



## Economic and Social Council

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### Committee for Programme and Coordination

#### Thirty-eighth session

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### Draft report

#### Addendum

*Rapporteur:* Mr. Thomas **Schlesinger** (Austria)

### Review of the efficiency of the administrative and financial functioning of the United Nations

#### Outline of the proposed programme budget for the biennium 2000–2001 (item 3 (c))

1. At its 26th and 27th meetings, on 19 and 21 August 1998, the Committee considered the report of the Secretary-General on the proposed programme budget outline for the biennium 2000–2001 (A/53/220).
2. The representative of the Secretary-General introduced the report of the Secretary-General and responded orally and subsequently in writing to queries raised during the Committee's consideration of the report.

#### Discussion

3. Delegations attached great importance to the report of the Secretary-General. The Committee noted that the report had been submitted in accordance with the provisions of General Assembly resolution 41/213 of 19 December 1986. Views were expressed that the substantive contents of the report were not in full compliance with the provisions of that resolution. It was expressed that the preliminary estimate included new elements to be incorporated in the proposed budget for the biennium 2000–2001, such as anticipated savings in the amount of \$20 million and resources for the Development Account in the amount of \$13.1 million. Commitment to that resolution was reiterated by members of the Committee. The view was expressed that the outline was a useful tool designed to guide decision-making on the overall level of resources for the next budget period. Views were expressed that the

outline was a preliminary estimate of resources to accommodate the programme of activities during the biennium.

4. Queries were raised on the overall level of resources proposed, namely, \$2,468.5 million. It was noted that a provision of \$20 million had been made for new mandates for the convening of major conferences and special sessions during the biennium 2000–2001, including preparations for the Millennium Assembly, implementation of decisions of the special session of the General Assembly on the world drug problem and the reinforcement of programmes such as the United Nations Office in Nairobi. Views were expressed that one-time costs in the biennium 1998–1999 amounting to \$1.9 million and 1998–1999 appropriations for special political missions amounting to \$61.9 million had been excluded in the preliminary estimate. Views were also expressed that, according to General Assembly resolution 41/213, the appropriations for special political missions should not be included in the preliminary estimate contained in the budget outline.

5. Concern was expressed about the continued reduction in the budget during the past consecutive bienniums. Concerns and doubts were expressed about whether the indicative resources contained in the outline were sufficient to enable the Organization to function effectively and efficiently, both in quantitative and qualitative terms, without further reductions in mandated activities. Concern was expressed that the progressive reduction of resource levels in the programme budget had led to increased recourse to extrabudgetary funding and peacekeeping budgets to carry out activities that normally should be funded from the regular budget. In this connection, it was emphasized that the necessary resources must be made available for the implementation of all mandated programmes and activities. The negative growth contained in the outline was noted with concern and the need to implement all the mandates approved by Member States was indicated.

6. Views were also expressed that the proposed programme budget outline was the reflection of the ongoing reform efforts of the Secretary-General to streamline and improve the functioning of the Secretariat. In this regard, support was given to the efforts made by the Secretary-General for administrative and budgetary reform to increase efficiency and effectiveness. Views were expressed that transparency and accountability should be maintained in the process of preparing and implementing the budget. At the same time, concern was expressed about the basis for the proposed economies in the order of \$20 million in the proposal of the Secretary-General. It was pointed out that reform should not necessarily mean a reduction in the budget, but should result in the strengthening of the Organization's role in order to enable it to meet its challenges. The view was expressed that true savings must be achieved by reducing costs while continuing to produce the same or better programme results. It was stressed that the projected savings of \$20 million should not adversely affect the implementation of programmes. It was pointed out that "efficient" did not mean "cheap". Concern was also expressed about the expectation of further economies in the non-programme areas to be redeployed to the Development Account, which stood at the level of \$13.1 million, representing the carry-over of the current level of funds appropriated in the biennium 1998–1999.

7. The Secretariat was requested to give detailed justification for the proposed increases or decreases in the indicative estimates for the 13 parts of the budget, including all legislative mandates for which corresponding increases or decreases had been proposed in the budget outline. This was necessary, as very definitive and specific proposals had been made in the annex to the report.

8. Views were expressed that the General Assembly, in its resolution 52/220 of 22 December 1997, had created a new section 34 on the Development Account in the regular budget. Therefore, it should be subject to the relevant regulations, rules and resolutions of

the United Nations. The Secretariat was requested to explain on what basis it had calculated the figure of \$13.1 million for the next biennium, as the General Assembly had yet to take a final decision on the utilization, during the current biennium, of the Development Account. The reports on the use of the available funds requested by the General Assembly in its resolution 52/235 of 26 June 1998 should have been considered by the Committee, as well as by the relevant intergovernmental bodies, namely, the Second and Fifth Committees of the Assembly. In the next biennium, normal budgetary procedures should be followed, after the Assembly takes a decision on the sustainability of the Development Account.

9. While responses were provided by the Secretariat, views were expressed that further elaboration on some matters was required.

10. The view was expressed that the Secretariat should make every effort to address the issue of gender-sensitivity in the budgetary process.

11. It was noted that the priorities recommended in the report reflected those approved by the General Assembly in its resolution 51/219 of 18 December 1996. The view was expressed that particular attention should be given to allocating additional resources to the priority areas related to the critical situation in Africa and humanitarian affairs. Views were also expressed that the allocation of resources shown in the proposed preliminary indicative estimate for the biennium 2000–2001 should be made in accordance with the priorities approved by the General Assembly in its resolution 51/219. In this regard, it was noted with concern that the major increase, in terms of percentage, in the proposed preliminary estimate was allocated to the Office of Internal Oversight Services, which was not a priority area approved by the General Assembly.

12. Views were expressed that the budget outline should have included inflation and currency adjustments. Views were also expressed that the question of adjustments for inflation and currency fluctuations should continue to be addressed in accordance with the current practice, as stipulated in annex I to General Assembly resolution 41/213. Views were also expressed that, in accordance with established practice based on Assembly resolution 41/213, the outline would be recosted once the costing parameters of the first performance report for the current biennium had been reviewed by the Advisory Committee on Administrative and Budgetary Questions and submitted to the Fifth Committee.

13. With regard to the question of special political missions of a recurrent nature, it was generally agreed that the current arrangements for budgeting were unsatisfactory, as resource provisions were required after the adoption of the budget outline, thereby undercutting the basic purpose of the outline exercise. The question should be the subject of analysis and should continue to be considered.

14. Views were expressed that provision should nevertheless be made for financing special political missions, in keeping with General Assembly resolution 41/213. In response to queries, the Committee was informed that a full provision for such missions would amount to \$120 million for the biennium 2000–2001. In this connection, the earlier proposal of the Secretary-General (see A/C.5/51/57, para. 6) was noted. By that proposal, such special political missions could be included as a one-line provision in the budget outline. That amount would then be appropriated, but its utilization would be subject to individual legislative mandates and approval by the General Assembly as and when it approved or renewed such mandates. It was also noted by the Committee that, while the Advisory Committee on Administrative and Budgetary Questions had agreed with the Secretary-General, the Assembly had taken no action.

15. The view was expressed that the proposed level of the budget in the outline for the biennium 2000–2001, namely, \$2,468.5 million, should not, after recosting and provision

for special political missions, exceed the initial appropriations for the current biennium, namely, \$2,532 million, and that there could be no flexibility in this matter. Views were also expressed that the preliminary estimate in the budget outline did not represent a ceiling for the preparation of the Secretary-General's proposed programme budget for the biennium 2000–2001.

16. The view was expressed that, as the budget outline conformed with the process mandated by the General Assembly in its resolution 41/213, which was predicated on the full financing of the budget, once approved and appropriated, payment of assessed contributions was therefore an integral part of the budget process.

#### **Conclusions and recommendations**

**17. The Committee examined the outline, using as a framework the four factors listed in paragraph 1 of the report of the Secretary-General, in accordance with General Assembly resolution 41/213, annex I:**

- (a) The preliminary estimate of resources to accommodate the proposed programme of activities during the biennium;**
- (b) Priorities, reflecting trends of a broad sectoral nature;**
- (c) Real growth, positive or negative, compared with the previous budget;**
- (d) Size of the contingency fund expressed as a percentage of the overall level of resources.**

**18. The Committee took note of the Outline of the proposed programme budget for the biennium 2000–2001 (A/53/220) and recommended that the General Assembly give further consideration to all the aspects contained in the Secretary-General's proposed programme budget outline for 2000–2001, taking into account the views of Member States as reflected above in the discussion part of the present section and taking into account the following:**

- (a) The preliminary estimate should be adequate for full implementation of all mandated programmes and activities;**
- (b) The size of the contingency fund should be 0.75 per cent of the budget outline;**
- (c) The priorities should be those proposed by the Secretary-General, as approved by the General Assembly in its resolution 51/219;**
- (d) The preliminary indicative allocation of resources, the provisions for anticipated savings and the provisions for the Development Account should be further examined on a priority basis;**
- (e) The arrangements for financing special political missions and the treatment of currency fluctuations and inflation should be examined by the General Assembly, as a matter of priority, in the light, *inter alia*, of the report of the Secretary-General (A/C.5/51/57) and the recommendations of the Advisory Committee thereon (A/52/7/Add.2).**