ARTICLE 17 (3)

CONTENTS

Text of Article 17 (3) ........................................... 1—2

Introductory Note ............................................... 1—2

**I. General Survey ............................................ 3—39

II. Analytical Summary of Practice .......................... 3—39

A. Nature and scope of the financial and budgetary arrangements with the specialized agencies ........................................ 3—6

B. The phrase "administrative budgets" of specialized agencies ........................................ 7—12

1. Transmission of the budgets of specialized agencies to the United Nations ........................................ 7

**2. Consultation in the preparation of the budgets ........................................ 8—12

3. Co-ordination of the form of the budget ........................................ 8—12

**C. Nature and scope of examination of administrative budgets

D. Financial and budgetary arrangements — analysis of recommendations made by the General Assembly to the specialized agencies ................................. 13—31

1. Adoption of common financial and administrative regulations ........................................ 13—20

**a. Common financial regulations ................................. 13—20

b. Common staff regulations and salary system ........................................ 13—19

c. Common services ........................................ 20

2. Establishment of a joint audit procedure ........................................ 21

3. Development of a common form of the budget ........................................ 21

**4. Consideration of a consolidated budget

**5. Establishment of a common approach towards the financing of the budgets of the specialized agencies

6. Establishment of a Joint Staff Pension Fund and a common system of social security for staff ........................................ 22—23

7. Development of priorities with a view to the concentration of efforts and resources ........................................ 24—29

8. Co-ordination of budget procedures in relation to technical assistance and other extra-budgetary programmes involving voluntary contributions ........................................ 30—34

**9. Other recommendations

E. Role of the Advisory Committee on Administrative and Budgetary Questions and of the Economic and Social Council ........................................ 32—36

F. The powers of the General Assembly under Article 17 (3) ........................................ 37—38
TEXT OF ARTICLE 17 (3)

The General Assembly shall consider and approve any financial and budgetary arrangements with specialized agencies referred to in Article 57 and shall examine the administrative budgets of such specialized agencies with a view to making recommendations to the agencies concerned.

INTRODUCTORY NOTE

1. The structure of this study follows that of Article 17 (3) in Repertory Supplement No. 2.
2. Consideration by the General Assembly at its fourteenth to twentieth sessions of the question of administrative and budgetary co-ordination of the United Nations with the specialized agencies and the International Atomic Energy Agency followed the practice evolved in previous years. Reports were submitted at each session by the Advisory Committee on Administrative and Budgetary Questions and the Assembly invited the attention of the agencies concerned to the reports and to the views expressed in the Fifth Committee.

**I. GENERAL SURVEY**

II. ANALYTICAL SUMMARY OF PRACTICE

A. Nature and scope of the financial and budgetary arrangements with the specialized agencies and the International Atomic Energy Agency

3. The Advisory Committee's report on the administrative budgets of the agencies submitted to the General Assembly at its fourteenth session incorporated for the first time data on the budgets of the Inter-Governmental Maritime Consultative Organization (IMCO) and the International Atomic Energy Agency (IAEA).

4. The agreement with IMCO, which had been approved by the General Assembly on 18 November 1948, came into force on 13 January 1959 when it was approved by the Assembly of IMCO. Article XIII of the agreement dealt with budgetary and financial arrangements and followed the terms of the corresponding articles in the agreements with the International Labour Organisation (ILO), the Food and Agriculture Organization of the United Nations (FAO), the United Nations Educational, Scientific and Cultural Organization (UNESCO), the International Civil Aviation Organization (ICAO), the World Health Organization (WHO) and the World Meteorological Organization (WMO).

5. Article XVI of the agreement with IAEA, which came into force on 14 November 1957, dealt with budgetary and financial arrangements but, unlike the corresponding provisions in the other agreements referred to above made no reference to the desirability of making arrangements for the inclusion of the Agency's budget in a general budget of the United Nations; to consultations with a view to achieving, in so far as practicable, uniformity in the presentation of the budgets; or to the possibility of the United Nations undertaking the collection of contributions to the Agency's budget. On the other hand, the agreement with IAEA included, in article XI, a special provision on co-ordination, which is not present in the agreements between the United Nations and the specialized agencies.

6. In 1962 the Advisory Committee assumed review functions, on behalf of the United Nations, with respect to the financial rules and administrative budget of the United Nations/FAO World Food Programme (WFP), established under General Assembly resolution 1714 (XVI). The Advisory Committee's reports on WFP are transmitted direct to the Programme; they are not submitted to the General Assembly.

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1 See Repertory and its Supplements No. 1 and 2 under Article 17 (3).
2 See G A resolutions 1437 (XIV), 1555 (XV), 1726 (XVI), 1869 (XVII), 1981 (XVIII) and 2120 (XX).
3 G A (XIV), Annexes, a.i. 49, A/4257.
4 The Committee's first report on the budget of IAEA was submitted to the General Assembly at its thirteenth session as a separate document (G A (XIII), Annexes, a.i. 50, A/4016).
5 See Repertory, under Article 17 (3), paras. 8—12.
6 See G A resolution 1145 (XII).
B. The phrase “administrative budgets” of specialized agencies

1. Transmission of the budgets of specialized agencies to the United Nations

7. Notwithstanding the reference in Article 17 (3) to the “administrative budgets” of the specialized agencies, the agreements between the United Nations and the various agencies provided for the transmission of the latter’s entire budgets to the United Nations. The agreement with IAEA however specified, in article XVI, paragraph 3, that the General Assembly’s recommendations would relate to the “administrative aspects” of the budget of IAEA.

**2. Consultation in the preparation of budgets

3. Co-ordination of the form of the budget

8. At its thirty-seventh session, under resolution 1044 (XXXVII), the Economic and Social Council noted that the breakdown of expenditure and appropriations in the budgets of the specialized agencies differed from one agency to another, and requested the Administrative Committee on Co-ordination (ACC), “to consider, in consultation with the Advisory Committee on Administrative and Budgetary Questions, to what extent the specialized agencies and the International Atomic Energy Agency could be requested to use a uniform layout for the preparation and presentation of their respective budgets.”

9. In a report to the General Assembly at its twentieth session, the Advisory Committee noted⁸ that the obstacles to uniform layout might well have increased in the preceding decade, and expressed doubt about whether renewed efforts towards standardization would yield early results. The Advisory Committee suggested that the main purpose of the Council’s resolution 1044 (XXXVII) could be achieved if the ACC adopted, and prepared separately for use by the Council, comparative summary tables setting forth the expenditure of the organizations by area of activity.

10. The first conclusions of the ACC⁹ were considered by the Council at its thirty-ninth session. In its resolution 1090 D (XXXIX) the Council requested the ACC to continue, in collaboration with the Advisory Committee on Administrative and Budgetary Questions, the study of the possibility of utilizing a uniform layout for the preparation and presentation of the budgets of the specialized agencies and of the International Atomic Energy Agency and to submit, at the forty-first session, a report specifying the practical solutions which might be contemplated and setting forth, if necessary, any arguments against the use of such a layout.

11. In a report to the General Assembly at its twentieth session,¹⁰ the Advisory Committee reiterated its interest in improving inter-organization budget comparisons by introducing arrangements for a more uniform layout of the preparation and presentation of the budgets of the United Nations and the various agencies. The Committee also indicated that there would be advantages in studying the feasibility of extending the programming and budget period, although there were practical difficulties facing a number of agencies in that respect. The Advisory Committee again expressed interest in a clearer presentation of budgets in relation to programmes.

12. The question of budgetary presentation received considerable attention at the twentieth session of the General Assembly. In the preamble to its resolution 2049 (XX), under which the Ad Hoc Committee of Experts to Examine the Finances of the United Nations and the Specialized Agencies was established¹¹ the General Assembly considered that, in an over-all examination of the budgets of the United Nations and the agencies, particular reference should be given to “means of comparing and, if possible, standardizing the different budgets, in order to enable the activities covered therein to be rationalized”.

**C. Nature and scope of examination of administrative budgets

D. Financial and budgetary arrangements - analysis of recommendations made by the General Assembly to the specialized agencies

1. Adoption of common financial and administrative regulations

**a. Common financial regulations

b. Common staff regulations and salary system

13. In reports to the General Assembly at its seventeenth session, the Advisory Committee on Administrative and Budgetary Questions suggested¹² that the time had perhaps come for the several organizations following a common system with respect to salaries and conditions of employment to accept a strongly constituted independent body to make judgements when problems arose in administering the system. The International Civil Service Advisory Board (ICSAB), it was suggested, might become such a body. In its resolution 1869 (XVII), the General Assembly noted with approval the line of action taken by the ACC, in response to the Advisory Committee’s recommendation, regarding a review of the terms of reference, composition and working arrangements of ICSAB.

14. At its eighteenth session the General Assembly adopted resolution 1981 B (XVIII) in which it endorsed the revised terms of reference of ICSAB
as proposed in a report\textsuperscript{13} submitted by the Secretary-General.

15. In its comments on the common system, in its report on administrative and budgetary co-ordination to the General Assembly at its eighteenth session, the Advisory Committee indicated\textsuperscript{14} that, without insisting on uniformity merely for the sake of uniformity, it believed common standards could have no meaning if one or other of the organizations failed to apply them or deviated from them unnecessarily.

16. With regard to the classification of posts, the Committee concluded that there was a considerable degree of uniformity in the principles of classification, but that the formulation of common standards for the application of those principles was proving somewhat difficult. The Committee expressed the view that the adoption of common grading standards was an essential element in the over-all system.

17. In the same report the Advisory Committee expressed the hope that those organizations which had not so far taken the necessary steps to introduce gross salary scales would do so at the earliest opportunity.

18. In its reports on inter-organizational administrative co-ordination submitted to the General Assembly at its seventeenth and eighteenth sessions, the Advisory Committee reviewed\textsuperscript{15} the progress made in the introduction of uniform travel standards and expressed the hope that uniformity of practice would be achieved by all organizations in the near future.

19. In pursuance of common arrangements, the revisions of staff emoluments in the professional and higher categories, proposed by the Secretary-General to the General Assembly at its sixteenth and seventeenth sessions, were made in agreement with the executive heads of the specialized agencies. After the General Assembly had approved the revised scales,\textsuperscript{16} corresponding action was taken by the legislative organs of the specialized agencies and of IAEA. Changes in other staff entitlements\textsuperscript{17} were the object of similar concerted action.

**c. Common services**

20. During the period under review, the Advisory Committee continued its review of the progress made towards the provision of common premises and services at overseas offices.\textsuperscript{18}

2. Establishmen of a joint Audit Procedure

21. At its fourteenth session in 1959 the General Assembly considered proposals by the Secretary-General\textsuperscript{19} to amend the provisions of General Assembly resolution 347 (IV) on the joint panel of external auditors. The Secretary-General indicated that the text he was submitting incorporated the observations made by the ILO, FAO, UNESCO, ICAO, WHO and IAEA, and also by the members of the joint panel. By resolution 1438 (XIV) the General Assembly decided that the provisions annexed to resolution 1438 (XIV) should replace those set out in annex B of resolution 347 (IV), as proposed by the Secretary-General.

3. Development of a common form of the budget\textsuperscript{20}

4. Consideration of a consolidated budget

5. Establishment of a common approach towards the financing of the budgets of the specialized agencies

6. Establishment of a Joint Staff Pension Fund and a common system of social security for staff

22. By resolution 1560 (XV) of 18 December 1960 the General Assembly approved, with effect from 1 May 1960, the draft agreements between the United Nations and the International Bank for Reconstruction and Development (IBRD) and the International Monetary Fund (IMF) on the transfer of pension rights by participants between the United Nations Joint Staff pension Fund and the Staff Retirement Plans of IBRD and IMF.

23. The regulations of the United Nations Joint Staff Pension Fund were amended\textsuperscript{21} in several respects by the General Assembly during the period under review.

7. Development of priorities with a view to the concentration of efforts and resources

24. The consolidated report entitled "Five-Year Perspective, 1960—1964"\textsuperscript{22} was considered by the Advisory Committee in its report on administrative and budgetary co-ordination submitted to the General Assembly at its fifteenth session.\textsuperscript{23} In resolution 1554 A (XV) of 18 December 1960 the General Assembly called the attention of Governments of Member States to the importance and usefulness of the report.

25. In resolution 1554 B (XV) the General Assembly invited the ACC to transmit to the Advisory Committee for comment its study of the possible effects on the activities of the United Nations, the specialised agencies and IAEA of an increase in the operations of EPTA and the Special Fund in the years ahead, bearing in mind the need to ensure the co-ordinated development of those activities. The

\textsuperscript{13} Ibid., A/5599, paras. 34—40.

\textsuperscript{14} G A (XVII), Annexes, a.i. 69, A/5332, para. 11; G A (XVIII), Annexes, a.i. 64 (a), A/5599, paras. 41—46.

\textsuperscript{15} G A resolutions 1658 A (XVI) and 2050 (XX).

\textsuperscript{16} See, for example, G A resolution 1730 (XVI) on the education grant.

\textsuperscript{17} G A (XV), Annexes, a.i. 54, A/4599, paras. 28—35; G A (XX), Annexes, a.i. 82, A/5899, paras. 44—47.

\textsuperscript{18} G A (XIV), Annexes, a.i. 49, A/C.5/793.

\textsuperscript{20} See paras. 8—12 above.

\textsuperscript{21} See G A resolutions 1561 (XV), 1614 (XV), 1638 B (XVI), 1799 (XVII), 2007 (XIX) and 2122 (XX).

\textsuperscript{22} United Nations publication, Sales No. 60.IV.14. See also Repertory Supplement No. 2, under Article 17 (3), paras. 8—10.

\textsuperscript{23} G A (XV), Annexes, a.i. 54, A/4599, paras. 5—12.
ACC had been invited by the Council to prepare that study under its resolution 794 (XXX) of 3 August 1960.

26. The question of the development of priorities continued to occupy the attention of the Economic and Social Council. At its thirtieth session in 1960, under resolution 798 (XXX), the Council, considered that it had found it "increasingly difficult to do full justice to its coordination responsibilities," and decided to establish an ad hoc Working Group on Co-ordination, which would study the annual reports submitted by the specialized agencies and IAEA and also by the ACC.24

27. At its thirty-fourth session, under resolution 909 (XXXIV), the Council noted that the reports received from the ad hoc Working Group, the Secretary-General, the specialized agencies and IAEA "indicate that further efforts are required by the United Nations and its related agencies to achieve greater concentration of activities in the economic, social and human rights fields", and that "not only should duplication of activities and conflicts of policy be eliminated, but also activities should be coherently related and resources concentrated so far as possible on areas in which the needs and opportunities for international action are greatest".

It invited the specialized agencies and IAEA and requested the subsidiary bodies of the Council to continue to review their programmes and activities regularly with a view to concentrating on activities of high priority and eliminating "fringe projects" of limited value and effectiveness.

28. At the same session the Council decided under resolution 920 (XXXIV) to establish a Special Committee on Co-ordination with particular emphasis on the United Nations Development Decade.

29. At its thirty-ninth session under resolution 1090 G (XXXIX) the Council, convinced that it was necessary to improve the existing co-ordination procedures, reorganized the Special Committee on Co-ordination and decided that the reorganized Committee would participate in joint meetings with the ACC. By resolution 1171 (XLI) the Council changed the name of the Special Committee to Committee for Programme and Co-ordination (CPC). The Council decided that CPC would deal, inter alia, "with co-ordination of the activities of the specialized agencies and the International Atomic Energy Agency and those of the United Nations".

8. Co-ordination of Budget Procedures in Relation to Technical Assistance and Other Extra-Budgetary Programmes Involving Voluntary Contributions

30. By resolution 702 (XXVI), the Economic and Social Council had established a provisional formula on a lump-sum basis for the allocation of administrative and operational service costs of technical assistance between the budgets for regular and expanded programme activities.25 At its twenty-eighth, thirty-

24 The Working Group was continued in 1961 by ESC resolution 842 (XXXIII).
25 See Repertory Supplement No. 2, under Article 17 (3), paras. 11 and 12.
26 E S C resolutions 737 (XXVIII), 855 (XXXII) and 950 (XXXVI) respectively.
27 E S C resolution 222 (IX) of 15 August 1949.
29 A/5842 (mimeographed).
IAEA, and established machinery to assist it in that task. The Council also established machinery for co-ordinating technical assistance activities and adopted a number of resolutions on what it recognized as the important subject of evaluating programmes.

34. By resolution 1090 F (XXXIX) the Council requested the specialized agencies and IAEA to submit, beginning with the forty-first session of the Council, in addition to their annual reports, a short analytical report on their major substantive and administrative activities during the period under review. The following year, under resolution 1172 (XLI), the Council requested that those analytical summaries should follow a substantially uniform pattern to be drawn up by the ACC, and should include appropriate information on the cost of their programmes and main projects.

35. At its forty-first session the Council gave preliminary consideration to a proposal that a thorough and objective review and evaluation should be undertaken of the structure, functions, procedures, financing and performance of the specialized agencies and IAEA, as well as of United Nations programmes in the economic and social fields.

36. Considering that certain aspects of such a review might be covered in the report of the Ad Hoc Committee of Experts to Examine the Finances of the United Nations and the Specialized Agencies the Council decided under resolution 1173 (XLI), to place the question on the provisional agenda of an appropriate session in 1967, and to study it within the framework of the relevant provisions of the Charter of the United Nations.

F. The powers of the General Assembly under Article 17 (3)

37. In resolution 2049 (XX) of 13 December 1965, the General Assembly considered that it was competent to carry out an over-all examination of the budgets of the United Nations and the agencies. The relevant preambular paragraph of the resolution read as follows:

"Considering that, without encroaching on the autonomy of the specialized agencies, the General Assembly is competent, under Article 17, paragraph 3, of the Charter of the United Nations and under the agreements concluded between the United Nations, on the one hand, and the specialized agencies and the International Atomic Energy Agency, on the other, to carry out an over-all examination of the budgets of the United Nations and the agencies, with particular reference to:

"(a) Means of comparison and, if possible, standardizing the different budgets, in order to enable the activities covered therein to be rationalized,

"(b) Means of ensuring that the activities of the United Nations and the agencies brought into relationship with it under Articles 57 and 63 of the Charter are pursued in the most effective and economical manner, with the greatest regard to development needs and the costs that Member States have to bear as a result of these activities."

38. The Ad Hoc Committee of Experts to Examine the Finances of the United Nations and the Specialized Agencies established under the same resolution was invited by the General Assembly, inter alia, to:

"Examine, with the assistance of the Advisory Committee on Administrative and Budgetary Questions and in liaison with the Secretary-General and the executive heads of the specialized agencies and of the International Atomic Energy Agency, the entire range of the budgetary problems of the United Nations and the organizations brought into relationship with it, notably their administrative and budgetary procedures, the means of comparing and, if possible, standardizing their budgets and the financial aspect of their expansion, with a view to avoiding needless expenditures, particularly expenditure resulting from duplication."

The Ad Hoc Committee was requested to submit its recommendations to the General Assembly at its twenty-first session.