



# General Assembly

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## Eightieth session

Item 144 of the provisional agenda\*

### Joint Inspection Unit

## Budgeting in organizations of the United Nations system

### Note by the Secretary-General

The Secretary-General has the honour to transmit to the members of the General Assembly his comments and those of the United Nations System Chief Executives Board for Coordination (CEB) on the report of the Joint Inspection Unit entitled “Budgeting in organizations of the United Nations system” ([JIU/REP/2024/3 \(Part I\)](#) and [JIU/REP/2024/3 \(Part II\)](#)).

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\* [A/80/150](#).



## I. Introduction

1. The report of the Joint Inspection Unit (JIU) entitled “Budgeting in organizations of the United Nations system” (JIU/REP/2024/3 (Part I) and JIU/REP/2024/3 (Part II))<sup>1</sup> builds on an earlier report on the topic (JIU/REP/1989/9/Vol. I and JIU/REP/1989/9/Vol. II)<sup>2</sup> and provides the legislative organs, governing bodies and executive heads of JIU participating organizations with up-to-date information on major budgeting procedures and practices within the organizations.

## II. General comments

2. Organizations welcome the report, noting that, since the Unit’s previous review<sup>3</sup> in 1989, Member States have placed greater emphasis on accountability for results and impact, mirroring trends in their national public sectors. Consequently, planning and budgeting practices across United Nations system organizations have evolved significantly to better demonstrate value for money and meet the governance needs of Member States.

3. Organizations acknowledge that the report provides an informative and valuable comparison of budget processes across the participating organizations, including through the 15 reference tables contained in JIU/REP/2024/3 (Part II). While benefiting from the findings contained in the report, organizations foresee some challenges in the implementation of the proposed recommendations in terms of timeline and process, as outlined in more detail in the comments on specific recommendations below.

4. Organizations observe that some elements of the review are not compatible with the widely accepted results-based budgeting approach, with its established components as applied over the past two decades and endorsed by relevant governing bodies, or with results-based management principles.

5. Organizations do not agree with the characterization of the Secretariat’s annual programme budget as less appropriate than the biennial budget and the concerns regarding the timeline of the consideration of the budget information by the expert budget or finance committees, noting the appreciation of the General Assembly, as expressed in paragraph 31 of its resolution 77/267, for the “cumulative improvements to the [annual] presentation format” and the “submission of the proposed programme plan and programme performance alongside the proposed post and non-post resource requirements in a single document”.

6. Organizations, while supportive of system-wide approaches and continued collaboration, note that a standardized system-wide budgeting approach may undermine or overlook the fundamental differences in mandates, programmes and operational modalities across organizations. Concerns about governance integrity, oversight responsibilities and the jurisdiction of governing bodies, in particular for specialized agencies of the United Nations, are also raised by a few organizations.

7. Organizations observe that, currently, there is a solid connection between an organization’s substantive planning and its budgeting practices; however, the inspectors only intermittently acknowledge such progress, as the report remains largely based on the premise that the budgeting practices current at the time the

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<sup>1</sup> Circulated to the General Assembly under symbol A/80/264.

<sup>2</sup> For the related comments of the Administrative Committee on Coordination, see A/45/130/Add.1.

<sup>3</sup> Ibid.

previous review was conducted in 1989 would best serve today's governance needs of Member States. It was observed that this perspective is also reflected in the formulation of the proposed recommendations, instead of exploring ways to further develop good practices in results-based budgeting.

8. Organizations partially support the proposed recommendations while drawing attention to annex III of the JIU review, which provides an overview of actions to be taken by participating organizations on the proposed recommendations and lists those exempt from acting on them.

### III. Comments on specific recommendations

#### Recommendation 1

**The executive heads of the JIU participating organizations, in their capacity as members of CEB, should, by the end of 2027, update the Glossary of financial and budgetary terms and make it publicly available, inter alia, for use as a reference document in budgeting.**

9. Most organizations support this recommendation and underscore that its possible implementation should take into consideration the specificities of the various organizations.

10. Some find the proposed timeline of the end of 2027 not realistic, given many competing priorities and the fact that implementation of the recommendation requires a collective agreement among members of the Finance and Budget Network.

11. Furthermore, organizations note that, given the different financial rules and regulations that govern organizations, differences that cannot be aligned through the glossary would need to be explained for specific entities, should the work on implementing the recommendation proceed.

12. One organization questions the value that such an update would bring in a results-based budgeting context.

#### Recommendation 2

**The legislative organs and governing bodies of the JIU participating organizations should request the executive heads of the respective organizations, in their capacity as members of CEB, to update, by the end of 2027, the Standard classification of objects of expenditure and make it publicly available, inter alia, for use as a reference document in budgeting.**

13. Organizations note that this recommendation is addressed to the legislative and governing bodies of United Nations system organizations.

14. While partially supportive of the recommendation to update the standard classification of objects of expenditure for reference purposes, some note that the reference classification should not inhibit organizations from tailoring their expenditure chart of accounts to support and facilitate results-based budgeting. In addition, several organizations consider this recommendation already implemented, with reference to a joint cost-recovery policy harmonized across several organizations, which was jointly approved by the executive boards of those entities.

15. Others note that the cost categories are derived from the chart of accounts and reflect the specific mandate of each organization, and that attempts to harmonize may be in contradiction to chart of accounts best practices. In addition, the challenge of aligning the classification of objects of expenditure across different United Nations

organizations which have different mandates and operational modalities was emphasized. In this regard, any proposed update to the standard classification of objects of expenditure should be used primarily for inter-agency reporting purposes rather than budgeting, in consideration of the specificities of organizations' mandates and operational modalities.

16. In terms of the implementation timeline, organizations underscore that they cannot commit to the proposed timeline, as collective agreement among members of the Finance and Budget Network will be required and the process may take longer.

### **Recommendation 3**

**The legislative organs and governing bodies of the JIU participating organizations should request the executive heads of the respective organizations to refrain from reducing the level of detail currently provided in the context of their budget consideration, starting with the next budget cycle, so as to ensure a meaningful decision-making process.**

17. Organizations note that this recommendation is addressed to the legislative and governing bodies of United Nations system organizations.

18. Organizations generally do not object to the recommendation; however, they note that the required level of information should be driven by needs rather than a pre-established baseline, and that a reduction in the level of detail will not necessarily diminish transparency or accountability. It was also noted that this recommendation may contradict the recommendations of some governing bodies that have called for rationalizing and simplifying documents submitted to the governing body. Some organizations note that, in exceptional circumstances (e.g. liquidity challenges), temporary measures that reduce documentation costs by temporarily reducing the level of detail may be required.

19. Several organizations consider the proposed recommendation implemented and confirm that the level of detail already provided is deemed adequate.

### **Recommendation 4**

**The legislative organs and governing bodies of the JIU participating organizations that, in recent years, have removed from their budget documents pertinent information regarding the funding of specific outcomes or outputs, the distribution of budgets by categories and objects of expenditure, data on vacancy rates and staffing tables, should consider reinstating this information in their next budget cycle, so as to ensure a meaningful decision-making process.**

20. Organizations note that this recommendation is addressed to the legislative and governing bodies of United Nations system organizations.

21. The lack of mention of results-based budgeting components in the recommendation was noted.

22. Organizations that do not consider this recommendation already implemented note that their current budget documents support decision-making and reflect the requirements of results-based budgeting, in line with best practices, and with full transparency and accountability.

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