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Programme budget for the biennium 2004-2005

Second performance report on the programme budget 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 second report of the Secretary-General on the performance of the programme budget of the United Nations for the biennium 2004-2005 (A/60/572). The Advisory Committee had also before it four addenda to the second performance report, namely: "Request for a subvention for the Special Court for Sierra Leone" (A/60/572/Add.1); "Status of work in the implementation of infrastructure projects to strengthen the security and safety of United Nations premises" (A/60/572/Add.2); "Comprehensive report on the progress of and lessons learned from the redeployment experiment authorized in paragraph 14 of resolution 58/270" (A/60/572/Add.3); and "Review of General Service staffing" (A/60/572/Add.4). During its consideration of the documents, the Advisory Committee met with representatives of the Secretary-General, who provided it with additional information and clarification.

Financial performance for the biennium 2004-2005

2. The Advisory Committee notes that the estimated final level of expenditures and of income for the biennium represents a net decrease of \$102.5 million from the revised appropriations and estimates of income approved by the General Assembly in its resolutions 59/277 A to C and 59/294 and by the Fifth Committee at its 29th formal meeting, on 12 December 2005. Moreover, under the terms of the draft decision of the General Assembly contained in document A/C.5/60/L.10, the Assembly would decide to provide full conference services to the Fifth Committee beyond 6 p.m. and on weekends until the end of the main part of its sixtieth session and to report on any expenditure in the context of the second performance report for the biennium 2004-2005. The projected expenditure for the biennium 2004-2005 is estimated at \$3,655.5 million gross, a decrease of \$82.0 million from the revised

appropriation of \$3,737.5 million for the biennium. The projected income is estimated at \$470.7 million, an increase of \$20.5 million over the revised income estimates of \$450.2 million for the biennium.

3. Subsequent to the issuance of the report of the Secretary-General, the Controller, in his oral statement before the Fifth Committee on 16 December 2005, indicated that the data reflected in the second performance report for the biennium 2004-2005 would have to be amended to reflect the implementation of draft decision A/C.5/60/L.10, which would require an additional cost of \$257,200, thus reducing the overall net savings of \$102.5 million reflected in the report to \$102.2 million. In his own oral statement on the issue, the Chairman of the Advisory Committee concurred with the proposal submitted by the Controller.

4. The Advisory Committee notes that the projected final level of expenditures and income for the biennium 2004-2005 is based on actual expenditures for the first 22 months, projected requirements for the last 2 months and changes in inflation and exchange rates and cost-of-living adjustments as compared with the assumptions made in the first performance report on the programme budget for the biennium 2004-2005 (A/59/578). The Committee recalls that previously this analysis was based on 20 months' experience. **The Advisory Committee welcomes the progress achieved by the Secretariat in financial reporting.**

5. The net decrease of \$102.5 million reflects the combined effects of (a) projected additional requirements of \$69.0 million due to changes in exchange rates (\$19.2 million), changes in inflation (\$19.2 million) and commitments entered into in accordance with the provisions of General Assembly resolutions 58/273 and 59/276 on unforeseen and extraordinary expenses and in respect of decisions of policymaking organs (\$30.6 million) and (b) reduced requirements of \$171.5 million due to variations in post costs and adjustments to other objects of expenditure, based on actual anticipated requirements (\$151.0 million) and an increase in income (\$20.5 million).

6. Explanations regarding the additional requirements relating to changes in exchange rates and changes in inflation are given in paragraphs 6 to 13 of A/60/572, as are details regarding the assumed and actual rates of exchange (*ibid.*, schedules 4 and 5).

7. The Advisory Committee notes that, consistent with approved methodology, the average 2004 rates of exchange of the Swiss franc and the euro against the United States dollar, which allowed for the lowest estimates, were used in calculating the revised appropriation for 2005 for the first performance report for the biennium 2004-2005 (A/59/578). The Secretary-General indicates that although the dollar has strengthened against those currencies during the course of 2005, significant requirements still arise given that the budgeted rate assumed a stronger dollar position than that actually in place in the first year of the biennium. According to the Secretariat, additional requirements as a result of the changes with respect to the Swiss franc and the euro amount to \$9.0 million and \$3.4 million, respectively; similar weakening of the exchange rate of the dollar to the Chilean peso, the Thai baht and the Kenyan shilling would result in additional requirements of \$3.1 million, \$1.1 million and \$1.7 million, respectively.

8. Paragraphs 15 to 17 of A/60/572 provide detailed information on the total additional requirements of \$18.0 million relating to commitments entered into in

accordance with the provisions of General Assembly resolutions 58/273 and 59/276 on unforeseen and extraordinary expenses, as follows:

(a) Commitments certified by the Secretary-General as relating to the maintenance of peace and security (\$7,604,800);

(b) Commitments concurred with by the Advisory Committee in respect of decisions by the Security Council (\$9,668,200);

(c) Commitments certified by the President of the International Court of Justice as relating to unforeseen expenses in respect of the Court (\$576,300);

(d) Commitments certified by the Secretary-General as relating to security measures (\$162,300).

9. The Advisory Committee notes that an amount of \$12.6 million reflecting decisions of policymaking organs is included in the performance report in connection with the subvention for the Special Court for Sierra Leone (\$11.2 million) and the High-level Plenary Meeting of the sixtieth session of the General Assembly (\$1.4 million). Information on the subvention for the Special Court for Sierra Leone is contained in paragraphs 18 to 20 of the performance report, while a detailed report on the subvention is presented by the Secretary-General in A/60/572/Add.1. The Committee's observations and recommendations on the subvention for the Special Court for Sierra Leone are contained in paragraphs 16 to 20 below.

10. The Secretary-General indicates in paragraph 22 of the performance report (A/60/572) that resources in the amount of \$1.4 million that were expended to service the High-level Plenary Meeting have been met from within the existing resources of the respective budget sections which absorbed the cost of interpretation in six languages, media accreditation, publications, television and radio coverage, promotion and distribution of audio-visual materials, photographic coverage, protocol services and temporary staffing for coverage of meetings and coordination of organizational aspects.

11. Information on the redeployment of posts authorized in General Assembly resolution 58/270 is contained in paragraphs 23 to 25 of the performance report. A total of 17 posts have been redeployed under the authorization set out in resolution 58/270. Consistent with financial regulations and rules, the performance report reflects the transfer of resources between budget sections related to the 17 redeployments. A comprehensive report on the redeployment experiment is also submitted in A/60/572/Add.3. The Advisory Committee deals with the redeployment experiment in paragraphs 23 and 24 below.

12. Information on the projected reduced requirements of \$151.0 million in post incumbency and other changes is provided in paragraphs 26 to 49 and schedules 1, 2, 3, 6 and 8 of the performance report. The realized vacancy rate for the Professional category and above was 6.3 per cent, higher than the approved budgeted rate of 5.9 per cent, and the realized vacancy rate for the General Service category was 6.0 per cent, higher than the approved budgeted rate of 5.8 per cent (A/60/572, para. 29). The Advisory Committee notes that a review of the General Service is also contained in A/60/572/Add.4 (see paras. 25-29 below).

13. Schedule 8 of A/60/572 contains information on average vacancy rates by budget section. Exceptionally high vacancy rates in section 10, Least developed

countries, landlocked developing countries and small island developing States, section 11, United Nations Support for the New Partnership for Africa's Development, and section 36, Safety and security, are explained in paragraphs 30 and 31 of the performance report. With regard to section 11, the Advisory Committee agrees that the small base does sometimes result in wide percentage variations. **The Committee requests that consideration be given to adding information on average vacancy rates for the preceding biennium to data currently provided in schedule 8 of the performance report. This would allow a better understanding of the dynamics of the incumbency situations of offices and programmes. The Committee notes a decrease in the vacancy rates in the Economic Commission for Africa, relative to those of at least two previous bienniums and welcomes the progress achieved by the Secretariat. With regard to the incumbency situation in the Department of Safety and Security, the Committee reiterates its view (see A/60/7/Add.9, para. 4) that expeditious recruitment for all authorized posts should be treated by the Secretariat with the highest priority and with due consideration given to equitable geographical distribution and other concerns expressed by the Assembly.**

14. Schedule 3 of A/60/572 contains a summary of projected expenditure by object of expenditure for each budget section and main determining factor. The Advisory Committee observes that performance data under certain objects of expenditure consistently reflect a good measure of control and financial discipline. For example, projected hospitality expenditures either reflect savings or remain within the level of appropriations in all budget sections. **The Committee welcomes the effective control over hospitality expenditures. At the same time, the Committee is concerned that adequate measures of control do not appear to be in place in respect of travel costs, particularly travel of staff, where most budget sections report overexpenditures. The Committee expects that the administration will take effective measures to enhance financial control over travel expenditures.**

15. The Advisory Committee notes that the unliquidated obligations in the amount of \$154.3 million included in estimated expenditures for the biennium (A/60/572, para. 50) are significantly higher than in the previous biennium (\$99.7 million) although the estimated expenditures for the current biennium are based on 22 months, compared with 20 months for the previous biennium.

Subvention for the Special Court for Sierra Leone

16. The Secretary-General's report on the subvention for the Special Court for Sierra Leone (A/60/572/Add.1) is submitted in response to paragraphs 10, 11 and 13 of General Assembly resolution 59/294, whereby the Assembly requested the Secretary-General (a) to provide relevant information regarding the utilization of funds appropriated in the context of the second performance report on the programme budget for the biennium 2004-2005; (b) to keep Member States informed, as appropriate, about the completion strategy; and (c) in concert with the Management Committee of the Special Court, to redouble efforts to raise voluntary contributions to support the work of the Court and to report to the Assembly at its sixtieth session on progress made.

17. The General Assembly, under the provisions of paragraph 3 of its resolution 59/294, decided, inter alia, to appropriate a total of \$20 million for the subvention

for the Special Court for Sierra Leone for the period from 1 January to 30 June 2005 under section 3, Political affairs, of the programme budget for the biennium 2004-2005. In paragraph 9 of the same resolution, the Assembly authorized the Secretary-General, as an exceptional measure, to enter into commitments in an amount not to exceed \$13 million to supplement the financial resources of the Special Court for Sierra Leone for the period from 1 July to 31 December 2005 under special political missions in section 3 of the programme budget on the understanding that any regular budget funds appropriated for the Court would be refunded to the United Nations at the time of the liquidation of the Court should sufficient voluntary contributions be received.

18. The Advisory Committee notes from paragraph 21 of A/60/572/Add.1 that the appropriation of \$20 million to support the subvention has been fully utilized to supplement the cash requirements of the Special Court for Sierra Leone for the period from 1 March to 31 October 2005 and that the commitment authority of \$13 million for the period from 1 July to 31 December 2005 has remained unused.

19. Of this commitment authority, the Secretary-General estimates that a sum of \$6.2 million would be required to meet the Court's cash requirements for the period from 1 November to 31 December 2005, which, together with the estimated outstanding obligations of \$5.0 million for the period from 1 July 2002 to 31 December 2005, will bring the total estimated cash requirement to \$11.2 million.

20. The Secretary-General proposes that an additional provision of \$11.2 million be appropriated under section 3, Political affairs, of the programme budget for the biennium 2004-2005 on the understanding that any unused funds will be returned at the time of liquidation. The Secretary-General intends to submit a report on the utilization of the funds during the second resumed part of the sixtieth session of the General Assembly, in 2006. **The Advisory Committee has no objection to the Secretary-General's proposal on the understanding that efforts will continue unabated to attract voluntary contributions, as foreseen in the statute of the Special Court.**

Status of work in the implementation of infrastructure projects to strengthen the security and safety of United Nations premises

21. The report of the Secretary-General in A/60/572/Add.2 summarizes the work undertaken and/or planned by the Secretariat during 2004 and 2005 in implementing all security-strengthening projects approved so far. The Secretary-General indicates in paragraph 3 of his report that the total cost of such projects approved by the General Assembly amounts to \$105.7 million (at revised 2004-2005 rates), to be funded from the regular budget and, with respect to the United Nations Office at Vienna, on a cost-shared basis with other organizations located at the Vienna International Centre. The Committee notes that as at 30 September 2005, an amount of \$70.5 million had been committed with respect to the security-strengthening projects, representing 67 per cent of the total approved costs of \$105.7 million.

22. The table in paragraph 3 of the report provides information on the status of utilization of funds approved for the implementation of the security-strengthening infrastructure projects by duty station. A brief description of security-strengthening projects implemented at all duty stations is contained in paragraphs 4 to 15 of the report and in the annex to it. **The Advisory Committee notes with concern the**

delayed implementation of security-strengthening projects at some duty stations and requests that increased attention be paid to the implementation of these projects as a priority.

Comprehensive report on the progress of and lessons learned from the redeployment experiment authorized in paragraph 14 of resolution 58/270

23. The report of the Secretary-General in A/60/572/Add.3 was prepared in response to paragraph 17 of General Assembly resolution 58/270, in which the Assembly requested the Secretary-General to submit, through the Advisory Committee, a comprehensive report on the progress of and lessons learned from the redeployment experiment authorized in paragraph 14 of the same resolution.

24. The Secretary-General reports that a total of 17 posts have been redeployed during the biennium 2004-2005 under the experiment authorized in resolution 58/270. The Secretary-General proposes that the General Assembly approve the redeployment for the biennium 2006-2007 of the five posts detailed in section II.A of the annex to the comprehensive report and extend the authorization to redeploy posts, as necessary, to the biennium 2006-2007 to meet the evolving needs of the Organization in attaining its mandated programmes and activities. **The Advisory Committee recommends approval of the Secretary-General's proposal.**

Review of General Service staffing

25. The Secretary-General indicated in his report (A/60/572/Add.4) that the main objectives of the review of General Service staffing were (a) to determine to the extent possible if current General Service-to-Professional ratios were too high; (b) to shed light on the factors that affect the staffing ratios either positively or negatively; and (c) to examine the impact of technology on the work of General Service staff.

26. The Advisory Committee observes that the report of the Secretary-General, which is based on a study implemented by consultants, does not contain a determination of whether or not current General Service-to-Professional ratios are too high. As stated in the report, there is no standard or benchmark for what is too high, and, more importantly, it may be inappropriate to assume that a high ratio of support staff to Professional staff is necessarily a bad thing, since this could be considered effective staffing if it gets a larger proportion of the work done by lower-paid staff. The Secretary-General indicates that while nearly all departments have reduced their General Service-to-Professional ratios, a much deeper analysis by function and job category would be needed to know how this was achieved, what the impact was on programmes and outputs and how the reduction in support staff had affected the work and workloads of Professional staff.

27. The Advisory Committee notes that numerous factors have an impact on General Service-to-Professional ratios, including technological innovations. The Secretary-General indicates that the full benefits of technology have yet to be realized at the Secretariat, although, from a qualitative standpoint, services have improved, response times are faster, products are better and information is more

accessible internally and externally; quantitatively, there have been reductions and redeployment of support staff while mandates and programmes have increased.

28. The Advisory Committee has consistently supported technological innovations at the United Nations and stressed the importance of proper channelling of and accounting for the benefits that arise from investments in technology. In this connection, the Committee notes with concern the reference to shortcomings in the application of modern process management practices referred to in paragraphs 46 and 47 of the Secretary-General's report and recalls its views expressed in paragraph 7 of A/60/7/Add.2. The Committee trusts that efforts will continue to improve administrative processes through, inter alia, maximum use of technological innovations and to link such improvement to the functional assignment of staff.

29. While the Advisory Committee shares the view of the Secretary-General that it would not be advisable to set rigid organizational standards or benchmarks for staffing ratios (see A/60/572/Add.4, para. 66), the Committee trusts that information on staffing ratios will be maintained, refined and used as a tool in management analysis and reporting. The Committee reiterates its view that appropriate mechanisms should be developed that could better and more precisely measure the impact of technological innovations on workload of staff and on work processes; this should allow the Organization to increasingly meet new challenges through effective use of redeployment of human and financial resources.

30. The Advisory Committee recommends that the General Assembly take note of the Secretary-General's report.
