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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 2006-2007

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 2006-2007 (A/59/415). In the course of its deliberations, the Advisory Committee met with representatives of the Secretary-General, who provided additional information and clarification.

2. The Committee notes from paragraph 2 of the report that, in establishing a preliminary estimate for the biennium 2006-2007, the current level of appropriations and related commitments, namely, \$3,179.2 million, was taken as the starting point. On that basis, the Secretary-General proposes a preliminary estimate of resources for the biennium 2006-2007, expressed in initial 2004-2005 prices, amounting to \$3,359.2 million, as shown in the table contained in paragraph 2 of the report. As indicated in paragraph 10, the preliminary estimate, excluding special political missions, maintains the estimate of regular budget established activities at the same level as the approved appropriations for the biennium 2004-2005 — an equivalent to zero real growth.

3. The Advisory Committee recalls 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. Once the outline is approved, the Secretary-General prepares the budget on that basis. In accordance with General Assembly resolution 41/213 of 19 December 1986, these estimates can be either higher or lower than the preliminary estimate approved on the basis of the budget outline.

4. As indicated in paragraph 3 of the report, an amount of \$11.2 million would be required for the full biennial provision in the biennium 2006-2007 for posts that are partially funded in the current biennium. These include new posts at the

Professional level and above (costed at 50 per cent and 65 per cent for the General Service and related categories on the recommendation of the Advisory Committee).

5. Paragraph 4 of the report indicates that one-time costs amounting to \$21.7 million, included in the biennium 2004-2005, would not be required. These provisions relate mainly to the strengthening of the security and safety of United Nations operations, staff and premises. In addition, there were non-recurrent costs for substantive and public information support related to the Eleventh United Nations Congress on Crime Prevention and Criminal Justice, the eleventh session of the United Nations Conference on Trade and Development and the World Summit on the Information Society.

6. An amount of \$10.5 million for new or expanded activities or events foreseen and/or mandated in the biennium 2006-2007 is included in the budget outline. The resources, as indicated in paragraph 5 of the report, are foreseen to strengthen human rights and humanitarian assistance, the economic sector, humanitarian activities and the United Nations Office at Nairobi. The estimates also include the requirements for public information support for the conferences and meetings, mentioned therein, foreseen in the next biennium, as well as provisions to meet requirements for after-service health insurance, reflecting the growth of the population entitled as well as higher insurance costs.

7. In paragraph 4 of the report, it is indicated that the costs provided in the biennium 2004-2005 for special political missions are treated as being of a recurrent nature. The Committee notes that the initial provision for special political missions in 2004-2005 amounted to \$169.4 million. However, paragraph 6 of the outline indicates that it is estimated that full biennial provision in 2006-2007 for special political missions currently existing in the biennium 2004-2005 would exceed \$350 million. Furthermore, although the present composition may change, it is not anticipated that the overall level will decrease substantively. Taking this into account, an increase of \$180 million is included, thus putting the funding level for special political missions at \$349.4 million in the biennium 2006-2007.

8. The size of the contingency fund is discussed in paragraph 11 of the report of the Secretary-General. The Committee notes that the Secretary-General recommends that it be maintained at 0.75 per cent of the proposed outline for 2006-2007. **The Advisory Committee concurs with the Secretary-General's proposal and points out that it should be utilized in accordance with General Assembly resolutions 41/213 and 42/211 of 21 December 1987. Moreover, this should be brought to the attention of governing bodies whenever decisions involving financial implications are taken.**

9. The Advisory Committee was informed that, using the adjustments consequential to the first performance report for the biennium 2004-2005 (A/59/578), the 2006-2007 budget outline figure of \$3,359.2 million would become \$3,483.7 million. However, the overall level of estimated requirements for 2006-2007 will depend on the decisions of the General Assembly regarding the proposals for security, special political missions and other revised estimates and programme budget implications currently before the Fifth Committee. The Committee was informed that, as at 6 December 2004, these would likely total \$261.9 million, including the delayed impact of growth (minus the deduction of one-time cost elements). **The Committee points out that this figure includes the impact of the Secretary-General's request for the discontinuation of cost-sharing for security.**

Although the Advisory Committee has recommended that cost-sharing be maintained, its recommendation would impact on estimates of income, rather than expenditure, and thus do not affect the preliminary estimate for the outline, which is based on expenditure only.

10. If the amount of \$261.9 million is added to the \$3,483.7 million mentioned above, the total becomes \$3,745.6 million, which would represent the projection based on all the data provided thus far by the Secretariat. In this connection, the Committee points out that the Secretariat is maintaining the estimate of an additional \$180 million for special political missions first calculated in October 2004. The Advisory Committee has been informed that the financial impact of developments since then, if accepted by the General Assembly, could add at least \$30 million to that figure, not including any delayed impact for 2006-2007. Under the circumstances, the Committee is of the opinion that it may be prudent to “round up” the projection of \$3,745.6 million to \$3,760 million to take at least partial account of potential charges for special political missions.

11. Accordingly, the Advisory Committee recommends that the General Assembly adopt a preliminary estimate of \$3,760 million for the biennium 2006-2007 at revised 2004-2005 rates.
