



Center for UN REFORM Education

Promoting Discussion of Ways to Improve the United Nations System

Fifth Committee Report No. 8 December 11-15

From December 9 to 15, the Fifth Committee discussed a series of reports on the reform of the oversight and governance system of the UN; considered budget implications of a damage register, the disabilities convention and the law of the sea; and approved draft texts on the board of auditors and the statistical report on the financial situation of the organization. Informal consultations continued on procurement and human resources management reform among others.

OVERSIGHT AND GOVERNANCE REFORM

GENERAL DISCUSSIONS: Analysis of main issues raised

On December 12, 2006, the Fifth Committee considered a series of reports on governance and oversight reform. The Chairman of the Administrative Committee on Budgetary Questions (ACABQ), Mr. Rajat Saha, introduced a long awaited report ([A/61/605](#)) which comments on the findings of, inter alia, the [Independent Steering Committee Report](#), the [Office of Internal Oversight Services \(OIOS\) Report](#) and the [Joint Inspection Unit \(JIU\) Report](#) and provides recommendations for action to the GA.

The report suggests that Member States concentrate on 5 pivotal issues for early decision:

(1) Strengthening results-based management and accountability:

The ACABQ recommends the use of internal expertise to complete a study on results-based management and suggests that the SG propose specific sanctions to apply in case of under/non-performance and a system of incentives for outstanding performance.

(2) Establishment of an Independent Audit Advisory Committee (IAAC):

The ACABQ recommends that, for easier decision-making, the IAAC be composed of five members and not ten as originally envisaged. ACABQ also suggests that the IAAC take a purely advisory role and invites the SG to propose adjusted terms of reference for discussion at the resumed session

(3) Foster operational independence of the OIOS:

The ACABQ suggests that the OIOS continues reporting directly to the SG and maintain its investigational, monitoring and evaluative functions.

(4) Strengthening of the internal control framework and (5) application of risk management framework:

The ACABQ recommends that technical advice be sought for the introduction of a performance focused, enterprise-wide management framework. It also notes that the independence of expert committees is strictly related to the autonomy of their secretariats.

Member States welcomed the five issues identified by the ACABQ, but expressed differing opinions on how and when to address them.

IAAC

With regards to the IAAC, Member States concur with the ACABQ that its size should enable swift decision making, but the **G77 and China** insist that due attention be paid to balanced geographic representation and underlined, with the support of the **Russian Federation**, that they do not endorse the proposal that its members should be nominated by the Secretary General. Members of the IAAC should be elected by the General Assembly instead. Also, the **G77 and China**, together with the **Russian Federation** and **Japan**, expressed their preference that updated terms of reference for the IAAC be discussed at the resumed session.

On the other hand, the **United States** and **CANZ** insist that Member States agree on a focused resolution including updated terms of reference for the IAAC by the end of current session of the GA, so that IAAC can become operational as soon as possible. The **EU** expressed a preference to approach a comprehensive discussion of the oversight and governance reform at the resumed session. It also declared its readiness to work towards an early “action-oriented” resolution towards more thorough consideration of the issues in March. The **Russian Federation** declared that even though they do recognize the importance of an independent audit advisory body, its role should not be exaggerated and it is not central to the reform.

On a positive note, most Member States seem to agree with ACABQ’s recommendation that the IAAC take a purely advisory role rather than an operational one, as it is instead devised in the current terms of reference.

SIZE OF THE FIFTH COMMITTEE

Member States dismissed the proposal of downsizing of the Fifth Committee to a smaller, but representative governing body, as recommended by the Steering Committee, as it was considered not feasible.

OTHER MATTERS

With respect to the other issues raised, **the G77 and China**, remains supportive of the prime oversight role of the GA and continue to support the mandates of the JIU, the OIOS and the Board of Auditors, thereby disagreeing with the Steering Committee recommendation that the JIU be dismantled. The Group underlined its dissatisfaction with the fact that the accountability framework of the Secretariat had not yet been addressed and asked the Secretariat to provide an in-depth review of such framework to be included within the outline of the reform of the administration of justice. Also, **the G77 and China** concur with the ACABQ that the SG holds ultimate responsibility to establish a risk management framework and such a framework should be established within the review of the Secretariat’s accountability system.

In this respect, the **EU** commented that even though the SG is responsible for establishing risk management and internal controls it is the responsibility of the General Assembly to make sure that the requested study can proceed. The **EU** also asked the Secretary General to provide detailed proposals for funding arrangements that do not undermine - as the current ones do - the independence of the OIOS.

CANZ underlined how results-based budgeting is running the risk of becoming a “paper exercise” rather than a management tool, and stated that the results-based approach needs to be wider in scope and intensified. **CANZ** also stressed that performance based management and organization-wide systematic risk assessment should be implemented, and that the poor relationship between the OIOS and management should also be addressed.

Japan stated its concern that the outcome of the oversight and governance reform discussions are bound to have several long-term implications for the organization, and thus suggested that all issues at stake be deferred to the resumed session in order to give Member States sufficient time for careful consideration.

The **US**, aside from recommending that Member States act now “to finalize the mandate, composition, selection process and qualifications of experts” for the IAAC, insisted on the necessity to improve OIOS’ operational independence. It also recommended that the GA enforce follow up of the degree of implementation of recommendations by holding management accountable for the lack thereof.

The **Russian Federation** suggested that a reform of the OIOS should not contradict the original concept of the office, which was created to fulfill more than a mere internal audit function. Reform is welcome, especially with respect to increased operational independence, but the OIOS functions of investigation, inspection and programme evaluation should remain.

RELATED MATERIALS

For a comprehensive background and analysis of the issues discussed above read:

- [“Reforming Oversight and Governance of the UN Encounters Hurdles”](#) by Irene Martinetti, December 1st, 2006

For a comprehensive account of the general discussions on oversight and governance reform at the Fifth Committee read:

- [Budget Committee takes up Reports on United Nations Governance, Oversight; Accountability, Independent Audit Advisory Committee among other issues](#) DPI Report, December 12, 2006

PROCUREMENT REFORM

Informal "informal" consultations

13 December 2006

The Fifth Committee continued to discuss the draft resolution on procurement reform. Reportedly, the issue of **increasing opportunities for vendors from developing countries and countries with economies in transition**, took up much of the discussion time. There appears to be agreement on requesting the Secretary-General to explore additional ways to bring about such an increase. Thus far, the Secretariat instituted a seminar program with the aim of increasing the vendor roster in developing countries and the Secretary General proposed the establishment of one new P3 post for the coordination of such seminars. However, the G77 believes that one P3 cannot possibly bring about the desired improvements and instead proposed the establishment of a "Diversification of the Origin of Suppliers Team" which would consist of one P5, two P4 and three P3 posts. This proposal met strong opposition from the EU and the US. The US reportedly argued that the increase of procurement from developing countries has been impressive and that the G77 proposals suggest they are looking for some kind of quota in procurement. The G77 continues to stress that 50% of procurement from 150 countries is not acceptable; that they are not asking for equitable distribution; do not seek a ceiling; but would like to see an increase in vendors from the developing world as it simply makes good business sense.

Proposed language by the G77 on ensuring **equitable geographical distribution of posts in the Procurement Service** reportedly also met with opposition. The EU believes that this is a Human Resources issue and should not be part of a resolution on procurement but is willing to work out some language. The US stressed that there is no practice to achieve equitable geographical distribution in particular sections of the UN and noted that there are less than 192 staff in the procurement service.

There appears to be agreement on the proposed **conversion of GTA (General Temporary Assistance) funds into established posts**.

The Russian Federation reportedly feels strongly about the fact that the Secretary-General did not submit proposals related to the issue of **conflict of interest** as requested by resolution 60/266 and by three earlier requests in the 1990s. The Secretary General proposed changes to the staff rules in this regard but the Russian Federation insists that the financial rules be amended foremost. There apparently was some disagreement on when the Secretary General has to submit the requested proposals, i.e. for the first or second resumed session of the fifth committee.

A timeframe for the completion and **issuance of ethics guidelines** was agreed on (no later than June 2007) after the Secretariat explained that internal discussions of the current drafts are expected to take between 4-5 months. The Fifth Committee members appear to agree with the ACABQ that the Secretary-General's proposals on procurement reform are **too focused on internal control measures** and that other aspects of procurement reform deserve concrete proposals as well.

RELATED MATERIALS

For background information and analysis of the issues discussed above read:

- ["5th Committee Considers Progress on Procurement Reform"](#), by Lydia Swart, November 15, 2006

HUMAN RESOURCES MANAGEMENT REFORM

From December 9th to 16th, Informal "informal" consultations continued on the subject of human resources management reform. The Chairman, Mr. Morteza Mirmohammad of the Islamic Republic of Iran, circulated an updated draft resolution. The updated draft resolution **defers** matters with regards to **contractual**

arrangements, mobility, harmonization of conditions of service, and reform of the field service for further discussion at the **resumed session** of the 61st GA.

OTHER GENERAL DISCUSSIONS:

- [FIFTH COMMITTEE CONSIDERS BUDGET IMPLICATIONS OF GENERAL ASSEMBLY TEXTS ON DAMAGE REGISTER, DISABILITIES CONVENTION, LAW OF SEA](#) DPI Report, December 11, 2006
- [FIFTH COMMITTEE APPROVES DRAFT TEXTS ON BOARD OF AUDITORS, STATISTICAL REPORT ON UNITED NATIONS FINANCIAL SITUATION](#) DPI Report, December 13, 2006

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