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Commission on Crime Prevention and Criminal Justice
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Vienna, 29 and 30 November 2007
Item 7 of the provisional agenda**
Strengthening the crime programme of the United Nations Office on Drugs and Crime and the role of the Commission on Crime Prevention and Criminal Justice as its governing body, including administrative, strategic management and budgetary questions

Consolidated budget for the biennium 2008-2009 for the United Nations Office on Drugs and Crime

Report of the Advisory Committee on Administrative and Budgetary Questions

I. Introduction

1. The Advisory Committee on Administrative and Budgetary Questions has considered an advance version of the report of the Executive Director on the consolidated budget for the biennium 2008-2009 for the United Nations Office on Drugs and Crime (E/CN.7/2007/17-E/CN.15/2007/18). During its consideration of the report, the Advisory Committee met with the Executive Director and, via videoconference, with other officials of the United Nations Office on Drugs and Crime (UNODC) who provided additional information.

2. The Advisory Committee notes from the report that the consolidated budget for the biennium 2008-2009 for UNODC is being submitted to the Commission on Narcotic Drugs, and, for the first time, to the Commission on Crime Prevention and Criminal Justice, in accordance with section XI, paragraph 1, of General Assembly resolution 61/252 of 22 December 2006. In section XI, paragraph 2, of that resolution, the Assembly requested the Advisory Committee to submit its comments

* E/CN.7/2007/1/Add.1.

** E/CN.15/2007/1/Add.1.



and recommendations on the biennial consolidated budget for UNODC to the Commission on Crime Prevention and Criminal Justice.

II. Consolidated income projections

3. As indicated in paragraph 7 of the report, while the greatest possible conceptual and operational integration of the drug and crime programmes is sought, voluntary contributions are budgeted and accounted for separately under the Fund of the United Nations International Drug Control Programme (UNDCP) and the United Nations Crime Prevention and Criminal Justice Fund. Financial information related to the two funds is contained in section VII and in tables 15 and 16 of the report.

4. The total resources projected for UNODC for the biennium 2008-2009 are \$370,854,600, as shown in table 1 of the report. Of that total, the combined projections for the UNDCP Fund and the United Nations Crime Prevention and Criminal Justice Fund are \$294,804,700. The corresponding amount in the proposed programme budget for the biennium 2008-2009 (A/62/6), under sections 1, 16, 22 and 28F, is \$76,049,900 (E/CN.7/2007/17-E/CN.15/2007/18, para. 16 and table 1). The Advisory Committee was provided with information on the distribution of UNODC resources between headquarters and the field. For the biennium 2008-2009, 60 per cent of the projected resources will be expended at field offices and 40 per cent at UNODC headquarters, compared with a distribution of 55 per cent and 45 per cent, respectively, for the biennium 2006-2007 (the proposed organizational structure of UNODC is contained in the annex to this report). The Committee welcomes that trend.

5. Details of the proposed programme of work funded from special-purpose contributions are provided in annex I to the report, and in the table contained in that annex, which provides a breakdown of the programme of work by region and by theme. The Advisory Committee notes from paragraph 15 of the report that total special-purpose expenditure is projected to reach \$241.3 million in 2008-2009, representing an increase of \$31.5 million or 15 per cent compared with 2006-2007.

6. As explained in annex II, paragraph 7, of the report, a cost-sharing formula has been established to ensure that the UNDCP Fund and the United Nations Crime Prevention and Criminal Justice Fund bear an appropriate and proportionate share of the common costs for executive direction and management and programme and programme support for the integrated drug and crime programmes of UNODC. The cost-sharing formula is based on the percentage of total UNODC special-purpose expenditure attributable to the UNDCP Fund and the United Nations Crime Prevention and Criminal Justice Fund in 2006-2007: 75 per cent and 25 per cent, respectively. That ratio of 75:25, which will be reviewed during the biennium, will be applied to the two funds in financing general-purpose requirements of UNODC for 2008-2009. Under that formula, the contribution from the UNDCP Fund for the biennium 2008-2009 is projected to decrease by \$4.6 million or 10 per cent, while the contribution from the United Nations Crime Prevention and Criminal Justice Fund is projected to increase by \$3.9 million or 40 per cent. The report indicates that, as a result of that change, the United Nations Crime Prevention and Criminal Justice Fund balance is expected to decline from \$4.0 million at the end of 2007 to

\$1.2 million by the end of 2009 and that this decline of the Fund is not sustainable (E/CN.7/2007/17-E/CN.15/2007/18, paras. 13, 14 and 63).

7. The Committee notes that the United Nations Crime Prevention and Criminal Justice Fund is currently dependent on a single donor for almost 50 per cent of its general-purpose income and that additional funding is required from donors to maintain the Fund at an appropriate level (E/CN.7/2007/17-E/CN.15/2007/18, paras. 63 and 64). The Committee recommends that the Executive Director pursue his fund-raising efforts in order to broaden further the donor base and sustain the level of resources of the United Nations Crime Prevention and Criminal Justice Fund.

III. Budget format and presentation

8. Information with respect to the budget format and the methodology used in the preparation of the biennial budget for 2008-2009 is contained in annex II of the report of the Executive Director on the consolidated budget. The Advisory Committee recalls its recommendation on result-based budgeting and harmonization of budget terminology, which is contained in its report on the consolidated budget for the biennium 2006-2007 (E/CN.7/2005/13, para. 4). In that regard, the Committee notes the adoption of result-based budgeting by UNODC in its consolidated budget for the biennium 2008-2009 and the harmonization of the consolidated budget with sections 16 and 28F of the proposed programme of the United Nations budget for the same period, as indicated in the report of the Executive Director (E/CN.7/2007/17-E/CN.15/2007/18, annex II, para. 4). The Committee also notes from the report (E/CN.7/2007/17-E/CN.15/2007/18, annex II, para. 1) that UNODC has incorporated its strategy for the period 2008-2011 into the proposed strategic framework of the United Nations for the period 2008-2009,¹ including harmonization of the expected accomplishments and indicators of achievement with the three subprogrammes of programme 13 of the biennial programme plan of the strategic framework.

9. The Committee welcomes the efforts made so far by UNODC to apply result-based budgeting, to follow the United Nations strategic framework and to harmonize its consolidated budget with the regular budget of the United Nations. It expects that further steps will be taken to improve formulation of indicators of achievement.

IV. Other resource-related matters

10. With respect to the United Nations policy governing the utilization of programme support cost revenue, the Advisory Committee notes from the report that UNODC will follow the relevant administrative instruction (ST/AI/286) by opening distinct special accounts for the UNDCP Fund and the United Nations Crime Prevention and Criminal Justice Fund on 1 January 2008 (E/CN.7/2007/17-E/CN.15/2007/18, paras. 8 and 9). As UNODC recovers programme support costs

¹ *Official Records of the General Assembly, Sixty-first Session, Supplement No. 6 (A/61/6/Rev.1)*, programme 13, "International drug control, crime and terrorism prevention and criminal justice".

through the application of a charge against activities funded from special-purpose contributions, it will record and report programme support cost income earned from special-purpose contributions as a separate category of funds. Those resources had been classified as general-purpose funds in the past. According to UNODC, the measure will advance transparency and accountability.

11. In response to the recommendations by the Advisory Committee on the use of temporary assistance for specific positions and approved budgetary practice (A/54/7/Add.5, para. 38), UNODC proposes to convert 15 General Service (Other level) general temporary assistance positions of a continuing nature to posts for the biennium 2008-2009. The related increase of \$2,460,000 under posts would be largely offset by a decrease of \$2,324,500 in temporary assistance requirements (E/CN.7/2007/17-E/CN.15/2007/18, para. 55 (a)).

12. Due to its reduced share of programme support costs (see paragraph 6 above), the UNDCP Fund balance is expected to increase from \$5.4 million at the end of 2007 to \$13.8 million by the end of 2009. In the light of that projected increase, UNODC plans to allocate \$3.8 million to cover the remaining unfunded balance of the end-of-service and post-retirement liabilities of the UNDCP Fund during the biennium 2008-2009. As a result, UNODC would be one of the first United Nations entities to cover all its liabilities in that regard. The end-of-service and post-retirement liabilities of the United Nations Crime Prevention and Criminal Justice Fund are already fully funded (E/CN.7/2007/17-E/CN.15/2007/18, paras. 58 and 65). The Advisory Committee welcomes those measures taken by UNODC.

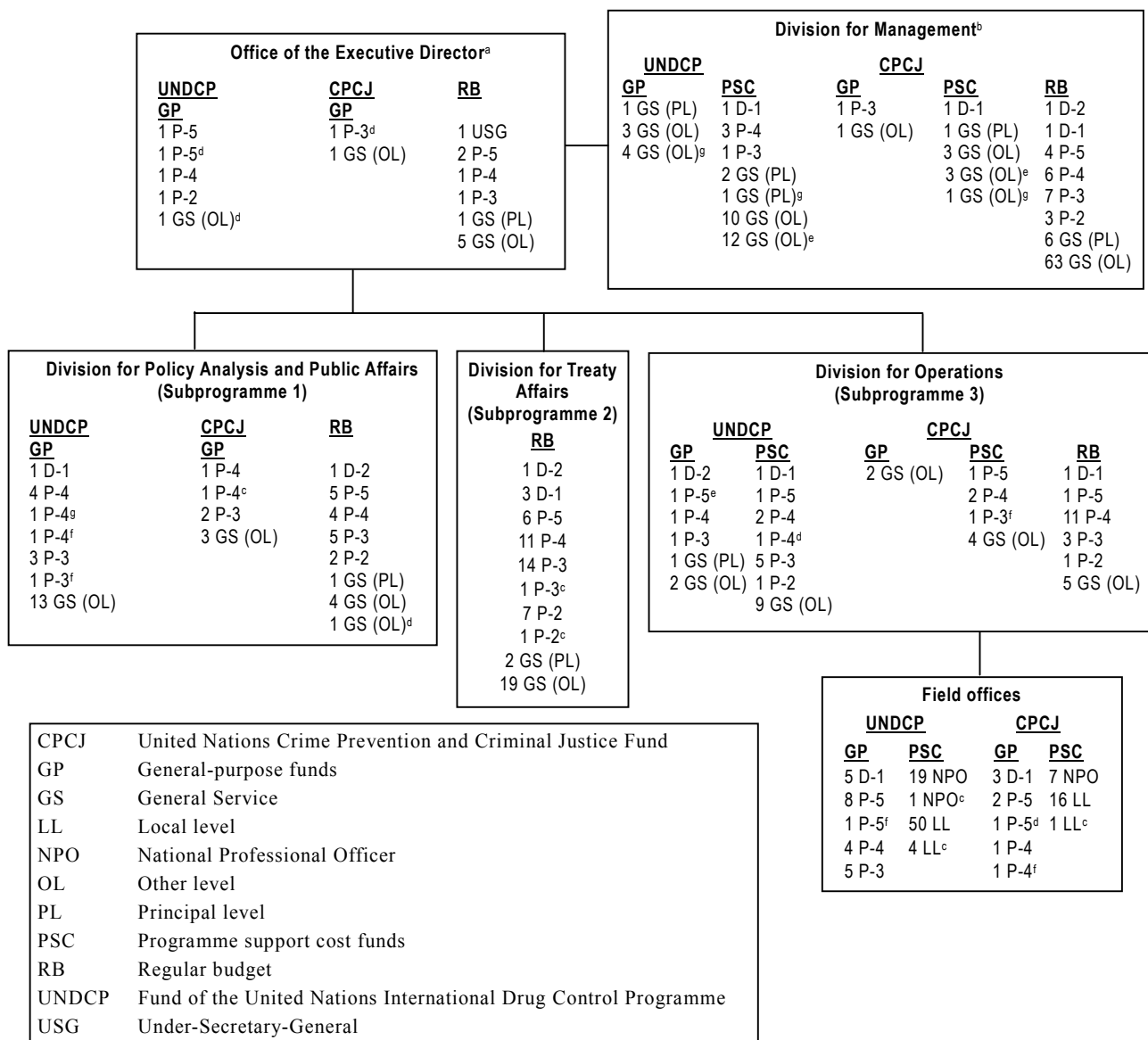
13. In its report (E/CN.7/2005/9, para. 9), the Advisory Committee commented on the working arrangement between UNODC and the United Nations Development Programme (UNDP), by which a 3 per cent management fee was levied by UNDP. Upon enquiry, the Committee was informed that under the arrangement, when UNODC issues budget allocations to UNDP, UNDP records expenditures against UNODC projects in its accounting system (Atlas), which enables UNODC to capture those expenditures. The agreement, consisting of a working arrangement and a memorandum of understanding operational since 1 January 2004, stipulates that this type of project management, which is an additional service, requires a project management charge that has been set at a rate of 3 per cent of expenditures under the project. UNODC currently pays UNDP approximately \$1 million per year for project management charges, in addition to the transaction-specific fees set forth in the UNDP universal price list (UPL). The Committee was informed that those costs are proportionately more than the fees paid by other United Nations programmes for essentially the same services. The Committee was further informed that UNODC plans to rationalize its project-executing modality by using the United Nations system-wide memorandum of understanding, under which only UPL charges are applied. However, shifting to the memorandum of understanding model and achieving efficiencies would require a reconfiguration of financial, operational and information technology systems and would need phased implementation. UNODC has also indicated to the Committee that most of the 3 per cent management charge would be saved during the biennium 2008-2009, after its change to the memorandum of understanding arrangement. The Committee intends to follow up on that issue.

V. Coordination of UNODC programmes

14. In its earlier reports, the Advisory Committee requested UNODC to provide information and specific examples of effective coordination between the drug and crime programmes (E/CN.7/2005/9, para. 7, and E/CN.7/2007/13- E/CN.15/2007/13, para. 12). Upon enquiry, the Committee was informed that conceptual and operational integration, where possible, between the two programmes within the established UNODC mandates permeates the strategy for the period 2008-2011 for UNODC. That integration is reflected at the organizational, programmatic and project levels, and it is at the project level that most of the integration takes place. A key area of coordination between the two programmes is technical needs assessments, which draw upon all technical elements of UNODC. Other examples include cross-cutting areas such as witness protection, for which UNODC has focused on the development of guidelines of good practices in the establishment and running of witness protection programmes. Since its inception in 2004, the Container Control Programme of UNODC and the World Customs Organization has resulted in the seizure of shipments of endangered species and multi-ton consignments of illicit drugs and has thwarted attempts at serious commercial fraud.

Annex

United Nations Office on Drugs and Crime: proposed organizational structure and post distribution for the biennium 2008-2009



Note: The following posts are proposed for abolition in 2008-2009: 1 P-3 and 1 GS (OL) in the Division for Treaty Affairs; 1 P-3, 1 P-2 and 1 GS (OL) in the Division for Policy Analysis and Public Affairs; 1 P-5 and 2 P-4 posts in the Division for Operations headquarters; 2 P-4, 2 P-3; 2 NPO and 4 LL posts in field offices; 3 GS (OL) in the Division for Management.

^a Including regular budget posts contained in sections 1 and 16 of the proposed programme budget for the biennium 2008-2009.

- ^b Including the Financial Resources Management Service, the Human Resources Management Service, the Information Technology Service and the General Support Section of the Division for Management, the United Nations Office at Vienna and the United Nations Office on Drugs and Crime. All regular budget posts are represented in section 28F, Administration, Vienna.
 - ^c Proposed new posts.
 - ^d Redeployment.
 - ^e General temporary assistance positions converted to posts.
 - ^f Reclassifications.
 - ^g Posts funded from special-purpose funds in the biennium 2006-2007.
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