



# General Assembly

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## Seventy-fourth session

Agenda items 135, 124, 133 and 148

### Programme budget for 2020

#### United Nations reform: measures and proposals

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

#### Administrative and budgetary aspects of the financing of the United Nations peacekeeping operations

## **Shifting the management paradigm in the United Nations: funding model for the Department of Management Strategy, Policy and Compliance and the Department of Operational Support**

### **Thirty-third report of the Advisory Committee on Administrative and Budgetary Questions on the proposed programme budget for 2020**

## **I. Introduction**

1. During its consideration of the report of the Secretary-General on shifting the management paradigm in the United Nations: funding model for the Department of Management Strategy, Policy and Compliance and the Department of Operational Support ([A/74/761](#)), the Advisory Committee received additional information and clarification from the representatives of the Secretary-General, concluding with written responses dated 18 May 2020.

2. In his report on shifting the management paradigm in the United Nations: implementing a new management architecture for improved effectiveness and strengthened accountability ([A/72/492/Add.2](#)), the Secretary-General indicated his intention to submit a proposal to the General Assembly at the second part of its seventy-fourth session to establish a clear and consistent approach to financing the Department of Management Strategy, Policy and Compliance and the Department of Operational Support from the support account and the regular budget based on the initial experience gained from the implementation of the “whole-of-the-Secretariat” approach (*ibid.*, para. 66).



## II. General comments and observations

3. The Advisory Committee was informed, upon enquiry, that the proposed model is intended to ensure a sound basis for the allocation of funding for the Department of Management Strategy, Policy and Compliance and the Department of Operational Support between the programme budget and the support account for peacekeeping operations. The stated primary purpose of the funding model would be to address the dilution of the linkage between the peacekeeping and non-peacekeeping activities and the funding sources, which has been exacerbated following the management reform. In addition, the proposed model would facilitate the preparation of budget documents for the two departments and the intergovernmental consideration of the related resource requirements, as well as the management of the approved resources. **The Advisory Committee acknowledges the efforts and notes the intention of the Secretary-General to ensure a sound basis for the allocation of funding between the programme budget and the support account. The Committee, however, is not convinced that, at this stage and in its current formulation, the proposal achieves its stated objectives (see para. 17 below).**

4. The Advisory Committee notes that, since its adoption of resolution 49/250, the General Assembly has consistently stated that the support account funds shall be used for the sole purpose of financing human and non-human resource requirements for backstopping and supporting peacekeeping operations at Headquarters, and that any change in this limitation would require the prior approval of the Assembly. Upon enquiry, the Committee was informed that under the new management architecture, which was premised on the establishment of the Department of Management Strategy, Policy and Compliance and the Department of Operational Support in a post-neutral manner and on the whole-of-the-Secretariat approach, current posts and positions may no longer be performing functions linked to the respective assessed funding stream. As such, functions funded through the support account would not necessarily perform backstopping or support functions for peacekeeping operations. The Committee was further informed that, according to the Secretariat, this situation does not run afoul of resolution 49/250, and that the approval of the Assembly of the reorganization of the Department of Management and the Department of Field Support into the Department of Management Strategy, Policy and Compliance and the Department of Operational Support in resolution 72/266 B provided the “prior approval” required by resolution 49/250. **The Advisory Committee is of the view that this matter falls within the purview of the General Assembly.**

## III. Comments and observations on specific aspects

### *Scope and exclusions*

5. The Advisory Committee was informed that since the proposed funding model covers only the apportionment between the two sources of assessed contributions for the Department of Management Strategy, Policy and Compliance and the Department of Operational Support, resources funded through voluntary contributions and funding arrangements for other Secretariat entities fall outside the scope of the proposal of the Secretary-General. In particular, the Committee was informed that while the peace and security structure is excluded from the current proposal, the funding model could, in principle, be applied to the Department of Peace Operations and the Department of Political and Peacebuilding Affairs, with a different methodology for the apportionment of costs between the programme budget and the support account. Furthermore, the remaining entities receiving support account funding are not included in the proposed model, as the challenges of maintaining conceptual clarity in funding sources, preparing budget documents and managing

approved resources are not considered to be as acute for those entities. Also excluded from the proposal are the United Nations Logistics Base at Brindisi, Italy, the Regional Service Centre in Entebbe, Uganda, and the Kuwait Joint Support Office, which are viewed as separate entities with their own mandates and client bases. **The Advisory Committee recalls the financing arrangements of the United Nations Logistics Base at Brindisi, Italy, which has been referred to as the operational arm of the Department of Operational Support (A/74/730, para. 58), and of the Regional Service Centre in Entebbe, Uganda, in connection with the report of the Board of Auditors on the accounts of the United Nations peacekeeping operations for the period ended 30 June 2019 (A/74/5 (Vol. II), chap. II, para. 242, and A/74/806, paras. 15–16). The Committee is not convinced by the rationale offered for the exclusions of certain departments, inter alia, the Department of Peace Operations and the Department of Political and Peacebuilding Affairs, from the current proposal and is of the view that further options could have been considered.**

*Apportionment between the programme budget and the support account*

6. In his report, the Secretary-General indicates that under the proposed model, the totality of the resources for the Department of Management Strategy, Policy and Compliance and the Department of Operational Support, including the Office of Information and Communications Technology, would be presented in a consolidated manner in the context of the programme budget, with the peacekeeping share of the overall requirements to be financed through a grant from the support account for peacekeeping operations. In paragraph 28 (c) of the report, the Secretary-General also indicates that the support account would serve only as a funding mechanism for the peacekeeping share of the Department of Management Strategy, Policy and Compliance and the Department of Operational Support. The methodology underpinning the proposal is described further in paragraphs 25–27 of the report. **Noting that requirements for the Office of Information and Communications Technology are presented separately under both the programme budget and the support account (see, for example, A/75/6 (Sect. 29C) and A/74/743, paras. 296–322), the Advisory Committee is of the view that further clarification on the presentation of the Office of Information and Communications Technology under the proposed model should be provided to the General Assembly.**

7. The Advisory Committee was informed, upon enquiry, that the proposed apportionment between the programme budget and the support account is based on the relative share of posts and positions approved by the General Assembly in the programme budget and in the peacekeeping budgets respectively, excluding the posts and positions approved for the Department of Management Strategy, Policy and Compliance, the Department of Operational Support and the Office of Information and Communications Technology, to avoid a self-referential calculation, as well as the Regional Service Centre in Entebbe and the United Nations Logistics Base, which report to the Department of Operational Support but have separate funding mechanisms, as approved by the Assembly. The relative share would be updated annually.

8. The Advisory Committee was informed, upon enquiry, that the funding model does not propose any changes to the scales of assessments. Furthermore, according to the Secretariat, any potential impact on the assessment of individual Member States is expected to be minimal, as the proposed methodology for apportioning costs is not expected to significantly affect the current allocation of costs between the programme budget and the support account. In this context, the Committee was provided, upon request, with presumptive amounts of the requirements for the Department of Management Strategy, Policy and Compliance, the Department of Operational

Support and the Office of Information and Communications Technology under the programme budget for 2020 and the support account for the 2020/21 financial period, calculated on the basis of the application of the proposed funding model. **The Advisory Committee is not convinced that the information provided enables a conclusive and sufficient analysis of the effects of the application of the proposed funding model, owing in part to the lack of further information on any potential impact on the assessment of individual Member States and the exclusion of the peacekeeping share of certain corporate initiatives and finite projects, such as after-service health insurance, Umoja and the global service delivery model project.**

*Alternative methodologies*

9. The Advisory Committee was informed that, to determine the apportionment of costs between the assessed funding streams, the Secretariat sought an approach which would be: (a) conceptually intuitive; (b) easy to calculate; (c) transparent to Member States; and (d) directly linked to decisions of the General Assembly. The Committee was further informed that a workload analysis approach was contemplated, but then rejected, as it would violate three of the principles set by the Secretariat: (a) it would be prohibitively labour-intensive to calculate; (b) it would not be transparent to Member States; and (c) it would be based on internal calculations rather than linked to decisions of the Assembly. **The Advisory Committee is of the view that other methodologies, including a workload analysis, merit further consideration and study, which should take into full account existing and past initiatives within the Secretariat.**

*Budgeting process and financing mechanism*

10. The new arrangements are proposed to be introduced with the programme budget for 2022. In paragraphs 19 and 20 of his report, the Secretary-General describes the budgeting and financing mechanism under the proposed model, including transitional arrangements. Upon enquiry, the Advisory Committee was informed that, as the support account would maintain its July to June financial period, under the proposed model the requirements for the first six months (1 July–31 December) would have already been approved by the General Assembly during its previous main session. For the second half of the financial period (1 January–30 June), a commitment authority with assessment would be required annually, the budget for which would be considered in the context of the budget proposal for the following year. **The Committee considers that the lag between activities and financing resulting from the proposed process could weaken the linkage between the support account and the operations it supports, and is of the view that the Secretary-General should provide further justification regarding the mixture of financial periods and explore the feasibility of alternative approaches.**

11. In response to a query by the Advisory Committee, the Secretariat stated that any unspent balances or revenues of the pooled budget for 2022, as determined after the financial statements are finalized in 2023, would be proportionally credited against: (a) the subsequent assessment for the regular budget for 2023, in December 2023/January 2024; and (b) the assessment for individual peacekeeping missions (based on their share of the support account) in June/July 2023, when they are assessed for the financial period 2023/24. **Noting the reference of the Secretariat to a pooled budget, the Advisory Committee considers that the Secretary-General should provide more detailed information on the treatment of any unspent balances or revenues of the pooled budget to the General Assembly.**

*Presentation of budget documents*

12. The Advisory Committee was informed upon enquiry that the new funding model would result in changes to the presentation of the current budget documentation. With regard to the programme budget, the resource requirements under the budget fascicles of the Department of Management Strategy, Policy and Compliance, the Department of Operational Support and the Office of Information and Communications Technology would follow the format of section 34, Safety and security. In the budget for the support account, which would continue to be issued in its current format for 11 entities, requirements for the two departments and the Office would be shown only in monetary terms, entailing a potential reduction in the length of the document of approximately 30 per cent. The Committee requested, but was not provided, mock-ups of the budget documentation resulting from the application of the proposed funding model. **The Advisory Committee is not convinced that the proposed model would improve budget presentations, including through consistency of information, and enhance transparency, oversight and control. The Committee considers that prototypes of budget documents should facilitate the consideration and enhance the transparency of the proposals of the Secretary-General.**

*Scalability*

13. The Advisory Committee recalls that, in its resolutions [69/308](#) and [70/287](#), the General Assembly emphasized that support functions should be scalable to the size and scope of peacekeeping operations. The Committee was informed, upon enquiry, that the proposal of the Secretary-General does not address or ensure scalability. However, according to the Secretariat, the proposed model would facilitate a clearer identification of the static and variable aspects of the functions in the Department of Management Strategy, Policy and Compliance and the Department of Operational Support. **The Advisory Committee notes the absence, in the current proposal, of a scalability model with baseline indicators pertaining to complexity, mandate, mission size and other related criteria used to guide support account resource requirements as mandated by the General Assembly** (see also [A/72/857](#), paras. 15–17, and [A/72/789](#), paras. 64–65).

*After-service health insurance*

14. The peacekeeping share of the contribution for after-service health insurance is currently provisioned under the Department of Management Strategy, Policy and Compliance in the budget for the support account (see, for example, [A/74/743](#), paras. 294–295). Upon enquiry, the Advisory Committee was informed that under the proposed model: (a) the peacekeeping share of the contribution for after-service health insurance could be presented as a separate cross-cutting budget line in the support account; or (b) the entire contribution for after-service health insurance for the calendar year could be included under the programme budget, and the peacekeeping share would be included as a grant under the support account. The Committee provided related observations and recommendations on after-service health insurance in its report on the support account for peacekeeping operations ([A/74/809](#), paras. 22–24), and on the report of the Board of Auditors on the accounts of the United Nations peacekeeping operations for the period ended 30 June 2019 ([A/74/806](#), paras. 6–11). **The Advisory Committee will revert to the budgetary treatment of after-service health insurance in the future, inter alia, following the review of the after-service health insurance expenditures by the Board of Auditors to be presented during the seventy-fifth session of the General Assembly** ([A/74/806](#), para. 11).

*Umoja*

15. The Advisory Committee was informed, upon enquiry, that as the Secretary-General anticipates the mainstreaming of Umoja in 2022, there would be no separate budget line for Umoja in the support account and any requirements for the mainstreamed Umoja would be presented in the programme budget of the relevant departments and entities. The Committee makes observations and recommendations on the completion of the full scope of the Umoja project in its report on the eleventh progress report on the enterprise resource planning project (A/74/7/Add.17). **The Advisory Committee looks forward to the submission of the final project report by the Secretary-General for the consideration of the General Assembly at the main part of its seventy-fifth session (A/74/7/Add.17, paras. 12–13).**

*Related decisions of the General Assembly*

16. The Committee notes that the General Assembly has yet to pronounce itself on the revised global service delivery model proposal for the United Nations Secretariat (A/73/706). Furthermore, the Committee recalls that, in its resolution 72/266 A, the Assembly approved the change from a biennial to an annual budget period on a trial basis, and decided to review at its seventy-seventh session, with a view to taking a final decision, the implementation of the annual budget. In the same resolution, the Assembly requested the Secretary-General to conduct a review of changes to the budgetary cycle in 2022, following the completion of the first full budgetary cycle. **The Advisory Committee considers that the decisions of the General Assembly on the global service delivery model and the annual budget period would provide further context and guidance in relation to the proposed funding model.**

#### **IV. Conclusion**

17. **On the basis of its comments and observations above, the Advisory Committee recommends that the General Assembly request the Secretary-General to review the proposed funding model following the conclusion of the trial period for the annual programme budget and to present a revised proposal with greater detail and clarity for the consideration of the Assembly.**