



# General Assembly

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**Programme budget for the biennium 2016–2017**

**Proposed programme budget for the biennium 2018–2019**

## Limited budgetary discretion

### Thirty-first report of the Advisory Committee on Administrative and Budgetary Questions on the proposed programme budget for the biennium 2018–2019

1. The Advisory Committee on Administrative and Budgetary Questions has considered the report of the Secretary-General on limited budgetary discretion (A/72/497). During its consideration of the report, the Committee met with representatives of the Secretary-General, who provided additional information and clarification, concluding with written responses received on 15 November 2017.

2. The Advisory Committee recalls that, in its resolution 60/246, the General Assembly recognized the need for limited discretion in budgetary implementation for the Secretary-General within defined parameters to be agreed by the Assembly along with clear accountability mechanisms to the Assembly for its use. Subsequently, in section III, paragraph 6, of its resolution 60/283, the Assembly decided to authorize the Secretary-General, on an experimental basis, a limited discretion for budgetary implementation for the bienniums 2006–2007 and 2008–2009, to enter into commitments of up to \$20 million in each biennium for positions and non-post requirements to meet the evolving needs of the Organization in attaining its mandated programmes and activities. Any expenditures in that regard were to be offset by savings identified and attained during each biennium within the authorized appropriation level. In addition, the authorization was to be implemented in line with nine principles outlined by the Assembly and the discretion would be limited to a total of \$6 million per biennium under the authority of the Secretary-General; any amounts in excess of that level would require prior concurrence of the Committee (resolution 60/283, sect. III, paras. 7 and 8).

3. The General Assembly subsequently decided, in its resolutions 64/260, 66/258 and 68/246, to continue those arrangements on an experimental basis during the bienniums 2010–2011, 2012–2013 and 2014–2015. In its most recent resolution on the topic, 70/248 A, the Assembly endorsed the conclusions and recommendations contained in the report of the Advisory Committee on limited budgetary discretion (A/70/7/Add.5), in which the Committee questioned the utility of the mechanism (see



paras. 4–6 of the present report) and recommended that the General Assembly authorize the mechanism's exceptional continuation for the biennium 2016–2017 only. The Committee further recommended therein that should the Secretary-General consider that the mechanism is required beyond that date, he should submit a comprehensive justification for its subsequent retention to the Assembly (see [A/70/7/Add.5](#), para. 14, and para. 8 of the present report).

#### **Utilization of the limited budgetary discretionary authority**

4. A summary of the utilization of the limited budgetary discretionary authority from 2006–2007 to 2016–2017 is provided in the table of the report of the Secretary-General ([A/72/497](#)). The discretionary mechanism has been utilized on nine occasions over the course of four bienniums (2006–2007, 2008–2009, 2010–2011 and 2016–2017). The details of the utilization are set out in the report (*ibid.*, paras. 15 and 21). The total amounts utilized in each of the four bienniums were \$8.8 million, \$11.3 million, \$8.9 million and \$0.5 million, respectively. The mechanism was not used during the bienniums 2012–2013 and 2014–2015.

5. For the non-use of the mechanism during the bienniums 2012–2013 and 2014–2015, the Advisory Committee recalls that, according to the Secretary-General, (a) for the biennium 2012–2013, underexpenditure was not anticipated owing in part to the deferral of part of the recosting requirements for posts and lower overall actual vacancy rates than budgeted; and (b) for the 2014–2015 biennium, it was deemed that no activities emerged that met the principles set by the General Assembly and the refined criteria used by the Secretary-General to define the evolving needs of the Organization ([A/70/7/Add.5](#), para. 6; see para. 11 of the present report).

6. For the biennium 2016–2017, the Secretary-General indicates that, in support of his strategy to improve the Organization's system-wide approach to preventing and responding to sexual exploitation and abuse, the mechanism has been used to cover the costs of four temporary positions<sup>1</sup> and the related non-post costs, in a total amount of \$455,300, in the Office of the Victims' Rights Advocate for the period from 1 July 2017 to 31 December 2017. The requirements were funded through the utilization of underexpenditures identified from the provisions for special political missions (section 3, Political affairs) ([A/72/497](#), paras. 20 and 21).

7. The Secretary-General indicates that the limited budgetary discretion mechanism makes it possible to use underexpenditure from within the authorized appropriation level to meet emerging needs of the Organization ([A/72/497](#), para. 16). The Advisory Committee notes that only an amount of \$455,300 has been utilized under this mechanism over the past three bienniums, while the discretionary authority granted to the Secretary-General amounts to \$6 million per biennium (see para. 2 of the present report). The Committee continues to note that the ceiling for the mechanism of \$20 million within a given biennium has never been reached since the experimental mechanism was first approved ([A/70/7/Add.5](#), para. 13).

#### **Lack of a comprehensive justification for the retention of the mechanism beyond 2016–2017**

8. As regards the comprehensive justification for the retention of the discretionary mechanism beyond 2016–2017, which was requested by the General Assembly (resolution [70/248](#) A, sect. II), the Advisory Committee notes that no such

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<sup>1</sup> 1 Victims' Rights Advocate (Assistant Secretary-General), 1 Human Rights Officer (P-4), 1 Political Affairs Officer (P-3) and 1 Administrative Assistant (GS (OL)). See also [A/72/7/Add.27](#).

justification is provided in the report of the Secretary-General (A/72/497). **The Committee regrets that the request of the General Assembly has not been met.**

#### **Relation with the Secretary-General's proposals on management reform**

9. It is stated in the report of the Secretary-General that, pending the review by the General Assembly of the Secretary-General's management reform proposals (see A/72/492 and A/72/492/Add.1), in particular the recommendations regarding budgetary discretion mechanisms, the Secretary-General's proposal that the discretionary mechanism be continued for the biennium 2018–2019 would be subject to the Assembly's decision on the management reform proposals (A/72/497, para. 25).

10. Upon enquiry, the Advisory Committee was informed that the concept of the limited budgetary discretionary mechanism and the proposals of the Secretary-General in the management reform reports are similar in that each has an established ceiling for the redeployment of resources. The Committee was also informed that the Secretary-General's proposals had taken into account the principles and experience regarding the use of various funding mechanisms currently available. Upon request, the Committee received an updated table illustrating the six flexible funding mechanisms currently available to the Secretary-General and the differences between the limited budgetary discretion mechanism and the five other mechanisms (see the annex to the present report; see also A/70/7/Add.5, para. 10 and annex II).

11. With respect to the utilization criteria, the Advisory Committee recalls that upon a recommendation by the Committee which was endorsed by the General Assembly, the Secretary-General issued a list of five criteria, which was replaced by a refined list of four criteria in his previous report (A/70/396) and that the Committee took note of the efforts of the Secretary-General and encouraged him to continue refining the criteria (see A/70/7/Add.5, paras. 7–11). **Noting that the four criteria included in his latest report are identical to those of his previous report (see A/72/497, para. 23 and A/70/396, para. 20), the Committee again encourages the Secretary-General to continue refining the criteria (A/70/7/Add.5, para. 11).**

#### **Conclusions**

12. The recommendations of the Secretary-General are set out in paragraph 26 of his report on limited budgetary discretion (A/72/497). **The related recommendations of the Advisory Committee on limited budgetary discretion are contained in paragraphs 67 and 68 of its report on the management reforms of the Secretary-General (A/72/7/Add.24).**

13. **In addition, the Advisory Committee recalls its related recommendation that, should the General Assembly approve the annual budget cycle, it should request the Secretary-General to undertake an assessment of the mechanisms and levels of discretionary managerial authorities that may be required (ibid., para. 63).**

## Annex

## Funding mechanisms that provide the Secretary-General with flexibility in the use of resources

<i>Funding mechanism</i>	<i>Criteria</i>	<i>General Assembly resolution/ financial regulation</i>	<i>Amount (limit)</i>
Contingency fund	Level of resources (usually set at 0.75 per cent of the overall level of the outline), which can be added to the budget to accommodate additional expenditure arising from programme budget implications or revised estimates as a result of new/expanded mandates or urgent changes in the scope of construction projects	41/213 and 42/211	The fund does not have money, but rather a set level of resources that the Secretary-General can request charges against, subject to approval by the Advisory Committee and the Fifth Committee
Unforeseen and extraordinary expenses	If the Advisory Committee concurs with a request from the Secretary-General to incur unforeseen and extraordinary expenses	70/250 (paras. 1 and 3)	\$10 million per unforeseen and extraordinary event (if more than \$10 million, requires General Assembly approval)
	Commitments to meet unforeseen and extraordinary expenses if the Secretary-General certifies that they relate to the maintenance of peace and security	70/250 (para. 1 (a))	\$8 million in any one year of the biennium
	If the Secretary-General certifies that the commitments relate to security measures for United Nations staff, operations and premises	70/250 (para. 1 (c)) and 59/276	\$1 million per biennium
	If the President of the International Court of Justice certifies that the expenses are occasioned by: (a) the designation of ad hoc judges; (b) the calling of witnesses and appointment of experts; (c) the maintenance in office of judges for the completion of cases; (d) the payment of pensions and travel and removal expenses for retiring judges and travel and removal expenses and installation grants of members of the Court; and (e) the work of the Court or its Chambers away from The Hague	70/250 (para. 1 (b))	\$725,000 if the breakdown indicated in paragraph 1 (b) of resolution 70/250 is respected

<i>Funding mechanism</i>	<i>Criteria</i>	<i>General Assembly resolution/ financial regulation</i>	<i>Amount (limit)</i>
Transfers between appropriations	Delegated to the Advisory Committee by the General Assembly in its appropriation resolutions. The Secretary-General prepares a report on proposed transfers of credits between sections at the end of the biennial period upon closure of accounts and submits it to the Committee for approval	Financial regulation 5.6 and financial rule 105.1, resolutions 70/249 A–C	Does not result in additional appropriations but redistribution of resources between sections after the biennial financial period has closed
Commitments against future financial periods	The Secretary-General may enter into commitments for a future period if authorized by specific General Assembly decisions or provided that they are for activities that have been approved by the Assembly and are expected to continue, e.g. rental leases	Financial regulation 5.7 and financial rule 105.2	Commitments will be charged against the relevant appropriations once approved by the General Assembly
Establishment of extrabudgetary posts at the D-1 level and above	The General Assembly decided that the establishment of all extrabudgetary posts at the D-1 level and above for which the approval of an intergovernmental organ was not required was subject to the concurrence of the Advisory Committee. Accordingly, the approval of the Controller is required and the concurrence of the Committee is requested for such posts	35/217	Funded from extrabudgetary resources
Limited budgetary discretion mechanism	(a) Requirements would overcome unforeseen obstacles relating to existing mandates; (b) Requirements following natural or human-caused disasters and crises to enable the resumption of operations in a safe and secure environment; (c) The requirements cannot be funded within the respective budget section; (d) The requirements are of a one-time nature (specific to the current biennium); (e) The requirements can be funded through underexpenditures identified in one or more sections of the programme budget	60/283	\$20 million per biennium, if the Advisory Committee endorses the Secretary-General's request for commitment authority  \$6 million per biennium within the Secretary-General's authority