



WORLD HEALTH ORGANIZATION

EXECUTIVE BOARD
113th Session
Provisional agenda item 7.5

EB113/26
4 December 2003

Reports of the Joint Inspection Unit

Implementation of earlier recommendations

Report by the Secretariat

1. The United Nations General Assembly and a number of legislative organs of other Joint Inspection Unit (JIU) participating organizations, including WHO, have endorsed a new follow-up system on the reports of JIU, as contained in Annex I of the 1997 JIU annual report.¹
2. Under this new system, a systematic process is established for tracking each step taken towards consideration of the reports by the appropriate legislative organs, including follow-up measures by the relevant officials of the participating organizations, in accordance with Article 11, paragraph 4 of the JIU Statute.
3. JIU has recently devised a tracking system using a follow-up matrix or tracking chart for each report given consideration by a legislative organ. This matrix indicates the recommendation; the unit responsible for implementation; the official in charge of implementation; the timetable for implementation; and the initial impact of implementation. The completed chart is to be submitted to JIU and to the bureau of the appropriate legislative organs.
4. The new tracking chart was first used in document EB111/24, submitted in January 2003, to relate progress in implementing the JIU report, Review of management and administration in WHO (document JIU/REP/2001/5) which had been submitted to the Executive Board at its 109th session in January 2001. In its annual report for 2002 (General Assembly document A/58/34 of 11 April 2003), JIU commended WHO's efforts made in relation to the progress reports presented to the Executive Board at its 111th session. JIU noted that this matrix had been used to provide comprehensive and precise information, including details concerning the expected impact of implementing the JIU recommendations, and that this could usefully be emulated by other organizations.
5. The purpose of the present document is to present to the Board, using the format of the tracking chart, more detailed information (see Annex) concerning the progress made by WHO in implementing the recommendations of the JIU report, Support costs related to extrabudgetary activities in organizations of the United Nations system (document JIU/REP/2002/3) which was submitted to the Executive Board at its 111th session in January 2002.

¹ Report to the Joint Inspection Unit (covering the period 1 July 1996 to 30 June 1997). *Official Records of the General Assembly, Fifty-second Session, Supplement No.34 (A/52/34)*.

IMPLEMENTATION OF APPROVED/ACCEPTED RECOMMENDATIONS

JIU/REP/2002/3: Support costs related to extrabudgetary activities in organizations of the United Nations system

| JIU recommendation number | Approved ¹ or accepted ² | Unit responsible for implementation | Official in charge of implementation | Timetable | Expected impact of implementation | Remarks |
|--|--|--|--|---|---|---|
| <p>Rec. 1: Legislative organs may wish to request the executive heads of each organization to:</p> <p>Rec. 1(a): Integrate extrabudgetary resources with core resources in budget presentations and subject them, at least in terms of broad programmatic prioritization, to legislative approval;</p> <p>Rec. 1(b): Accept extrabudgetary resources for activities beyond the reach of core budgets in line with the broad programmatic prioritization approved by legislative organs.</p> | <p>Approved</p> <p>Approved</p> | <p>General Management (GMG) cluster</p> <p>GMG</p> | <p>Assistant Director-General/GMG (ADG/GMG)</p> <p>Comptroller</p> | <p>Rec. 1(a): Implemented in the programme budget for the 2002-2003 financial period.</p> <p>Rec. 1(b): Ongoing</p> | <p>Rec. 1(a): Improved resource allocation and programme planning.</p> <p>Rec. 1(b): Increase in resources for WHO.</p> | <p>The Director-General is authorized to accept such contributions.</p> |

¹ Recommendations approved by legislative organs.

² Recommendations accepted by executive heads without legislative action.

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|---|--|-------------------------------------|--------------------------------------|----------------|-----------------------------------|---|
| <p>Rec. 2: Executive heads should ensure that all incremental cost-measurement exercises clearly define what share of the costs associated with existing administrative and other support structures are appropriately borne by core resources and what must be borne from extrabudgetary resources.</p> | Accepted | GMG | ADG/GMG | Not applicable | Sound financial management. | This will be taken into consideration in any future cost-measurement exercises. |
| <p>Rec. 3: Executive heads should give careful prior consideration to the costs and benefits associated with potential approaches to incremental cost measurement. The validity of the findings of all cost-measurement exercises, including the projections of support-cost income requirements, should be verified using historical expenditure-income analysis.</p> | Accepted | GMG | ADG/GMG | Not applicable | Improved transparency. | This will be taken into consideration in any future cost-measurement exercises. |

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| <p>Rec. 4: Legislative organs may wish to consider permitting organizations of the United Nations system to retain the interest earned on extrabudgetary resources contributed to multi-donor activities where resources are commingled and separate donor-specific accounting is not possible. They may wish to determine that this income should be used to reduce extrabudgetary support costs and that appropriate reporting is made to legislative organs on the relationship between such interest income and support-cost rates.</p> | | GMG | ADG/GMG | By the end of 2005. | Improved transparency and a sound financial basis for the Organization. | WHO expects to review its support-cost policy in 2004-2005. |
| <p>Rec. 5: Executive heads should review the extrabudgetary support-cost legislation applicable to their respective organizations and present proposals to their legislative organs aimed at eliminating contradictions in this legislation.</p> | Accepted | GMG | ADG/GMG | By the end of 2005. | Improved transparency and a sound financial basis for the Organization. | WHO expects to review its support-cost policy in 2004-2005. |

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| <p>Rec. 6: Executive heads of the organizations which have not yet done so should explore the possibility of including, as direct and internal project or programme costs, identifiable elements presently covered by percentage-based support-cost charges.</p> | Accepted | GMG | ADG/GMG | By the end of 2005 | Improved transparency and a sound financial basis for the Organization. | WHO expects to review its support-cost policy in 2004-2005. |
| <p>Rec. 7: The Executive Board of UNDP should review the practice of incorporating indirect support costs for United Nations system organizations as part of the cost of substantive UNDP project inputs and expenditures. The Executive Board may wish to revise this policy in line with the principles described in Rec. 9 below.</p> | Not applicable | | | | | |

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| <p>Rec. 8: Executive heads should ensure that exceptional support-cost rates, and the grounds on which they are permitted, are consistent. They should only be granted on the basis of justifiable substantive priorities or a genuine determination that lower support-cost rates are appropriate. Furthermore, executive heads granting exceptional support-cost rates on a relatively frequent basis should revise the extrabudgetary support-cost policies to which they are approving exceptions.</p> | Accepted | GMG | Comptroller | Ongoing | Transparency and efficiency. | This is already implemented and will be further reviewed as part of the general review of support-cost policy in 2004-2005. |
| <p>Rec. 9: Legislative organs should enact support-cost policies to ensure that extrabudgetary resources continue to be mobilized and deployed effectively to further the mandated activities in developmental, humanitarian and other substantive areas. These policies should be straightforward, transparent, easy to administer and must provide for a consistent and equitable approach to special arrangements. To this end, legislative organs may wish to consider that:</p> | | GMG | ADG/GMG | By the end of 2005. | Transparency and efficiency. | This is already implemented and will be further reviewed as part of the general review of support-cost policy in 2004-2005. |

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| <p>Rec. 9(a): Extrabudgetary support-cost rates should be established in accordance with the following principles:</p> <ul style="list-style-type: none"> – they should recognize and reflect the relative centrality, and direct benefits, of an extrabudgetary activity to the mandated programme; – they should be differentiated to take into account the cost of support as influenced by type of activity, conditionality, and the volume of resources; <p>Rec. 9(b): The authority to establish extrabudgetary support-cost rates in accordance with the principles in (a) above may be delegated to executive heads, with appropriate reporting thereon to legislative organs.</p> | | | | | | |

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| <p>Rec. 10: In implementing new extrabudgetary support-cost policies and rates established along the lines indicated in Rec. 9 above, executive heads should give careful prior consideration to the effect of these changes upon support-cost income, ensuring that a larger proportion of the costs associated with supporting extrabudgetary activities does not fall upon core resources. Any reduction in support-cost income due to reduced support-cost rates should be offset in principle through the achievement of more efficient administrative services.</p> | Accepted | GMG | ADG/GMG | By the end of 2005. | Transparency and efficiency. | This will be further reviewed as part of the general review of support-cost policy in 2004-2005. |

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| <p>Rec. 11: The United Nations System Chief Executives Board for Coordination (CEB) should ensure that the process for establishing support-cost policies be monitored and regular comparative reporting of such policies be developed and disseminated. The outcome of this reporting should be reviewed by appropriate CEB machinery with a view to harmonizing, to the extent possible, the principles underlying support-cost policies, and by executive heads who should report thereon to their respective legislative organs.</p> | Accepted | GMG | ADG/GMG | Ongoing | Greater transparency and consistency. | |
| <p>Rec:12: Legislative organs should continue to monitor overall administrative and other support expenditures and to review these components in the budgets of organizations of the United Nations system. In so doing, Member States should ensure that administrative and other support requirements in core budgets do not increase in proportion to overall core resources.</p> | | GMG | ADG/GMG | By the end of 2005 | Transparency and efficiency. | This will be further reviewed as part of the general review of support-cost policy in 2004-2005. |

