

Aspects of UN budget and financing

Financial governance is today fragmented. The regular budget represents far less than half of the total budget. The rest consists of various voluntary contributions and several hundred trust funds and special accounts. Yet, the present governance system focuses on the regular budget. It should be in the interest of all parties to establish a governance structure that deals with the total budget.

The proliferation of trust funds has strong implications on governance. There is a need to look at what financing structures would better suit the long-term interest of the United Nations. From a Member State perspective, there is an important balance to be struck between flexibility and accountability in the use of financial resources.

The budget process of the Secretariat raises many questions concerning the transparency of decisions, the mode of decision-making and the process of arriving at decisions. It also gives rise to questions about boundaries of the organisation. Is the organisation in control of its budget? Should it be in control of its budget? What is the relationship between the regular budget and various forms of voluntary contributions? How should budgets be handled, be accounted for and governed?

Although the budget process is a key feature of the organisation, we have not yet seen any empirically based assessment of the structure and process of the budget cycle of the UN Secretariat. It is a topic of utmost importance, and key to the performance of other tasks. Many times, the efficiency and effectiveness of operations is hampered by the design of the budget process. The Outcome Document puts a strong emphasis on the need for budget discipline and urges the Secretary-General to make the best and most efficient use of resources in accordance with rules and procedures. It also stresses the need to adopt best management practices, including effective use of information and communication technologies. These should be seen in relation to financial management as tools to build and sustain the accountability of the organisation

The subject of financial management has developed rapidly over the past decade, and there are new tools for analysis and models of budgeting. Evidence-based research would certainly yield new insights into the budget process of the Secretariat. This is also a practical management task, where it should be possible to develop suggestions and recommendations that can be implemented fast and yield effect in a short-time span.