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Strategic management, budgetary and administrative questions: directives on policy and budgetary issues for the United Nations crime prevention and criminal justice programme

Consolidated budget for the biennium 2022–2023 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 the report of the Executive Director on the consolidated budget for the biennium 2022–2023 for the United Nations Office on Drugs and Crime (UNODC) (E/CN.7/2021/11-E/CN.15/2021/18). During its consideration of the report, the Committee met with representatives of UNODC, who provided additional information and clarifications, concluding with written responses received on 25 October 2021.

2. The consolidated budget for the biennium 2022–2023 for UNODC reflects resource projections from both voluntary contributions and the regular budget of the United Nations and is submitted, for approval, to the Commission on Narcotic Drugs and the Commission on Crime Prevention and Criminal Justice, pursuant to General Assembly resolutions 46/185 C and 61/252, section XI. As indicated in paragraph 2 of the report of the Executive Director, voluntary contributions to UNODC are budgeted and accounted for separately under the Fund of the United Nations International Drug Control Programme and the United Nations Crime Prevention and Criminal Justice Fund. The financial position of the Fund of the United Nations International Drug Control Programme and the United Nations Crime Prevention and Criminal Justice Fund is set out in annex III to the report of the Executive Director. Unearmarked voluntary contributions are represented by the general-purpose funds, provided to finance limited core programmatic functions not funded by the regular budget, including normative work and research, institutional initiatives and programmatic shortfalls. The earmarked voluntary contributions are represented by special-purpose funds, provided to finance the Office's technical cooperation and

other substantive activities at headquarters (Vienna) and in the field. Programme support costs are the charges collected on voluntary contributions to recover the additional costs incurred in support of programme delivery financed from voluntary contributions. These costs are capped at 13 per cent, in accordance with General Assembly resolution 35/217 (E/CN.7/2021/11-E/CN.15/2021/18, paras. 2–5).

3. In its resolution 72/266 A, the General Assembly approved the change from a biennial to an annual budget period on a trial basis, beginning with the programme budget for 2020. For the biennium 2022–2023, the regular budget resources shown in the consolidated budget for UNODC are submitted to the General Assembly in sections 16 and 23 of the proposed programme budget for 2022 (A/76/6 (Sect. 16) and A/76/6 (Sect. 23)). The requirements for 2023 are extrapolated at a similar level as the proposal for 2022, for presentation purposes (E/CN.7/2021/11-E/CN.15/2021/18, para. 6).

II. Financial projections

Income projections

4. The anticipated income by source of funding for the biennium 2022–2023 is: (a) $9.0 million (1.3 per cent) under general-purpose fund income; (b) $575.0 million (84.1 per cent) under special-purpose fund income; (c) $52.5 million (7.7 per cent) under programme support cost fund income; and (d) $47.4 million (6.9 per cent) under the regular budget (ibid., paras. 45 and 52 and fig. I).

5. Upon enquiry, the Advisory Committee was provided with the amounts and share of the four sources of funding in the total income from 2016 to 2020, as reflected in table 1 below. As indicated in the table, the income projections for each source of funding (except general-purpose funds) increased constantly between 2016 and 2019. In 2020, the income projections declined by approximately 18 per cent.

Table 1
Amounts and share by source of funding, 2016–2020
(Millions of United States dollars)

	2016		*2017*		*2018*		*2019*		*2020*	
Source	*Amount*	*Share (%)*	*Amount*	*Share (%)*	*Amount*	*Share (%)*	*Amount*	*Share (%)*	*Amount*	*Share (%)*
General-purpose	3.7	1.1	4.0	1.1	4.9	1.2	4.6	1.1	4.8	1.3
Special-purpose	277.7	86.7	320.6	85.8	348.7	86.2	365.7	85.6	311.9	86.0
Programme support cost	19.4	6.1	26.7	7.1	28.8	7.1	33.9	7.9	23.6	6.5
Regular budget	19.5	6.1	22.4	6.0	22.3	5.5	22.9	5.4	22.5	6.2
Total	**320.4**	**100.0**	**373.7**	**100.0**	**404.7**	**100.0**	**427.0**	**100.0**	**362.9**	**100.0**

Expenditure projections

6. The actual expenditure for 2018–2019, the approved initial and revised budget for 2020–2021, the final budget projections for 2020–2021 and the initial budget for 2022–2023 by source of fund are provided in table 1 of the report of the Executive Director. As indicated in that table, the total initial expenditure projection for the biennium 2022–2023 is $693,009,500, an increase of $17,112,100 (or 2.5 per cent) compared with the revised projections for 2020–2021. Projected expenditure in the consolidated budget for 2022–2023 by source of funds are: (a) general-purpose funds: $8,726,900, an increase of $315,400, or 3.7 per cent, compared with the revised budget for 2020–2021; (b) special-purpose funds: $585,228,800, an increase of $16,660,800, or 2.9 per cent, compared with the revised budget for 2020–2021; (c) programme support cost funds: $51,632,400, a decrease of $401,900, or 0.8 per cent, compared with the revised budget for 2020–2021; and (d) regular budget:

$47,421,400, an increase of $537,700, or 1.1 per cent, compared with the combined programme budget for 2020 and 2021 (ibid., table 1).

7. Upon enquiry, the Advisory Committee was provided with a table adding to the above-mentioned projections the actual expenditure for 2020–2021 as at 30 September 2021, as well as the expenditure projections for the period from October to December 2021, as shown in table 2 below.

Table 2
Resource projections, 2018–2023
(Thousands of United States dollars)

Fund category	*2018–2019 (actual)*	*2020–2021 (initial)*	*2020–2021 (revised)*	*2020–2021 (final)*	*2020–2021 (expenditure as at 31 September)*	*2021 (projections October–December)*	*2022–2023 (initial)*
General-purpose	8 072.9	8 423.2	8 411.5	8 052.0	6 770.6	1 281.4	8 726.9
Special-purpose	602 542.7	697 886.9	568 568.0	556 566.0	476 484.6	80 081.3	585 228.8
Programme support cost	46 538.3	56 990.0	52 034.3	49 171.2	42 031.8	7 139.4	51 632.4
Regular budget[a]	45 253.9	46 883.7	46 883.7	46 883.7	38 422.0	8 461.7	47 421.4
Total	**702 407.8**	**810 183.8**	**675 897.4**	**660 672.9**	**563 709.0**	**96 963.9**	**693 009.5**

[a] Includes regular budget resources set out in sections 16 and 23 of the proposed programme budget for 2022. The budget for 2023 is extrapolated at a similar level as the proposal for 2022.

8. Upon enquiry, the Advisory Committee was provided with information on the resource projections by object of expenditure for the biennium 2022–2023 and the actual expenditure for the biennium 2020–2021, as reflected in table 3 below.

Table 3
Resource projections by object of expenditure, 2020–2021 and 2022–2023
(Thousands of United States dollars)

Object of expenditure	*2020–2021 (initial)*	*2020–2021 (revised)*	*2020–2021 (actual expenditure)[a]*	*Growth*		*2022–2023*
				Amount	*Percentage*	
General-purpose						
Posts	5 679.8	5 266.8	5 762.9	616.5	11.7	5 883.3
Other staff costs	17.0	443.5	542.3	(443.5)	(100.0)	–
Hospitality	5.2	5.2	0.0	(5.2)	(100.0)	–
Consultants and experts	95.0	71.3	83.5	16.3	22.9	87.6
Travel of staff	113.6	100.5	27.2	86.9	86.5	187.4
Contractual services	53.9	54.0	39.6	65.2	120.7	119.2
General operating expenses	2 359.9	2 349.2	1 315.3	(9.6)	(0.4)	2 339.6
Supplies and materials	26.2	26.0	6.7	(1.2)	(4.6)	24.8
Furniture and equipment	28.0	56.0	31.1	(28.0)	(50.0)	28.0
Contributions to joint services	44.6	39.0	23.4	18.0	46.2	57.0
Subtotal	**8 423.2**	**8 411.5**	**7 832.0**	**315.4**	**3.7**	**8 726.9**
Special-purpose						
Posts	228 825.3	233 324.8	245 072.8	33 889.0	14.5	267 213.8
Consultants and experts	47 360.1	45 071.2	43 840.9	(4 964.4)	(11.0)	40 106.9
Travel of staff	71 307.7	53 404.9	30 693.4	3 748.0	7.0	57 152.9
Contractual services	107 167.1	71 730.5	59 285.9	3 370.5	4.7	75 101.0
General operating expenses	66 167.1	48 598.7	62 136.1	18 350.1	37.8	66 948.9
Supplies and materials	8 897.7	6 533.0	6 596.4	4 759.5	72.9	11 292.5

Object of expenditure	*2020–2021 (initial)*	*2020–2021 (revised)*	*2020–2021 (actual expenditure)*[a]	*Growth*		*2022–2023*
				Amount	*Percentage*	
Furniture and equipment	31 238.3	31 253.3	35 071.8	1 797.7	5.8	33 051.0
Grants and contributions	136 923.5	78 651.6	73 868.7	(44 289.5)	(56.3)	34 362.0
Subtotal	**697 886.9**	**568 568.0**	**556 566.0**	**16 660.9**	**2.9**	**585 228.8**
Programme support cost						
Posts	44 687.6	39 492.9	38 462.1	2 951.1	7.5	42,444.0
Other staff costs	2 948.2	2 758.2	2 770.6	(313.9)	(11.4)	2 444.3
Hospitality	4.0	3.7	0.7	0.3	8.1	4.0
Consultants and experts	181.0	213.8	230.9	(54.8)	(25.6)	159.0
Travel of staff	1 247.4	988.5	395.6	70.3	7.1	1 058.8
Contractual services	4 145.9	3 877.8	3 343.3	(2 125.8)	(54.8)	1 752.0
General operating expenses	3 203.0	4 169.7	3 628.6	(972.2)	(23.3)	3 197.5
Supplies and materials	67.8	62.5	24.9	(6.3)	(10.1)	56.2
Furniture and equipment	163.3	163.4	204.1	(100.4)	(61.4)	63.0
Other costs	–		(42.1)	–	–	
Contributions to joint services	341.8	303.8	152.5	149.8	49.3	453.6
Subtotal	**56 990.0**	**52 034.3**	**49 171.2**	**(401.9)**	**(0.8)**	**51 632.4**
Regular budget	**46 883.7**					
Total	**810 183.8**	**629 013.7**	**613 569.2**	**32 019.0**	**5.2**	**645 588.1**

[a] Actual expenditure for 2020–2021 includes projections for the period from October 2021 to December 2021.

9. The Advisory Committee notes from tables 2 and 3 above that the expenditure in 2020–2021, including the projections for the last three months of the biennium, but excluding the regular budget, was lower than the revised budget by approximately $15 million. More specifically, for example, the total expenditure under travel of staff for the three sources of funds was $31.1 million, or 57 per cent of the revised budget (27 per cent under general-purpose funds, 57 per cent under special-purpose funds and 40 per cent under programme support cost funds). In the 2022–2023 budget, an increase is proposed under this line of expenditure of $3.9 million (including an 86.5 per cent increase under general-purpose funds and a 7.0 per cent and 7.1 per cent increase under special-purpose funds and programme support costs, respectively). Similarly, in the 2022–2023 budget, an increase is proposed for contractual services under general-purpose funds of 120.7 per cent, while the expenditure in 2020–2021 was about 73 per cent of the revised budget for that biennium.

10. Upon enquiry, the Advisory Committee was informed that the proposed increases in travel of staff under general-purpose funds and programme support costs (by $157,200, or 14.4 per cent) were mainly due to activities supporting the development of the new United Nations Office at Vienna/UNODC Strategy for Gender Equality and the Empowerment of Women (2022–2025) and provided for the following: (a) travel of the UNODC Gender Strategy focal points to attend the annual Gender Strategy focal points meetings (in person) in Vienna; (b) travel of the Gender Team to UNODC field offices to provide in-person training; and (c) travel of the Gender Team to attend United Nations inter-agency meetings and gender-related conferences. As for the increase in travel of staff under executive direction and management, the Committee was informed that the proposed $100,000 would provide for the travel of the Gender Team to undertake the functions mentioned above. In addition, a budget of $318,000 for travel would provide for travel of the Executive Director and her staff ($273,000) and travel of staff of the Independent Evaluation Section ($45,000). The budget included travel and daily subsistence allowance costs for missions of the Executive Director (and her staff, as appropriate) to some key

regions covered by UNODC programmatic activities (e.g. in Africa, Latin America and Asia) to conduct high-level consultations with government representatives on the strategic direction of cooperation, launch new programmes jointly with key stakeholders of the partner Government (e.g. for Latin America and the Caribbean and for South-East Asia and the Pacific) and visit the capitals of important donor countries to engage in strategic dialogues on future joint programmes. As the Executive Director had taken up office just before the coronavirus disease (COVID-19) pandemic set in, which limited the possibility for her to engage with key partners in person, those missions were required in the upcoming biennium. The planned travel budget of the Independent Evaluation Section would ensure the ability of the Section to lead strategic evaluations and engage in coordination and cooperation activities, such as participation in the United Nations Evaluation Group and other high-level forums. The annual general meeting of the United Nations Evaluation Group would provide the opportunity for all evaluation functions to address critical United Nations-wide evaluation topics, specifically those related to United Nations reforms, including system-wide evaluation.

11. **Taking into account the low expenditure in the biennium 2020–2021 and the lack of clear justifications for the proposed increases under a number of lines, the Advisory Committee is not convinced that the proposed budget is realistic and trusts that updated information and more detailed justifications will be provided to the Commissions during their consideration of the present report**.

General-purpose funds

12. In her report, the Executive Director indicates that expenditure of $8.7 million under the general-purpose funds is projected to finance: (a) continued provision of resources for the Research and Trend Analysis Branch ($3.7 million) and the Justice Section ($0.3 million); (b) continued funding of limited core functions and some normative work ($1.0 million) and the New York liaison office ($1.4 million); (c) continued provision of the amount of $2.1 million to UNODC field offices facing programmatic challenges in order to aid them in sustaining their work in the short term; and (d) additional requirements to support the development of the new UNOV/UNODC Strategy for Gender Equality and the Empowerment of Women (2022–2025) ($0.2 million) (ibid., para. 62).

Special-purpose funds

13. Projected expenditure under the special-purpose funds for 2022–2023 comprises: (a) $181.0 million under the drug programme fund, reflecting a decrease of $55.5 million (or 30.6 per cent) compared with the revised budget for 2020–2021; and (b) $404.1 million under the crime programme fund, reflecting an increase of $72.1 million (or 17.8 per cent) compared with the revised budget for 2020–2021. The overall decrease under the drug programme fund is mainly owing to the reduction of programme activities on alternative development within the framework of the implementation of the peace agreement in Colombia, which is slightly offset by the launch of a new large-scale project to support development, implementation and monitoring of strategies for the reduction of illicit crops, alternative development and comprehensive strengthening of the territories prioritized by the Government of Colombia. The overall increase under the crime programme fund reflects, among other things, the higher implementation expected under the project on the criminal procedure reform in Panama, the Global Maritime Crime Programme, the project on criminal justice systems in the Sahel, the project on strengthening the capacities of West African States to develop a human rights-based response to the smuggling of migrants and to effectively respond to human rights violations related to irregular migration, the Global Programme against Money-Laundering, Proceeds of Crime and the Financing of Terrorism and terrorism prevention in South-East Asia. The projections also reflect the completion of the Global Programme for the Implementation of the Doha Declaration on Integrating Crime Prevention and Criminal Justice into the Wider United Nations Agenda to Address Social and

Economic Challenges and to Promote the Rule of Law at the National and International Levels, and Public Participation (ibid., para. 64 and annex II).

Programme support cost funds

14. Projected expenditure under programme support cost funds for 2022–2023 is estimated at $51.6 million, reflecting a decrease of $0.4 million (or 0.8 per cent) compared with the 2020–2021 revised budget, which would allow for the mitigation of the potential risk of not achieving the programme implementation target. In 2022–2023, the Office will lift the temporary cost-saving measures put in place in 2020 following the outbreak of the COVID-19 pandemic, including the temporary suspension of recruitment (ibid., paras. 49 and 66).

15. In addition, the programme support cost budget reflects the following main measures, following the comprehensive review conducted by the Office on the reprioritization of resources, the identification of efficiencies, the streamlining of business processes and the gradual integration of the elements of the new UNODC funding model: (a) the abolition of six positions in the Division for Management (1 P-4, 1 P-3 and 4 General Service) as a result of reduced programme activities in Colombia and the streamlining of business processes ($1.6 million); (b) the temporary suspension of recruitment in the Division for Management ($0.8 million), the Division for Policy Analysis and Public Affairs ($0.4 million) and the Division for Operations ($0.3 million); (c) the reduction in general temporary assistance in the Division for Operations, the Division for Policy Analysis and Public Affairs and the Division for Treaty Affairs ($0.8 million); (d) estimates of the first phase of the pilot on the direct cost recovery, resulting in a reduction of $0.8 million; (e) efficiencies that the Office plans to bring about related to Umoja, information technology, consultancy and travel ($0.5 million); and (f) the reclassification from the D-1 to the P-5 level of two posts of Representative of the country office in Afghanistan and of the Liaison and Partnership Office in Brazil and the reclassification from the P-5 to the P-4 level of one post in the Division for Management (Programme Officer), resulting in a reduction of $0.2 million (ibid., para. 66 and tables 4 and 5).

Fund balances

16. Table 3 of the report of the Executive Director provides a summary of estimates for fund balances, income and expenditure for the biennium 2022–2023. In the report, the Executive Director indicates that the fund balances of general-purpose and programme support cost funds (unrestricted reserves) show figures of $15.9 million and $29.4 million, respectively, at the beginning of the biennium 2022–2023. United Nations financial policies require that general-purpose and special-purpose funds maintain a reserve amounting to 15 per cent of estimated annual expenditure and that programme support cost funds maintain a reserve of 20 per cent of annual expenditure. With an average yearly implementation of $322.8 million projected for the biennium and a projected unearmarked fund balance of $46.5 million for both general-purpose and programme support cost funds, UNODC is below the full compliance level of $49.7 million. UNODC reserves are therefore being monitored closely (ibid., paras. 68 and 69 and table 3).

Regular budget

17. The Advisory Committee has provided its recommendations regarding the proposed resources for UNODC under sections 16 and 23 of the proposed programme budget for 2022 in its report (see A/76/7, chap. II). The General Assembly is considering the report of the Committee during the main part of its seventy-sixth session.

III. Staffing projections

18. Post requirements for UNODC for the bienniums 2020–2021 and 2022–2023 are provided in tables 2 and 5 of the report of the Executive Director, a summary of which is reflected in table 4 below.

Table 4
Staffing projections for 2020–2021 and 2022–2023
(Number of posts)

Category	*2020–2021*	*2022–2023*
General-purpose funds	18	18
Subtotal	**18**	**18**
Special-purpose funds		
Drug programme fund	103	135
Crime programme fund	264	320
Subtotal	**367**	**455**
Programme support cost funds	133	133
Regular budget	125	125
Total	**643**	**731**

19. In her report, the Executive Director indicates that, in addition to posts funded from special-purpose funds that are included in the staffing tables, as of June 2021, there were 1,375 field office local positions (68 National Professional Officer and 126 General Service (Local level) posts and 1,181 service contracts) administered by the United Nations Development Programme (UNDP) on behalf of UNODC. Many of those posts are of a temporary nature and their level is subject to frequent change. The increase in posts relates to expanded programmes in the areas of countering transnational organized crime, justice, research and support to the intergovernmental bodies (E/CN.7/2021/11-E/CN.15/2021/18, table 2). Upon enquiry, the Advisory Committee was informed that, compared with 2016, the number of non-staff personnel had grown significantly. The number of United Nations Volunteers had increased by 1,725 per cent and the number of local and international consultants and individual contractors by 264 per cent. The ratio of staff to non-staff was 34 per cent staff to 66 per cent in 2016, compared with 23 per cent staff to 77 per cent non-staff in 2021, as at 30 September 2021. There had been significant increases in the use of non-staff personnel, while the number of service contract holders had changed proportionately to that of Professional staff. The Office of Internal Oversight Services (OIOS) had finalized an audit on the use of service contracts in August 2021 and UNODC was in the process of implementing the recommendations, which included increased reporting, monitoring and oversight in the use of service contracts. In that context, it should be noted that OIOS did not recommend the conversion of service contracts to other types of contracts. In addition, the new national personnel service agreement contracts, which would replace service contracts in the near future, offered more benefits and entitlements.

20. Table 5 below summarizes the information received on the evolution of UNODC personnel during the period 2016–2021.

Table 5
Evolution of United Nations Office on Drugs and Crime personnel, 2016–2021
(Number of personnel)

Year	*Professional and above*	*General Service and National Professional Officers*	*Service contractors*	*Consultants and individual contractors*	*United Nations Volunteers*	*Total*
2016	373	281	971	289	12	1 926
2017	378	294	1 279	397	31	2 379
2018	385	297	1 413	400	64	2 559
2019	437	328	1 348	697	95	2 905
2020	479	295	1 306	856	125	3 061
2021	509	269	1 280	1 053	219	3 330

21. **The Advisory Committee notes the reliance of UNODC on non-staff personnel for long periods of time and the increase in the percentage of non-staff personnel compared with staff personnel working for UNODC by 11 per cent between 2016 and 2021. The Committee requests that every effort be made to reduce the reliance on non-staff personnel and trusts that progress made to this end will be reported in the next consolidated budget submission**.

22. **The Advisory Committee recalls that the General Assembly, in its resolution 73/268, endorsed the Committee's recommendation that United Nations entities exercise proper oversight in the application of relevant policies and guidelines, such as in the recruitment of and the overall management process relating to non-staff personnel, including consultants, and to ensure the ongoing transparency of information provided thereon. The Committee trusts that UNODC will provide detailed information on the status and duration of the local positions and service contracts administered on its behalf by UNDP in its next budget report**.

23. **The Advisory Committee expresses concern that the replacement of the service contract modality by the national personnel service agreement modality was only briefly referenced in the additional information provided to it, and that no details were provided in the report of the Executive Director as to what the new approach might entail. The Committee considers that any replacement of the service contractor modality would be a fundamental structural change to the staffing modalities of UNODC that requires the approval of the Commissions. The Committee, therefore, recommends that the Executive Director present for approval to the Commissions, at the time of their consideration of the present report, detailed analysis and justification of the proposal to replace the service contractor modality. Furthermore, the Committee requests that the related details be presented in the next report on the consolidated budget for UNODC**.

24. Upon enquiry, the Advisory Committee was informed that staffing proposals in the report of the Executive Director reflected changes to post requirements under the special-purpose funds, including: (a) the net increase of four posts at the P-5 level, including the downgrade of two posts from the D-1 level to the P-5 level in the country office in Afghanistan and in the Liaison and Partnership Office in Brazil, as well as new posts established within the Global Maritime Crime Programme and the Global Rapid Interdiction of Dangerous Substances (GRIDS) Programme; (b) the net increase of 22 posts at the P-4 level, 33 posts at the P-3 level, 7 posts at the P-2 level and 24 posts at the General Service (Other level), resulting from actions taken on reclassifications, abolishment and establishment of posts across different grades and programmes to support expanded programmes in the areas of countering organized crime, terrorism prevention, justice, policy support and the provision of secretariat services and substantive support to the United Nations intergovernmental bodies, the International Narcotics Control Board and the United Nations Congress on Crime Prevention and Criminal Justice; and (c) the decrease of two posts at the D-1 level as

the result of reclassification to the P-5 level of one post in the Liaison and Partnership Office in Brazil and one post in the country office in Afghanistan. Upon further enquiry, the Committee was informed that the increase of 88 posts under special-purpose funds was mainly attributable to the expanded programme activities for the following subprogrammes and projects: (a) countering transnational organized crime (consolidation of the criminal procedure reform in Panama, strengthening criminal justice systems in the Sahel in order to effectively combat drug trafficking, illicit trafficking, organized crime, terrorism and corruption in the region and strengthening the capacities of West African States to develop a human rights-based response to smuggling of migrants and to effectively respond to human rights violations related to irregular migration); (b) research, trend analysis and forensics (Trends Monitoring and Analysis Programme Support, global Synthetics Monitoring: Analyses, Reporting and Trends (SMART) programme and global report on trafficking in persons and smuggling of migrants); and (c) justice (programme on criminal justice in South-East Asia and global programme on violence against children in the field of crime prevention and criminal justice).

25. **The Advisory Committee considers that the rationale and justifications provided for the proposed increases in post requirements are not sufficient. The Committee stresses, once again, that where changes in mandates or operational circumstances so warrant, additional requirements and higher-level job reclassifications should be fully justified. The Committee trusts that more rationale and justifications will be provided to the Commissions during the consideration of the present report and in future consolidated budget reports**.

IV. Other matters

Status of implementation of outstanding recommendations

26. Annex V to the report of the Executive Director includes information on the follow-up action taken to implement relevant recommendations of the Board of Auditors and of the Advisory Committee. The Committee recalls that the Board noted that there were 41 outstanding recommendations as at 31 December 2019, of which 25 (61 per cent) had been fully implemented, 15 (37 per cent) were under implementation and 1 (2 per cent) had been overtaken by events. As at 31 December 2020, 15 recommendations were pending (A/76/5/Add.10, para. 8 and table II.1). **The Committee expects that all outstanding recommendations of the Board will be implemented within the agreed time frames**.

Cost recovery

27. In her report, the Executive Director indicates that UNODC adheres to the policy of applying a cost recovery rate of 13 per cent in respect of programme support costs and ensures the application of clear and consistent criteria in the granting of exceptions to this standard rate. Reduced programme support cost rates are applied in the consolidated budget for 2022–2023 as prescribed by the Controller, in particular to projected funding for projects implemented in partnership with other organizations in the United Nations system and projects partially or fully financed by the European Union and governed by the Financial and Administrative Framework Agreement between the European Community, represented by the Commission of the European Communities, and the United Nations (E/CN.7/2021/11-E/CN.15/2021/18, para. 5). Within the framework of the review of its funding model, UNODC has introduced a pilot for direct cost recovery of selected headquarters support services. The consolidated budget includes estimates associated with the first phase of this pilot, covering services related to the processing of funding agreements, implementing partner agreements, consultant contract services and payroll (ibid., para. 50).

28. On the cost recovery rate applied by UNODC country office in Afghanistan, the Advisory Committee recalls that the Board of Auditors recommended that UNODC headquarters, together with the UNODC country office in Afghanistan, continue

taking the measures related to the critical full cost recovery tier faced by the country office and manage the actions tending to approach a desirable or manageable full cost recovery level (A/76/5/Add.10, para. 24). In annex V to her report, the Executive Director indicates that the implementation is in progress. In the context of the budget planning exercise for 2022–2023, the UNODC country office in Afghanistan has reviewed its cost structure and identified efficiencies that would potentially reduce the cost recovery rate. The country office will continue to review its core office set-up and its cost structure with a view to identifying efficiencies, as well as support the implementation of projects in order to ensure good delivery rates (E/CN.7/2021/11-E/CN.15/2021/18, annex V). Upon enquiry, the Committee was informed that, in view of the latest developments in Afghanistan, an interdivisional task team led by the UNODC Executive Director had been set up to develop a strategy to secure UNODC business continuity and define the scope of UNODC work in the country, in coordination with other United Nations entities. The discussion and proposed plan would cover substantive and operational elements, including measures to address the sustainability of the country office in Afghanistan and a review of its core office set-up and cost structure.

Impact of the new resident coordinator system

29. Upon enquiry, the Advisory Committee was informed that, from the perspective of UNODC, in terms of effectiveness, the placement of the resident coordinator system within the United Nations Secretariat in the Development Coordination Office has enabled all United Nations country team members, including UNODC, to receive services, policy and normative support that leveraged their work. The new system of delegation of authority had empowered UNODC, including the resident coordinators, to make flexible operational decisions at the point of mandate delivery. UNODC had benefited from the independent and empowered resident coordinators, especially in UNODC mandate areas in the United Nations Sustainable Development Cooperation Framework in countries where the Office was a resident agency and in those in which it was a non-resident agency. Further, UNODC field offices were involved in their respective United Nations country teams, relevant working groups and results groups, and had contributed inputs to the joint workplans and to the reporting exercises when due. The convening powers of the resident coordinators, who covered UNODC mandate areas to counter crime, drugs, terrorism and violence that had been exacerbated during the COVID-19 pandemic, enabled UNODC to continue partnering with Member States.

30. The Advisory Committee was also informed that some challenges and issues remained and related to the overlapping of mandates, as well as competition among United Nations entities. Another possible issue was the dependence on individuals, the resident coordinators, as coordination was ensured only when they played the role actively and neutrally and promoted coordination. In fact, while existing planning and coordination mechanisms had improved, if left alone, they would remain static tools and a sterile exercise and mechanisms. Another issue was the lack of proper integration of the humanitarian, security and development pillars, the main pillars of the work of the United Nations, which undermined the full potential of the United Nations family. From a UNODC-specific stance, resources were extremely limited owing to the Office's funding structure and limited field presence, so the UNODC contribution to the United Nations development system reform and its work on the Common Agenda were often extra tasks for staff and personnel paid from more security-related funding sources. In most cases, UNODC remained a small entity with specific mandate areas that were not taken onboard in the development of inter-agency approaches as it was the only entity working on the particular issue. Overall, although synergies were still weak, there were growing opportunities to map inter-agency initiatives and joint projects to provide technical assistance, allowing integration and coordination within the country teams.

Contribution of UNODC to the inter-agency common business initiatives

31. The Advisory Committee was informed, upon enquiry, that, under the lead of the Business Innovations Group and within the efficiency agenda framework, UNODC had contributed to the development of 66 new-generation business operations strategies, particularly in locations where it had a relevant footprint and sizeable programme of work. During that process, UNODC had contributed to the development of the medium-term plan, with its projected needs based on existing and future programme portfolios. In terms of United Nations System Common Premises, UNODC was fully involved in the planning and costing exercise of most currently active projects for the building of common premises in Algeria, Egypt, Fiji, Lebanon, Malawi, Rwanda, Samoa, Senegal, South Africa, Uganda and Uzbekistan. UNODC was already in common premises in approximately 70 field offices, out of a total of 121 field offices in 87 countries. Finally, UNODC was also an active partner in the ongoing development of common back offices in most of the 10 pilot countries. Under the six service lines, a cost avoidance of $3.5 million over the subsequent five years was projected for UNODC. Overall, as part of the Secretariat and under the guidance of the Department of Operational Support, UNODC was also engaged in the inter-agency coordination work led by the Development Coordination Office to advance the efficiency agenda. Under that reform stream, the main indicators for achievement were cost avoidance and the quality and time of service delivery.

32. **The Advisory Committee trusts that detailed information on the impact of the new resident coordinator system, including the contribution of UNODC to inter-agency common business initiatives, as well as efficiencies, lessons learned and best practices, will be included in the next budget submission**.

Risk management

33. In her report, the Executive Director indicates that, through a participatory process involving all divisions, UNODC has assessed its main fraud and corruption risks and developed a fraud and corruption risk register focusing on three main risk areas: (a) political influence on programme reporting; (b) compromising integrity of staff and conflict of interests; and (c) ineffective control and monitoring of external party transactions. The risk register is based on the template developed by the Department of Management Strategy, Policy and Compliance. A revision of the institutional risk register and risk treatment plan is planned during 2021, in line with the second risk assessment of the United Nations Secretariat and taking into account the areas listed in the previous recommendation of the Advisory Committee, as well as emerging risks (E/CN.7/2021/11-E/CN.15/2021/18, annex V).

Structure and nomenclature of UNODC field offices

34. The Board of Auditors recommended that UNODC define, through a formal document and in a comprehensive way, the form, duties, responsibilities, expected results and geographical coverage for its field office network structure (A/76/5/Add.10, para. 51). In annex V to the report of the Executive Director, it is indicated that the implementation of this recommendation is in progress, through the Division for Operations, which has drafted a proposal for the structure and nomenclature of field offices, which is to be discussed at the interdivisional level. The proposal includes a description of the role and purpose of the field office network, the criteria for the review of field offices and a new form of classification among revised categories, including respective functions and geographical coverage. The proposal also has financial considerations that relate directly to ongoing discussions within the interdivisional working group to review the UNODC funding model (E/CN.7/2021/11-E/CN.15/2021/18, annex V). The Advisory Committee, in the context of its consideration of the report of the Board of Auditors (A/76/5/Add.10), was provided with a guidance note on the UNODC field office network structure and nomenclature that dated back to 2012.

Memorandum of understanding with the United Nations Office for Project Services

35. The Advisory Committee was informed, upon enquiry, that UNODC had been engaging the United Nations Office for Project Services (UNOPS) for the provision of services in East Africa, mainly under the Global Maritime Crime Programme. Agreements with UNOPS were concluded under the global memorandum of understanding between the United Nations Secretariat and UNOPS, including its amendments and operational guidance. Services provided by UNOPS included lease arrangements, engineering and construction support. The global memorandum of understanding also covered all financial and budgetary arrangements. The volume of services provided by UNOPS over the period 2018–2020 amounted to approximately $1 million.