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Proposed programme budget for the biennium 2014-2015

Limited budgetary discretion

Report of the Secretary-General

Summary

The General Assembly, in section III of its resolution [60/283](#), 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 up to \$20 million in each biennium for positions and non-post requirements for the purpose of meeting the evolving needs of the Organization in attaining its mandated programmes and activities. In accordance with the provisions of paragraph 8 of section III of that resolution, it was expected that such discretion would be implemented in accordance with a number of defined principles.

By section III of its resolution [64/260](#), the General Assembly extended these arrangements for the biennium 2010-2011 and requested the Secretary-General to submit a comprehensive report to the Assembly at its sixty-sixth session, fully addressing the requests made by the Assembly in section III, paragraphs 10 (a) to (d), of resolution [60/283](#).

By section I of its resolution [66/258](#), the General Assembly further extended the limited budgetary discretionary authority on an experimental basis under the arrangements of section III of resolution [60/283](#) for the biennium 2012-2013 and requested the Secretary-General to provide information to the Assembly at its sixty-eighth session addressing the issues raised in the report of the Advisory Committee on limited budgetary discretion ([A/66/7/Add.18](#)).

The present report is submitted in response to that request of the General Assembly. On the basis of the experience gained during the past four bienniums, the Secretary-General proposes to continue the limited discretionary mechanism under the current arrangements, as set out in section III of resolution [60/283](#), and not pursue the modifications proposed in his previous report on limited budgetary discretion ([A/66/570](#)).



I. Introduction

1. Following the adoption of the 2005 World Summit Outcome (resolution [60/1](#)) and the reaffirmation by the General Assembly of the role of the Secretary-General as the chief administrative officer of the Organization, in accordance with Article 97 of the Charter of the United Nations, the Assembly requested him to make proposals for its consideration on the conditions and measures necessary for him to effectively carry out his managerial responsibilities. A number of reform proposals had been put forward for consideration by the Assembly, including proposals to make more efficient use of the financial and human resources available to the Organization, and thus better comply with its principles, objectives and mandates.

2. Subsequently, in paragraph 11 of 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 General Assembly along with clear accountability mechanisms for its use. In that regard, the Assembly decided, in section III of its resolution [60/283](#), 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 up to \$20 million in each biennium for positions and non-post requirements for the purpose of meeting the evolving needs of the Organization in attaining its mandated programmes and activities, subject to defined principles as articulated in paragraph 8 of section III of the same resolution. The discretion is limited to a total amount of \$6 million per biennium under the authority of the Secretary-General; any amounts in excess of that level require submission to and approval by the Advisory Committee on Administrative and Budgetary Questions. The Assembly extended these arrangements for the biennium 2010-2011 and 2012-2013 by its resolutions [64/260](#) and [66/258](#).

3. Pursuant to paragraph 10 of resolution [60/283](#), the Secretary-General reported in December 2009 on the limited budgetary discretion and recommended that consideration be given to the continuation of the limited discretion provision as an established procedure, with some modifications to the levels of the discretion (see [A/64/562](#)). Specifically, it was proposed that the amount of the discretion be increased to \$30 million (from \$20 million), and that the amount beyond which the prior concurrence of the Advisory Committee must be sought be increased to \$10 million per biennium (from \$6 million per biennium).

4. In its report on limited budgetary discretion ([A/64/7/Add.18](#)), the Advisory Committee noted that the discretion had been authorized by the General Assembly on an experimental basis and that its formal establishment as a mechanism, as requested by the Secretary-General, was a policy decision to be made by the Member States. The Advisory Committee did not object to the continuation of the current arrangements for the exercising of the limited discretionary authority by the Secretary-General for the biennium 2010-2011 and recommended that the Secretary-General be requested to submit a comprehensive report to the Assembly at its sixty-sixth session that would fully address the requests made in section III, paragraphs 10 (a) to (d), of resolution [60/283](#). In section III, paragraph 2, of its resolution [64/260](#), the Assembly endorsed the conclusions and recommendations contained in the report of the Advisory Committee.

5. Pursuant to section III, paragraph 2, of resolution [64/260](#), the Secretary-General submitted to the General Assembly in November 2011 a report on limited budgetary discretion and recommended continuation of the limited discretion provision as an established procedure, with some modifications to the levels of the discretion (see [A/66/570](#)). Specifically, it was proposed that (a) the amount of the discretion be increased to \$30 million (from \$20 million); (b) the amount beyond which the prior concurrence of the Advisory Committee must be sought be revised from \$6 million per biennium to \$6 million per year; and (c) the discretionary authority be utilized, with respect to Assembly resolutions to be implemented “within existing resources”, in cases where activities are of a cross-cutting nature, affecting many budget sections, which would require an amendment to paragraph 8 (e) of section III of resolution [60/283](#) (see [A/66/570](#), para. 53).

6. In its report ([A/66/7/Add.18](#)), the Advisory Committee believed that clearer criteria for determining which activities should be funded through limited budgetary discretion would ensure a more consistent approach to the utilization of the budgetary discretion, responding to changing requirements arising during the biennium. The Committee noted that the Secretary-General’s proposal did not put forward any new arguments or rationale in support of the proposed modifications to the limited budgetary discretionary authority, in particular the request to increase the limit of the authority from \$20 million to \$30 million and the request to modify the amount to be used by the Secretary-General without prior concurrence of the Committee from \$6 million per biennium to \$6 million per year. The Committee pointed out that the biennial utilization pattern did not indicate that the current limit of \$20 million was inadequate and recommended that the Secretary-General be requested to provide information addressing these issues to the General Assembly at its sixty-eighth session. In section I, paragraph 2 of its resolution [66/258](#), the General Assembly endorsed the conclusions and recommendations contained in the report of the Advisory Committee. The present report has been prepared pursuant to the request of the Assembly.

II. Purpose of limited budgetary discretion

7. The purpose of limited budgetary discretion is to enable the Secretary-General to carry out his managerial responsibilities more effectively by allowing reallocation of resources within the authorized appropriation level approved by Member States for a given biennium in order to meet evolving requirements for which resources are not otherwise available.

8. There are existing arrangements and processes to accommodate various requirements that may arise during programme implementation. However, there are cases where discretion is needed across budget sections to address requirements that cannot be met from the resources available within a particular budget section, but that could be met from potential savings in the overall budget. The budgetary discretion provided for under resolution [60/283](#) is intended to address such cases.

9. The preparation of the programme budget begins with the proposed strategic framework on which the programme budget is based. The strategic framework is submitted in April of the first year of the biennium preceding the budgetary period that it covers. In accordance with the Regulations and Rules Governing Programme Planning, the Programme Aspects of the Budget, the Monitoring of Implementation

and the Methods of Evaluation ([ST/SGB/2000/8](#)), the proposed programme budget is submitted one year later, in April of the second year of the preceding biennium. The time that elapses from preparation to full implementation, therefore, is 44 months for the strategic framework and 32 months for the programme budget.

10. In view of the length of the budget process as described above, there are requirements that will arise following the submission of the proposed programme budget and during the implementation of the approved programme budget. Established mechanisms to address such requirements include requesting the General Assembly for approval to use the contingency fund for additional and expanded mandates adopted by Member States.

11. In addition, the Secretary-General is authorized, under certain conditions and within certain monetary limits, to enter into commitments for unforeseen and extraordinary activities relating to the maintenance of peace and security, commitments certified by the President of the International Court of Justice and commitments that the Secretary-General certifies are required for security measures pursuant to section XI, paragraph 6, of General Assembly resolution [59/276](#), without reverting to the Advisory Committee and the Assembly for approval of the required resources.

12. The application of limited budgetary discretion falls outside the parameters of alternative funding mechanisms and does not require additional funds to be made available (no new appropriation) by the General Assembly, as it entails the redistribution of resources from potential savings during implementation of the programme budget as a whole to budget sections that would not be able to accommodate the requirements from the resources available within that section.

III. Criteria used by the Secretary-General to define the evolving needs of the Organization

13. The criteria used to define the evolving needs of the Organization in the context of limited budgetary discretion are the following:

- (a) The proposed activity is in support of the priorities of the Organization;
- (b) The required resources are not included in currently approved budgets;
- (c) The required resources cannot be accommodated from within the amount appropriated at the budget section level;
- (d) The proposed activity does not lend itself to funding by other sources, including extrabudgetary resources, the contingency fund or under the provisions of unforeseen and extraordinary expenses;
- (e) The requirements are of a one-time nature (specific to the current biennium). If requirements are of a continuing nature and would continue into a subsequent biennium, provision should be made for continuing costs in budgetary proposals for subsequent periods.

IV. Utilization of limited budgetary discretion

14. Comprehensive information on the utilization of the discretionary mechanism for the bienniums 2006-2007, 2008-2009 and 2010-2011 has been reported in the context of the first and second performance reports for the respective bienniums and in the reports of the Secretary-General on limited budgetary discretion that were submitted to the General Assembly at its sixty-fourth and sixty-sixth sessions ([A/64/562](#) and [A/66/570](#)).

15. In summary, for the bienniums from 2006-2007 to 2010-2011, the discretionary mechanism has been utilized for the avian influenza pandemic preparedness (\$5.2 million); fire safety (\$3.5 million); the enterprise resource planning system (\$2.8 million); human influenza pandemic preparedness (\$8.6 million); the extension of the appointments of ad litem judges of the United Nations Dispute Tribunal and their support staff (\$2 million); strengthening of the Administrative Law Section of the Office of Human Resources Management and the Office of Legal Affairs (\$1.3 million); and reconstruction and renovation of the premises of the Economic Commission for Latin America and the Caribbean in Santiago following the 2010 earthquake (\$5.5 million).

16. A fundamental element of the limited budgetary discretion mechanism is that it makes it possible to use potential savings from within the authorized appropriation level to meet emerging needs of the Organization. During the biennium 2012-2013, savings were not anticipated owing, in part, to the deferral of part of the recosting requirements for posts and lower overall actual vacancy rates than budgeted. In its resolution [66/246](#), the General Assembly decided to defer consideration of post-related recosting for inflation and exchange rate projections for the biennium 2012-2013 to the first performance report in order to ensure that appropriation is in line with actual post-related expenditure. Following its consideration of the first performance report, the Assembly, in its resolution [67/246](#), decided to further defer consideration of inflation and exchange rate projections for 2013 and adjustments to standard costs relating to payroll, common staff costs and vacancy rates for the biennium 2012-2013, to the time of its consideration of the second performance report, in order to ensure that appropriation is in line with actual post-related expenditure.

17. During the biennium 2012-2013, the discretionary mechanism would have been an option to partially fund remediation work relating to the aftermath of storm Sandy. However, as no potential savings were anticipated, the Secretary-General requested an additional amount of \$6.1 million to cover urgent preventive work in the basement levels of the Secretariat Building to ameliorate potential damages in the event of another flood, and an authorization to enter into commitments of up to \$146.4 million to enable remediation work (see [A/67/748](#)).

18. The inability to use the discretionary authority for this purpose did not have a significant impact on programme delivery, as the Secretary-General was able to fund the initial work in the immediate aftermath of the storm (e.g., clean-up process) on a temporary basis from within existing allotments of the respective sections pending the additional commitment authority by the General Assembly and receipt of insurance claim settlements.

19. Although no recourse has been made to the discretionary facility in 2012-2013, as shown by the pattern of utilization over three bienniums, limited discretionary

authority has allowed the Secretary-General to accommodate evolving requirements in support of the priorities of the Organization without the requirement to seek additional resources to meet those needs from the General Assembly. It is expected that the nature of activities funded by limited budgetary discretion will continue to evolve according to the changing needs and circumstances under which the Organization operates.

20. The table below provides a summary of the utilization of the discretionary authority from 2006 to the present.

Utilization of the limited budgetary discretionary authority from 2006-2007 to 2012-2013

(United States dollars)

<i>Use^a</i>	<i>2006-2007^{b,c}</i>	<i>2008-2009^d</i>	<i>2010-2011^e</i>	<i>2012-2013</i>	<i>Total</i>
Avian influenza pandemic preparedness	5 283 400	–	–	–	5 283 400
Human influenza pandemic preparedness	–	8 556 100	–	–	8 556 100
Enterprise resource planning project	–	2 764 000	–	–	2 764 000
Fire safety at United Nations Headquarters	3 500 000	–	–	–	3 500 000
Strengthening of the Office of Legal Affairs	–	–	826 600	–	826 600
Dispute Tribunal	–	–	2 038 200	–	2 038 200
Strengthening of the Administrative Law Section in the Office of Human Resources Management	–	–	518 900	–	518 900
Reconstruction of ECLAC premises ^f	–	–	5 522 900	–	5 522 900
Total	8 783 400	11 320 100	8 906 600	–	29 010 100

^a The requirements have been funded through the utilization of savings under various programme budget sections.

^b No use of the limited budgetary discretion was made in 2006 (see [A/64/562](#), para. 8).

^c See [A/64/562](#), para. 9.

^d See [A/64/545](#), para. 28, and General Assembly resolution [63/262](#), sect. II, paras. 18-20.

^e See [A/66/578](#), paras. 37-45.

^f Does not reflect insurance reimbursements of \$1,785,000 that were redistributed back to releasing sections.

V. Conclusions and recommendations

21. On the basis of an analysis of the experience gained during the bienniums 2006-2007, 2008-2009 and 2010-2011, the Secretary-General has concluded that there is value in the limited budgetary discretion mechanism. Experience has shown that the advantage of limited budgetary discretion in comparison to other mechanisms is the speed with which the evolving needs of the Organization, for which resources are not otherwise available, can be addressed. The mechanism was particularly beneficial to the Organization in attaining its mandated programmes and activities, as well as in ensuring the safety of personnel, by addressing the requirements reflected in paragraph 15 of the present report.

22. Although no recourse was made to the discretionary authority in 2012-2013, the Secretary-General still sees merit in continuing the discretionary authority, and therefore proposes no changes to the limited budgetary discretionary mechanism under the terms of section III, of General Assembly resolution [60/283](#). The Secretary-General will continue to assess the implementation of the discretionary authority mechanism during the biennium 2014-2015, which will allow for further refinement and justification of any proposed changes to the parameters in future reports.

VI. Action to be taken by the General Assembly

23. **The General Assembly may wish:**

- (a) **To take note of the present report;**
 - (b) **To approve the continuation of the limited discretionary mechanism in the biennium 2014-2015 under the current arrangements, as set out in section III of resolution [60/283](#);**
 - (c) **To request the Secretary-General to provide a comprehensive report on the implementation of the experiment, including on the concerns raised by the Advisory Committee in its report on limited budgetary discretion ([A/66/7/Add.18](#)), for its consideration at its seventieth session.**
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