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**REPORT BY THE CHAIRMAN ON THE WORK OF THE
AD HOC WORKING GROUP ESTABLISHED
PURSUANT TO RESOLUTION 553(XXVI)**

At the request of the ad hoc working group established pursuant to resolution 553(XXVI), at its most recent meeting, I have prepared the present report, which I hope adequately summarizes the proceedings at the three meetings of the group, reflects all points of view and sets forth all the conclusions and agreements at which we arrived.

At the opening of the first meeting, which was held in Santiago, Chile, from 29 to 31 July 1996, chiefly with the aim of allowing the member States to set priorities within the ECLAC work programme, I pointed out that resolution 553(XXVI) not only provided the mandate for the meeting, but also reflected the interest of the member States in broadening the contribution of the United Nations to development. I also pointed out that ECLAC had already begun to take steps to increase its efficiency as part of an important process of innovation undertaken by the entire Organization.

On that occasion, the Executive Secretary said that, beyond its immediate objectives, this forum for encounter between the secretariat and the member States would be helpful in adapting the future work of the Commission to the changes that might come about in the availability of resources and in the demands of the Governments. The fundamental role of ECLAC was to join with Governments in thinking about ways to overcome obstacles to development from a regional perspective with a view to practical action. The meeting represented the start of a process which would result, it was hoped, in the structuring of a programme of work consonant with the real situation and the desires of the Governments.

Assessing the interchange of ideas that took place between the delegations and the secretariat during the meeting, including both a general debate on the nature of the exercise and detailed consideration of the subprogrammes, we were able to conclude that it had been worthwhile. The first meeting of the working group had provided the ECLAC secretariat and the delegations of the member States with an opportunity to undertake an in-depth examination of the programme of work and had demonstrated the complexity of structuring a work programme that fully reflected the desires and objectives of each of the member States. Among the dilemmas posed were those of drawing the line between concentrating on high-impact activities and the need to form an institutional view regarding the wide spectrum of key development issues confronting the Latin American and Caribbean countries; striking a balance between allocating resources to each of the subprogrammes and concentrating on a smaller number of subprogrammes, and between analytical and operational activities; distributing activities between the Commission's headquarters in Santiago and its subregional headquarters; and linking funding drawn from budgetary resources with funding from extrabudgetary resources. But the chief dilemma was how to meet the heavy demand for services on the part of member States with the scarce resources at the disposal of the ECLAC secretariat. On that occasion, the Executive Secretary noted that detailed consideration of the subprogrammes and their component activities had obscured, to some extent, an overall view of the work programme. He stressed that most of the activities included in the 11 subprogrammes reinforced one another, and that the secretariat was striving to increase interdivisional activities as a way of ensuring the internal consistency of the programme as a whole.

The specific procedure followed was to divide the various activities included in the work programme into four priority categories: the 10% of the activities considered to be indispensable were placed in category "A"; activities assigned high priority, making up 75% of the total, were placed in category "B"; those assigned moderate priority, 10% of the total, were placed in category "C"; while category "D" comprised the activities (5% of the total) that could not be carried out unless resources cut in the budget for the biennium 1996-1997 were restored for the biennium 1998-1999. While particular care was taken to counterbalance the increases in priority assigned to some activities by lowering the priorities assigned to others, the priority-setting exercise resulted in a slight imbalance; the secretariat was therefore instructed, in collaboration with the Chair and on the basis of consultations, to make the necessary adjustment and prepare a final version of the report of the meeting.

Apart from the specific changes made to the programme of work, the first meeting, thanks to broad participation, the high-level of the delegations and the energetic spirit and frank and cordial atmosphere that had prevailed throughout, the first meeting created a valuable precedent for the process of adapting the generation of "outputs" to the availability of resources, a process that must form part of the effort to "modernize" the entire United Nations system.

It was precisely this latter aspect, the inauguration of a highly constructive working style aimed at enhancing the relevance, efficiency and effectiveness of the Commission, that was emphasized at the brief meeting of representatives of States members of ECLAC to the United Nations held in New York on 25 October 1996. The meeting was convened to hear the final version of the report of the first meeting, with the changes agreed upon in Santiago, which it approved by consensus.

A second meeting of the ad hoc working group was held in New York on 5 June 1997 for the purpose of reviewing the reforms adopted by ECLAC since the end of 1995. The situation had changed considerably since the first meeting was held. In the first place, the new Secretary-General of the United Nations had by then unveiled part of his reform plan. Secondly, the proposed ECLAC budget for the biennium 1998-1999, which was to be submitted to the Fifth Committee, was available for inspection. The proposed budget fully reflected the programme of work and the priorities approved by the Commission members. Lastly, the Economic and Social Council had requested all the regional commissions to examine their operations with a view to strengthening their effectiveness.

As indicated in the note by the secretariat entitled "Reform of the United Nations and its impact on ECLAC" (LC/G.1899(SES.26/4)) presented to the twenty-sixth session of the Commission, for some years the Commission and its secretariat had been aware of the need for change and had set themselves the task of updating an institution of such importance and relevance to Latin America and the Caribbean in a constructive and transparent manner.

In this regard, the secretariat sought assurance that it had the support of the Governments for the proposals formulated in two particularly sensitive areas: (a) management (a new scheme agreed upon with United Nations Headquarters, based on enhanced accountability in exchange for greater delegation of authority and flexibility within existing rules) and (b) use of the scarce resources allocated to it (the secretariat was proposing a more widespread use of short-term specialists and consultants to supplement the work of its permanent staff, while, of course, continuing to abide by the Organization's regulations concerning the maintenance of an international civil service). To that end, the secretariat presented a note entitled "Review of recent reforms adopted by the Economic Commission for Latin America and the Caribbean" (LC/G.1962) and a document entitled "Management pilot scheme" (LC/G.1964).

As you will recall, the general concern manifested during the debate related to how ECLAC might carry out its functions within the context of the United Nations reform process; emphasis was placed on the need to ensure that such reforms did not impair, but rather strengthened the important role the institution had filled for the countries of the region in preparing analyses and proposals to further development. It was also pointed out that, as indicated in the documents presented, it was necessary at that stage to intensify interaction between the Governments and the ECLAC secretariat.

To improve understanding of the compatibility of the changes being introduced at ECLAC with the general reform process of the Organization as a whole, the Under-Secretary-General for Administration and Management was invited to take the floor. He noted that, together with the Office of Conference and Support Services and the United Nations Office at Vienna, ECLAC had been selected for its efficient performance to participate in the management pilot scheme. It was an important component of the reform process initiated by the Secretary-General, who was seeking to delegate authority to units that were carrying out concrete activities and, above all, to institutions that could be relied upon.

After extensive debate, we as representatives agreed as to the importance of the management pilot scheme and supported the general thrust of the proposals for decentralization, considering them to be innovative and substantive responses to the necessity of adapting to prevailing circumstances both within the Organization and in the world at large. Some participants also emphasized the importance of transparency to the success of the plan. We, the representatives, also decided to constitute ourselves the Committee of the Whole of the Commission in order to adopt a resolution informing the Economic and Social Council of our position with regard to the proposals to decentralize management.

The only item on the agenda of the Committee of the Whole, therefore, was the consideration and adoption of resolution 563(PLEN.21) entitled "ECLAC in the context of the reform of the United Nations". The resolution was adopted following debate on the recent reforms at ECLAC based on the two above-mentioned notes by the secretariat.

In the resolution, which was subsequently submitted to the Economic and Social Council for its consideration, the Committee of the Whole took note of the work carried out by the ad hoc working group in defining priorities for all elements of the ECLAC work programme for the 1998-1999 biennium; the progress achieved in formulating additional strategic directions; and the progress made by the secretariat in fulfilling the instructions of the Commission as expressed in its resolution 553(XXVI), particularly with regard to institutional matters and management improvement and the coordination of activities with other organizations, in order to maintain its validity and relevance in the face of evolving circumstances that affected not only Latin American and Caribbean development, but also the United Nations.

In the resolution, the Committee of the Whole expressed its support for the general thrust of the management pilot scheme, which was to be developed and described in detail in order to be submitted for consideration and approval by the States members of the Commission before its implementation, and requested the Executive Secretary to keep the members informed, through the ad hoc working group, during the implementation phase of the management scheme. In conclusion, the Committee recommended that a clear division of responsibilities should be established with regard to regional activities in Latin America and the Caribbean between the Commission on the one hand and other programmes, agencies and funds of the United Nations system, on the other; and it requested the Executive Secretary of ECLAC, in the general context of the reform process of the United Nations in the economic, social and related spheres, to continue to intensify the reform measures referred to in

resolution 553(XXVI) and in the resolution in hand, 563(PLEN.21), and to report thereon to the Commission at its next session.

As agreed at the second meeting, another meeting of the ad hoc working group was convened in order to examine whether the ECLAC innovations were consistent with the second track of the process of reform of the United Nations. For that meeting, which was held in New York on 12 November 1997, the secretariat prepared a note entitled "Progress in the implementation of the pilot management scheme" (LC/G.1983).

At the third meeting of the ad hoc working group, the secretariat reported on the nature and scope of the measures proposed under the new management scheme, which would enable the Commission to make better and more efficient use of the resources placed at its disposal through the delegation of authority from Headquarters to the Commission secretariat in some human resources and financial and budgetary matters.

The secretariat noted that it was deliberately introducing changes gradually, recognizing that the intergovernmental forums had still not adopted complete provisions on the delegation of authority. This was in keeping with the nature of a "pilot scheme", which by definition was something of an experiment. Nonetheless, the measures so far adopted would surely benefit the Commission members, first, because they would reduce administrative procedures, making it possible to channel resources thus saved to substantive activities, and, second, because they marked the start of a change in the secretariat's management culture, placing the accent on ex post performance evaluation, rather than ex ante financial controls.

A number of countries expressed satisfaction at the implementation of the plan for decentralizing management, but some raised questions about specific aspects of the pilot plan and its consistency with the overall reforms of the Organization, questions chiefly directed to the Department of Administration and Management at Headquarters. To answer them, the Director of the Operational Services Division and the Principal Legal Officer of the Office of Legal Affairs were invited to speak. Even after the explanations of these close collaborators of the Under-Secretary-General for Administration and Management, however, some delegations reiterated certain doubts and objections, notably with regard to the sequencing of the pilot scheme's implementation, its legality and its possible postponement until decisions had been taken in the relevant forums.

At the close of the meeting, the Executive Secretary, taking into account the opinions expressed, said that, clearly, not all the elements of the pilot scheme could be implemented immediately; however, it might be put into practice gradually and progressively, particularly in those areas that had not met with opposition, while awaiting the decision of the Commission at its session concerning implementation of the areas that had aroused concern.

The General Assembly was also in the process at that time of considering various aspects of reform, notably in its deliberations concerning approval of the budget for the biennium 1998-1999. While the General Assembly approved a number of the Secretary-General's proposals, in section II, paragraphs 11 and 12, of resolution 52/220 entitled "Questions relating to the proposed programme budget for the biennium 1998-1999", it decided to request him to present a comprehensive report on the impact of the implementation of the pilot projects on the budgetary practices and procedures as well as on the Financial Regulations and Rules of the United Nations, and it also decided that no action could be taken in the

context of the pilot projects that represented changes in the budgetary practices and procedures or the Financial Regulations and Rules without prior approval of all relevant legislative bodies.

In close connection with the foregoing, the General Assembly, in section III, paragraphs 71 and 72, of the resolution, took note of the Secretary-General's initiative to present a management project for ECLAC and asked the Secretary-General to submit details of the project to the Commission at its twenty-seventh session for its final approval, as provided for in resolution 563(PLEN.21) of the Committee of the Whole of the Commission and recommended by the Advisory Committee on Administrative and Budgetary Questions in paragraph V.66 of its first report. The Secretariat has therefore prepared a note entitled ".....", describing in detail the content and scope of the proposed decentralized management scheme.

Lastly, we should note that the work of the ad hoc working group was broader and more participative than originally foreseen and that it met more frequently than had been anticipated. The relationship between the Governments and the ECLAC secretariat was very harmonious at all times. The working group kept to its mandate without venturing into areas that are properly the secretariat's responsibility. At this session, it is incumbent upon the Commission to decide whether to continue the activities of the ad hoc working group, either in setting priorities for the programme of work in the light of the scarce resources available or in monitoring the secretariat's efforts at reform.

In closing, I would like to thank both the Governments and the secretariat for their unfailing collaboration during this period in which Costa Rica has had the honour of chairing the ad hoc working group, and I would like to express our willingness to continue to collaborate in the group's activities if the Commission members should decide to continue its mandate.