

## 8 FINANCIAL

This chapter will deal with the macro economics, largely the political and strategic dimensions of peacekeeping financing. The micro financial aspects which are largely at the operational and tactical levels will be dealt within Chapter 11 on Mission Deployment. To help envisage the macro financial process, see Figure 1 entitled the Financial Decision Making Process Of Peace-keeping Mission Start-up Phase at the end of this chapter.

There are several key bodies in the UN budgetary process. The Security Council of course precipitates and legitimizes any mission, and its time line is the most indeterminate. Delays here are political and have been discussed above. The General Assembly provides financial approval and its 5th Committee's Advisory Committee on Administrative and Budgetary Questions (ACABQ) is the second most critical body in the process. ACABQ consists of 16 government nominees that have been elected in their own right and are paid a per diem of \$300 a day plus expenses. ACABQ clearly has some personality quirks but largely works quickly in exercising its financial oversight mandate. There are discussions about ACABQ reform, but its present configuration and procedures do not present any substantial barrier to rapid reaction.

There is then ACABQ's parent 5th Committee itself and then the General Assembly itself. Neither appears to play any delaying role in the peace-keeping budget process and as such are probably not an issue in rapid reaction.

On the administrative side, there has been some interplay between DAM and FALD, the latter having been moved from DAM to DPKO in 1993. Their relationship is being resolved, and DAM will play the senior role in budget preparation. DAM's growing capacity and sensitivity to peace-keeping needs combined with the move to annual mission budgets<sup>20</sup> will serve to speed up and improve the quality of DAM's budget preparation. In the short term DAM will not prove to be a major barrier to rapid reaction.

**A basic issue is the division between spending authority and spending capability.** In UN peace-keeping or any UN activity, the UN cannot sign any agreements that incur financial costs if the money is not held by the UN. In other words, if the UN does not have the cash then peace-keeping, rapid or otherwise, just cannot occur.

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<sup>20</sup> The UN is moving towards mission budgeting on an annual basis as opposed to being linked to mandate periods. Next year this will reduce DAM's budget submissions from 82 to 27. Requests for a single unified peace-keeping budget has not been accepted. Annual budgeting will dramatically lighten the load of DAM and the whole budgetary process, but will not impact directly on rapid reaction.