ARTICLE 17 (3)

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ARTICLE 17 (3)

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) Repertory Supplement No. 3.

2. Consideration by the General Assembly at its twenty-first to twenty-fourth 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 ACABQ 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

B. The phrase "administrative budgets" of specialized agencies

** 1. TRANSMISSION OF THE BUDGETS OF SPECIALIZED AGENCIES TO THE UNITED NATIONS

** 2. CONSULTATION IN THE PREPARATION OF THE BUDGETS

3. Co-ordination of the form of the budget

3. At its twenty-first session, in resolution 2150 (XXI), the General Assembly approved the report of the Ad Hoc Committee of Experts to Examine the Finances of the United Nations and the Specialized Agencies and the recommendations contained therein. Under the resolution, the Assembly recommended to the specialized agencies and the International Atomic Energy Agency that they give the most attentive consideration to the recommendations contained in the report and that they take appropriate measures, within their respective areas of competence, with a view to the earliest possible implementation of those recommendations; it also requested the Secretary-General, as Chairman of the Administrative Committee on Co-ordination to encourage the adoption of appropriate measures by the specialized agencies and the International Atomic Energy Agency, particularly those requiring concerted action; and further requested the Secretary-General to transmit the resolution and the report of the Ad Hoc Committee of Experts to the specialized agencies and the International Atomic Energy Agency.

4. The Ad Hoc Committee of Experts made several recommendations concerning the standardization of budget documents. On the question of uniform budget layout, it recommended that a study should be undertaken under the auspices of the ACABQ with a view to defining ways and means of bringing the budget layouts of the organizations into line and consequently of securing, if possible, their acceptance of a uniform budget presentation. Pending the formulation of such a uniform budget presentation, the Ad Hoc Committee of Experts recommended that each of the organizations should provide, in a special document, a breakdown of its expenditures following the ACC Standard Classification.

5. On the question of common principles of budgetary presentation, the Ad Hoc Committee of Experts recommended that organizations using the traditional budgetary presentation by object of expenditure should also provide a breakdown of expenditure by main fields of activity and vice versa; that all organizations should include in their budget documents a foreword and comments drafted along

See Repertory and its Supplements Nos. 1, 2 and 3 under Article 17 (3).

2 see G A resolutions 2190 (XXI), 2316 (XXII), 2474 (XXIII), 2611 (XXIV).

3 G A (XXI), Annexes, a.i. 80, A/6343. The Ad Hoc Committee of Experts was established under G A resolution 2049 (XX). See also Repertory, Supplement No. 3, vol. III, under Article 17 (3), paras. 37 and 38.
approximately the same lines; and that all organizations should submit certain information annexes to their budgets. The Ad Hoc Committee of Experts also recommended that estimates should show clearly to what extent proposed increases were due, on the one hand, to expansion of staff, programmes or activities and, on the other hand, to increases in salaries and prices.

6. In a report to the General Assembly at its twenty-first session, the ACABQ stated that it would endeavour to carry out the assignments recommended by the Ad Hoc Committee of Experts (see also paragraph 27 below).

** 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

7. At its twenty-third and twenty-fourth sessions, the General Assembly considered reports of the International Civil Service Advisory Board (ICSAB) regarding a comprehensive review of the principles underlying the international salary system and the construction of an international salary index for use in adjusting salary scales of staff in the professional and higher categories in the years between relatively infrequent, major studies. With regard to the latter, the ACABQ, in its related report, noted that ICSAB’s thinking was still tentative as to the scope of the survey that would be necessary to determine “world market rates”. The ACABQ expressed the hope that such a survey would not be reduced to a search for the highest rates of pay and that it would take into account the rates applicable in the various cities where there were concentrations of international civil servants, including the seats of the regional economic commissions.

8. As noted by the ACABQ in its report on general co-ordination matters, submitted to the General Assembly at its twenty-fourth session, ICSAB decided not to proceed with the “world market rates” approach and instead invited the organizations to improve their arrangements for the collection and analysis of relevant data. In resolution 2541 (XXIV) the General Assembly requested the Secretary-General to keep it informed of the progress made by ICSAB.

9. Consistent with common arrangements, the revision of staff entitlements (education grant) in the professional and higher categories, proposed by the Secretary-General to the General Assembly at its twenty-third session, was made in agreement with the executive heads of the specialized agencies. After the General Assembly had approved the revised entitlements for the staff of the United Nations, corresponding action was taken by the legislative organs of the specialized agencies and of the IAEA.

** c. Common services

10. In its report on general co-ordination matters to the General Assembly at its twenty-second session, the ACABQ stated that it had been gratified to learn that several United Nations organizations at Geneva had entered into arrangements with regard to the joint use of computer installations and expressed the hope that other agencies would also enter into similar arrangements. In this connexion the ACABQ commended the idea of a United Nations Computer Users’ Committee at Geneva, which had been recommended by a WHO consultant. In resolution 1368 (XLV), the Economic and Social Council welcomed the establishment of such a committee and expressed the hope that it would devote as much attention to questions concerning the use of computers throughout the United Nations system as to questions concerning the use of computers in Geneva. The Council also expressed the hope that, in view of the high cost of computer facilities, the Computer Users’ Committee would work on the basis of a maximum sharing of facilities rather than of self-sufficiency for each organization in the United Nations system and that organizations’ plans for computer facilities would be fully discussed in the light of possible alternatives before being submitted to the governing bodies concerned. At its forty-seventh session the Economic and Social Council reviewed the progress made by the Computer Users’ Committee in 1969. In resolution 1455 (XLVII) the Council requested the ACC, through the Committee for Programme and Co-ordination (CPC), to make a summary report “on the most effective and economical ways of collecting and producing information for which United Nations member organizations have a common need, and on the main points requiring consideration by the Council in judging the advantages or otherwise of establishing common computer facilities for the United Nations system in different applications.”

11. In resolution 2579 (XXIV) the General Assembly requested the Secretary-General to submit, in 1971, the report suggested in paragraph 40 of the final report of the Enlarged CPC. The report referred to would describe the existing and planned computer facilities in the United Nations system, their adequacy and the methods adopted for their rational use, the problems involved in co-ordinating their operations within the system and with the facilities in Member States; their use in management; information activities; the transfer of technical and scientific data; the administration of technical assistance, and any other related aspects which the Secretary-General considered should be included. It was envisaged that this report would be prepared in conjunction with the report requested by the Economic and Social Council in its resolution 1455 (XLVII) (see paragraph 10 above).

2. Establishment of a joint audit procedure

12. In its second report, the Ad Hoc Committee of Experts recommended that the Secretary-General, as chief ad-
ministrative officer of the United Nations and as Chairman of the ACC, in co-operation with the heads of the specialized agencies after consultation with the Chairman of the United Nations Board of Auditors, should study the question of the establishment of a common panel of auditors, responsible for auditing, on a rotational basis, the accounts of all the organizations of the United Nations family, and report thereon to the General Assembly at its twenty-second session. The Secretary-General, in a report to the General Assembly at its twenty-second session, indicated that the members of the Panel of External Auditors had been unanimous in expressing the view that the balance of advantage did not lie in any reconstitution of the existing Panel to provide that a common panel of auditors be developed which could be responsible for auditing, on a rotational basis, the accounts of the United Nations and the specialized agencies. In resolution 2360A (XXII) the General Assembly took note of the Secretary-General’s report.

3. Development of a common form of the budget

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

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

In resolution 2188 (XXI), the General Assembly requested the Economic and Social Council to enlarge its Committee for Programme and Co-ordination by five additional Member States. The Enlarged Committee was requested, as a matter of priority, to undertake a review which would provide a comprehensive picture and assessment of the existing operational and research activities of the United Nations family of organizations in the field of economic and social development and recommendations on such modifications in existing arrangements as might be necessary to ensure:

(a) The maximum concentration of resources, at current and increasing levels, on programmes of direct relevance to Member States;
(b) A flexible, prompt and effective response to the specific needs of individual countries and regions, as determined by them, within the limits of available resources;
(c) The minimum burden on the administrative resources of Member States and of members of the organizations in the United Nations system;
(d) The evolution of an integrated system of long-term planning on a programme basis;
(e) The institution of systematic procedures for evaluating the effectiveness of operational and research activities:

17. In its report on general co-ordination matters to the twenty-fourth session of the General Assembly, the ACABQ stated:

"If proliferation of overlapping programmes is to be avoided, if the limited resources of the United Nations and the specialized agencies are to be channelled to the best advantage of the Member States, there is need for improvement in the central machinery for co-ordination and for a clearer delineation of the mandates of the various organs involved. Under the provisions of the Charter, this is a task for the General Assembly."

18. The ACABQ referred to the final report of the Enlarged Committee for Programme and Co-ordination which had put forward a number of specific recommendations dealing with:

(a) The establishment of a reconstituted Committee for Programme and Co-ordination;
(b) The use of computers in the United Nations system;
(c) Machinery for scientific and technical advisory services in the United Nations system;
(d) Meetings of the United Nations top echelon in the economic and social fields;
(e) Programme co-ordination—prior consultations on work programmes by agencies;
(f) Co-ordination at the national level; and
(g) Framework of headings for classification of substantive programmes and activities.

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11 G A (XXII), Annexes, a.i. 80, A/C.5/L.902, para. 22.
12 See paragraphs 3 to 6 above.
13 G A (XXI), Annexes, a.i. 12 and 79, A/6522, para. 43.
14 See G A resolutions 2191 (XXI) and 2524 (XXIV).
15 G A (XXIV), Annexes, a.i. 80, A/7805, para. 13.
Ad Hoc

22. In its second report, the Ad Hoc Committee of Experts recommended by the Enlarged Committee to the Economic and Social Council to reconstitute the CPC in the manner recommended by the Enlarged Committee. The Assembly further requested the Economic and Social Council to keep under continuing review the machinery for co-ordination and programme review. It also endorsed the arrangements for co-operation between the reconstituted CPC and the Joint Inspection Unit outlined in the Enlarged Committee's report, welcomed the practice of joint meetings between the CPC and the ACC, and requested the Secretary-General, as Chairman of the ACC, to bring to the attention of all organizations in the United Nations system the recommendation of the Enlarged Committee for Programme and Co-ordination for strengthening the present arrangements for co-ordination by the adoption of more effective procedures for prior consultations on work programmes.

8. CO-ORDINATION OF BUDGET PROCEDURES IN RELATION TO TECHNICAL ASSISTANCE AND OTHER EXTRA-BUDGETARY PROGRAMMES INVOLVING VOLUNTARY CONTRIBUTIONS

21. In its second report, the Ad Hoc Committee of Experts to Examine the Finances of the United Nations and the Specialized Agencies recommended that the ACABQ keep the problem of the administrative costs of extra-budgetary programmes under review in order to ensure equitable sharing of the overhead cost of the United Nations Development Programme by the executing agencies and UNDP.

9. OTHER RECOMMENDATIONS

22. In its second report, the Ad Hoc Committee of Experts to Examine the Finances of the United Nations and the Specialized Agencies recommended the establishment of a "limited number of specialists highly qualified in financial and administrative matters". These officials would visit the different services of the United Nations organizations in order to examine the way in which they operated and to propose any reforms they deemed necessary. The Committee further recommended that the unit, to be known as the Joint Inspection Unit (JIU), be administratively attached to the Secretary-General, as chief administrative officer of the United Nations and as Chairman of the ACC. The cost of the operation of the inspection unit would be shared by the United Nations family as agreed upon by them.

23. As noted in paragraph 3 above, the General Assembly, in resolution 2150 (XXI), approved the report of the Ad Hoc Committee and the recommendations contained therein and took measures to encourage appropriate action by the specialized agencies to implement the recommendations.

24. In resolution 1280 (XLIII) the Economic and Social Council recommended to the Secretary-General and the executive heads of the specialized agencies that they take such action as might be needed to enable the JIU to begin work on 1 January 1968. In resolution 1457 (XLVII) the Council endorsed the modifications in the handling of JIU reports contained in the consensus reached by the joint meeting of the ACC and CPC and requested certain supplementary arrangements for handling the reports of the JIU (see paragraph 38 below).

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

25. In a report to the General Assembly at its twenty-first session the ACABQ stated that it had extended the assistance required of it by the Ad Hoc Committee. In its reports to the General Assembly at its twenty-second and twenty-third sessions the ACABQ submitted observations 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. In its report to the General Assembly's twenty-third session, the ACABQ stated that it intended to keep under review the state of the implementation of the Ad Hoc Committee's recommendations and to report thereon to the General Assembly in its annual reports on administrative and budgetary co-ordination of the United Nations with the specialized agencies and the IAEA. In resolution 2475 (XXIII) the General Assembly endorsed this course of action.

26. The report of the Ad Hoc Committee, as approved by the General Assembly (see paragraph 3 above), recommended several new assignments for the attention of the ACABQ, namely to explore further ways and means of bringing the layout of the budgets of the various organizations into line, to review systematically and in depth the administrative and management procedures concerning the programmes and budgets of the specialized agencies and to participate in a detailed study of a proposed biennial budget cycle for the United Nations.

27. In its report the ACABQ stated that it would endeavour to undertake those assignments and that, in order to carry out such additional responsibilities, it was considering appropriate modifications in its working arrangements as well as the close co-operation that would be required from the respective organizations.

28. With regard to the second of the recommended assignments, the ACABQ, during the period under review, completed studies in depth on three specialized agencies: UNESCO, FAO and ITU.

29. The ACABQ was also given a role in the activities of the newly established JIU. In its second report, the Ad Hoc Committee of Experts recommended a "delegation of particular activities to this or that member of the United Nations system". In resolution 2579 (XXIV) the Enlarged Committee of Experts requested the Economic and Social Council to keep under continuing review the machinery for co-ordination and programme review. It also endorsed the arrangements for co-operation between the reconstituted CPC and the Joint Inspection Unit outlined in the Enlarged Committee's report, welcomed the practice of joint meetings between the CPC and the ACC, and requested the Secretary-General, as Chairman of the ACC, to bring to the attention of all organizations in the United Nations system the recommendation of the Enlarged Committee for Programme and Co-ordination for strengthening the present arrangements for co-ordination by the adoption of more effective procedures for prior consultations on work programmes.
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Committee had recommended that reports of the JIU, together with the comments of the service being reported on, should, in the case of the United Nations, be transmitted by the Secretary-General to the ACABQ.

30. In its report on general co-ordination matters to the General Assembly at its twenty-third session, the ACABQ, with a view to avoiding overlapping and duplication, invited the JIU and the Board of Auditors to inform it, towards the end of each year, of the studies contemplated by them for the following year, so that it could perform the necessary co-ordinating functions.

31. In its report to the General Assembly at its twenty-fourth session the Advisory Committee indicated that it had taken action on each of the JIU reports which had been formally transmitted to it by the Secretary-General during the first eighteen months of the JIU’s existence.

32. With regard to the administrative costs of extrabudgetary programmes (see paragraph 21 above), the Ad Hoc Committee, in its second report, recommended that the ACABQ should keep the problem under review in order to ensure equitable sharing of the overhead cost of UNDP by the executing agencies and UNDP.

33. In resolution 2474 (XXIII) the General Assembly requested the ACABQ to keep the question of the relationship between the assessments of Member States in contributions both to the United Nations and the specialized agencies under review and to report periodically to the General Assembly on the implementation of the latter’s recommendation that specialized agencies should intensify efforts to bring their scales of assessment into harmony with the United Nations scale (see paragraph 14 above).

34. The Economic and Social Council continued to discharge its over-all responsibility of co-ordinating the activities of the specialized agencies and IAEA during the period under review.

35. By resolution 1090 F (XXXIX) the Council had requested the specialized agencies and the 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. By resolution 1458 (XLVII) the Council decided to dispense with the circulation to its members of the full annual reports of the specialized agencies and the IAEA, and requested submission of analytical summaries of the reports which would, as far as possible, contain comparable information.

36. In resolution 1374 (XLV) the Council proposed amendments to the rules of procedure of the General Assembly dealing with the question of consultation with the specialized agencies and IAEA so as to achieve co-ordinated use of the resources of the respective agencies. Similar amendments were proposed to the rules of procedure of the regional economic commissions and, in a decision taken at its forty-fifth session, the Council amended its own rules of procedure accordingly.

37. In resolution 2568 (XXIV) the General Assembly deferred sine die consideration of the proposed amendment to its rules of procedure.

38. In resolution 1457 (XLVII) the Council dealt with supplementary arrangements for handling the reports of the JIU whereby reports concerning system-wide problems of more than one agency and reports concerning activities of the United Nations under the general responsibility of the Council or concerning the activities of any United Nations programmes, would be submitted to the Council, with executive comments, through the CPC (see paragraph 24 above).

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

39. As noted in the Repertory, Supplement No. 2, the General Assembly in its resolution 2049 (XX), considered that it was competent to carry out an over-all examination of the budgets of the United Nations and the agencies and established the Ad Hoc Committee of Experts to Examine the Finances of the United Nations and the Specialized Agencies. During the period under review, the General Assembly received the report of the Ad Hoc Committee, approved the recommendations therein, and monitored their implementation.

40. In resolution 2537B (XXIV) the Assembly addressed itself to the need to avoid duplication of effort and waste of resources in the activities of control and investigative bodies and of organs concerned with administrative and co-ordination questions. It therefore requested the Secretary-General:

(a) To prepare a report 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;
(b) In his capacity as Chairman of the ACC, to invite the executive heads of the specialized agencies to supply the same information for inclusion in his report;
(c) To submit his report to the General Assembly at its twenty-fifth session through the ACABQ.

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25 G A (XXIII), Annexes, a.i. 79, A/7380, para. 7.
26 G A (XXIV), Annexes, a.i. 81, A/7728.
27 G A (XII), Annexes, a.i. 80, A/6343.
28 See paragraphs 16-20 above. For the co-ordinating role of the Council, see also this Supplement, under Articles 58 and 63.
29 E S C resolutions 1375 (XLV), 1376 (XLV) and 1377 (XLV).
30 See G A resolutions 2150 (XXII), 2360 (XXII), 2475 (XXIII) and 2537 (XXIV).