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Items 124 and 125 of the preliminary list*

Financing of the International Criminal Tribunal for the Prosecution of Persons Responsible for Genocide and Other Serious Violations of International Humanitarian Law Committed in the Territory of Rwanda and Rwandan Citizens Responsible for Genocide and Other Such Violations Committed in the Territory of Neighbouring States between 1 January and 31 December 1994

Financing of the International Tribunal for the Prosecution of Persons Responsible for Serious Violations of International Humanitarian Law Committed in the Territory of the Former Yugoslavia since 1991

Biennial budgeting at the Tribunals

Report of the Secretary-General

Summary

In its resolutions 58/253 and 58/255 of 23 December 2003, the General Assembly requested the Secretary-General to submit a report on the results of the experiment on the biennialization of the budgets of the International Criminal Tribunal for the Prosecution of Persons Responsible for Genocide and Other Serious Violations of International Humanitarian Law Committed in the Territory of Rwanda and Rwandan Citizens Responsible for Genocide and Other Such Violations Committed in the Territory of Neighbouring States between 1 January and 31 December 1994 and the International Tribunal for the Prosecution of Persons Responsible for Serious Violations of International Humanitarian Law Committed in the Territory of the Former Yugoslavia since 1991 (the Tribunals) effective 2002-2003 and the impact on the functioning of the Tribunals. In addition, the Assembly requested that the report should include the views of the Board of Auditors thereon.

The present report which is submitted in response to that request, includes the views of the Board of Auditors, as contained in a letter dated 9 July 2004 from the Chairman of the Board of Auditors to the Secretary-General (see annex).

It is proposed that the General Assembly maintain the biennial format for the presentation of the budgets of the Tribunals.

* A/59/50 and Corr.1.

Introduction

1. At its fifty-fifth session, the General Assembly had decided that the budget of the International Criminal Tribunal for the Prosecution of Persons Responsible for Genocide and Other Serious Violations of International Humanitarian Law Committed in the Territory of Rwanda and Rwandan Citizens Responsible for Genocide and Other Such Violations Committed in the Territory of Neighbouring States between 1 January and 31 December 1994 and the International Tribunal for the Prosecution of Persons Responsible for Serious Violations of International Humanitarian Law Committed in the Territory of the Former Yugoslavia since 1991 (the Tribunals) should be biennialized, on an experimental basis, for the period 2002-2003, and also decided to keep the matter of the biennialization under review, and requested the Secretary-General to report to the Assembly at its fifty-eighth session on the results of the experiment and the impact on the functioning of the Tribunals. In its resolutions 58/253 and 58/255 of 23 December 2003, the Assembly requested the Secretary-General to ensure that the report requested in paragraph 2 of its resolution 55/225 A and paragraph 2 of 55/226 of 23 December 2000, as well as the views of the United Nations Board of Auditors thereon, was submitted to the Assembly during the main part of its fifty-ninth session. The present report is submitted in response to that request including the views of the Board of Auditors, as contained in a letter dated 9 July 2004 from the Chairman of the Board of Auditors to the Secretary-General (see annex).

Background

2. In its resolution 808 (1993) of 22 February 1993, the Security Council decided that the International Tribunal for the Former Yugoslavia should be established. Initial financing for the Tribunal was subsequently provided by the General Assembly in its resolution 47/235 of 14 September 1993.

3. In its resolution 955 (1994) of 8 November 1994, the Security Council decided to establish the International Criminal Tribunal for Rwanda. Initial financing for the Tribunal was subsequently provided by the General Assembly in its resolution 49/251 of 20 July 1995.

4. Since their inception, the resource requirements of the Tribunals had been approved on an annual basis. However, the presentation was changed to a biennial presentation, on an experimental basis, effective the biennium 2002-2003 in General Assembly resolutions 55/225 A and 55/226 in which the Assembly noted that the benefits of that provisional reform could include the use of two-year employment contracts at the Tribunals.

Implementation of biennial budgeting at the Tribunals

5. According to the former Consultative Committee on Administrative Questions (Financial and Budgetary Questions), the principal function of a budget is to provide Member States with a plan in financial terms for the carrying out of a programme of activities in a specific period. A programme budget focuses upon the work to be undertaken and the objectives sought through that work: it emphasizes the ends to be achieved and relates both to resource levels and to results to be achieved.

Biennial budgeting has been the long-standing practice at the United Nations since 1974. However, in the case of the Tribunals, the annual budgeting format was used until the biennium 2002-2003. The preparatory requirements of the annual budget process are overwhelming for both the Secretariat and the Member States. The seemingly incessant demands of that process detract from other functions that are equally, if not more important such as long-range planning and oversight. In the case of the Tribunals, the demands of that process would detract from achieving the goals outlined in the completion strategy in a timely manner. Therefore, biennial budgeting is considered a complement to long-term planning and a tool for improving an organization's fiscal management and oversight.

6. With the adoption of a biennial budgeting cycle, both time and effort have been saved on the part of the Tribunals, providing greater scope for planning, management and coordination of activities. In addition, the Tribunals are of the opinion that precious time and effort have been conserved on the part of the committees responsible for reviewing the budgets of the Tribunals. The realization of the completion strategy is the main objective of the Tribunals and the work of the Tribunals has become more focused as a result of the longer budgetary cycle. More time and effort have been devoted to the planning and evaluation of the results of activities already embarked upon. Further, biennial budgeting has provided for planning ahead with more precision over a longer span of time than would have been possible with an annual budget; in other words, by looking beyond one year, the Tribunals are better able to plan for the future. The Tribunals have been able to spend more time on inter-Tribunal cooperation, sharing best practices and transfer of cases. That programme managers have been given assurances that the necessary funds would be available for an extended period thereby eliminates the uncertainties that would normally prevail under an annual budget cycle. The second year of the budget cycle has been used to focus more on in-depth review of the programme of work by setting priorities and thereby improving efficiencies and programme performance, with decision makers being held more accountable. This has resulted in the Tribunals being more productive by focusing attention on the vital tasks of successfully implementing the completion strategy. Biennial budgeting has helped programme managers to focus on long-term and strategic aspects of budgeting, in contrast with narrow concentration on "number crunching" for a single year. The annual repetitive tussle over the budget makes it impossible to engage in any meaningful planning. Too much time is consumed by repetitious budget preparation, justification and appropriation instead to the detriment of improving performance and productivity.

7. Biennial budgeting is conducive to long-term planning, allows more time for programme review and performance evaluation, and enables shifts in priorities to be addressed. More time for performance evaluation encourages programme managers to move in the direction of results-based budgeting. This is especially important in the upcoming years as the Tribunals prepare and plan to downsize staffing and capital resources as the investigative and trial stages come to an end.

8. Biennial budgeting facilitates policy-related consideration and reflection, and represents a commitment in respect of policy direction, thereby reducing the time spent on budget planning and presentations. In addition, annual budgeting would not allow enough time to review expenditures in depth. Those preparing the budget finish one year and then immediately enter into the preparation of the next year's budget. Preliminary work on the next fiscal year's budget is simultaneous with the

implementation of the current budget and wrapping up of the previous fiscal year's budget.

9. While continuing to allow for a thorough consideration of the budget estimates by the legislative and expert bodies, biennial budgeting continues to contribute to alleviating the heavy agenda of these bodies, thereby allowing more time for the review of, inter alia, budget performance and evaluation. Longer-term projections would provide for flexibility to respond to changing circumstances. In cases where the need arises, biennial budgeting does not prevent Member States from revising the requirements of the second year as a result of a change in focus. For example, for the biennium 2004-2005, the General Assembly requested the Secretary-General to resubmit the proposal for resource requirements for the Investigations Division for 2005 in the context of the first performance report.

10. Biennial budgeting also frees up staff time that would otherwise have been spent preparing a budget in both the years thereby allowing staff to redirect their time to other areas such as performance measures. The preparation of annual budgets and related performance reports generates a significant additional workload for those responsible for their preparation, including substantive staff who should be devoting their full attention to the completion of trials. In addition, biennial budgeting has also contributed to lower costs on translation and printing, since the production of fewer documents is required.

11. The return to annual budgets would imply that staff could be offered contracts only for up to one year. As the end draws near with the accompanying uncertainty, the Tribunals are increasingly having difficulties retaining qualified staff. The issuance of yearly contracts would further exacerbate the already difficult situation of staff retention and have a negative impact on staff morale and, by extension, on the functioning of the Tribunals and their completion strategies.

Conclusion

12. It is proposed that the General Assembly maintain a biennial budget presentation for the Tribunals.

Annex**Letter dated 9 July 2004 from the Chairman of the Board of Auditors to the Secretary-General**

In its resolutions 58/253 and 58/255 of 23 December 2003, the General Assembly requested the Secretary-General to submit a report on the results of the experiment on the biennialization of the budgets of the Tribunals for Rwanda and the former Yugoslavia and the impact on the functioning of the Tribunals. The Assembly also requested the views of the Board of Auditors thereon.

The Board of Auditors has considered the report on this matter in which the Administration concludes by proposing that the General Assembly maintain a biennial budget presentation for the Tribunals. The Board is pleased to indicate that it concurs with the Administration's conclusion with respect to maintaining biennial budget presentations for both Tribunals, for the reasons provided in your report to the Assembly.

(Signed) **Shauket A. Fakie**
Auditor General of the Republic of South Africa
Chairman of the United Nations Board of Auditors and the
Panel of External Auditors of the United Nations
Specialized Agencies and the International Atomic Energy Agency
