to attain clearly defined objectives within a specified time, various projects have been co-ordinated into a coherent whole, so framed as to demonstrate awareness of a particular problem.

This applies, for example, to the UNESCO major project on "Extension and Improvement of Primary Education in Latin America", which was adopted at the Lima Conference in 1956 and continued for twelve years up to 1968; that on "Mutual Appreciation of Eastern and Western Cultural Values" (1957-1968); and also, on the multi-disciplinary plane, the current Mekong Delta project.

Generally speaking, however, these various attempts at consolidation have come up against obstacles which are difficult to overcome and which make them virtually impossible to evaluate in any scientific way; too wide a setting; inadequate resources; inadequate knowledge of the problems involved; and above all, the impossibility of defining sufficiently clear objectives for attainment within specified time-limits, and of marshalling the resources needed for their attainment, because they do not depend on the United Nations family of organizations alone.

2.21 General consolidations on the lines of the First Development Decade

An even more comprehensive attempt at consolidation was given the title of "First Development Decade" (1960-1970).

This was an attempt on which judgement has now been passed, in that it is regarded as a failure. This judgement is mistaken inasmuch as the real aim of this exercise was to create awareness of the problem, rather than to arrive at a guaranteed solution. From that point of view, the ideas advanced have not been without their effect.

The fact remains, however, that the scheme could claim to be considered a plan at the world level. It satisfied the conditions of duration (ten years); of precision in the objectives to be attained (annual growth rate of 5 per cent by 1970 for the developing countries as a whole, in order to narrow the gap between their level of prosperity and that of the developed countries); and lastly, of the means to be mobilized for the purpose (stabilization of prices of raw materials exported by the developing countries, promotion of measures to increase exports of capital to those countries, and an increase in the amount of aid rendered by the developed countries to 1 per cent of their national income).

Hence, in so far as the First Development Decade could be considered a genuine consolidated programme, the results observable at the end of the period amount to failure:

The aggregate amount of assistance, far from increasing, has decreased; the difference in available resources between the developed and the developing countries has grown; and the rate of 5 per cent has not been achieved. The reason, quite evidently, is that the means to those ends depended solely on the developed countries and that it was not within the power of the United Nations family of organizations to obtain from their Member States so drastic a change in their economic and political behaviour as the scheme required.

However, in the absence of the necessary means and of serious and detailed studies indicating the attainability of certain objectives and the means that could be mobilized to attain them, there could be no question of a genuine programme.

In the circumstances, it is not surprising that the notion of planning on a world-wide scale is being reconsidered in many sectors.

2.22 Indicative world plans and research with a view to the planning of activities in a particular sector

The idea that planning on a world-wide scale should be preceded by analytical work in depth seems to have gained much ground in the last few years. FAO appears to have been the first organization to adopt, in 1965, the idea of an indicative world plan (of agricultural development).

The work done in this direction is to result in the presentation of a provisional draft indicative world plan at the fifteenth session of the Conference of FAO in November 1969. The preparatory documents, which we have examined (provisional regional studies), have been the means of developing an interesting methodology. It

is clear, however, that a sectoral study of such scope can be carried out only in the context of overall economic growth. The construction of growth models on a world scale is a difficult venture. In other words, it would have been desirable to undertake studies of the same type at the same time at least in the industrial and tertiary sector. Parallel research, for example, on the evolution of education, industry, administrative organization, housing or public works would probably have been very useful in preparing overall consolidation - the only means of achieving a smaller margin of errors, which are in any case inevitable.

It is therefore regrettable that all the organizations did not make a start at the same time. On the other hand, it is encouraging to note that the idea of a world indicative plan has gained ground.

Thus ILO decided in 1969 to launch its World Employment Programme (which is in any case a sequel to the activities already undertaken under the important programme for the development of human resources). The salient feature of this effort is that it not only deals with an economic sector complementary to that already studied by FAO, but examines economic problems as a whole from a particular angle. In addition, it is designed not merely as an indicative plan but as a programme of action. Despite these somewhat special features, it will probably contribute to the necessary task of overall consolidation.

Similarly, the work of educational planning in which UNESCO and its International Institute for Educational Planning have been engaged for several years also represents a vital share in what may become an overall consolidation. The same, obviously, applies to UNCTAD's studies on international trade and to all economic studies of a global or regional character which are carried out in the various organizations.

Generally speaking, the United Nations family has at its disposal a body of documents and studies which, if their methodology is refined and an effort is made to consolidate them, can together lay a very firm foundation for what might become a genuine world programme.

2.23 Research for the Second Development Decade and the Capacity Study

The work undertaken in preparation for the Second Development Decade by the Centre for Development Planning, Projections and Policies (Tinbergen Committee) set up under the Department of Economic and Social Affairs of the United Nations Secretariat is doubtless a step in that direction.

Thus, document E/AC.56/L.2 - E/AC.54/L.33 of 12 February 1969 entitled "The Second United Nations Development Decade: preliminary framework for an international development strategy", draws up a systematic inventory of the problems which the developing and the developed countries must solve if the second Decade is to achieve some effect. The document is drafted in very general terms and seeks mainly to review the problems as

comprehensively as possible; it emphasizes a number of points which its authors consider important, but it does not suggest any solution. It seems to imply that there are still some very important studies to be carried out before the formulation of what might constitute a consolidated indicative plan on a world scale, and it suggests various lines of research.

Continuation of the work undertaken should make it possible to carry out a more comprehensive consolidation of the results of research already completed and of the documentation available, and to determine how a global picture of the problems to be solved will affect the programme of the organizations in the United Nations family.

At all events, study of the consequences which might result, for the structures of the United Nations system, from the institution of such rational and centralized overall programming appears to be the main concern of the Capacity Study team led by Sir Robert Jackson.

These extremely difficult and delicate efforts at consolidation should be the means of bringing nearer a solution integrating the results of theoretical research and defining programmes of practical day-to-day action. But it appears that the most difficult part of the road still lies ahead.

2.24 Summary of the foregoing observations

In short, it would seem that the existing methods of programming applied in the United Nations family can be summarized and defined as follows:

The structures (of the agencies, and of the programme administrations within the agencies) which have gradually taken shape are the moulds from which are cast, at regular intervals, programmes that vary little and develop alongside one another without interpenetration.

A task of consolidation is doubtless performed at the level of each agency, but it can have no effect outside that agency's sphere of specialization. At best, the agencies succeed in concentrating their activity on two or three problems which are particularly important at their level. No overall consolidation can be discerned.

These programmes comprise, each in its own sphere:

Activities in the field (i.e., in the developing countries); financed mainly from extra-budgetary funds and divided into "projects" either of technical assistance or of pre-investment - operations which are fairly clearly distinguishable from one another in terms of resources, duration and objectives (although the latter are inevitably limited by the modest scope of the activities undertaken); and

Activities at headquarters, which range from the general management of activities to research, publications and comparisons, but which do not yet distinguish clearly enough between permanent functions and activities separately identifiable in time. In short, they are not programmed to any marked extent.

In view of the unsatisfactory impression left by the existing methods of programming, many and varied efforts are being made to supply an overall orientation that bears some ultimate resemblance to a world economic and social plan. But the various attempts made to date are far from attaining that end.

2.25 Prerequisites for a desirable transformation

No decisive progress can be made towards a solution unless a methodology is first worked out to resolve the difficulties. The main difficulties appear to be the following:

(1) Reconciliation of diagnosis by country (which is the only realistic kind, but which must take account of the methods, the particular needs and the rate of progress adopted by countries for their development) with planning on a world scale, which must so define its framework, its own rate of progress and its objectives as to genuinely integrate the objectives defined separately by almost eighty developing countries (while at the same time taking the developed countries' policies into account);

(2) Reconciliation of the world-wide mission of the United Nations family with the poverty of its own financial resources, which means being able to find ways and means of "concerted programming" with other sources of aid, both bilateral and multi-lateral, in a comprehensive effort scrupulously co-ordinated and approved by the recipient countries. The success of such an undertaking may mean, in its turn, that the United Nations family will specialize in general programming and perhaps intellectual training, instead of competing with other bodies in providing technical and financial assistance;

(3) Definition of the principles of a minimum theoretical agreement on the methods to be used in speeding up the development of the poor countries and enabling them to catch up with the rich countries.

The principles of such an agreement, which might be periodically renewed pari passu with the progress of research, should cover:

A set of practical techniques applicable in the various cases which may arise (countries at different levels of development) and concerning, in particular, the process of promoting general education and technical training, agricultural development, industrialization, and so on;

Some general theory of the methods and effects of economic assistance to developing countries, showing the relative importance to be attached to financial aid in the form of gifts and loans, to technical assistance, to the stabilization of raw material prices, to the international monetary system, and so on;

(4) Lastly, adaptation of the general structures and methods of the agencies of the United Nations family to the requirements of an overall programme worthy of the name of a world plan.

2.26 The reforms required

A system which resolves all these difficulties may appear utopian today; nevertheless it does not seem to go beyond what should be the normal ambition of the United Nations family.

At all events, no effort must be spared that might bring such a system nearer. There is no doubt that the theoretical work which we described above represents the most significant effort to-date to find a solution; it is no less obvious that other efforts must be made to bring the gap which appears to separate:

- general theoretical thinking;
- the actual day-to-day implementation of projects in the field. This gap cannot be bridged unless the practical steps discussed below are taken.^{1/}

^{1/} In the proposals which follow, we have not contemplated or recommended recourse to the so-called PPBS methods (planning, programming and budgeting system) used in various States for the "rationalization of budgetary choices". In the present state of programming in the various agencies, this demanding type of method, which would entail employing many specialists, would in our view merely increase the difficulties encountered. Nevertheless, these methods are modern and not devoid of interest; it might be worth while to consider trying them out in a few sectors. They have the merit of leading to an interesting and systematic analysis of the notion of "objective".

PART 3: IMMEDIATE, POSSIBLE AND DESIRABLE REFORMS

3.1. Sectors in which reforms are desirable

What has been said in the two preceding parts appears to indicate:

- that the notions of budget and programme cannot be dissociated, owing to the nature of the tasks which the United Nations family has to carry out;
- that consequently a reform of budget presentation methods would be pointless unless it was accompanied by drastic changes in current procedures for drawing up estimates and allocating funds and in methodology and programming practices, and unless the resources needed for making those changes were provided at the same time.

1. In our opinion, the following three reforms are necessary in connexion with the modification of existing financial procedures:

- (a) a reform of UNDP earmarking methods seems essential if general programming is to be at all possible (section 3.2.);
- (b) the presentation of the United Nations budget by programme (section 3.3.);
- (c) the general adoption of medium-term programming (section 3.4.).

2. At the same time, efforts to arrive at a better programming methodology should be continued. This entails:

- (a) the preparation of an inventory of methods of action by country and by source of assistance, with a view to a rational allocation of work (section 3.5.).
- (b) the selection of methodology for the identification and classification of projects and "units" of the programme (section 3.6.).

3. Lastly, the strengthening of programming services should be considered in relation to the agencies as a whole; but the main result should be the establishment of a programming service in the United Nations itself (section 3.7.).

The above proposals are discussed in greater detail below.

3.2. Reform of UNDP earmarking methods and general application of the budgetary method

It would be pointless to consider any improved programming system for the United Nations family if there were no means of knowing sufficiently in advance, and for a definite period, the total amount of available funds earmarked either for economic and social development or, more specifically, for assistance to the developing countries.

There can be no programming without estimates. Since it is desirable, and probably essential, that such estimates should be made several years in advance, it may, a fortiori, be considered a minimum requirement that all the expenditure for a given financial year should be known before that financial year begins.

This assertion may appear to be no more than a restatement of the simplest definition of the notion of a budget. Nevertheless, it must be realized that the application of this principle to the United Nations system would entail drastic

changes in the methods now in use; it would involve nothing less than changing from half-yearly approval to annual or biennial approval in the case of Special Fund programmes; and discarding the so-called "continuous programming" methods recently adopted for the technical assistance projects of UNDP.

A reform of the methods used by UNDP for allocating funds to the executing agencies is, in our view, indispensable before any rational organization of programming is possible.

A few words should be said in explanation of this statement:

- There is absolutely no question of violating the principle (which justifies the very existence of UNDP) of the voluntary nature of contributions to this Programme, as distinct from the statutory nature of the contributions made by member countries to the executing agencies' actual budgets. This distinction should subsist. To say that the amount of the funds available should be known sufficiently in advance, so that their use can be programmed at the same time as that of the agencies' budgetary funds, means no more than that the countries making voluntary contributions to UNDP should be requested to indicate their intentions a little earlier, so that a global limit can be determined. In practice this will not in any way change the amount of contributions or affect the sovereign freedom of member countries to determine it.

For the present practices (which we propose to modify) there are no doubt excellent reasons, based mainly on the concern of the States members of the UNDP Governing Council to maintain close and exact control over the funds requested and used and on the need for quick decisions - already a difficulty - re. the grant of funds for projects.

Nevertheless, it is possible to imagine a system of earmarking in advance, which would enable these requirements to be met:

- The methods of controlling the use of these funds may in fact be profoundly modified without losing any of their effectiveness. Efforts to strengthen control by member States and the Governing Council, particularly over the Special Fund, seem to have taken the form of requiring increasingly greater precision in the preparation of operational plans for each project before the appropriations for it are voted. It is a reversal of this trend which here seems indispensable. Of course, there can be no question of carrying out a project before its plan of operation has been finalised. But the decision to appropriate funds should be made well ahead of that final preparation; and control should be transferred to the stage at which the results are critically evaluated. Such control, provided it was well organized,

- the aggregate UNDP funds which the agencies will have to use;
- the recipient countries, and
- the contents of the main projects.

Of the total appropriations, a proportion - whose size remains to be determined - may be allocated less rigidly, to allow for the necessary freedom of manoeuvre.

- The Administrator should have well-defined powers to allocate in due course the funds finally available for the executing agencies once plans of operation are settled and projects put in hand.

- Recipient countries, having been informed in good time of the types of projects which may be carried out in their territory, of the approximate total amounts which will be made available, and of the counterparts expected from them, should be able to make in their turn the necessary arrangements for the integration of these projects in their national budgets and administrations.

- The executing agencies, having been informed in good time of the funds which they will have to use and of the principal types of projects, should be able to arrange early enough for the entire support programming of the projects in their own budgets, not only at the administrative level (recruitment, etc.) but also at the intellectual level (research, general consistency of the programme, etc.).

They may also show in their programme and budget, for information, the activities, projects, etc., which they will carry out for UNDP side by side with the outlay financed from their own funds.

In this way, the information contained in the programmes and budgets of executing agencies, taken together, should provide a general view of the programme of the United Nations family.

Without a reform of the type outlined (several variants are, of course, conceivable), it appears to us impossible to arrive at coherent programming.

Whether this reform can be carried out depends in any case

- on the interest taken by member States in the quality of programming, i.e. in the improved efficiency of the multilateral system for aid to the developing countries by and through the United Nations family;

- on the quality of the programming work to be done by the secretariats of both UNDP and the agencies (including the United Nations itself).^{1/}

^{1/} This problem of integrated budgeting and its practical consequences, such as the method of estimate-making to be adopted by UNDP, are not specifically mentioned in the recommendations of the Committee of Fourteen. Although this point was not emphasized by the experts, it may be regarded as a practical consequence of the recommendation on medium-term programming (No. 29, paragraph (d) (v)). In this study we have sought to stress the technical aspect of the question.

3.3 Presentation of the United Nations Budget by programme

Obviously, a presentation of the type proposed in the preceding section, whereby the figures in the budgets of UNDP and the other agencies for the same period can be added together, is significant and useful only to the extent to which budgets are presented by programme, i.e. in terms of the objectives pursued, and not by type of expenditure. Consistently with what was said in paragraphs 2.4-2.6 above, we would reiterate here that there is nothing against presentation by nature of expenditure for all items not concerned with economic and social development programmes: in other words, for expenditure of a political nature (paragraph 2.5) and even expenditure on purely technical functions. Hence there appears to us to be no immediate need to consider converting into budgets-by-programme the budgets of the small technical organizations which are in the habit of presenting these documents by nature of expenditure (in particular IMCO, WMO, UPU and ITU). All that matters so far as they are concerned is that (for information and in the same document as the budget itself) their programme expenditure, particularly on the projects which they execute for UNDP, should be dealt with in a special part (which must obviously be presented by programmes).^{1/}

On the other hand it is infinitely more important to consider converting that part of the United Nations budget which corresponds to the execution of development programmes. According to information supplied by the United Nations, these programmes

^{1/} The Secretary-General of IMCO has informed us that he proposes to provide information on programme expenditure concerning projects executed for UNDP in a special part of his budget: 'Such a presentation has so far not been adopted, because on grounds of principle there seemed to be no need to submit it to the governing body of UNDP when the basic financial provisions had already been approved, perhaps in a slightly different form, but nevertheless in a form acceptable to the governing body. Such a presentation might, however, be included for information purposes only; this should avoid any difficulty.' Other technical organizations will probably be able to take the same position. This presentation would be facilitated if the proposals made in the preceding paragraph were adopted.

account for about \$140 million out of an annual total of approximately \$200 million.^{1/} This would be an extremely drastic change, and may be opposed on grounds of habit and tradition; but in view of the large share borne by this budget in the total expenditure on economic and social development, it seems to us essential that the change should be made.^{2/}

If it should prove impossible to make the change at once, an arrangement of the type proposed by the ACABQ expert should be applied: i.e. the submission of a "compatible presentation" as an annex.^{3/} It must, however, be kept clearly in mind that no progress can be made in programming if the presentation of a budget covering the activities of the Department of Economic and Social Affairs, the regional economic commissions, UNIDO, UNCTAD and UNHCR and accounting, together with the extra-budgetary funds, for something like 25 per cent of the total expenditure on economic and social development, is left unconverted.

Moreover, the proposal is not new. Since the presentation now in use (which deals very extensively with staff costs - section 3) was adopted in 1957 to provide greater flexibility to the Secretary-General in the utilization of the total staff resources available to him, a change in this new presentation has very often been asked for. Member States have shown increasing interest in the integration of programme and budget policies: General Assembly resolution 1797 (XVII) of 11 December 1962

1/ For the United Nations, as for the other agencies, economic and social development expenditure comprises outlays on:

- international co-operation between countries at all levels of development (cf. sections 2.6 and 2.7 above); and
- aid to the developing countries.

2/ This proposal goes beyond proposal No. 6 of the Committee of Fourteen, which asked only that "the organizations using the traditional budgetary breakdown by object of expenditure should submit, either in the budget itself or in a special document, a breakdown of their expenditure by main fields of activity." It is based on the realization that the United Nations is the organization administering the largest sums for economic and social development, and that it is sharply different from the other organizations which present their budgets by nature of expenditure (the small technical organizations). Moreover the progress achieved in recent years in the presentation of section 3 and the publication of documents E/4331 and E/4463 may now make such a complete conversion an easier matter.

3/ Documents E/4431 and E/4463, which were mentioned above (paragraph 2.17), already serve to some extent as such an annex. At the very least, however, they would have to be presented at the same time as the budgets, and to supply the necessary information regarding the estimates for the budget year in question, which is not at present the case.

may be mentioned in this connexion. ACABQ, in its sixth report to the General Assembly (twentieth session) expressed the view that a consolidated programme and budget presentation is of such importance that it could justify a reappraisal of the budget format. A solution was sought in the preparation of annexes, which in the final analysis are not very satisfactory. The most valuable progress has undoubtedly been achieved by a clearer presentation of the activities of programme services within section 3 (cf. section 2.7 above). Document AC.5/1121 of 18 October 1967 sums up the situation prevailing at that date, but the outline of changes in budgetary structure which it contains does not appear to us to be sufficient to ensure true programme presentation.

If it is to be really effective, such a conversion should preserve the existing separation into individual parts for expenditure on UNIDO, UNCTAD and UNHCR, but should distinguish between:

- Expenditure of a political nature (operation of political organs, the maintenance of peace);
- Common administrative expenditure;
- The expenditure of the Department of Economic and Social Affairs (whose headquarters or field programmes would be classified according to the principal divisions of the Department). It would also be desirable to present the budgets of the regional economic commissions separately. Expenditure in the sections which deal with existing part V of the technical programmes would be described together with the departments responsible for executing the programmes.
- The expenditure on UNIDO, UNCTAD and UNHCR should be described by programme: i.e., provision should also be made for internal conversion of the existing sections 18, 20 and 21.

The presentation of the United Nations budget would thus resemble those of the other large organizations, or to be more exact, those of four or five large economic and social development programme departments and one political department.

The presentation of the programme of the United Nations family as a whole would obviously gain much in clarity as a result.

Lastly, it seems to us that if this reform could be undertaken, very serious consideration should be given to the possibility of presenting the United Nations programme and budget in a biennial cycle (as is the case in UNESCO, FAO and more recently in ILO, in accordance with recommendation 25 of the Committee of Fourteen.

3.4. General adoption of medium term programming

Treatment of every part of a budget dealing with development programmes as an annual (or biennial) instalment of a medium-term or long-term programme would in itself be a major theoretical advance.

This advance does not seem to have been made yet, and this pessimistic view is borne out by a perusal of the agencies' replies to recommendation No. 29 of the Committee of Fourteen.

This recommendation was to the effect that early steps should be taken to develop and adopt an integrated system of long-term planning, of programme formulation and of budget preparation. To that end, the recommendation specified, each organization should develop an effective long-term plan, clearly define its specific objectives (where necessary with alternatives, following consultations with the other organizations), and lastly prepare an integrated document containing all programmes financed from both budgetary and extra-budgetary funds for the selected time period, and the proposed programme and budget for the next budget period.

On the whole, the agencies' replies to this recommendation approve long-term programming in principle, but the practical consequences which they infer from it vary and do not appear to commit them to preparing such a document, despite the fact that it was described fairly explicitly in the recommendation.

Thus (c.f. document A/7124 of 16 April 1968):

The United Nations states that since 1966 a new kind of report has been prepared on the Organization's work programme (E/4179/Rev.1 and Add.1-18 for 1964, 1965 and 1966, and the documents already mentioned and described in paragraph 2.17 above - E/4331 and Add.1-18 and E/4463 and Add.1-26 - for 1965-1968 and 1966-1969 respectively.^{1/}

The United Nations also refers to the research work undertaken with a view to the Development Decades, but it recognizes that the introduction of the system of long-term planning envisaged by the Committee of Fourteen is a complex and time-consuming process.

ILO broadly approves the principle of long-term programming, draws attention to the existence of the new World Employment Programme and says that studies are in progress to examine the possibility of a six-year planning period. Recent information confirms that this organization has in fact undertaken the preparation of such a document, which should be ready by about April 1970.

FAO refers to the work undertaken for the Indicative World Plan.

^{1/} In view of their dates of publication (May 1967 and April 1968), these documents represent, not medium-term or long-term programming, but more a review of the past.

UNESCO says that its practices are in accordance with the spirit of the recommendation. This organization, too, has actually undertaken the preparation of a medium-term programme.

WHO gives a careful description of the methods of long-term planning which it applies in practice in its various branches of activity: (1) the implementation of a general programme of work set by the governing bodies of the organization for a specific period of time; (2) the investigation of needs as a basis for setting priority objectives, undertaken jointly with governments; and (3) the development of plans of operation followed by systematic analysis of the base-line situation in the case of individual project. It states, however, that "in point of fact for most programmes of the organizations the lack of long-term plans is more apparent than real"; this means that no comprehensive description of these plans and of their translation into financial terms is given in any document (studies are in progress on the subject).^{1/}

It should be noted that UNDP has not commented on this subject. No serious medium-term programming will be possible, however, particularly as regards the cost of assistance, unless UNDP procedure is adapted for the purpose. The prior reform which we described in section 3.2 above must of course, a fortiori, be taken into consideration for medium-term programming.

Although, admittedly, the problem involved is extremely difficult, and although there can be no doubt that considerable efforts are being made to solve it, we feel bound to observe that there is some confusion between the various notions embodied in the idea. The following are required:

- The studies and research essential to long-term planning on a world scale;
- The immediate preparation - in the light of existing knowledge and without waiting for the results of the above-mentioned research, which will inevitably take a very long time - of a first integrated document - a medium-term programme and the next budget - listing the activities to be undertaken by the agencies and giving an estimate, in figures, of the means to be applied within a particular period, with well-defined objectives;
- Lastly (a problem which the Committee of Fourteen does not seem to have had time to consider, but which is implicit in its resolution): the methodology for practical presentation of the medium-term expenditure anticipated in that document.

Since the research undertaken for medium-term and long-term planning has already been described (paragraphs 2.18 to 2.23), we shall enlarge here on the other two points, beginning with the last, which concerns the question of method.

^{1/} We have not reported the replies of the smaller organizations. On the whole (and with the possible exception of WMO for the World Weather Watch), their replies confirm that their normal activities do not lend themselves to a programming system (cf. paragraphs 2.4 and 2.6 above).

The question is how the annual (or biennial)^{1/} portion of the funds allocated to a project (or to a programme unit)^{2/} for a longer period (for example five years) can be clearly identified. For this purpose, and in particular in order to learn how a medium-term activity is being carried forward, it is essential to know, for every programme unit or project spread over several years:

- The aggregate amount of funds allocated to an operation and the period during which the money is to be spent;
- What part of those funds is allowed to be spent during the budget period in question;
- In the case of an activity begun before the current budget period, what amount of funds has already been spent in previous years;
- What amount of funds remains available for subsequent years.

Although this is a traditional notion in a number of countries on the European continent (the distinction between crédits d'engagement and crédits de paiement), it does not seem to be current practice in countries whose financial usages are based on those of the United Kingdom or the United States.

1/ The budget cycle

In its proposal No. 25 concerning budget cycles, the Committee of Fourteen asked for general adoption of a biennial cycle. This was considered unacceptable by various organizations, usually on statutory grounds. The report of the Secretary-General of the United Nations on this subject (A/C.5/1122 and Corr.1) points out inter alia that the establishment of a system of longer-term planning and programme formulation does not depend for its successful implementation on the prior introduction of a more extended budget cycle, but that such a cycle would have no real meaning without such preparatory measures. The report of ACABQ on this problem (A/6887/Rev.1) makes several reservations regarding the possibility of applying a two-year cycle in the United Nations, and calls for the preparation of a further report by the Secretary-General.

In the interests of the correct programming of development aid, however, it would be useful if the five big organizations (and UNDP) all adopted the two-year budget period. The only two big executing organizations which have not yet adopted that period are WHO and the United Nations (cf. section 3.3 above).

2/ Cf. Section 3.6 above for the definition of this expression.

It is true that this notion is of secondary importance for financial documents presented by nature of expenditure. But a clear presentation by programme is out of the question unless the requirements listed above are taken into account. This is the only way:

- To fit the activities undertaken exactly into a project;
- To establish the necessary connexions between the annual or biennial budgets and the medium-term programmes, where these exist.

The second practical consequence, which flows from the principle of the distinction between programmes covering more than one year and budgets, is that straight away, without waiting for any genuine medium-term programming to be introduced, each organization should prepare special documents describing a medium-term and long-term programme in outline.

The main reason why this should be done is that such programmes already exist at least in part, since a great many activities (Special Fund projects or parts of programmes described each year in the budgets of the large organizations as "continued") are now carried on for several years. The part of recommendation 29 of the Committee of Fourteen concerning the "integrated document" corresponds exactly to this specific requirement; we think, however, that an attempt should be made to give a fuller description of the desired document.

However difficult it may be to lay down precise medium-term programmes with the existing procedures for allocation of funds, it is certain that the preparation of such documents, inasmuch as they would attempt a precise statement of the objectives pursued, would inculcate a useful intellectual discipline in secretariats and legislative assemblies; but these documents must not be confused with the general research work now being done on indicative world plans or on the second Development Decade. These documents are more modestly conceived to show specifically what medium-term activities are actually undertaken by the organizations and what activities are likely to be undertaken within a reasonable time. They should therefore be so designed as to provide reasonable forecasts of expenditure (over a period of five years, for example) for each organization responsible for part of the economic and social programme; since these forecasts will not necessarily correspond to appropriations, a clear distinction should be made between credits already available

(for example, those allocated for five-year Special Fund projects), credits which will probably be granted (under the conservative assumption that appropriations included in current budgets will be renewed for activities which are to be "continued") and those which it would be necessary to obtain in order to carry out a realistic but slightly more ambitious programme (under a bolder assumption).

Efforts should of course be made to reach agreement among the various organizations on a common duration for the period of medium-term programming. The arrangements for the Second Development Decade (1970-1980), for example, might furnish the opportunity to agree on two five-year periods.^{1/}

These medium-term programming documents would be still more significant if an effort could be made to include in them some information on other bilateral or multi-lateral aid programmes carried out alongside those of the United Nations; this would put the activities of the United Nations into perspective and show where their originality lay. This effort to provide better information might in addition prepare the way for concerted programming on a world scale among all the countries supplying aid and all those receiving it. But this will be possible only if radical changes are made in actual programming methods. These problems will be considered in sections 3.5 and 3.6 below.

^{1/} A six-year period would, however, be more suitable if a two-year budget cycle is universally adopted.

3.5 Methods of programming. Preparation of an inventory of resources by country and by source of aid with a view to a rational apportionment of tasks.

In order to bridge the gap by which general thinking on a world scale (Second Development Decade, indicative world plans) is at present separated from day-by-day (project by project) activity, it will be necessary:

- to prepare an accurate and full inventory of the tasks to be carried out in order to achieve those general objectives which have been accepted as reasonable (and which have been defined in documents of the type referred to above):

- to determine who is to carry out those tasks and by what means (the developing countries themselves with their own resources, bilateral aid, other multilateral aid, the United Nations family).

Diagnosis by country (and the totalling of their results for the world as a whole) should make such an inventory possible. The apportionment of tasks and resources depends on negotiations conducted between countries receiving aid and those which supply it. Such negotiation should enable the programmes of each agency responsible for the utilization of aid funds to be prepared in harmony with the plans drawn up by each developing country. It is through this type of negotiation that it should be possible to determine the exact place and role of the United Nations family in all activities and hence to define the nature and originality of its programme in relation to other programmes.

Clearly, in this negotiation, the United Nations family, and in particular the United Nations itself, has a special role to play. Since these organizations provide the only place where qualified representatives from most States in the world can meet, it is here that negotiations should take place, and it is therefore logically the task of their secretariats to provide the necessary background material for the negotiations.

This means that the United Nations, assisted by all the specialized agencies, should first assemble all the material required for the determination of programmes. This work, which is already being done as regards the economic situation (world statistics), and planning methods and global requirements (Centre for Development Planning, Projections and Policies), should be extended to:

- the detailed analysis of national plans: objectives and resources proper to each country;
- the evaluation of aid requirements by country, as a function of the disparity between each country's objectives and resources;
- the establishment of an inventory of all the external forms of assistance available (i.e. multilateral and bilateral aid programmes in the form of gifts or loans), having regard not only to their size but also to their nature and the purpose for which they have been allocated;

- the critical analysis (from the point of view of economics, of course, not politics), by country and by assistance programme, of all the means applied to achieve the objective sought.

If such material could be assembled (there would be enough of it, incidentally, to fully justify its processing by computer), it would provide the basis not only for the global negotiations described above and to be conducted between the United Nations, the various aid programmes and the countries, but also for a rational definition of the programme of the United Nations family itself.

Only after several years of application would such a system have any prospect of producing all its fruits: rationalization of the methods used, very precise determination of the functions assigned in this system to each agency (UNDP, regional economic commissions, specialized agencies, United Nations), increased speed in the determination of priorities, perhaps a better harmonization of planning periods in the various countries, a better integration of programmes by field of action (education and industrialization, co-ordination of research, agreement on regional programmes, and so on).

Such a system is indispensable if programming is to become rational and effective; its application, however, would mean that the United Nations must be provided with the necessary staff resources to carry out these tasks (cf. section 3.7 below).

3.6 Definition of programme "units" and methods of identifying them

A programme is always made up of specific activities; what matters is that those activities should be well defined. To describe them clearly and by a method capable of being applied by all the agencies is in fact the only means of explaining what is being attempted and of subsequently measuring what has been done. This is not an easy task.

The problem which is extremely important /because if it were solved, virtually all difficulties inherent in standardization would be overcome, computers could be used to good effect, and so on/ presents several aspects:

- the definition of "units" i.e. the method of subdividing and presenting the programme by clearly defined specific activities; this aspect of the question, incidentally, presents difficulties of terminology;
- the method of identifying these "units" or specific activities;
- the classification of these units in the general presentation.

We shall see that if the first two aspects are correctly dealt with, the third, i.e. classification, does not present any serious difficulties, since several equally effective solutions are available.

(a) Method of subdividing the programme into specific activities or "units"; problem of Terminology

We have seen (in section 2.17 above) that the large organizations which present their budget by programme have not adopted either the same degree of precision or the same terminology; although taken by itself, each method has its merits and is no doubt well adapted to the problems of the relations between secretariats and representatives of member States in executive boards and general assemblies, the problem of standardization consists precisely in the elaboration of a common method.

To propose such a method in the form of models would require a much more detailed study, which would exceed the scope of this report. It is possible, however, to trace here the broad lines along which such a method should evolve.

When a programme is defined, its execution requires that it should be sub-divided in a precise fashion, so that those responsible for applying it may know exactly what they have to do, the time-limits they should observe and so on. This is what is called, in the case of the large projects for example, the detailed plan of operation.

The degree of precision obtained in the presentation of programmes may of course vary: while the greatest precision is indispensable at the time of execution, a lesser degree of precision may no doubt be accepted at the time when appropriations are voted.

In the circumstances, it is quite natural that the degree of precision is not the same (within each organization):

- in the document describing the programme to the executive boards and the assemblies,
- in the final document (the adopted budget),
- in the internal documents defining the work of each executant in detail.

Precision should normally increase in each of the phases: the point which we are here making is that there should be a high degree of precision in the adopted budget (phase 2). For the reasons which we have described in section 0.3 above, the budget is an irreplaceable document for the description of the organization's life; it cannot be clear without being precise and it must therefore be very detailed. This inevitably means a bulky document, but it would be false economy to try to reduce its size (the absence of a complete document of this type inevitably leads to the most diverse requests for information which place a great burden on the secretariats).

The choice and definition of the smallest "unit" to be adopted in order to break down a programme into specific activities poses in the first place a problem of terminology: while "projects" in the field, whether or not they involve substantial outlay, are relatively easy to define - an already long tradition and the practice, particularly of UNDP, having provided the basis for a methodology which seems common to all agencies - the same does not apply to the breakdown of activities at the organizations' headquarters. On the one hand, these activities fall under the heading either of international co-operation (defined in section 2.16) or of assistance to the under-developed countries, and the distinction between the two is not always easy to make. On the other hand, the objectives of these activities are not as easy to define as those of projects.

According to the organization concerned, these small "programme units" are either simple numbered paragraphs, or "articles" of a programme, or numbered or unnumbered sections. The manner in which they are arranged in sub-programmes (ILO), in chapters sections (UNESCO), etc., also varies (cf. also section 2.17 above). An effort to establish a common terminology is therefore required (both for the designation of the "unit": articles, sections, paragraphs, "programme units", "work items", etc., and for the various successive subdivisions in which they are regrouped (chapters, sections, sub-programmes, etc.)).

This work in depth should consist of a determination of the characteristics required to define the "unit".

The material may be grouped under the following heads:

- the field of activity: for example elimination of adult illiteracy, industrial development, agricultural research, control of contagious diseases, etc. The classification proposed by Mr. McCandless seems to suit that purpose. It would in any case be necessary to state clearly each time whether it was a question of co-operation among countries at all levels of development, or of assistance to developing countries (according to the distinction made in sections 2.6 and 2.7 above).
- the means of action used: for example, organization of a meeting, preparation of a publication, of a plan of action, a report, a study, a conference or training course, etc., when such means can be identified and distinguished within an often complex and varied administrative activity.
- the nature of the function discharged

This last category seems to us to be particularly important for programming requirements: it relates, in fact, to the special spheres of competence of those who have to discharge these functions.

In earlier parts of this study we have seen that a special place must first be set aside for:

- (1) The standing functions of the programme administration (at the level of the managerial staff of the departments responsible for the programme and their personal assistants); outside this function of overall supervision (for which, incidentally, a definition acceptable to all the organizations would have to be found), the other functions which we think should be distinguished are these -
- (2) Research (headquarters or field):
Either of a technical or scientific nature;
Or economic and methodological;
- (3) Training:
Either (headquarters) internal training of the organization's officers or experts;
Or (headquarters or field) external occupational, technical or scientific training; for preference a distinction should be drawn between the training of teaching staff and that of non-teaching professional staff;
Or (field) training in the nature of general education;
- (4) General information (headquarters or field);
- (5) Technical assistance (field): secondment of experts to contribute to the solution of a problem which is defined by a State and which that State is to solve;
- (6) Projects (field): an operation with clearly defined objectives, carried on in a country or group of countries, and directed and organized mainly by the executing agency; (after discussion with the country concerned)^{1/}
- (7) Project support and preparation (headquarters and sometimes field).

^{1/} The distinction between items (5) and (6) lies solely in the greater or lesser participation of the agency concerned in the direction of operations in order to achieve the agreed objective. It is not always possible to make this distinction clearly.

Such a methodology, which might be founded on a combination of the characteristics described above (field of action, environment in which the action is to be carried out, nature, function) is here only briefly outlined for discussion. More detailed studies will no doubt be necessary to arrive at a common methodology.

(b) Methods of identifying these "units" or specific activities

Assuming that a common method for the definition of these "units" has been found, they still have to be identified, which means that their principal characteristics have to be determined.

We have seen in paragraph 2.14 that each of the various organizations which present their budget by programme already has a method of identification. To arrive at a method which is the same for all the organizations and yet sufficiently precise to embrace all desirable types of classification implies considerable advances, but is not impossible.

The following particulars should be given for every programme "unit" identified and classified in one of the categories set forth in the above list:

- An identifying number (symbolizing, if possible, the main categories of the unit in question);
- The amount of funds allocated (appropriations authorized), specifying: (cf. paragraph 3.4 above):
 - The amount of the credits for the current year, analysed by nature of expenditure;
 - and, in the case of an operation spread over several budgets,
 - The total amount of funds for the medium-term period;
 - Where applicable, the amount of funds utilized;
 - The amount of funds remaining to be spent in subsequent years
- The duration of the operation (starting and finishing dates);
- The staff establishment (number, grade, duration of employment, plus employment of consultants where applicable^{1/});
- The place where the work is to be carried out;
- The sector of activity concerned, described in precise terms (or the field of action, clarification proposed by the ACABQ consultant);

^{1/} Where it is quite impossible to provide these staff particulars, operation by operation, owing to the specific structure of the departments concerned, recourse may be had to a form of evaluation in man/months such as that adopted by ILO. However, if maximum clarity is to be achieved, the actual manning tables should be drawn up in terms of the smallest possible unit in charge of a group of operations.

- The form or forms of the operation (meetings, publications, tours, missions of experts, and so on);
- Lastly a description, brief but as precise as possible, of the objectives pursued and the results anticipated; this point is obviously essential.

The difficulty involved in describing the objectives will vary with the nature of the operation, but it is vital to the quality of the work to be done that this mental effort should be made (an exact definition of the work to be accomplished is part - and by no means the least important part - of the work itself).

Generally speaking, these objectives should be quantified wherever possible (for example, in the case of training operations the number of students or experts trained; in the case of information operations the number of documents to be prepared and the number of people to be reached in circulation; in the case of technical assistance operations and projects, the specific results to be achieved, and so on). But qualitative description is also very important; in a great many cases, for example where research is concerned, a description of the situation existing before the operation starts and an estimate of the results anticipated may do much to clarify the statement of the work involved. The method adopted by WHO to explain its programme in broad outline, whereby the statement of the problem, the technical structure of the programme, the summary of past work and the description of the objectives are all dealt with separately, could without doubt be usefully applied to the description of each operation.

Admittedly only very brief information can be given in a budget, but it will be all the better and all the more significant if it takes the form of a summary of more detailed documents available separately for each operation. In other words, the quality of the brief descriptions given in a budget depends in reality on the quality of the work of preparation in depth done by every programme administration. Hence this is not a mere problem of presentation within the competence of each organization's budget administration but a question of rigorous disciplines which should be adopted by the programme departments themselves.

Moreover it should be noted that project support and preparatory operations (item (7) in the above list) cannot be clearly described without giving a description of the projects themselves; from this point of view, therefore, "integrated" forms of presentation such as that adopted by UNESCO seem preferable to any other. At all events, the "project support and preparation" parts of the programme should at least refer to a specific list of projects.

It is true that this last category of activity may present major difficulty inasmuch as the proportion of project support and preparation carried out by the programme administrations may vary according to the division of administrative functions between those administrations and the administrative departments proper. For example, expert may be recruited by a bureau of personnel forming part of the general administrative management, as at UNESCO, or by the programme administration itself, as at FAO. Hence the "project support and preparation" part is subject to variation and, above all, may be classified differently according to the structure of the organization concerned. Here again we come up against the type of difficulty which we described in our previous report on overhead costs. In the budgetary context, the only way to deal with this type of difficulty is, firstly, to give a very precise description of the contents of the so-called project support operations (within the programme administrations) and, secondly, to identify, in a manner comparable with that proposed above for the programme units, the administrative operations generally performed by the departments classified as administrative (finance, budgeting, accounts, conference services, publications and so on). The difficulty illustrated by the example of recruitment may also arise in connexion with publications, the holding of meetings, and so on. The conception of a budget by programme therefore implies the identification, or at least a very precise description, of the operations performed by the departments classified as administrative.

- 1/ We should point out in this connexion that, if it was possible to give as detailed and as precise an identification as that proposed in this paragraph, the proposal made in our previous report (JIU/REP/6-2 and Corr.1) concerning methods of measuring performance, and particularly concerning the possible introduction of an itemized operational accounting system, might ultimately become redundant. In the present state of budget presentation it is still necessary to have an itemized system for recording the distribution of the activities of officials dealing with a variety of problems. Only gradually, in the light of the results obtained by such a system, can budget presentation be refined and brought more into line with reality. In other words, the two types of proposals, far from conflicting, complement one another.

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(c) Method of classifying projects and programme units within programme instalments

If the problem of identifying the various activities were solved by a method as strict as that just described, the method adopted by each organization for the classification and presentation of activities would obviously be of no more than relative importance. Using the method of identification proposed above, the various programme units, projects and so on might be classified to some extent statistically, according to such characteristics as:

- According to their nature (as defined above);
- According to the economic and social sector to which they belonged;
- According to the place where they were to be carried out (country, region, etc.);
- According to their form (publications, conferences, technical assistance, pre-investment projects, etc.);
- And even, if necessary, according to their cost, duration, etc.

These various statistical classifications all have their value and might easily be made not only for one organization, but for the programme of the United Nations family as a whole. They would thus provide an interesting panorama of all the activities carried on, and the basis for an assessment of the nature and contents of the overall programme - something virtually impossible today.

As to the desirable presentation of the budget documents, on the other hand, it seems plain to us that there is no reason to depart from the method currently used by the large organizations which present their budget by programme: i.e., following the structure of the programme administrations of those organizations.

From the administrative standpoint this is the most natural and most practical method. It leads to a better understanding of the relationship between the various components of the programme at headquarters and the projects in the field, and between the structure of the department and the programmes themselves. The type of structure adopted in no way affects the principle of this classification, whether it takes the form of centralized departments as at UNESCO, programme departments supplemented by an administration of outside programmes as at ILO, structures including regional offices such as those of FAO, or largely decentralized structures as at WHO. On the other hand, this system does not preclude - indeed, it favours - the presentation in annexed tables of all the forms of recapitulation described above. A list (identical for all the organizations) of all these tables, with their characteristics, might be easily drawn up with a view to their inclusion in an overall presentation of the programmes of the United Nations family.

(d) Consolidated and summarized documents

If the methodology recommended in the foregoing paragraphs were adopted, it might usefully be supplemented by the preparation of consolidated and summarized documents. One of the difficulties confronting all those who work with the United Nations is what might be called both the superabundance and the inadequacy of the documentation available. According to whether the difficulty lies in obtaining a particular item of information on some aspect of an organization's activity or, on the contrary, in going through the prodigious mass of documentation which is, so to speak, the by-product of the organizations' activity, the temptation is to call for the preparation of even more documents through special requests for information (something rightly dreaded by the secretariats) or for the simplification and reduction of existing material. The only way to deal with these apparently conflicting requirements is to improve the presentation of the information and to attempt a consolidation of the essential points, which may take the form of summaries.^{1/}

^{1/} The proposal we are making here differs somewhat from that made by the Committee of Fourteen in recommendation No. 6, paragraph (d), foot-note c (A/7124, annex I) to the effect that:

"The comments explaining items in the budget should, as far as possible, aim at brevity, so that the budget document itself does not become excessively bulky. Generally speaking, it would be preferable to include in the budget itself only such comments as are absolutely essential, relegating any detailed discussion and description that may seem necessary to appropriate annexes. In this way, it would be possible to reduce the size of the budget document proper, making it easier to handle and clearer."

The concept which we describe here endorses the principle of annexes but maintains that clarity and concision are difficult to reconcile in a budget presented by a programme. This is what has prompted the proposals -

- that all the required particulars should be furnished in a - necessarily bulky - budget document (the approved budget), a fundamental document which must also supply very comprehensive information and provide the basis for day-to-day action;
- that this document should be distinguished from the "draft budget" which as the executive boards and general assemblies see fit, may if necessary, be more concise;
- that a condensed version of the approved budget should be prepared.

3.7. Establishment of a United Nations programming service

Some of the proposals made here no doubt merely involve the transformation of the methods now in use. Others, however, could only be acted on if the means, i.e. the necessary staff resources, were made available.

This applies particularly to programming for the United Nations itself and for the preparation of the general inventory as proposed in section 3.5 above.

The main gap to be filled appears to be at present in the United Nations services themselves.

The large agencies which present their budget-by-programme have inevitably set up central programming services which, although different in structure and operating at different levels, all ensure a permanent dialogue with the services responsible for programme implementation. This dialogue also exists in the United Nations, but as it is not intended for presentation in a document submitted for approval to the Economic and Social Council and the General Assembly (which receive on these subjects only the information documents mentioned above), it is entirely different in character and does not require the same intellectual effort or a large staff. Precisely, however, in view of the variety of the activities assigned to the Department of Economic and Social Affairs, to UNIDO, UNCTAD, UNECR, and so on, the presentation of a United Nations budget-by-programme would require a large centralized service comprising programming specialists. The establishment of such a central programming service seems indispensable on those grounds alone.

But the creation of such a service in the United Nations would also have the advantage that a beginning could be made with the integration of the programmes of the United Nations family as a whole (in the sense described in this report) and their co-ordination with those of the International Bank and the other bilateral or multilateral aid organs (as proposed in section 3.5).

In other words, such a service would have to:

- (1) centralize information concerning -
 - the plans existing in each country (objectives and resources);
 - the intentions of other bilateral and multilateral aid sources, loans by the World Bank, etc.;
 - the programmes of the specialized agencies in the United Nations family itself.
- (2) provide a connexion between long-term thinking (Second Development Decade, indicative world plans, and so on) and medium-term aid programmes;
- (3) provide the groundwork for a definition of the United Nations programme itself

- (4) provide the secretariat for meetings intended to improve programming and programme presentation methods;
- (5) prepare the common consolidated and summarized document for the United Nations family, as proposed in the preceding section (3.6);
- (6) undertake research, possibly with the help of outside consultants, with a view to the continuous improvement of programming methods. In this connexion, the preparation of a theoretical summary describing the progress and results of the research undertaken in the various organizations, for example in economic and methodological matters, would certainly be particularly valuable. It would help to make the public better informed about what the organizations are doing in this field, would provide a basis for comparison and would probably, by its very existence, make it easier to draw up subsequent research programmes.

If work of this magnitude were undertaken, economists and experts in programming would have to be attached permanently to the proposed service, which must have the resources needed to enable it to engage outstanding consultants in this field and to use electronic data-processing equipment. The establishment of a service of this nature would obviously entail the appropriation of relatively large additional sums. Nevertheless, the introduction of rational programming at the world level to ensure the most effective use of the resources invested against underdevelopment or, in other words, the provision of the Economic and Social Council and specifically its Committee for Programme and Co-ordination with the means of carrying out their task efficiently is, in our view, a matter of such importance (and it is, incidentally, an initiative which will result in substantial savings), that this proposal seems to us to be in the interests of all member States, whatever their level of development.

4.1. CONCLUSION. Summary of the report and proposals

Our thesis has been the following:

(1) Inadequacy of the financial system and programming methods. The financial system and the programming methods used by the organizations of the United Nations family are not at present properly suited to their tasks. As more than 85 per cent of the funds spent are devoted to economic and social development (over three quarters of these funds, probably, being used to assist the developing countries), it is essential that the activities financed in this way should be programmed, i.e. provided for and organized in advance with a view to attaining precise objectives laid down generally for the medium term.

This programming cannot be rationalized merely by the partial harmonization of the methods used in the presentation of programmes and budgets. Such harmonization, which is certainly indispensable, can be achieved only by prior and drastic changes in financial procedures and programming methods.

(2) The financial system

The financial system currently used is very complex and lacks clarity to the point that it is difficult to know at any given time the exact amount of the funds being used by the various organizations.

But above all, it fails to provide the elements required for rational programming, because programming means, essentially, forecasting, and because it is impossible at present to define, reasonably in advance (for at least one budgeting cycle), the various activities which may be undertaken by the organizations.

Advance forecasting is indeed impeded by a number of financial procedures.

This is true particularly of the methods used by UNDP in earmarking funds for the executing agencies; funds are earmarked twice a year on a project-by-project basis, so that no harmonization can be achieved with the agencies' budget estimates as regards support for the projects, their administrative preparation and their actual drafting. Yet UNDP outlays represent more than one-half of the total funds used by the agencies.

The present structure of the United Nations budget, which is presented by nature of expenditure rather than by programme, is likewise an obstacle to the harmonization and integration of programmes. And yet this budget represents over 30 per cent of the total funds used by the United Nations family. It is thus impossible to achieve any synthesis or integration of all the organizations' programmes.

Lastly, the fact that estimates are not made at present for a period exceeding one budgetary cycle (two years, and in some cases one year) makes it extremely

difficult to identify and define medium-term objectives, since a period of five or six years is generally used in the preparation of national development plans with which logically, it should be possible to harmonize a development programme.

In short, it is impossible either to prepare a consolidated general document summarizing the budgets and programmes of the organizations as a whole or easily to ascertain objectives. The recommendations of the Committee of Fourteen on budgets have so far been implemented only on a very modest initial scale; they should be given effect more quickly.

(3) Programming methods

The shortcomings of programming methods appear to be due mainly to the confusion of ideas which seems to prevail with regard to the very notion of a "programme". It seems necessary to clear up that confusion in order to arrive at a common and clear conception of what a budget is or should be. The first essential step towards greater clarity is to distinguish:

- activities which cannot be programmed (political activities);
- those which can be programmed only with difficulty and in an uneven manner, depending on the field of action in question (international co-operation between countries at all levels of development and, in particular, technical functions), and
- those which can and must be set forth in a definite programme, namely those designed to assist the developing countries.

But, even thus circumscribed, the problem of choosing the right method of programming is extremely difficult. In this field, the only known methodology exists at the national level. The international level confronts the United Nations family with a number of specific difficulties (multiplicity of objectives, paucity of financial resources, number and complexity of decision-making centres, the equivocal position of the various organizations, and so on).

This situation, which is no doubt due in part to the facts of world politics and to the structures, as shaped by history, of the United Nations system, is however also the result of a set of procedures and methods; and these could be changed.

Admittedly, the effect of existing structures on programme formulation appears and to be fundamental; a fairly comparable model seems to be cast every year from the mould represented by the various agencies and their programme administrations (cf. table on pages 25, 26, 27). An improvement in the existing methods of programming, however, would at least make it possible to gain a clearer picture of the entire range of tasks in progress and to pass an overall judgment, and would thus be helpful in any attempt at more comprehensive formulation.

Apart from their effect of compartmentalization into specialized activities which seem insufficiently integrated, the existing methods of programming appear to have the following characteristics:

- For activities in the field, systematic recourse to the method of projects; it is not easy to see how these sporadic and limited activities fit into the general development of the countries concerned or how they relate to any general programming of the organizations' activities;
- A certain lack of precision and a failure to identify the headquarters activities of the programme administrations; the efforts at presentation now being made by the large organizations are admittedly far from negligible, but they should be intensified with a view to differentiating the various types of activities more sharply, clarifying them and, in the last analysis, really programming them. This need is particularly keen in the case of research activities;
- Studies carried out with a view to an overall consolidation (statistical classifications, major projects, global consolidations of the type of the First Development Decade, indicative world plans, research done for the Second Development Decade, the Capacity Study, etc.) which are either disappointing or else represent major efforts whose success is possible and desirable but which still need a great deal more work.

No conclusive progress can be made unless a number of very serious difficulties are resolved (reconciliation of "diagnosis by country" with the principles of planning on a world scale; reconciliation of the world mission of the United Nations with the paucity of its financial resources; finding a basis for a minimum theoretical agreement; and adaptation of the structures of the United Nations system to the needs of overall programming).

In order to prepare the ground for a general solution in this field,

- the gap which separates thinking at the international level (the global synthesis referred to above) from the day-to-day work of preparing and implementing projects in the field must be bridged. This gap can be bridged only by the preparation of an inventory

- by country, of requirements and available resources;
- by type of assistance (bilateral, multilateral, or international) of action-programme estimates,

in order to ensure a rational apportionment of work, taking into account degrees of urgency, spheres of competence and the need to integrate programmes with each other and with the plans of the countries concerned.

Another essential requirement is that programming methods and methods of ensuring the uniform presentation of programmes should be developed.

These considerations and this argumentation prompt us to make the following proposals concerning:

- the modification of financial procedures;
- the methodology of programming;
- the strengthening of programming services.

4.2. PROPOSALS

PROPOSALS CONCERNING THE MODIFICATION OF CURRENT FINANCIAL PROCEDURES

Proposal 1. Reform of UNDP earmarking methods

A prerequisite for the establishment of a rational programming system is the replacement of the present method of earmarking UNDP (Special Fund and technical assistance) funds, and of voting on the appropriations, by an entirely different method entailing:

- the distribution and approval of appropriations by the Governing Council, by country and by executing agency, giving an indication, on the basis of a programme for at least two years, of the broad lines along which funds should be allocated (the preparation and approval of the UNDP budget-programme will thus proceed at the same pace as the preparation and approval of the budget-programmes of the agencies of the United Nations family),
- an extension of the Administrator's powers to draw up detailed plans of operations, with greater control being exercised by the contributing States, on the other hand, during the examination of the results obtained.

Alone such a reform would permit the harmonization of forecasts of all funds made available to the United Nations family for economic and social development and particularly, for assistance to the developing countries or, in other words, the budgetization of the bulk of the funds allocated for this purpose.

Later on, steps should be taken to explore the possibility of introducing a system for preparing advance forecasts, over a similar cycle, for all other sources of voluntary funds.

Proposal 2. Presentation of the United Nations budget by programme

All the large organizations' budgets should be presented by programme and not by nature of expenditure, and each budgetary document (i.e. the approved budget) should describe all the activities of each agency, whether financed out of its own funds (i.e. expenditure which requires approval by its legislative body) or out of funds allocated by other organizations - UNDP, member States, etc. - (given for information).

The biggest gap to be filled before a general presentation of this nature can be achieved is the absence of any presentation of the United Nations budget by programme.

(a) In presenting the United Nations budget, therefore, use should be made of a structure comparable with that of the large agencies, such a structure would distinguish between, in particular, expenditure of a political nature, common administrative expenditure, and expenditure on economic and social development

(with special reference to expenditure on assistance to the developing countries), the latter being classified in four or five main parts covering, respectively, economic and social affairs, the regional economic commissions, UNCTAD, UNIDO and UNHCR.

It would also be extremely useful if, in accordance with the recommendations of the Committee of Fourteen, this budget were established for a two-year cycle.

(b) For their part, the budgets of the small technical organizations, which are now presented by nature of expenditure, should show, for information purposes, their programme expenditure in the field, including, in a separate part, that financed out of extra-budgetary funds.

Proposal 3. General adoption of medium-term programming

(a) Every part of the budget which relates to economic and social development problems should be regarded as an annual or biennial instalment of a medium- or long-term programme.

(b) The following should accordingly be shown for each programme component financed for a medium term exceeding the budget period:

- the aggregate amount of funds available for that period and the time allowed for implementation;
- the part corresponding to appropriations for the budget cycle in question;
- the funds spent in previous years, if any, and the funds remaining to be spent in subsequent years.

(c) All the executing agencies, as well as UNDP, should prepare documents, identical in format, presenting their pluri-annual medium-term programmes, thereby distinguishing between funds actually available and those which can reasonably be anticipated (with a minimum and a maximum).

PROPOSALS ON PROGRAMMING METHODS AND THE PRESENTATION OF BUDGET-PROGRAMMES

Proposal 4. Establishment of an inventory of resources by country and by source of assistance, with a view to a rational apportionment of work

It is proposed that an accurate and comprehensive inventory should be drawn up of the work to be done if general objectives at the world level (Second Development Decade, indicative world plans) are to be attained. The inventory should comprise:

- a country-by-country file containing a detailed analysis of national plans and an evaluation of global assistance requirements by country;
- a file by source of external assistance, containing information on bilateral and multilateral assistance programmes;
- a critical analysis of the resources used, providing the basis for global negotiations by country and by source of assistance prior to the mapping out of the main lines of the assistance programme of the United Nations family.

Proposal 5. Adoption of a methodology for the identification and classification of projects and programme "units".

It is proposed that an identical method should be adopted for identifying the non-permanent components of the activities of programme administrations, whether carried out at headquarters or in the field.

This method might take the form (i) of establishing a classification of the various programme "units" or projects according to a classification (which is outlined in this report, but which should be the object of more detailed study) based on the field of activity and the type of resources used, but also, and above all, on the nature of the function performed (programme administration, research, training, information, technical assistance, projects, and project support and preparation); and (ii) of providing, for each component thus identified, particulars that would follow the same pattern in all agencies (identification number, amount of funds, duration, staff, place, sector of activity, form and objectives).

PROPOSALS FOR THE STRENGTHENING OF PROGRAMMING SERVICES

Proposal 6. Establishment of a programming service in the United Nations

It is proposed that a programming service should be established for the United Nations, responsible for

- centralizing the information described in proposal 4 above;
- preparing the United Nations' own programme in the matter of economic and social development and, more particularly, of assistance to the developing countries;
- preparing the consolidated documents referred to in proposal 5 above;
- helping in the establishment of the contacts necessary for the preparation of a joint programme within the United Nations family.

This service should be assigned highly qualified staff and provided with the resources required for the accomplishment of this very important task (particularly so far as concerns the recruitment of consultants and the use of electronic data processing equipment).

It should be noted that the sum of these proposals cannot be considered or put into effect by a single authority. The following final remarks, therefore, seem called for:

(a) This report is merely a contribution to the study of problems at present on the agenda, the Rapporteur having had occasion, during his enquiries, to note the interest shown in them by persons most conversant with, and most qualified in program

practices in the United Nations family. It would therefore be difficult to dissociate the examination of the proposals it contains from a general examination of the other studies, already carried out (such as the earlier-mentioned study by the Rapporteur of ACABQ), or still underway (such as the "Capacity Study" or the other reports of the Joint Inspection Unit). It would be desirable for all the proposals contained in these various studies to be examined by a special committee consisting of competent persons, so that compatible decisions could be taken by the various authorities concerned.

(b) If, however, on the basis of the studies and proposals made in this report, the secretariats or legislative bodies of the various organizations consider that a number of improvements could be made in programming techniques or budgetary presentation before a general survey is undertaken, it would be well if such decisions, provided they do not prejudice a global reform, could be taken as rapidly as possible.

To enable the competent authorities to consider these proposals, the recommendations of special interest to the various organizations are listed below:

UNDP: proposals 1 to 3 (particularly 3(c))

United Nations: proposals 2 to 6

ILO, UNESCO, WHO, FAO: proposals 3 and 5, and participation in proposal No. 4

Other agencies: proposals 2(b) and (mainly) 3.

ANNEX I

Summary of the preliminary note on standardization of the
budgetary presentation of the organizations' expenditure

(JIU/Note/68/10/B)^{1/}

This note, addressed to the secretariats of the various organizations in August 1968 and accompanied by a questionnaire, elicited the replies which are summarized in annex II.

A brief summary of the note is given here. It dealt in turn with the following:

- (1) Itemization of certain units in the budgets and accounts. This proposal concerning the degree of precision in budget presentation has been enlarged upon considerably in paragraph 3.5 of this report;
- (2) Methods of classification of the budgets of the five largest organizations and the degree of precision achieved for each of them;
- (3) Conditions for the standardization of budgets and accounts. The proposals made in this part relating to the combination of breakdown by object of expenditure with breakdown by programme have been restated in this report (also in paragraph 3.5).

An annex to the note gave a description of the budgets of some small organizations. The organizations concerned have made some comments with a view to correcting certain inaccuracies.

The main purpose of the note was to ascertain the secretariats' views on a number of points covered by the questionnaire reproduced in annex II.

^{1/} This document will be sent, on request.

ANNEX II

Summary of replies received to the questionnaire on
problems of budgetary standardization

B.1. (Introduction) Does such standardization seem to you a desirable object or not, and for what reason? Are there any overriding objections to such an attempt?

FAO

A desirable objective. We are collaborating with ACABQ for this purpose. But vital to include all the information required by governing bodies. The Programme and Finance Committees of FAO have expressed the opinion on several occasions that a uniform presentation of budgets might be a source of confusion.

UNESCO

As shown by ACC, each organization's budget should be divided into five parts:

1. Policy-making organs
2. Executive management and programme planning
3. Programmes of activity
4. Services and supporting activities
5. Other budgetary provisions.

There are still two problems for which solutions need to be found through inter-agency consultations:

- the demarcation between these five parts of the budget, i.e. the definition of each part;
- the type of breakdown to be adopted for part 3, i.e. for each organization's programme.

The first problem is an extremely difficult one; however, the ACC report and the recent attempt to define financial and budgetary terms can usefully serve as a basis for further efforts in this direction.

With regard to the second problem, it is essential for this part of the budget to be divided into the principal disciplines (i.e. in the case of UNESCO, education, science, culture, etc.) and for each discipline to be subdivided into specific fields of activity (education into: research, teacher-training, adult education, etc.). Each subdivision must, in turn, be broken down by objects of expenditure reflecting the modality of programme implementation. All these

objects of expenditure should, of course, be summarized in an information annex to the budget documents, in accordance with your suggestion on page 5.

WHO

A desirable objective, provided that each organization can also present information on the programme and the budget in a manner which meets the needs of its "governing body". WHO has in mind the advantages which standardization would present for co-ordination of the activities of the United Nations system and for the government services responsible for examining the financial implications of the budgets of all the organizations.

WHO made a proposal to the Committee of Fourteen with a view to a presentation which might be acceptable to all the organizations. This presentation will be included in the programme and budget for 1970.

WHO confirms its intention of participating fully in the study of this question which has been entrusted to ACABQ by the General Assembly of the United Nations.

UN

Certainly desirable. Cf. ACABQ study now in progress.

ITU

To some extent desirable. But complete uniformity would present difficulties, particularly because of the execution of extra-budgetary programmes common to all the agencies. Any action to improve financial organization should therefore be approved by the central organ.

Standardization of budgets would also necessitate an adaptation of ITU's structure. The Union's budget does not include any projects and its activities cannot be broken down by programmes or projects, with the exception, of course, of technical co-operation projects financed by UNDP.

IAEA

(B.1. to B.14.)

It is impossible to reply to each of the questions in detail. In general, we are responding to the recommendations of the Committee of Fourteen. For several years, information annexes have been provided with a breakdown similar to that in note B.1.1. This

does not give rise to any special problem. The degree of precision and the use of these annexes as a basis for inter-agency comparison are, however, different matters; the answer obviously depends on the degree of standardization of terminology and procedures for all the agencies. The establishment of a uniform budget format and cycle would be extremely useful, and the preparation of a model might at least go some way towards convincing the governing bodies of the various organizations of these long-term advantages. Until these advantages can be demonstrated, however, it is to be feared that the governing bodies of the various organizations, such as that of IAEA, will prefer the simple and concise documentation which has proved adequate for needs and commensurate with the available resources.

UPU

A desirable objective in principle. But, given the differences existing between organizations, it is doubtful whether it will ever be possible to arrive at a budgetary presentation in which the details are identical. It is rather a matter of laying down principles which would result in the various budgets being at least compatible, so that there are sound bases for both comparisons and compilations, e.g. for the use of the Economic and Social Council.

IMCO

The IMCO Council likes to see the budget presented in the traditional manner in which it has always been presented. However, for other purposes, and as a secondary presentation, we are in principle in favour of a standardized presentation of budgets and accounts.

WMO

Yes, very desirable. No overriding objections, provided that the approved presentation is usable by small and large organizations.

B.2. Does the breakdown by object of expenditure, as proposed by the Committee of Fourteen, seem satisfactory to you? What, in your opinion, would be the best type of breakdown (paras. 1.1. and 3.2.)?

FAO

The best type of breakdown would be that proposed by ACABQ, after consultation with the United Nations and the specialized agencies. Our ideas are not yet sufficiently developed on this point to make constructive proposals.

UNESCO

Generally speaking, we agree with your suggestion on the breakdown by object of expenditure but the latter should be clearly defined on a common inter-agency basis so that each line relating to object of expenditure has the same coverage for all the specialized agencies.

In our opinion, however, the breakdown by object of expenditure should not be binding on any administration, since it is simply a means of execution that may vary from time to time and from case to case, according to the requirements of efficiency in programme implementation.

WHO

The breakdown by object of expenditure proposed by the Committee of Fourteen is satisfactory. Some additional items of object of expenditure could, however, usefully be included in the case of the breakdown used in WHO and probably in other organizations. WHO has made proposals on this question, in accordance with the recommendations of the Committee of Fourteen.

UN

The system of classification suggested by the Committee of Fourteen does not present any difficulty. For its own needs, the Economic and Social Council has requested the Enlarged Committee for Programme and Co-ordination to make a study of the different possible classification models and to recommend one which could provide "a clear and comprehensive picture" of the activities of the United Nations system.

ITU

The ITU budget is prepared by object of expenditure. The breakdown proposed by the Committee of Fourteen is not suited to ITU's needs and we consider that the breakdown now in use in ITU is better suited to our needs.

UPI

The breakdown by object of expenditure proposed by the Ad Hoc Committee seems satisfactory and could be adopted as far as the budget broken down by category of expenditure is concerned.

IMCO

The breakdown by object of expenditure proposed by the Committee of Fourteen seems satisfactory as a "secondary" way of budget presentation. A breakdown by object like that in note B is certainly useful; however, the breakdown by programme calls for more extensive study.

WMO

Yes. The system recently adopted by WMO is very similar.

B.3. Does it seem to you feasible and desirable to attain a degree of precision such as that proposed in the note (para. 1.1.)?

FAO Some improvements will be made with respect to extra-budgetary funds expended by FAO. We are, however, not certain as to the degree of precision which is desirable in the breakdown of extra-budgetary funds.

For the first time, in response to a recommendation by the Committee of Fourteen, it is proposed to submit to the FAO Conference a table showing dollar expenditure and number of experts by country or region; such an annex will be included in the budget for 1970-1971.

UNESCO See B.2.

WHO Yes; feasible and desirable; an attempt is being made to attain it in the WHO budget.

UN A certain degree of precision is attainable, but preferable to await the ACABQ study.

ITU ITU has no programme. To attain the degree of precision proposed, it would be necessary to break down expenditure by field of activity or by body and department. This possibility might not prove as advantageous as expected for ITU (between 1949 and 1966 the ITU budget was prepared by body and expenditures by body were broken down by object).

UPU This proposal could also be adopted for the breakdown which should be made within each programme (or type of activity) for the budget by type of activity, although it should be noted at the outset that in the case of UPU most of the thirteen items would be left blank for a large part of its activities.

IMCO It is feasible and desirable but it is difficult to decide how far to go.

WMO It would be difficult if not impossible for WMO to attain such a degree of precision (see B.8.).

B.4. How would you solve the problem of the time-lag between the preparation of the organizations' budgets and the publication of the UNDP programmes (paras. 1 and 2)?

FAO

The annex referred to in the preceding reply will have to include all projects which have been approved. Although the information will not be complete, since it cannot include projects which have not been approved (at least by country or region), it will cover long-term projects under all extra-budgetary programmes.

UNESCO

By decision of the General Conference, UNESCO has always presented its programme and budget in a form which shows the integration of the budget with extra-budgetary programmes. Although the latter are merely indicative, such a presentation provides a view of the totality of programmes undertaken by the organization.

However, the recent trends in the programming of UNDP activities have rendered such integration difficult if not impossible. It follows logically that efforts to promote budgetary standardization and presentation need to be accompanied by efforts to orient UNDP programming in the same direction.

WHO

Under the new UNDP procedures, a Government can make further requests for new projects at any time. The organizations' budgets should include all projects already approved together with those for which Governments have indicated that requests will be forthcoming.

Information on this subject is bound to be less precise than in the case of the regular budget.

UN

The time-lag between the preparation of the budget and action on the programme by the Governing Council of UNDP does not present any serious difficulty for the following reasons:

- (1) Support costs are consolidated in the budget for the technical assistance component only. Appropriations in respect of support costs for the Special Fund component are kept separate so that speedy action can be taken in the course of the year if new expenditures have to be authorized for

projects following their approval by the Governing Council. Even if it should later be decided to consolidate support costs for the Special Fund component in the budget, the fact that new projects are approved by the Governing Council of UNDP at each of its two annual sessions does not necessarily lead to a time-lag. Budgetary provision can be made for known projects in the "pipeline".

- (2) In the case of the technical assistance component, although new "continuous programming" procedures are being used and requests for projects can be proposed by Governments at any time, the system of fixing country targets in advance has been retained; and the sums likely to be available for regional programmes can be estimated in advance with sufficient accuracy to enable support cost needs to be taken into account in the preparation of the regular budget.
- (3) For the future, the move towards long-term programming both for technical co-operation and for the regular budget programme may help to minimize the effects of the existing time-lag.

ITU

The ITU budget makes no mention of expenditure on technical co-operation projects financed by UNDP. Support costs are calculated from an estimate of expenditure and budgetary provision is made on this basis.

UPU

The only solution to the problem of the time-lag between the preparation of an organization's budget and the publication of UNDP programmes would be to anticipate UNDP's decisions. In practice, UPU follows the same procedure as ITU and FAO and simply uses an arbitrary estimate of the cost of programmes for future years, having to adjust its forecasts later in the light of the cost of the programmes approved by UNDP.

IMCO

We cannot resolve this difficulty, unless the budget periods adopted by the various organizations cover the same period as the UNDP programme.

WMO

Under the present system, these difficulties are met by authorizing the President of the organization to approve the budget for the Technical Co-operation Department on the recommendation of the Secretary-General, pending its consideration by the following session of the Executive Committee. This budget can normally only be drawn up seven or eight months after the session of the Executive Committee which approves the regular annual budget.

B.6. Do you see any particular difficulties in the classification of main parts on the model of the ILO and UNESCO budgets (paras. 2.1. and 3.1.) ?

FAO The classification of the main parts of the budgets of FAO, the ILO, WHO and UNESCO is fairly similar (as was indicated in the note).

UNESCO See B.1.

WHO There are no special difficulties ; broadly speaking, such a breakdown exists.

This breakdown by main parts closely follows the standardized presentation submitted to the Economic and Social Council for reporting the expenditures of the United Nations system in relation to programmes. We do not consider that such a breakdown and, in particular, the detailed breakdown by programmes is satisfactory.

In fact, as already indicated, WHO is putting forward an alternative solution, which has been accepted by the World Health Assembly in the form of an annex to the programme and budget for 1970. The Economic and Social Council did not consider the proposed breakdown to be entirely satisfactory and requested the Enlarged Committee for Programme and Co-ordination to study methods of achieving a more satisfactory breakdown. We do not think that the UNESCO - ILO breakdown by main parts is necessarily the best.

UN The classification by part adopted by the ILO and UNESCO for the grouping of their activities does not present any problem for the United Nations. In fact, the division of the United Nations budget into parts follows a broadly similar model.

ITU This classification could not be applied to ITU with its present structure and with the provisions of the International Telecommunications Convention now in force.

UPU The classification of main parts adopted by the ILO and UNESCO is similar to that adopted by ACC for the joint presentation of budgets to the Economic and Social Council.

WMO The WMO system is based mutatis mutandis on the FAO system, which seems preferable to the others, but it differs only very slightly from the ILO and UNESCO system.

B.8. By what method of classification do you consider that the organizations' programmes could best be identified (para.3.2.) ?

B.9. Do the methods of breaking down expenditure by programme and the actual definition of the word "programme" appear to you to present any special difficulties ? If so, what? (Para. 3.2.)

The substance of the replies by the secretariats of the organizations to these two questions are reproduced in paragraph 2.2. of the report.

B.10. What would you consider the best solutions to the four problems enumerated at the end of paragraph 3.2. ?

- presentation of extra-budgetary programmes in an integrated form or separately (within the framework of programme departments);
- place where the manning tables are shown with grades, functions and remuneration (by departments, by services or by programmes);
- definition of a common nomenclature and numbering system so that the accounting figures can be fed into a computer;
- correct presentation of programmes whose execution may be spread over several years; the distinction between commitment authorizations and payment authorizations which seems to be lacking in all budgets, and whose absence is a source of difficulty in financial data.

UNESCO

With regard to the position of the manning tables showing grades, functions and remuneration, UNESCO is of the opinion that, as it is one of the means of programme execution, the staff should be shown under the relevant field of activity. Some flexibility in utilization must, of course, be left to the body responsible for execution.

WHO

- (1) It seems essential to present the WHO programme in an integrated form.
- (2) The manning tables are shown by individual units and projects and are summarized by major units, by field of activity and by major programmes.
- (3) WHO uses a computer to prepare its budget : a nomenclature is therefore necessary; if such a nomenclature had to be standardized for all the organizations, considerable time and effort would be required to study the problem and reach a solution.

UN

(1) Integrated presentation is desirable but requires further detailed study. Integration of extra-budgetary programmes presents difficulties such as :

- the nature of the programme and the method adopted to finance it (for example, the peace-keeping operation in Cyprus, which is financed from voluntary contributions)
- the legislative basis for the programme : for instance, in the case of technical co-operation programmes, no provision is made for formal budget review (similar to that existing for the regular budget) by ACABQ or by the General Assembly. The details of the programme are examined by IACB and by the Governing Council of UNDP.