# ARTICLE 17 (1)

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ARTICLE 17 (1)

TEXT OF ARTICLE 17 (1)

The General Assembly shall consider and approve the budget of the Organization.

INTRODUCTORY NOTE

1. The structure of the present study follows that of the previous studies of Article 17(1) in the Repertory and its Supplements Nos. 1, 2 and 3. Some material beyond the period under review has been included with regard to the form of the United Nations budget and long-term planning in order to bring the transitional period of budgetary change to its ultimate conclusion with the adoption in subsequent years of biennial programme budgeting and medium-term planning.

I. GENERAL SURVEY

2. As in previous years, the General Assembly continued to be preoccupied with problems such as the rapid growth of the budget, reconciliation of the budget with the resources available and the form the budget should take to that end, the establishment of priorities, the issue of unforeseen and extraordinary expenses leading to the submission of supplementary estimates, the proliferation of conferences and meetings and the related volume of documentation and the difficult financial situation of the United Nations.

3. Most of those issues received a new stimulus as a result of the recommendations formulated by the Ad Hoc Committee of Experts to Examine the Finances of the United Nations and the Specialized Agencies pursuant to its mandate established under General Assembly resolution 2049 (XX).1 In its second report to the General Assembly,2 the Ad Hoc Committee made a number of recommendations concerning, inter alia, budget preparation, presentation and performance and budget cycle. By resolution 2150 (XXI), the General Assembly approved those recommendations, requested the Secretary-General, as chief administrative officer of the United Nations, to take appropriate measures to give effect to those recommendations requiring his action, including the submission of proposals to the competent United Nations organs and related bodies, and invited him to submit to its twenty-second session a report on the implementation of the recommendations of the Ad Hoc Committee by the United Nations family of organizations.3

4. At its twenty-second and twenty-third sessions, the General Assembly adopted a number of decisions which were to a very large extent concerned with the implementation of the Ad Hoc Committee's recommendations, and which served to achieve a change in budgetary practice. Those decisions are dealt with under the appropriate headings in section II below.

5. During the period under review, the General Assembly continued to be concerned with the seriousness of the continuing financial difficulties of the United Nations, but there was no substantial improvement in the situation notwithstanding the consensus reached at the nineteenth session4 to the effect that the financial problem should be solved by voluntary contributions, and the clear analysis of the financial situation by the Ad Hoc Committee in its first report.5 It was generally recognized that the problem was basically a political one involving the inclusion in the budget of certain items of expenditure in respect of which certain Member States, for reasons of principle, refused to contribute their share of the assessment.6

6. The rapid growth of the budget also continued to preoccupy the Assembly, especially the largest contributing Member States; in particular, they were disturbed by the fact that sixty per cent of the budget estimates were attributable to administrative costs which continued to rise each year at a rate exceeding that of the total budget. Nevertheless, the majority of Member States was unwilling to accept any ceiling or fixed rate of growth for operational activities and held that any containment of the over-all level of expenditure should be achieved through stricter budgetary discipline, better co-ordination to avoid duplication of effort, long-term planning and the establishment of an order of programme priority.7

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1 See Repertory, Supplement No. 3, under Article 17(1), para 21.
2 G A (XXI), Annexes, a.i. 80, A/6343.
3 G A (XXII), Annexes, a.i. 80, A/6803.
5 G A (XXI), Annexes, a.i. 80, A/6289 and Add. 1 and 2.
6 See also this Supplement, under Article 17(2).
7 G A (XXIV), Annexes, a.i. 74, A/7916, paras. 6-9.
II. ANALYTICAL SUMMARY OF PRACTICE

A. The scope of the budget

1. WHAT THE BUDGET COMPRIS

7. The form of presentation of the budget estimates at the start of the period under review continued to be essentially that approved by the General Assembly at its eleventh session in 1957, namely, by object of expenditure rather than by organizational unit or programme. As an exception to this basic presentation, certain separate sections, which included all identifiable expenses related to particular activities, were maintained. The budget estimates for special meetings and conferences, technical programmes, special political missions, the Office of the High Commissioner for Refugees, the International Court of Justice, the United Nations Conference on Trade and Development and the United Nations Industrial Development Organization, for example, were grouped as separate sections under those headings.

8. On the subject of common principles of budgetary presentation, the Ad Hoc Committee of Experts to Examine the Finances of the United Nations and the Specialized Agencies recommended that a certain amount of supplementary information should be provided in the budget documents for purposes of clarity. To this end, it recommended that those organizations using the traditional breakdown by object of expenditure should submit, either in the budget itself or in a special document, a breakdown of expenditure by main field of activity and, conversely, those using a breakdown by main field of activity should submit a breakdown by object of expenditure. It was also recommended that all organizations should submit annexes to their budgets giving a breakdown of expenditures into administrative costs, operational costs, and general research and study costs.

9. Accordingly, following the approval by the General Assembly of the recommendations of the Ad Hoc Committee, and starting with the budget estimates for the financial year 1968, a significant modification was introduced in section 3, relating to salaries and wages, the largest single area of expenditure. This was to the effect that the estimates covering salaries and wages of established personnel, temporary staff, individual experts and consultants, ad hoc expert groups and payments for overtime and night differential were thereafter to be distributed among the major organizational units involved. A similar distribution was made in the income sections relating to revenue-producing activities, where all clearly identifiable direct costs for staff, supplies and services relating to those activities were transferred from the various expenditure sections as direct charges against income derived from the related revenue-producing activities. This new type of presentation was amplified by the addition in the 1969 budget estimates of a considerable volume of information on the work programmes under each unit, and by the addition of new information annexes, one of which distributed the total estimates by field of activity and by object of expenditure.

10. At the twenty-second session, by resolution 2360 (XXII), the General Assembly endorsed the conclusions of the ACABQ as set out in its report, wherein it commented on the reports of the Secretary-General on the implementation of the recommendations of the Ad Hoc Committee of Experts to Examine the Finances of the United Nations and the Specialized Agencies with regard to the form of presentation of the United Nations budget and on the United Nations budget cycle. Among its conclusions, the ACABQ agreed with the Secretary-General that, before any further changes were introduced in the form of presentation of the budget, progress would have to be made on the questions of programme formulation and priorities and on a more precise definition of the conference programme. With regard to the budget cycle, it concluded that it would be inadvisable to proceed further with consideration of the question of a biennial budget until additional information was obtained with regard to: (a) a tentative time-table of the sessions of the General Assembly and the Economic and Social Council and their subsidiary bodies over a two-year cycle; (b) developments in the field of long-range planning by the above-mentioned organs; (c) where and how central control would be exercised if a two-year budget were to be adopted; and (d) the question of transfers between appropriation sections and the submission of supplementary estimates, as dealt with in the second report of the Ad Hoc Committee.

11. Also at the twenty-second session, the General Assembly, by resolution 2370 (XXII), inter alia, invited the programme formulating bodies of the United Nations to develop their processes with a view to establishing at the earliest possible date an integrated system of long-term planning and programme formulation within their respective fields of competence, taking into account the related recommendations of the Ad Hoc Committee. Para. 2 of the resolution requested the Secretary-General to submit to the Assembly, for its approval each year, a planning estimate for the second succeeding budget period, taking into account inter alia the long-term plans of the various programme formulating organs and subsidiary organs of the United Nations. By paragraph 7 of the resolution the General Assembly decided that the first planning estimate should be for the forecast year 1971. At its twenty-fourth session, the Assembly decided to defer for one year the implementation of paragraph 7 of the resolution.

12. Until 1969, in instances where a legislative decision was still pending on certain items appearing in his initial budget estimates, the Secretary-General had made provision for such items on a pro memoria basis and had submitted revised estimates to cover the estimated costs when a decision was finally taken. The Secretary-General included only some relatively minor items with a pro memoria provision in his budget estimates for 1969 and, pending a decision by the General Assembly on the level of appropriations for the programmes of technical co-operation, was unable to provide an estimate for Part V, Technical Pro-

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9 G A (XXII), Annexes, a i. 80, A/6887/Rev.1, paras. 16-20.
10 Ibid., A/C.5/1121.
11 Ibid., A/C.5/1122.
12 G A (XXI), Annexes, a i. 80, A/6343, paras. 35-46.
13 Ibid., A/6343, para. 73.
14 G A (XXIV) Annexes, a i. 75, A/7782.
grammes, an important item involving an expenditure in the order of magnitude of $6.4 million. The *pro memoria* practice was discontinued when the ACABQ, commenting on the estimates for 1969, asked the Secretary-General in future years to indicate in his budget presentation the estimated total of the submission which, in his best judgement, might reasonably be expected for the ensuing budget year. In making its request, the ACABQ stated that, although it understood the reasons which had prompted the Secretary-General to make *pro memoria* provisions, the spirit of Financial Regulations 3.4, 3.5 and 3.6 required that the initial estimates be as complete as possible in order to give Member States an accurate idea of the amounts they would be assessed for the financial year covered by the estimates.

2. **Revised budget estimates**

13. One of the recommendations made by the *Ad Hoc* Committee of Experts to Examine the Finances of the United Nations and the Specialized Agencies in its second report, and endorsed by the General Assembly at its twenty-first session by resolution 2150 (XXI), was that the head of each organization should submit to Member States, as soon as possible after the close of the financial year, a report on budget performance emphasizing the salient features of its performance and drawing attention to the main changes as compared with the original estimates, including transfers made and additional expenditures incurred during the financial period under consideration and measures taken to meet cost increases (particularly by way of savings, reassessment of priorities and redeployment of resources). The first such performance report was submitted to the General Assembly in 1967 in respect of the financial year 1966.

14. At the twenty-second session of the General Assembly, the ACABQ, preoccupied with the question of the authority of subsidiary organs to take decisions involving expenditure for which no provision had been made in the budget, recommended a general review of the procedures governing expenditures in excess of the annual appropriation with a view to a possible modification of the text of the resolution on unforeseen and extraordinary expenses in such a manner as to include a definition of the meaning of such expenses and to limit them, as was recommended by the *Ad Hoc* Committee, to “clearly exceptional cases involving emergencies”. The Committee was of the opinion that the scope of the definitions of the terms “unforeseen expenses” and “extraordinary expenses” had in practice been considerably broadened since they had been established in General Assembly resolution 68 C (I) concerning “unforeseen expenses” and “extraordinary expenses” to read as follows:

(a) The term unforeseen related expenses means additional expenses which are directly related to the purposes for which the initial appropriations were voted, but which could not have been foreseen, and which therefore were not provided for in the original appropriations as approved by the General Assembly;

(b) The term unforeseen new expenses means additional expenses for completely new activities or purposes requested and approved by the competent organs, which could not have been foreseen and which therefore were not provided for in the original appropriations as approved by the General Assembly.

15. In paragraph 6 of its resolution 2370 (XXII), the General Assembly requested the ACABQ, in consultation with the Secretary-General, “to recommend for consideration by the General Assembly at its twenty-third session an appropriate definition of unforeseen and extraordinary expenses, together with a resolution—and such other actions as might be appropriate—to cope with the interrelated problems,” especially those recommendations of the *Ad Hoc* Committee relating to transfers and supplementary estimates.

16. The basic premise of the ACABQ’s recommendations in its report to the twenty-third session was that additional funds should not be requested unless the proposed expenditure was unforeseeable, could not be financed from existing budgetary appropriations or could not be deferred until provision therefor could be made by the General Assembly in the normal manner for a subsequent financial year.

17. Accordingly, the ACABQ recommended a modification of the foot-notes of General Assembly resolution 68 C (I) concerning “unforeseen expenses” and “extraordinary expenses” to read as follows:

21. If a proposed expenditure fell within either of the above definitions and could not be deferred, the Secretary-General would, in the case of unforeseen related expenses, be authorized to incur the expenditure (a) if the expenditure could be financed from funds available within sections, in which case such action would be reported subsequently to the ACABQ and (b) if the expenditure could be financed by transfers between sections, with the prior approval of the ACABQ. In the case of unforeseen new expenses, the expenditure could be financed either from funds available within sections or by transfers between sections, with the prior approval of the ACABQ.

19. As a means of providing further flexibility to the Secretary-General, in situations where it was not possible for him to make transfers between sections, and with a view to reducing requests for additions to the budget to the minimum under the procedures described above, the ACABQ recommended that future budgets include a special appropriation line for minor contingency expenses as proposed by the *Ad Hoc* Committee.

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13 G A (XXIII), Suppl. No. 7, paras. 38 and 39.
14 G A (XX), Annexes, a.i. 80, A/6343, para. 34.
15 G A (XXII), Annexes, a.i. 80, A/6666.
16 G A (XXI), Suppl. No. 7, paras. 52 to 73.
17 See also *Reportory*, under Article 17(1).
18 G A (XXI), Annexes, a.i. 80, A/6343, para. 43.
21 G A (XXIII), Annexes, a.i. 74, A/7336.
22 The foot-notes in question read as follows:

‘The term 'Unforeseen Expenses' means expenses arising from, or incidental to, the carrying out of a programme in accord with General Assembly approved policies, which expenses were not foreseen when the estimates were made.'

‘The term 'Extraordinary Expenses' means expenses for items or objects outside the scope of the budget estimates, i.e. outside the programme on which the estimates were based.'

23 G A (XXII), Annexes, a.i. 80, A/6343, para. 41.
20. Resort to the annual resolution on "unforeseen emergency expenses" could be had under the following conditions:

(a) If the Secretary-General certified that the funds required could not be financed by transfers from within existing appropriations, and

(b) If the above presumption concerning deferral was specifically rebutted by a certification by the Secretary-General that the proposed expenditure was in the nature of an emergency and therefore could not be deferred without serious detriment to the United Nations until provision therefor could be made by the General Assembly in the normal manner for the next financial year, or

(c) If proposed expenditures were for increases which were specifically provided for under General Assembly resolutions, such as adjustments in wages, General Service (and comparable) salary rates, or post adjustments in the Professional and higher categories, and could not be absorbed within approved appropriations, they would be included, subject to appropriate justification and certification by the Secretary-General and review and approval by the ACABQ.

21. Only those proposed additional expenses of the United Nations which met the above prescribed tests for access to the authority contained in future annual resolutions on unforeseen emergency expenses could be submitted to the General Assembly for the appropriation of funds as supplementary appropriations. This would ensure that proposed additional appropriation requests for general administrative expenses, including price increases, would be subjected to the same scrutiny, certification, and review procedures as would those items that had traditionally been considered to require authorization under the annual resolution on unforeseen and extraordinary expenses.

22. A draft resolution,\(^{24}\) to give effect to the above recommendations, including suggested amendments to financial regulations 3.8 and 13.2 of the United Nations, was annexed to the report of the ACABQ. Following discussion of the report, the Fifth Committee decided\(^{27}\) to defer further consideration of the matter until the twenty-fourth session.

23. At the twenty-fourth session, the ACABQ submitted certain supplementary information\(^{28}\) which had been requested by the Fifth Committee. Although some representatives in the Fifth Committee viewed the ACABQ's recommendation as a useful step towards eliminating requests for supplementary appropriations, a number of others were of the opinion that the ACABQ had not put forward convincing reasons for replacing existing definitions by entirely new terms. The view was also expressed that the Fifth Committee might wish to give closer consideration to the recommended new procedures in the light of experience which would be gained in the preparation of the planning estimate.\(^{29}\)

24. The Fifth Committee then decided to adopt a decision\(^{30}\) suggested by the ACABQ to the effect that the existing procedures for unforeseen and extraordinary expenses be retained in 1970 and that an inquiry be undertaken during the first ten months of that year up to the time of the submission by the Secretary-General of his report on supplementary estimates, as to the manner in which the system proposed by the ACABQ would have worked, had it been in force.\(^{31}\)

B. The process of considering and approving the budget

**1. The responsibility for the preparation and transmittal of the budget to the General Assembly

2. How the budget is considered and approved by the General Assembly

25. At its twenty-second session, the General Assembly, by its resolution 2298 (XXII), endorsed a recommendation of the Industrial Development Board\(^{32}\) of the United Nations Industrial Development Organization (UNIDO) to the effect that a separate section for technical assistance for industrial development be established within that part of the budget (Part V during the period under review) devoted to technical programmes. The Assembly would determine the provision to be included in the budget for industrial development each year on the basis of the recommendations of the Industrial Development Board; in respect of the other programmes provided for under Part V, the Assembly would continue to act on the recommendations of the Governing council of the United Nations Development Programme (UNDP).\(^{33}\)

**3. Voting on the budget

**C. Administration of the budget

**1. The nature of the powers vested in the Secretary-General

**2. Purpose of transfers within and between sections of the budget

**3. Limits placed on transfers between sections of the budget

D. Scope and extent of the powers of the General Assembly to approve expenditures

\(^{24}\) G A (XXIII), Annexes, a.i. 74, A/7336, annex.

\(^{25}\) Regulation 3.8 states that "Supplementary programme budget proposals may be submitted by the Secretary-General whenever necessary."

\(^{26}\) Regulation 13.2 states that: "Where, in the opinion of the Secretary-General, the proposed expenditure cannot be made from the existing appropriations, it shall not be incurred until the General Assembly has made the necessary appropriations, unless the Secretary-General certifies that provision can be made under the conditions of the resolution of the General Assembly relating to unforeseen and extraordinary expenses."

\(^{27}\) G A (XXIII), Annexes, a.i. 74, A/7476, para. 166.

\(^{28}\) G A (XXIV), Annexes, a.i. 74, A/7726.

\(^{29}\) See also para. 11 above

\(^{30}\) G A (XXIV), Annexes, a.i. 74, A/7916, para. 104.

\(^{31}\) No further action was taken by the General Assembly on the matter.

\(^{32}\) G A (XXII), Suppl No. 15, Annex VIII.

\(^{33}\) G A resolution 2029 (XX), of 22 November 1965
2. Factors considered by the General Assembly in reviewing proposed expenditures

26. In response to the growing concern of the Fifth Committee regarding the constantly expanding level of the budget and to the conviction of some Member States that it was inappropriate to control growth in programmes through limitations on budgetary levels, the General Assembly decided that it was necessary to examine the expansion in the budget in terms of other relevant factors rather than in terms of the increased dollar level alone. Accordingly, at its twenty-fourth session, under resolution 2617 (XXIV), the Assembly requested the Secretary-General to submit at its twenty-fifth session "an economic and financial analysis of the nature of the increase in the activities, staff and budget of the United Nations, clearly distinguishing between the increase in money terms and that in real terms" taking into account, to the extent possible, certain specified factors.34

27. At the twenty-third session, the Fifth Committee approved35 a recommendation of the ACABQ36 that the Secretary-General should undertake at the earliest possible date a careful and detailed survey, preferably desk by desk, of existing personnel available to him, their deployment and utilization. The opinion expressed by the ACABQ had been to the effect that the intensity of the use of posts in the Secretariat was uneven and that savings might be achieved either by a reorganization of work within the Secretariat or by a redeployment of staff.37 The Secretary-General, in 1969, decided to assign the task to a new Administrative Management Service which he had created on a permanent basis and which was directly responsible to the Under-Secretary-General for Administration and Management.38

28. The establishment of a pattern of conferences and meetings commensurate with, and permitting the best utilization of, available resources, as well as the interrelated problem of the proliferation of documents, remained under active consideration by the General Assembly. In accordance with the principles established in 1957 under General Assembly resolution 1202 (XII),39 the Secretary-General submitted a consolidated calendar of United Nations conferences and meetings annually and, within the limits set each year in the resolution on unforeseen and extraordinary expenses, was authorized to decide when and where any body or ad hoc conference not covered by the basic programme should meet. In the event that the decision of the Secretary-General was not accepted, it was provided that the final decision on the matter should be taken by the General Assembly at its next regular session.

29. In respect of 1968 and succeeding years, this arrangement was included in a more comprehensive procedure as a result of the adoption by the General Assembly, at its twenty-first session, of resolution 2239 (XXI), by which it established an experimental basis, subject to review by the General Assembly at the twenty-fourth session, a Committee on Conferences consisting of 15 Member States designated by the President of the General Assembly to serve for three years. The Committee was asked to review the Secretary-General's preliminary list of meetings, together with the comments of the ACABQ, and to submit to the General Assembly for approval at each regular session a calendar of meetings and conferences for the following year. In this connexion, the Secretary-General was requested to draw up in August of each year and to submit to the ACABQ, for its comments, a provisional calendar of meetings and conferences planned by the entire United Nations family of organizations for the two following calendar years, together with a statement of resources required for the proposed schedule. The ACABQ was invited to examine the submissions of the Secretary-General and to forward its comments to the Committee on Conferences. In addition, the Committee on Conferences, in the course of the regular session, would examine any further proposals for new meetings and conferences and take necessary action in sufficient time to enable the Secretary-General, and in turn the ACABQ and the Fifth Committee, to recommend the inclusion of funds for carrying out the approved calendar in the regular budget estimates for the following year. The first calendar submitted by the Committee on Conferences subsequent to the adoption of resolution 2239 (XXI) was for 1968 and for the subsequent two years.40

30. Commenting at the end of 1969,41 on the expiration of its three-year tenure, the Committee on Conferences stated that its efforts to bring about a more orderly and manageable calendar of conferences had not produced satisfactory results and concluded that it could usefully continue its existence only if its mandate was considerably strengthened by entrusting it with the responsibility to take final decisions on all proposals for new conferences and meetings and changes in the approved calendar of conferences when the General Assembly was not in session. In connexion with the closely related problem of reducing documentation, the Committee felt that, although it could continue to make recommendations for the Assembly's consideration, it would be more practical for the Secretary-General to continue to make recommendations and for the subsidiary organs, together with the Secretariat, to determine how best to limit documentation. At its twenty-fourth session the Assembly, by resolution 2609 (XXIV), decided inter alia to reconsider the question of the membership and terms of reference of the Committee at its twenty-fifth session and in the meantime not to reconstitute the membership of the Committee.

31. The Ad Hoc Committee of Experts to Examine the Finances of the United Nations, in its second report, urged that requests for conference documentation be reduced

34 The Secretary-General's report appeared in document A/C.5/1307 at the twenty-fifth session, subsequent to the period under review.

35 G A (XXIII), Annexes, a.i. 74, A/4776, para 65

36 G A (XXIII), Suppl. No. 7, para 50.

37 Ibid., paras 45-50


39 Under resolution 1202 (XII) the General Assembly decided inter alia (a) that meetings not covered by the basic calendar for a given year, other than an emergency meeting, should not be held during that year and (b) that as a general rule, meetings of United Nations bodies should be held at their established headquarters, except with respect to certain bodies named in the resolution and with respect to cases where a Government issuing an invitation for a meeting to be held within its territory had agreed to defray additional costs involved. Under resolution 2116 (XX), the General Assembly decided that not more than one "major special conference" should be scheduled in any one year.

40 G A (XXII) Annexes, a.i. 75, A/6991/Rev.1, annex II.

41 G A (XXIV) Suppl. No. 26, paras. 31 and 32.
substantially and that whenever possible the holding of meetings without verbatim or summary records be encouraged. During the period under review a number of studies and reports were made and a number of decisions were taken by the General Assembly all of which reflected the serious concern of Member States with the constant increase in documentation, a problem closely linked with, and largely resulting from, the proliferation of conferences and meetings. At its twenty-first session the General Assembly adopted resolution 2247 (XXI) by which inter alia it requested the Secretariat-General to instruct the Publications Board to review the publications programme and to study the question of documentation in the Organization with a view to achieving economy. The Secretary-General was also requested to submit to the ACABQ at its summer session, on the basis of these studies, such suggestions and recommendations as he deemed appropriate for the elimination, consolidation or reduction in frequency of various publications, and to report to the General Assembly at its twenty-second session. Finally, under paragraph 3 of the resolution, the Secretary-General was asked to ensure that documents submitted to United Nations organs were available to Member States in sufficient time and simultaneously in the working languages envisaged by various internal regulations.

32. At its twenty-second session, by resolution 2292 (XXII), the General Assembly approved the recommendations made by the Secretary-General and endorsed by the ACABQ regarding the length and provision of summary records and the provision of verbatim records; the approval of documents for issue as supplements; the review by the Publications Board of the contents of annexes and their production costs; the timely submission for issuance of reports of subsidiary bodies; the grouping of replies of Governments submitted in response to specific resolutions; and the selection of technical papers submitted for printing.

33. At its twenty-fourth session, by resolution 2538 (XXXIV), the General Assembly inter alia appealed to all United Nations organs, bodies and committees to consider ways of reducing documentation, and in particular the possibility of adopting a form of records less voluminous and less costly than that currently being used, and decided that (a) no United Nations body or organ should have both verbatim and summary records; (b) verbatim or summary records would not be provided for a newly established subsidiary body of the General Assembly—rule 60 of the rules of procedure of the Assembly notwithstanding—or for a special meeting or conference, unless they are specifically authorized by the enabling resolution; and (c) verbatim records would not include the text of routine exchanges of views about the date and place of the next meeting, congratulations, expressions of cordiality and the like, but would merely report them briefly, except that in special circumstances the organ or body concerned might decide otherwise. The resolution also laid down the procedure to be followed for the translation of verbatim records; the extent to which speeches or statements by representatives or by the Secretary-General or his representative, or by persons presenting reports on behalf of committees or other bodies might be reproduced in extenso as summary records or as official documents; and the procedure to be followed in the preparation of the administrative and financial implications of a proposal for a non-recurrent report submitted in accordance with financial regulation 13.1.

**3. Power of the General Assembly to approve or disapprove obligations incurred by the Organization**

34. In the course of the general discussion on the budget estimates in the Fifth Committee at the twenty-first, twenty-second, twenty-third and twenty-fourth sessions of the General Assembly, some Member States, particularly those making the largest contributions, expressed concern over the continuing marked increase in the level of the budget; they were not convinced that the increase corresponded to the rate of actual expansion of the activities of the Organization and stressed the high ratio of administrative expenses compared with the cost of operational activities. Other Member States, particularly the developing countries, considered that the activities in the economic and social fields were of vital importance to them and that any curtailment of expenditure should be achieved by better planning and co-ordination, careful deployment of available resources and the maintenance of the highest standards of efficiency; they were not prepared to accept a ceiling or fixed rate of growth for the budget. The concern of those Member States was emphasized at the twenty-second session when the Secretary-General found it necessary to explain to the Fifth Committee that when, in the foreword to his budget estimates for 1968, he had requested the guidance of the General Assembly with respect to the rate of growth it would be prepared to support for the activities of the Organization, he definitely had not had in mind any notion of a budget ceiling or some arbitrary limitation of growth rates, but rather some indication of a long-term planning target figure.

**E. Extent of control by the General Assembly over budgetary expenditure**

**1. The Board of Auditors**

**2. Functions of the Board of Auditors and principles governing the audit procedure of the United Nations**

**3. Procedure for review of accounts and audit reports by the General Assembly**

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**Notes and References**

42 G A resolution 2150 (XXI), para. 1 and G A (XXI) Annexes, a.i. 80, A/6343, chapter IX, para. 104(f).
43 Studies made by the Joint Inspection Unit: Report on documentation (JIU/REP/68/5 or A/7576 and Corr 1). The use of minutes instead of summary records (JIU/REP/69/10 or E/4802).
44 Regulation 13.1 of the Financial Rules and Regulations of the United Nations (ST/SGB/Financial Rules/1/Rev 2 (1979)) states that "No Council, Commission or other competent body shall take a decision involving either an administrative change in a programme approved by the General Assembly or the possible requirement of expenditure unless it has received and taken account of a report from the Secretary-General on the administrative and financial implications of the proposal."
45 G A (XXI) Annexes, a.i. 74, A/6631
46 G A (XXII) Annexes, a.i. 74, A/6776
47 G A (XXIII) Annexes, a.i. 74, A/7916.
48 G A (XXIV) Annexes, a.i. 74, A/7014, para. 13
4. MACHINERY FOR CONTROL AND INVESTIGATION OF ADMINISTRATIVE AND FINANCIAL ACTIVITIES

35. At its twenty-second session, the General Assembly, in paragraph 2 of its resolution 2360 (XXII) dealing with the implementation of the recommendations of the Ad Hoc Committee of Experts to Examine the Finances of the United Nations and the Specialized Agencies, decided that a Joint Inspection Unit should be brought into operation not later than 1 January 1968 and that the assurances given concerning the independence, powers and functions of the Unit would be fully observed. In accordance with the relevant recommendation of the Ad Hoc Committee, the Joint Inspection Unit was to consist of not more than eight inspectors to be appointed for an initial period of four years by the Secretary-General, after consulting with the Administrative Committee on Co-ordination, from a list of candidates nominated by countries requested to do so by the President of the General Assembly. Regarding the functions and powers of the Joint Inspection Unit, the Ad Hoc Committee recommended that, acting singly or in small groups, they would have the broadest powers of investigation in all matters having a bearing on the efficiency of the services and the proper use of funds. The inspectors themselves would have no power of decision nor were they to interfere in the operation of the services they inspected. They would draw up reports over their own signature for which they alone would be responsible and in which they would state their findings and propose solutions to problems they had noted. The cost of the operation of the inspection unit was to be shared by the organizations of the United Nations family as agreed upon by them. The Secretary-General appointed as members of the Joint Inspection Unit for an initial period of four years with effect from 1 January 1968, candidates nominated by Argentina, France, India, the United Kingdom of Great Britain and Northern Ireland, the Union of Soviet Socialist Republics, the United Republic of Tanzania, the United States and Yugoslavia.

36. At its twenty-fourth session, under resolution 2537 B (XXIV), the General Assembly noted the concern of the ACABQ and the Secretary-General, as well as the views expressed in the Fifth Committee for the need to strengthen and improve the whole machinery of the United Nations system for control and investigation of administrative and financial activities in the interests of economy and greater efficiency, and requested the Secretary-General to prepare a report for submission to its twenty-fifth session, setting forth: (i) the bodies and organs established for purposes of administrative and budgetary control, investigation and co-ordination, with dates of inception for each; (ii) the terms of reference of each such body and organ; (iii) the annual expenditures for the financial years 1965 to 1969 inclusive for each body and organ concerned, in absolute terms and as an aggregate percentage of the total budget for the year; (iv) the estimated outlay of manpower for the preparation of data for the testimony before, or consultation with, each such body and organ. The Secretary-General was also asked, as Chairman of the Administrative Committee on Co-ordination, to invite the executive heads of the specialized agencies to supply the same information for inclusion in the report.

F. Extra-budgetary funds

2. THE PRINCIPAL EXTRA-BUDGETARY PROGRAMMES

37. At its twentieth session the General Assembly, by resolution 2089 (XX), decided to establish within the United Nations an autonomous organization for the promotion of industrial development. At its twenty-first session, by its resolution 2152 (XXI), section I, the Assembly decided that the United Nations Industrial Development Organization, which had been established as an organ of the General Assembly, would be an autonomous organization within the United Nations and would function in accordance with the following financial arrangements which were set forth in paragraphs 20 to 26 of section II of the resolution:

"20. The expenditure of the Organization shall be classified under the following categories:

"(a) Expenses for administrative and research activities;

"(b) Expenses for operational activities.

"21. Expenses for administrative and research activities shall be borne by the regular budget of the United Nations, which shall include a separate budgetary provision for such expenses.

"22. Expenses for operational activities shall be met:

"(a) From the voluntary contributions made to the Organization, in cash or in kind, by Governments of the States Members of the United Nations, members of the specialized agencies and of the International Atomic Energy Agency:

"(b) Through participation in the United Nations Development Programme on the same basis as other participating organizations;

"(c) By the utilization of the appropriate resources of the United Nations regular programme of technical assistance.

"23. Voluntary contributions to the Organization for its operational activities under paragraph 22 (a) above may be made, at the option of the Governments, either:

"(a) Through announcement at a pledging conference to be convened by the Secretary-General of the United Nations on the recommendation of the Board; or

"(b) In accordance with regulations 7.2 and 7.3 of the Financial Regulations of the United Nations; or

"(c) By both of these methods.

"24. The voluntary contributions referred to in paragraph 22 (a) above shall be governed by the Financial Regulations of the United Nations, except for such modifications as may be approved by the General Assembly on the recommendation of the Board.

49 G A (XXI) Annexes, a.i. 80, A/6343, para. 67 B.
50 G A (XXIV), Suppl. No. 8 (A/7608 and Corr 1).
51 Ibid., Annexes, a.i. 74, A/C.5/1233.
52 See this Supplement, under Article 17(3).
53 See Repertory, Supplement No. 3, under Article 17(1), para. 27.
"25. Disbursement of the funds referred to in paragraph 22 (b) above shall be for purposes consistent with the policies, aims and functions of the Organization, including such policies and programmes as may be established by the Board, and shall be made by the Secretary-General of the United Nations in consultation with the Executive Director of the Organization.

"26. All States Members of the United Nations, members of the specialized agencies and of the International Atomic Energy Agency, and in particular the industrially advanced countries, when considering contributions for the operational activities of the Organization under paragraph 22 (a) above, are urged to bear in mind the pressing need for the industrial development of the developing countries."

**3. RAISING FUNDS FOR EXTRA-BUDGETARY PURPOSES**

**4. CONTROL OF EXTRA-BUDGETARY FUNDS**

**G. Special Account for the United Nations Emergency Force**

**1. PURPOSES AND LIMITS OF THE ACCOUNT**

**2. APPORTIONMENT OF COSTS BETWEEN THE UNITED NATIONS AND THE PARTICIPATING STATES**

38. The United Nations Emergency Force (UNEF) was withdrawn in May and June 1967. At its twenty-second session, by resolution 2304 A (XXII), the General Assembly took note of the revised cost estimates submitted by the Secretary-General for the financial year 1967 in the amount of $11,396,000. It also decided, under resolution 2304 B (XXII) that, in connexion with any necessary expenditures after 31 December 1967 relating to the disposal of United Nations owned equipment and supplies and the termination of the Force, the Secretary-General, with the concurrence of the ACABQ, was authorized to utilize any balance remaining in the Special Account, as at 31 December 1967 and, notwithstanding the provisions of rule 104.1 of the Financial Rules for the Special Account, the proceeds from the sale or other disposition, after 31 December 1967, of United Nations owned property. Liquidation and final closing arrangements for the Special Account were still in progress at the end of the period under review.

**4. FINANCIAL ADMINISTRATION**

**H. Ad Hoc Account for the United Nations Operation in the Congo**

54 See Repertory, Supplement No. 3, under Article 17(1), para. 37.

55 ST/SGB/UNEF/2/Rev.1 (mimeographed).