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Agenda item 121

Proposed programme budget for the biennium 2004-2005

United Nations Institute for Training and Research

Eleventh 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 financing of the United Nations Institute for Training and Research (UNITAR) (A/58/544). During its consideration of the report, the Committee met representatives of the Secretary-General who provided additional information.
2. The report was submitted pursuant to General Assembly resolution 57/292 of 20 December 2002, in section V of which the Secretary-General was requested to report to the General Assembly at its fifty-eighth session on the financial viability of the Institute, including the status of all voluntary contributions and the payment of the accumulated debt of the Institute, as well as on provisions offered to other comparable organizations, and to address, in the context of the programme budget for the biennium 2004-2005, specific proposals and options on how best to address the issue of its past and future maintenance and rental costs, drawing on the provisions made for other organizations associated with the United Nations.
3. The Advisory Committee notes from the report that, since 1993, UNITAR has been able to carry out and expand its activities with no deficit, utilizing voluntary contributions and special purpose grants (A/58/544, para. 15).
4. The Advisory Committee also notes from the report that while both expenditures of and contributions to the UNITAR General Fund have been declining, expenditures under the Special Purpose Grants Fund and the related programme support costs have increased (A/58/544, paras. 17 and 18).
5. Upon enquiry, the Advisory Committee was informed that interest on Special Purpose Grants Fund for the period from 1993 to 2003 amounted to approximately \$1.8 million (see annex to the present report) and that this amount had been credited to the programme fund in accordance with current UNITAR procedures regulating the establishment and management of special purpose grants.

6. The total annual requirements for rent of office space in New York and Geneva amount to \$130,412. With the addition of messenger, security, shuttle and cleaning services provided by the United Nations Office at Geneva (amounting to \$35,218 annually), annual requirements for UNITAR would amount to \$165,630. Current unpaid bills owed to the United Nations as at 31 December 2002 amount to \$321,185 (A/58/544, paras. 25 and 26).

7. As indicated in the report, the United Nations Institute for Disarmament Research (UNIDIR) and the United Nations Research Institute for Social Development (UNRISD) enjoyed benefits from reduced rental rates and maintenance costs (A/58/544, para. 28).

8. With regard to UNIDIR, pursuant to General Assembly resolution 39/148 H, the Institute receives a subvention from the regular budget of the United Nations towards meeting the costs of the Director and the staff of the Institute. UNIDIR is charged a rate of 5 per cent by the United Nations for administrative and programme support costs to reimburse the United Nations for the financial and personnel services provided to the Institute by the United Nations Office at Geneva (A/58/544, para. 29).

9. In connection with UNRISD, the Advisory Committee notes that the Institute is accommodated free of charge and that it pays for programme support at the reduced rate of 7 per cent of its total budget expenditures (A/58/544, para. 30).

10. The Advisory Committee notes from the report that the Secretariat is not in a position to propose a waiver of the rental rates and maintenance costs charged to UNITAR without the express decision of the General Assembly (A/58/544, para. 31).

11. In the conclusions to the report, it is proposed that, in order to compensate the Institute for the General Fund expenditures relating to the provision, free of charge, of the training of diplomatic personnel of the missions to the United Nations in multilateral diplomacy and international affairs management, UNITAR be provided with an annual subvention in the amount not exceeding its annual rental and maintenance, cleaning, messenger, security and shuttle services costs (\$165,630 in 2002) and that the request for the subvention should be subject to the review by the Advisory Committee in the context of its usual consideration of the UNITAR budget (A/58/544, paras. 36 and 37).

12. The recommendations of the Secretary-General are contained in paragraphs 40 and 41 of the report. In connection with recommendation 40 (a), **it is the view of the Advisory Committee that providing UNITAR with an annual subvention is a policy matter to be decided by the General Assembly. Should the Assembly decide that the Institute should be provided with a subvention in the amount proposed by the Secretary-General, an additional provision of \$331,300 would be required over and above the resources proposed under section 29, Management and central support services, of the proposed programme budget for 2004-2005. This provision would represent a charge against the contingency fund.**

13. With regard to recommendation 40 (b), the Advisory Committee believes that the proposed period of five years is too long within which to repay the loan owed to the United Nations. **Accordingly, the Advisory Committee recommends that the Executive Director of UNITAR make every effort to repay the amount of \$321,184 owed to the United Nations as soon as possible, including exploring the possibility of releasing part of the accrued interest on special purpose grants so that it can be applied towards loan repayment.**

Annex

Financial history of the Special Purpose Grants Fund for the period from 1993 to 2003^a

(In United States dollars)

<i>Year</i> <i>1</i>	<i>Contributions</i> <i>2</i>	<i>Other income</i> <i>3</i>	<i>Total (2+3)</i> <i>4</i>	<i>Interest</i> <i>5</i>	<i>Annual interest rate (Percentage)</i> <i>6</i> (5X100/6)
1993	2 596 965	50 573	2 647 538	96 129	3.6
1994	2 994 090	13 054	3 007 144	106 616	3.5
1995	3 035 996	66 378	3 102 374	155 179	5.0
1996	4 429 998	21 382	4 451 380	164 477	3.7
1997	3 822 154	18 879	3 841 033	209 172	5.4
1998	3 945 405	14 749	3 960 154	189 770	4.8
1999	2 845 874	23 549	2 869 423	202 146	7.0
2000	4 924 648	93 703	5 018 351	226 990	4.5
2001	5 771 957	43 946	5 815 903	212 892	3.7
2002	6 171 333	21 703	6 193 036	204 912	3.3
Total	40 538 420	367 916	40 906 336	1 768 283	4.3

^a Information presented in the table has been compiled from financial statements.