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Review of the efficiency of the administrative and financial functioning of the United Nations

Proposed programme budget outline for the biennium 2004-2005

Report of the Advisory Committee on Administrative and Budgetary Questions

1. The Advisory Committee on Administrative and Budgetary Questions has considered the report of the Secretary-General on the proposed programme budget outline for the biennium 2004-2005 (A/57/85). In the course of its deliberations, the Advisory Committee met with representatives of the Secretary-General, who provided additional information and clarifications.

2. The Advisory Committee notes from paragraph 2 of the report that, in establishing a preliminary estimate for the biennium 2004-2005, the current level of appropriations and related commitments, namely, \$2,699.9 million, was taken as the starting point. On that basis, the Secretary-General proposes a preliminary estimate of resources for the biennium 2004-2005, expressed in initial 2002-2003 prices, amounting to \$2,857.9 million, as shown in the table contained in paragraph 2 of the report. As indicated in paragraph 12 of the report of the Secretary-General, the preliminary estimate, excluding special political missions, reflects real growth of \$47.8 million or 1.8 per cent, compared with the approved appropriations and related provisions for the biennium 2002-2003. Once account is taken of the full inclusion of required provisions for special political missions, the total preliminary estimate of \$2,857.9 million would represent an increase of \$158.0 million, or 5.8 per cent, compared with existing provisions for the biennium 2002-2003.

3. The Advisory Committee recalls its observation in paragraph 3 of its previous report on the budget outline (A/55/685) that the purpose of the budget outline is to provide Member States with a preliminary indication of the resources that may be required in the coming biennium.

4. As indicated in paragraph 3 of the report of the Secretary-General, an amount of \$25.3 million would be required for full biennial provision in 2004-2005 for posts that are partially funded in the current biennium. These are new posts at the

Professional level and above, which had been costed at 50 per cent for the biennium 2002-2003. The Advisory Committee notes the proposal of the Secretary-General, in paragraph 3 of his report, that consideration will be given to costing all new posts on a full-cost basis. **The Advisory Committee finds no convincing arguments for changing the current costing parameters for new posts at the Professional level and above categories, in view of the delays in recruitment for new posts experienced by the Secretariat, and to preserve the transparency inherent in separating the delayed recruitment factor for new posts from the vacancy rate for continuing posts.**

5. As indicated in paragraph 4 of the report, a provision of \$47.8 million, relating to one-time costs in 2002-2003, would not be required. This provision related mainly to one-time construction costs associated with security enhancement at Headquarters and offices away from Headquarters; in addition, these are non-recurrent costs for substantive and public information support for the special sessions of the General Assembly and associated plenary meetings on children and for special conferences on financing for development, the Second World Assembly on Ageing and the World Summit on Sustainable Development.

6. The preliminary estimates for the biennium 2004-2005 include a provision of \$29.8 million in respect of the need to ensure that information technology and common services facilities infrastructure are brought to the levels which will not prejudice programme delivery. The Committee notes from paragraph 5 of the report that these resources are envisaged to be distributed across the parts of the budget which were affected by the economy measures instituted consequent upon the adoption of the 2002-2003 initial appropriations. **While the Committee does not question the need for adequate investments in technological innovations and facilities infrastructure at the United Nations, it is of the view that more information should have been provided in support of the estimated requirements of \$29.8 million, especially on the programmatic impact of the reductions it is intended to offset. In this connection, as indicated in its report on the performance report (A/57/7/Add.16, para. 3), the Advisory Committee intends to consider, in the context of the proposed programme budget for the biennium 2004-2005, appropriate changes to the performance report in the light of the development of results-based budgeting.**

7. The budget outline includes an amount of \$40.5 million for new or expanded activities or events foreseen and/or mandated in 2004-2005. As indicated in paragraph 6 of the report of the Secretary-General, these resources would be required in connection with reinforcement of programmes to enhance capacity for meeting strategies outlined in the "road map" (A/56/326), including strengthening peace-building, human rights and humanitarian assistance, the economic and social sector, as well as conference-servicing and the United Nations Office at Nairobi. In this connection, the Advisory Committee points out that provision for peace-building activities is supposed to be covered under the lump-sum allocation for special political and other missions. Provisions are also envisaged for follow-on requirements for strengthening of the security improvements at the United Nations Office at Geneva, including additional building protection improvements and implementation of the second phase of the intermediate surveillance system. With regard to the security improvements at the United Nations Office at Geneva, the Advisory Committee recalls that this provision for Geneva in the biennium 2004-2005 was foreseen in paragraph 18 of the report of the Secretary-General on

strengthening the security and safety of United Nations premises (A/56/848), which included the following sentence: "The further strengthening of the security infrastructure, including additional building protection improvements, partitioning of buildings and implementation of the second phase of the intermediate surveillance system, which are estimated at this stage in the amount of \$5.6 million, would be proposed in the context of the proposed programme budget for the biennium 2004-2005." No other requirements for security enhancements were foreseen at other duty stations in respect of the biennium 2004-2005 in the report of the Secretary-General (A/56/848) and, hence, none are reflected in the outline for other duty stations.

8. As indicated in paragraph 7 of the budget outline, the requirements for special political missions are projected at the level of the current biennium, that is, \$223.3 million. According to the Secretary-General, while the present composition of special political missions will change somewhat in the biennium 2004-2005, it is not anticipated that the overall level will trend downwards. Taking into account the existing provision of \$113.1 million made by the General Assembly for special political missions, an additional amount of \$110.2 million has been included by the Secretary-General in the budget outline for the biennium 2004-2005.

9. **The Advisory Committee points out that the requirements for special political missions in the amount of \$223.3 million gross, shown in paragraph 7 of the report of the Secretary-General, were estimated about six months ago, in May-June 2002. The Secretariat has recently informed the Committee that the updated requirements for special political missions for the biennium 2002-2003 are now estimated at \$215 million gross (\$201.2 million net) (see A/57/7/Add.17, annex I). The related recommendations of the Committee on the estimates (see para. 49 of A/57/7/Add.17), subject to the approval of the General Assembly, would entail their further reduction from \$215 million gross (\$201.2 million net) to \$206 million gross (\$192.2 million net); the question of the financing of the special political missions during the biennium 2002-2003 is currently under consideration by the General Assembly. The Committee points out that any projection of this estimate for 2004-2005 should take into account the fact that it includes requirements for missions which will be terminated or for which mandates will be altered in scope. On the other hand, it could also be assumed that there may be new mandates for missions which are at present unforeseen. Under the circumstances, for purposes of the preliminary estimate, and bearing in mind the provisions of paragraph 11 of the annex to General Assembly resolution 41/213, the Advisory Committee is of the opinion that the provision for special political missions in the outline should not exceed \$170 million gross.**

10. In paragraph 8 of the budget outline (A/57/85), the Secretary-General invites the General Assembly "to consider whether special political missions are susceptible for treatment within the present regular budget procedures for estimating requirements in the budget outline and subsequent programme budgets".

11. **In this connection, the Advisory Committee recalls that, in paragraph 8 of its report on the budget outline for the biennium 2002-2003 (A/55/685), the Committee observed that "inasmuch as the requirements for special political missions are of a continuing nature, the estimates should continue to be included in the budget outline". The Committee also pointed out that, as reaffirmed by the General Assembly in its resolution 53/206, the outline should**

provide a greater level of predictability of resources required for the following biennium, promote greater involvement of Member States in the budgetary process and thereby facilitate the broadest possible agreement on the programme budget. The Committee observed, in this connection, that omission of the requirements for special political missions runs counter to those purposes and recommended that “an amount for special political missions be included in the budget outline”. The Advisory Committee finds no convincing reasons for changing its views on this matter at this time and believes that more experience is required before consideration is given to changing the current procedure, which has been in place only since the outline for the biennium 2002-2003. The Committee therefore recommends that provision for special political missions should continue to be included in the outline.

12. The size of the contingency fund is discussed in paragraph 13 of the report of the Secretary-General. As stated therein, the size of the contingency fund is recommended by the Secretary-General to be maintained at 0.75 per cent of the proposed outline for the biennium 2004-2005, or \$21.4 million. **The Advisory Committee concurs with the Secretary-General’s proposal and points out that the contingency fund will be utilized in accordance with General Assembly resolutions 41/213 and 42/211. This should be brought to the attention of governing bodies whenever decisions involving financial implications are taken.**

13. The Advisory Committee was informed on 12 December 2002 that the 2004-2005 budget outline figure of \$2,857.9 million would be replaced by \$2,975.1 million when using the same set of rates and standard costing assumptions which have been applied to the first performance report for the biennium 2002-2003. The Advisory Committee points out that the overall level of estimated requirements for the biennium 2004-2005 would depend, in part, on the decision of the General Assembly on the recommendations of the International Civil Service Commission currently under consideration in the Fifth Committee.

14. **The Advisory Committee therefore recommends that the General Assembly adopt a preliminary estimate of \$2,920.0 million for the biennium 2004-2005 at the revised 2002-2003 rates. Before adopting this outline level, the General Assembly may also wish to take into account the observations and comments made by the Advisory Committee in the paragraphs above. These comments and observations should also be taken into account by the Secretary-General when preparing the proposed programme budget for the biennium 2004-2005.**
