General Assembly

Seventy-fourth session
Agenda items 124, 133, 135 and 148

United Nations reform: measures and proposals

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

Proposed programme budget for 2020

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

Report of the Secretary-General

Summary

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 two new departments from the support account based on the initial experience gained from the implementation of the "whole-of-the-Secretariat" approach.

Accordingly, the present report proposes a new funding model for the Department of Management Strategy, Policy and Compliance and the Department of Operational Support, including the Office of Information and Communications Technology. Under the model, the two departments would continue to be financed through both the programme budget and the support account. However, the totality of post and non-post requirements would be presented under the programme budget, with the support account share of the appropriation contributed as a grant to the programme budget.

If approved, the model would enter into effect on 1 January 2022.

I. Introduction

1.   The present report is submitted pursuant to General Assembly resolution 72/288, whereby the Assembly acknowledged the intention of the Secretary-General, as stated in paragraph 66 of 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), to submit a proposal to the Assembly at the second part of its seventy-fourth session to establish a clear and consistent approach to the financing of two new departments, namely the Department of Management Strategy, Policy and Compliance and the Department of Operational Support – including the Office of Information and Communications Technology, which retains a dual reporting line to the heads of both departments.

II. Overview of the current arrangement and its pain points

2.   The Department of Operational Support and the Department of Management Strategy, Policy and Compliance were established by the General Assembly effective 1 January 2019 through the reorganization of the resources of the former Department of Field Support and the former Department of Management. The Department of Field Support, which was established by the Assembly in its resolution 61/279 from what was previously the Office of Mission Support in the former Department of Peacekeeping Operations, was almost exclusively financed through the support account for peacekeeping operations, with only a small number of posts and associated non-post requirements financed through the programme budget. The Department of Management, on the other hand, was financed through both financing mechanisms, with approximately two thirds of assessed requirements met through the programme budget and one third of assessed requirements met through the support account, and performed functions in support of peacekeeping operations and functions to support the entire Secretariat, including in the area of policy.

3.   Although the new departments have different roles and remits compared with the departments they replaced, they are still financed through both assessed financing streams. The underlying rationale for this dual financing arrangement remains sound, as both departments support the totality of the Secretariat in their respective areas of responsibility. However, the mechanism through which this arrangement is implemented, with the separate presentation of regular budget requirements – in section 29A for the Department of Management Strategy, Policy and Compliance; section 29B for the Department of Operational Support; and section 29C for the Office of Information and Communications Technology – and support account requirements, is not optimal from the perspectives of the budgetary process, budgetary management or oversight by the General Assembly, as detailed below.

Rationale for the use of the support account for peacekeeping operations

4.   A major constraint on the restructuring of the former Department of Field Support and former Department of Management into the new management architecture at Headquarters was the imperative of establishing the organizational structure of the new departments using only the posts previously approved by the General Assembly in the programme budget and support account. Similarly, the previous apportionment between the two assessed funding sources for the non-post resources of the two departments was also maintained. This constraint ensured that the major restructuring effort would be completed with negligible resource implications. However, it has also created a situation in which the funding source for specific post and non-post resources in the two new departments no longer necessarily reflects the function of those resources.

5.   The separate presentation of peacekeeping and non-peacekeeping resources is a legacy from a time when the peacekeeping and non-peacekeeping activities of the Secretariat were distinct and managed under separate staff rules and policies using separate processes and information technology platforms. In the initial years after the establishment of the support account on 1 January 1990, most of the functions financed through the support account were directly linked to peacekeeping. In successive years, the General Assembly has approved the use of the support account to cover activities of a more global nature for which the placement of the associated resources required are often linked to other substantive and cross-cutting mandates, including corporate initiatives. Within the new management architecture, this type of activity is the norm, not the exception, as there are only a handful of functions remaining in the new architecture that can arguably be defined as being specific to peacekeeping, such as the Uniformed Capabilities Support Division,[1] or non-peacekeeping, such as the Programme Planning and Budget Division.

6.   In its resolution 49/250, the General Assembly decided that the support account should 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 to this limitation would require the prior approval of the Assembly. Although this approval was secured through the adoption by the Assembly of resolution 72/266 B, it also means that – unless a new approach to financing is approved – the only resources for which a conceptual linkage between post and non-post resources and their respective funding streams can be asserted are those resources requested and approved after the initial establishment of the new departments on 1 January 2019.

Intergovernmental and expert review process

7.   The resource requirements for the Department of Management Strategy, Policy and Compliance and the Department of Operational Support at Headquarters are considered by the General Assembly twice per session, with requirements funded by the programme budget considered during the main part of the session and requirements funded by the support account considered during the second part of the resumed session. As nearly every division in the two departments is funded through both assessed financing streams, the Assembly does not have the opportunity to assess in detail the totality of the post and non-post requirements for individual organizational units in one document, let alone for the departments as a whole.

8.   The fact that the detailed Headquarters requirements funded through the support account are not considered by the General Assembly at the same time as regular budget-funded requirements in the same organizational units is a legacy of the time before the establishment of the support account, when those posts at Headquarters supporting individual peacekeeping missions were included in the budgets of those peacekeeping missions. The support account was established to pool the resources that had been previously financed in a piecemeal manner across mission budgets to better support peacekeeping requirements that were not mission-specific, as well as requirements for start-up and drawdown situations. The current practice of considering the programme budget and support account requirements during separate parts of Assembly sessions was established by the Assembly in resolution 49/233, which established the current July–June peacekeeping financial period, and was applied to the support account effective 1 July 1995.

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[1] The Uniformed Capabilities Support Division also supports special political missions with guard units, such as the United Nations Assistance Mission for Iraq, the United Nations Support Mission in Libya and the United Nations Assistance Mission in Somalia, though these units only represent a small fraction of the total number of contingents deployed.

9. In the decades since the establishment of the support account for peacekeeping operations, the General Assembly has adopted different approaches to the intergovernmental consideration of the programme budget and the budget for the support account. Where the Assembly has requested changes to the format of budget presentation, such requests generally only apply either to the programme budget or to the budget for the support account, but not both. These factors are further exacerbated by the fact that the presentation, structure, details and methodology for these budgets have been the responsibility of different divisions at Headquarters, namely the Programme Planning and Budget Division for the programme budget and what is now the Field Operations Finance Division for the support account.

10. The differences in approach have manifested in divergent methodologies for budget preparation and differences in how resource requirements are presented for the same individual organizational units in the two departments, depending on the financing vehicle. While efforts have been made in the past to align the two methodologies, in addition to the different format and structure of the narrative portion of the budgets, the budgets still present different types – and levels of granularity – of information to the General Assembly in both budget reports, and these differences also extend to the standard sets of supplementary information that are provided to the Assembly to accompany each budget. For example, the two sets of budgets differ in the inclusion or exclusion of information on posts funded through other financing mechanisms and the inclusion or exclusion of information on positions funded through general temporary assistance.

11. Moreover, the current situation does not permit a comprehensive consideration by the General Assembly of the objectives, indicators of achievements and outputs of the results-based budgeting frameworks for individual subprogrammes (programme budget) or organizational units (support account) of the two departments, as these are split across separate documents covering different financial periods.

Budget preparation and management

12. Consideration of a budget by the Fifth Committee of the General Assembly takes place at two points: at the submission of the budget proposal and at the submission of the performance report. Before and between the two steps, however, considerable work is performed by the Secretariat. While the resources being considered in the two budgets are distinct, the preparation of budget documents is time-consuming, and considerable work has to be done to prepare narratives and compile tables regardless of the scale of the requirements of the subprogramme or organizational unit in question or whether new resources are being requested in the first place. In many cases, it is increasingly difficult to determine how to divide and align the indicators of achievement and outputs of the results-based budgeting frameworks between the programme budget and the budget for the support account, given the Secretariat-wide approach to the activities.

13. Moreover, in the management of the budgets after they have been approved, the fact that resources for most of the organizational units in the two departments are split between the two departments creates challenges for the management of those resources. This is particularly the case for non-post resources, which are generally charged to the funding stream for the associated posts. While this may make sense from an accounting perspective, in practice, managing the budgeting of common costs such as travel, training and office supplies across separate funding streams is inefficient.

III. New approach to financing the departments

14.   The issues outlined in the previous section are the historical legacy of the creation of the support account and the requirement for the Secretariat to maintain separate financing streams for the peacekeeping and non-peacekeeping activities of the Secretariat, given the applicability of separate scales of assessments and the degree of focus and specialization on certain activities that existed in the past for the peacekeeping and non-peacekeeping operations. In order to develop any new funding mechanism to solve these issues, the mechanism would need to:

(a)   Maintain two assessed funding streams in a proportion that reflects changes in the relative scale of peacekeeping and non-peacekeeping activities;

(b)   Allow for simpler and more comprehensive intergovernmental consideration of the entirety of post and non-post resources, along with the associated results-based budgeting framework, in one document;

(c)   Facilitate coherent management of those resources by managers once the budget has been approved.

15.   The Secretary-General proposes to meet these objectives, starting with the programme budget for calendar year 2022, by financing the entirety of the assessed requirements for the departments in a single envelope in the programme budget funded through both financing streams, in the manner of cost-shared budgets used elsewhere in the Secretariat.

A. Presentation and consideration by the Fifth Committee of the General Assembly

16.   Under the proposed mechanism, the entirety of the post and non-post requirements for the two departments would be presented once per session of the General Assembly in the context of the programme budget, with the associated objectives, indicators of achievements and outputs of the heretofore separate results-based budgeting frameworks presented in a unified manner. The portion of the overall requirements of the two departments to be financed through the support account would be determined by the methodology outlined in the following section. At the start of each calendar year, the support account share of the total requirements would be charged against the support account and reflected as a grant to the programme budget.

17.   If this mechanism were to be adopted, there would no longer be a distinction between programme budget and peacekeeping-financed resources, and all post and non-post requirements would be justified solely on the basis of necessity without the need for the subjective determination of whether the resources would be more appropriately included in the programme budget or the budget for the support account based on the nature of the function performed.

18.   This unified approach would allow the General Assembly to more efficiently and comprehensively review the requirements for the two departments and facilitate the application of a consistent approach to budget preparation methodology and presentation format across the organizational units in the departments. It would also mean that the budget proposals and performance reports for the two departments would need to be prepared only once a year, allowing the various divisions to spend more time addressing the requirements of their clients elsewhere in the Secretariat.

Mechanism to finance requirements through the support account

19.   The support account would continue to be financed through the budgets of peacekeeping missions, would maintain the July–June financial period and would still be considered by the Fifth Committee during the second part of the resumed session. However, the sections corresponding to the programmatic side as well as the resource requirements for the Department of Management Strategy, Policy and Compliance and the Department of Operational Support (including the Office of Information and Communications Technology) would not duplicate the information previously presented in the programme budget, but would set out the support account share, in monetary terms, of the requirements for the two departments. This would reflect two elements, namely the requirements for the period from 1 July to 31 December, which will have already been approved by the General Assembly through its adoption of the programme budget, and a corresponding amount of commitment authority with an assessment for the period from 1 January to 30 June, the budget for which would be approved – and any necessary adjustments to assessments made – in the context of the consideration of the programme budget for the following year.

20.   The new arrangements are proposed to be introduced with the programme budget for 2022, with submission of the requirements for the two departments through the intergovernmental machinery beginning in spring 2021 and approval by the General Assembly during the main part of its seventy-sixth session. If approved by the Assembly, the initial requirements for the departments would be financed from 1 January 2022 through a combination of programme budget assessments and a grant from the support account, which will have already been approved by the Assembly through 30 June 2022. If the requirements for the first six months of 2022 as approved in the programme budget differ from the remaining balance of the support account for the 2021/22 peacekeeping financial period, this would be treated as if the Assembly had approved revised estimates for the support account during the main part of the seventy-sixth session. If, at the end of the 2021/22 peacekeeping financial period, the support account share of the actual expenditures of the two departments is less than the levels approved, the remaining balance of the 2021/22 appropriation would be returned to Member States through the normal procedures. This process is represented graphically in the figure below.

Budgeting process and financing mechanism
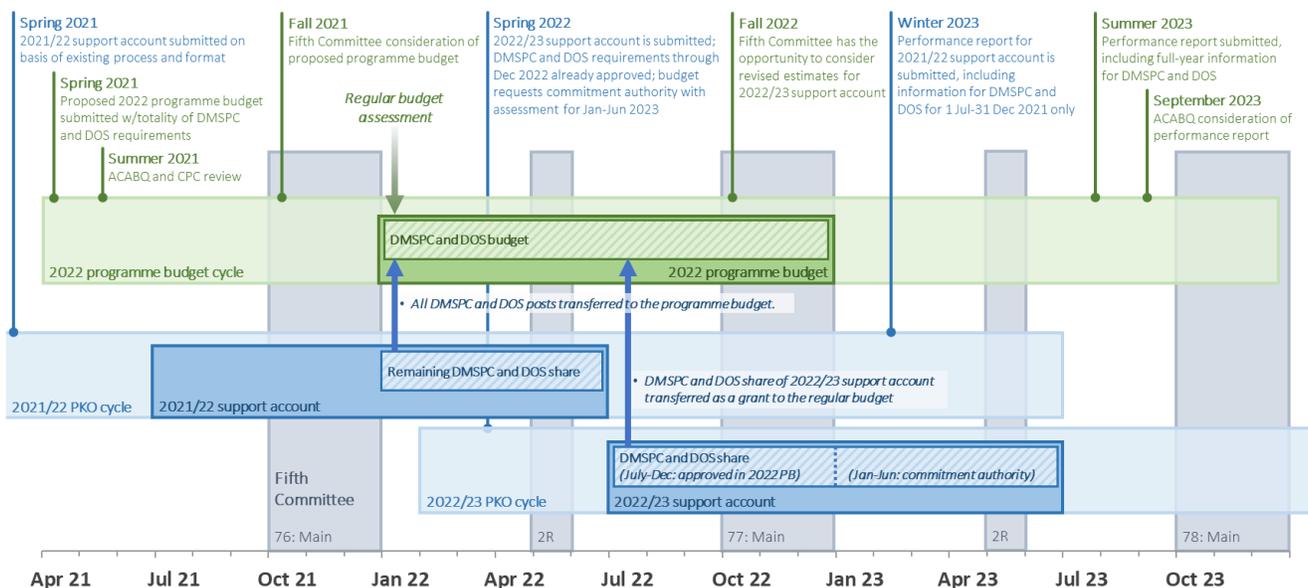
Abbreviations: 2R, second resumed; ACABQ, Advisory Committee on Administrative and Budgetary Questions; CPC, Committee for Programme and Coordination; DMSPC, Department of Management Strategy, Policy and Compliance; DOS, Department of Operational Support; PKO, peacekeeping operations.

21. It should be noted that the proposed funding arrangements are not without precedent. One analogue is the financing arrangement for the system of administration of justice, which is financed through a cost-sharing arrangement between the regular and peacekeeping budgets approved by the General Assembly in its resolution 62/228. The totality of the assessed resources for the system are presented to the Assembly in the context of the programme budget, with the peacekeeping share of the costs of the Office of Administration of Justice, and the costs of interpretation, meetings servicing and translation, charged to the support account.

22. Other examples of multiple funding streams being used to finance a common budget include the budgets for the Department of Safety and Security and the Development Coordination Office. Other examples of the pooling of programme budget and peacekeeping assessments include the financing mechanism for the International Residual Mechanism for Criminal Tribunals and the former international criminal tribunals whose remaining functions it performs, for which the resource requirements are apportioned equally between the programme budget and peacekeeping scales of assessments.

B. Methodology to determine apportionment between funding sources

Current apportionment

23. Based on the approved programme budget for the year 2020 and the approved budget for the support account for 2019/20, as shown in table 1, the total level of approved resources for the two departments in the programme budget is $195.9 million while the total approved in the support account is $207.2 million. This means that 49 per cent of the requirements for the two departments are financed through the programme budget and 51 per cent of requirements are financed through the support account.

Table 1
Budget composition by funding source

(Thousands of United States dollars)

Concept	Approved programme budget 2020				Approved support account 2019/20				Total			
	DMSPC	*DOS*	*OICT*	*Total*	*DMSPC*	*DOS*	*OICT*	*Total*	*DMSPC*	*DOS*	*OICT*	*Total*
(a) Budgets approved aligned with budget fascicles	**52 921**	**93 026**	**49 960**	**195 907**	**67 670**	**102 390**	**37 155**	**207 216**	**120 591**	**195 416**	**87 115**	**403 122**
				49%				**51%**				**100%**
Umoja (enterprise resource planning)	–	–	–	–	19 377	–	–	**19 377**	19 377	–	–	**19 377**
Global service delivery model	200	–	–	**200**	869	–	–	**869**	1 069	–	–	**1 069**
After-service health insurance				–	11 013	–	–	**11 013**	11 013	–	–	**11 013**
(b) Finite projects and corporate expenses with own funding mechanisms	**200**	**–**	**–**	**200**	**31 259**	**–**	**–**	**31 259**	**31 459**	**–**	**–**	**31 459**
(c=a-b) Expenses managed by DMSPC-DOS-OICT	**52 721**	**93 026**	**49 960**	**195 707**	**36 411**	**102 390**	**37 155**	**175 957**	**89 132**	**195 416**	**87 115**	**371 664**
				53%				**47%**				**100%**

Abbreviations: DMSPC, Department of Management Strategy, Policy and Compliance; DOS, Department of Operational Support; OICT, Office of Information and Communications Technology.

24. However, as mentioned previously, the approaches of the two budgeting methodologies for the programme budget and the support account differ, as with the presentation of requirements for after-service health insurance, which are included under the Department of Management Strategy, Policy and Compliance in the support account, but are included under section 32, Special expenses, in the programme budget. Moreover, there are also some finite projects that are still being budgeted within these two departments, such as Umoja and the global service delivery model. If those two concepts are excluded, and only the ongoing requirements of the two departments financed through assessed contributions are considered, the total requirements of the two departments under the programme budget would be $195.7 million (53 per cent) while the total requirements under the support account would be $176 million (47 per cent).

Proposed methodology

25. To efficiently implement this proposal, a simple and transparent formula is needed that reflects the evolution of the relative scale of the peacekeeping and non-peacekeeping activities of the Secretariat to determine the proportion of the expenses of the two departments to be financed by the programme budget. One objective measure of the relative scale of activity is a comparison of the levels of staffing between peacekeeping and non-peacekeeping activities, as represented through the number of posts and the number of positions funded through general temporary assistance.

26. When the posts and positions in the two departments are excluded, 51 per cent of posts and positions in the Secretariat are currently financed through the programme budget and 49 per cent are financed through the budgets for peacekeeping operations, including the support account and excluding the United Nations Logistic Base at Brindisi, Italy, and the Regional Service Centre in Entebbe, Uganda (see table 2).

Table 2
Financing of the Secretariat, excluding posts and positions in the Departments of Management Strategy, Policy and Compliance and Operational Support

Entity	Posts (number)	GTA positions (number)	Total
Programme budget without DMSPC and DOS	9 228	4 138	13 366
Peacekeeping budgets without DMSPC and DOS (excluding UNLB and RSCE)	12 818	283	13 101
Total without DMSPC and DOS	**22 046**	**4 421**	**26 467**
Programme budget (percentage)			51
Peacekeeping budgets (percentage)			49

Abbreviations: DMSPC, Department of Management Strategy, Policy and Compliance; DOS, Department of Operational Support; GTA, general temporary assistance; RSCE, Regional Service Centre in Entebbe, Uganda; UNLB, United Nations Logistics Base at Brindisi, Italy.

27. It is proposed that the relative share of posts and general temporary assistance positions, as described in paragraph 26, be used as the basis to establish the apportioning of the expenses of the two departments in the programme budget and the support account, and that relative share be updated to reflect the relative levels of peacekeeping and non-peacekeeping activity annually on 1 January. This would mean, for example, that in a scenario in which the total number of posts and general temporary assistance positions of the peacekeeping operations as a whole decreased owing to the downsizing of peacekeeping operations, the proportion of the budget of

the two departments funded by the support account would decrease in the following period of the programme budget. To assist the General Assembly in its consideration of the budgets, an indicative proportion would be included as part of the proposed programme budget.

28. In summary, the proposal to be implemented from 2022 consists of three main concepts:

(a) From 2022, all posts and non-post requirements of the Department of Management Strategy, Policy and Compliance, the Department of Operational Support (including the Office of Information and Communications Technology) will be included and approved in the programme budget;

(b) The apportionment of the expenses of the two departments will mirror the percentage share of the number of approved posts and general temporary assistance positions of the programme budget and of the budget for peacekeeping operations as at 1 January, excluding those of the two departments;

(c) Given the difference in budgetary cycles, the support account will be used for the two departments solely as a financing instrument through which resources will be transferred to the programme budget as a grant.

IV. Conclusion

29. The financing arrangements for the Department of Management Strategy, Policy and Compliance and the Department of Operational Support are a legacy of their predecessor departments. These arrangements were established at a time when peacekeeping activities were managed separately from the other activities of the Secretariat. Developments such as the streamlining of contractual arrangements, the unification of the Staff Regulations and Rules of the United Nations, the implementation of Umoja and the introduction of common information and communications technology standards across the entirety of the Secretariat have fostered a truly global Organization.

30. The rationale for maintaining two separate scales of assessments for peacekeeping and non-peacekeeping requirements is not in question. However, the reorganization of the resources to establish the new management architecture weakened the conceptual link between the funding streams used for the posts and positions of the two new departments and the activities they support. The existing arrangements are workable, but far from ideal. Moreover, the maintenance of a binary distinction between funding streams is not practical for a management architecture at Headquarters that is intended to cover the entirety of Secretariat activities regardless of whether or not they are directly or indirectly related to peacekeeping operations.

31. Although there are other departments and offices that are also funded through both the regular budget and the support account, an arrangement such as that proposed in the present report is particularly relevant for Secretariat activities such as those carried out by the restructured departments at Headquarters, which receive significant portions of their financial requirements through both the regular budget and peacekeeping budgets. For any other activities for which a similar financing arrangement is considered, the same mechanism can be applied, but could potentially use a different methodology to determine the apportionment between the two funding sources that corresponds to the specific requirements and mandates of the activities in question.

V. Actions to be taken by the General Assembly

32. **The General Assembly is requested to approve the application of the proposed financing mechanism for the development of the requirements of the Department of Management Strategy, Policy and Compliance and the Department of Operational Support for the proposed programme budget for 2022.**