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Proposed programme budget for the biennium 2014-2015

Letter dated 12 November 2013 from the President of the General Assembly addressed to the Chair of the Fifth Committee

I have the honour to transmit a self-explanatory letter dated 11 November 2013 from the Secretary-General and the attached report (see annex).

This important and timely report, putting forward proposals with regard to the reform of the operational arrangements for the Advisory Committee on Administrative and Budgetary Questions, merits urgent and careful consideration by the Fifth Committee, as the Main Committee entrusted with responsibilities for administrative and budgetary matters, and I look forward to receiving the outcome of the Committee's deliberation thereon at the earliest possible time.

(Signed) John W. Ashe



Annex

Letter dated 11 November 2013 from the Secretary-General addressed to the President of the General Assembly

The Advisory Committee on Administrative and Budgetary Questions continues to play a critical role in support of the General Assembly through its analysis of proposals and reports on administrative and budgetary matters and the provision of advice and recommendations in these areas.

It is apparent that the workload of the Advisory Committee has progressively increased over recent years, reflecting changes in the scope and volume of the work of the Organization. It is also recognized that the implementation of the International Public Sector Accounting Standards (IPSAS) will have a further impact on the work of the Committee as well as on that of the General Assembly itself. In this regard, the Assembly, by its resolution [67/235](#), endorsed the observation of the Advisory Committee that the impact of the adoption of IPSAS required urgent and immediate consideration.

Given these circumstances, and taking into account the broader evolution of the workload of the Committee, I had indicated, in the context of my proposed programme budget for the biennium 2014-2015, the intention to put forward proposals related to the operational arrangements of the Committee.

Any such proposals, however, required the views of the Advisory Committee itself. In this regard, in its report on the proposed programme budget ([A/68/7](#)), the Committee noted the intention to review the operational arrangements of the Committee and further stated that it believed that there may be merit in proposals of a more comprehensive nature being made. Subsequently, the Chair of the Advisory Committee, in a letter dated 19 August 2013 addressed to me, reaffirmed that position and expressed the view that addressing the anomalies in the Committee's standing, the terms and conditions of its members, and its broader operational arrangements would be beneficial to the Organization as a whole.

Taking into account the views expressed by the Advisory Committee, the General Assembly may wish to consider changes to the operational arrangements of the Committee, as contained in the attached report (see enclosure), which is being forwarded for your consideration and onward transmittal to the relevant main Committee.

(Signed) **BAN Ki-moon**

Enclosure

Operational arrangements and conditions of service of the Advisory Committee on Administrative and Budgetary Questions

Introduction

1. The functions and responsibilities of the Advisory Committee on Administrative and Budgetary Questions are governed by the provisions of General Assembly resolutions 14 (I) of 13 February 1946 and [32/103](#) of 14 December 1977 and rules 155 to 157 of the rules of procedure of the Assembly. Members of the Committee are appointed by the General Assembly in their individual capacity on the basis of broad geographical representation, personal qualifications and experience. Appointment is for a three-year period and members are eligible for reappointment. The major functions of the Advisory Committee are the following:

- (a) To examine and report on the budget submitted by the Secretary-General to the General Assembly;
- (b) To advise the General Assembly concerning any administrative and budgetary matters referred to it;
- (c) To examine on behalf of the General Assembly the administrative budgets of the specialized agencies and proposals for financial arrangements with such agencies;
- (d) To consider and report to the General Assembly on the auditors' reports on the accounts of the United Nations and of the specialized agencies.

2. The programme of work of the Advisory Committee is determined by the requirements of the General Assembly and the other legislative bodies to which the Committee reports. Since its establishment, the workload of the Committee in carrying out these functions has progressively increased, reflecting changes in the scope and volume of the work of the Organization. One broad indicator of the upward trend in workload and output is reflected in the number of reports considered by the Advisory Committee and the related reports that the Committee itself issues. As an illustration, during the biennium 2000-2001, the Committee considered 199 reports and drafted 142 reports of its own. By comparison, during the biennium 2010-2011, the Advisory Committee considered 391 reports and issued 177 reports. On the basis of information received from the Committee, it is estimated that during the 2012-2013 biennium the Committee will consider approximately 420 reports and issue 172 reports, reflecting a sustained increase over the past six bienniums.

3. While the number of reports considered and issued by the Advisory Committee is a useful indicator, it does not provide a complete measure of its workload, as it does not take into account the relative complexity of the underlying issues dealt with in different reports coming to it for review, or the time required for their consideration. In addition, it is noted that the Committee itself consolidates a number of its reports by producing, to the extent possible, a single report containing its views and recommendations on several reports of the Secretary-General. Examples of this practice include the Committee's reports on human resources management and on cross-cutting issues related to peacekeeping operations. It

should also be noted that the Committee's first report on the proposed programme budget, which represents a significant element of the workload of the Committee during a budget year, accounts for only one report in a given biennium.

4. In recent years, a number of additional factors have led to the increase in the workload of the Advisory Committee. One significant driver has been the evolution and continuing growth in peacekeeping operations. This is clearly illustrated by the increase in the authorized budget level for peacekeeping operations, the United Nations Logistics Base at Brindisi and the peacekeeping support account, which has risen from \$2.48 billion in 2002/03 to \$7.54 billion for the current period, 2013/14, representing a more than three-fold growth. The expansion over the past decade is also reflected in the number of authorized uniformed personnel in peacekeeping, which has risen from 44,743 in 2002/03 to 109,666 in 2013/14, and in civilian personnel, from 11,353 to 22,448 in the same period.

5. The increasingly frequent establishment, in recent years, of multi-dimensional operations employing a mix of military, police and civilian capabilities to support the implementation of a comprehensive peace agreement has added to the growing complexity of the peacekeeping budgets. This is also reflected in the growing risk profile of certain aspects of peacekeeping, one example being air operations, which in financial terms now account for approximately \$1 billion annually.

6. Beyond peacekeeping, multi-year construction projects such as the capital master plan headquarters renovation and proposals for the strategic heritage plan for the United Nations Office at Geneva and for long-term accommodation requirements for United Nations Headquarters in New York are further examples of the trend, requiring thorough expert analysis and examination by the Committee, in view of the increasing risk to the Organization, financial and reputational exposures.

7. In general, it is also apparent that proposals and policies are becoming more global in nature, reflecting the evolution of the operations of the Organization. The implementation of the global field support strategy, containing fundamental changes with respect to the delivery of support in the field, is one such recent example. Other examples, in terms of human resources management, are proposals in recent years on contractual arrangements and the harmonization of conditions of service and those now under consideration with regard to mobility. In the area of communications and information technology, the creation of global systems such as Galaxy and Inspira, and the current development of the Umoja enterprise resource planning system are further illustrations. The review of such proposals and the provision of independent advice to the General Assembly on these matters demand a high degree of professional and analytical rigour. The operational arrangements of the Advisory Committee must be best suited to meet this challenge.

8. Finally, the different funding streams for the diverse range of the Organization's activities have become more complex, involving increased reliance on voluntary contributions not only from Member States but also from other sources. This trend is likely to continue and the work of the Advisory Committee contributes to proper governance and oversight in this regard.

Impact of the introduction of International Public Sector Accounting Standards

9. Against this background, the introduction of the International Public Sector Accounting Standards (IPSAS) will have an additional direct impact on the work programme of the Secretariat and the General Assembly and on that of the Advisory Committee. In particular, the requirement for annual financial reporting will significantly increase the number of reports submitted to the General Assembly or other governing bodies all requiring review by the Committee. In this regard, the Committee has previously indicated that the number of reports of the Board of Auditors coming to it for review in non-budget years will increase from 9 to 28 from 2014 onwards ([A/66/806](#), para. 21).

10. In view of General Assembly resolution [67/235](#), in which the Assembly endorsed the observation of the Advisory Committee that the impact of the adoption of IPSAS required urgent and immediate consideration, and also taking into account the broader evolution in the Committee's workload, the Secretary-General, in the proposed programme budget for the biennium 2014-2015 ([A/68/6](#) (Sect. 1), para. 1.29), signalled his intention to put forward proposals related to the operational arrangements of the Committee.

11. In its report on the proposed programme budget, the Advisory Committee noted the Secretary-General's intention to undertake a review of the Committee's operational arrangements, including an assessment of current workload demands that now require its meeting throughout the year and a possible adaptation in the terms and conditions of the members to reflect this fact. The Committee further stated that it believed that there may be merit in making proposals of a more comprehensive nature ([A/68/7](#), para. I.30).

12. Subsequently, in a letter to the Secretary-General dated 19 August 2013 the Chair of the Advisory Committee summarized his views on the assessment and indicated that he believed the initiative to be important and timely. He further indicated that the current workload has placed increasing time demands on the Committee, which has required weeks of intensive, and at times technically complex, review, including additional meetings after work hours and at weekends.

13. Concerning the broader question of the Committee's operational arrangements, the Chair further noted the view of the Committee that a range of different options could be considered which would afford Committee members a legal status at Headquarters commensurate with the fact that the Committee now meets almost continuously throughout the year. It was stated that an enhancement of those arrangements would also have a number of practical implications for members, such as helping to ensure suitable living and health-care arrangements.

Operational arrangements of the Advisory Committee

14. Responding to the progressively increasing workload of the Advisory Committee, the General Assembly has, over the years, enlarged the membership of the Committee and, on a number of occasions, increased the number of weeks authorized for meetings of the Committee. While during the biennium 2000-2001 the Committee met for 69 weeks, the Assembly, in the context of its consideration of

the proposed programme budget for 2010-2011, authorized the Committee to meet for up to 78 weeks a biennium (resolution [64/243](#), para. 54).

15. As noted previously, the Advisory Committee is mandated to provide recommendations to the General Assembly and the other governing bodies to which it reports on issues which are becoming increasingly complex and global in nature. The impact of decisions on such proposals can be significant, not only in financial terms, but also for the functioning of the Organization. Although the Secretary-General believes that workload considerations would merit consideration by the General Assembly of a further increase in the number of the Committee's authorized work-weeks, a more fundamental update of the Committee's operational arrangements may be justified in the light of its evolution over time and current realities.

16. In his letter to the Secretary-General, the Chair of the Advisory Committee stated that addressing the anomalies in the Committee's standing, the terms and conditions of its members, and the broader operational arrangements would be beneficial to the Organization as a whole. The Chair further stated that, given the Organization's increasingly complex, multifaceted operating environment and the associated financial and risk exposures, it is essential that the Committee, as the Organization's pre-eminent Committee on budgetary and administrative measures, function as effectively and efficiently as possible.

17. While the Chair of the Advisory Committee serves on a full-time basis, other members who are not resident in New York are paid travel and daily subsistence allowance during periods when the Committee is in session. Members who are resident in New York, normally attached to a Permanent Mission, receive no payment from the United Nations. While the Committee currently meets for up to 78 weeks a biennium, its conditions are similar to those pertaining to other United Nations committees which can carry out their functions by meeting for significantly shorter periods of time, and whose members generally travel from their home countries to attend annual sessions and return home at the end of the session.

18. Given the volume and complexity of the issues before it, it would appear that the present working arrangements of the Advisory Committee may no longer be optimal to enable the Committee to maximize its utilization of the expertise of its members in support of the requirements of the General Assembly and other governing bodies. In this regard, the General Assembly may wish to give consideration to the service of the members of the Committee becoming available full time.

19. From feedback received from the Chair of the Advisory Committee, it appears that the time currently available during sessions for Committee members to review the Secretary-General's proposals and prepare in advance of their consideration is quite limited, a situation which is not optimal. In the view of the Secretary-General, a change in the conditions of its members which would establish the Committee as a standing committee may therefore have a number of potential benefits. The additional time would, first, provide greater flexibility in the timing of the consideration of items, enabling the Committee to take up reports on a more evenly scheduled basis. Doing so would allow greater preparatory time and more time for the consideration of individual agenda items, and should also facilitate the timely issuance of the Committee's reports. Any such change would also afford greater opportunity for background briefings and for independent research by Committee

members. Furthermore, it would provide for greater availability of the Committee year round, thereby facilitating its consideration of urgent matters having administrative or budgetary implications arising in the General Assembly, the Economic and Social Council, the Human Rights Council or the Security Council.

Conditions of service

20. Currently, the Chair of the Advisory Committee is the only member of the Committee who serves on a full-time basis. By its resolution [35/221](#), the General Assembly decided that the annual net compensation (which is \$215,162 as at June 2013) and other conditions of service of the Chair would be equal to that of the two full-time members of the International Civil Service Commission, the Chair and Vice-Chair. The Chairs are also entitled to receive a special allowance (currently \$10,000 per annum). By its resolution [45/249](#), the General Assembly also reaffirmed the principle that the conditions of service of those three officials should be separate and distinct from those of officials of the United Nations Secretariat. The conditions of service are reviewed periodically by the General Assembly and a review is on the agenda of the current session (see [A/68/187](#)).

21. In this regard, and taking into account both the nature of the work of the Advisory Committee and the level of experience required, the General Assembly may wish to consider establishing the annual net compensation for members other than the Chair at the level equivalent to those of United Nations staff members at the D-2 level, step IV. Other conditions of service, as applicable to the Chair, would also be applicable to other members, with the exception of the special allowance. In this regard, noting that the Chair receives a special allowance of \$10,000 per annum, it is proposed that other members receive a representation allowance of \$600 per annum in line with staff members at the D-2 level. Details of the conditions of service are outlined in the appendix.

22. With respect to the legal status of members of the Advisory Committee, the General Assembly may wish to consider that all members should have the status of officials other than Secretariat officials and thereby grant privileges and immunities under articles V and VII of the Convention on the Privileges and Immunities of the United Nations to those members, similarly to the way in which privileges and immunities were granted to the Chair of the Advisory Committee and the members of the Joint Inspection Unit in resolution 3188 (XXVIII).

23. In his letter to the Secretary-General, the Chair of the Advisory Committee conveyed the view that, as part of the comprehensive proposals to bring the Committee's working modalities into line with those of other independent expert bodies in the Organization, consideration could also be given to the promulgation of a proposed specific code of conduct for the Committee's members and the requirement that term limits be imposed for individual members. The General Assembly may wish to consider these and other elements in its review of the operational arrangements of the Committee and the conditions of service of the members.

Financial implications

24. Should the General Assembly decide to change the operational arrangements of the Advisory Committee and the terms and conditions of service of its members as described above, the estimated amount for the compensation and allowances of each member for 2014-2015 would increase by \$196,400, from \$352,400 to \$548,800.

25. For the purposes of estimating the financial implications for the biennium 2014-2015, the assumption is that the proposed terms and conditions would apply to 10 members, in which case an additional amount of \$1,964,000 would be required. The current proposed programme budget for 2014-2015 is expected to absorb \$704,800 of the additional cost since it provides for 12 non-resident members, resulting in a net increase of \$1,259,200. Accordingly, approval by the General Assembly of an additional appropriation of \$1,259,200 would be required under section 1 of the proposed programme budget for 2014-2015, as a charge against the contingency fund.

26. The Chair of the Advisory Committee has, however, stated that the Committee intends to continue seeking efficiencies through changes in its own working methods. The Chair has confirmed that the Committee will manage its programme of work, including additional meetings, within the existing allocation under the calendar of conferences of 78 weeks during the biennium.

27. The Secretary-General invites the General Assembly to consider changes to the operational arrangements of the Advisory Committee on Administrative and Budgetary Questions including but not limited to the matters raised in the current report.

Appendix

Terms and conditions of service of the full-time members of the Advisory Committee on Administrative and Budgetary Questions

<i>Entitlements</i>	<i>Full-time members of the Advisory Committee on Administrative and Budgetary Questions</i>	
	<i>Chair</i>	<i>Other members</i>
Annual net salary (as at June 2013)	\$215,162 [no entitlement for post adjustment]	\$183,040 [single rate with New York post adjustment]
Special allowance	\$10,000	None
Representation allowance	None	\$600
Retirement benefits	In accordance with General Assembly resolution 37/131 : participant in the United Nations Joint Staff Pension Fund under supplementary article B of the regulations of the Fund	As applied to the Chair of the Advisory Committee
Pensionable remuneration (as at June 2013)	\$279,646	\$247,468
Assignment grant	In accordance with the provisions of ST/AI/2012/1	As applied to the Chair of the Advisory Committee
Removal of personal and household effects (upon beginning and end of appointment)	In accordance with rules 7.15 and 7.16 of the Staff Rules	As applied to the Chair of the Advisory Committee
Home leave	In accordance with rule 5.2 of the Staff Rules The United Nations defrays the costs for travel to the home country for a specified number of occasions during the four-year term of office	As applied to the Chair of the Advisory Committee
Travel allowances	In accordance with the provisions of ST/SGB/107/Rev.6 , the rules governing payment of travel expenses and subsistence allowances in respect of members of organs or subsidiary organs of the United Nations upon appointment and upon end of appointment	As applied to the Chair of the Advisory Committee

<i>Full-time members of the Advisory Committee on Administrative and Budgetary Questions</i>		
<i>Entitlements</i>	<i>Chair</i>	<i>Other members</i>
Education grant	Reimbursement of the actual cost of educating eligible dependent children, subject to specialized conditions and the same ceilings applicable to education grant for eligible staff in the Professional and higher categories and the payment of travel expenses for one round-trip journey per year per child, from the place of scholastic attendance outside the United States to New York	As applied to the Chair of the Advisory Committee
Health insurance	Option to join the Headquarters medical insurance scheme upon payment of the full cost of the premium	As applied to the Chair of the Advisory Committee
Illness, injury or death attributable to service with the United Nations	Coverage under the provisions of ST/SGB/103/Rev.1	As applied to the Chair of the Advisory Committee
Survivors' benefits	Compensation to survivors in the event of death during service (comprising a lump-sum equivalent to one month of the annual compensation of the official per year of service, subject to a minimum of three months and a maximum of nine months)	As applied to the Chair of the Advisory Committee

Note: Full-time members of the Advisory Committee on Administrative and Budgetary Questions are not entitled to the following conditions of service:

- Special allowance (for the Chair)
- Dependency allowance
- Rental subsidy
- Commutation of accrued annual leave upon separation
- Repatriation grant.