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Agenda item 9

**Administrative and budgetary questions****Consolidated budget for the biennium 2004-2005 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 2004-2005 for the United Nations Office on Drugs and Crime (E/CN.7/2003/20). The report presents the separate budgets for drug and crime programmes, including a comprehensive view of all planned activities and the resources required for their implementation. During its consideration of the report, the Advisory Committee exchanged views with the Executive Director and other senior officials of the United Nations International Drug Control Programme (UNDCP), who provided additional information.

2. The United Nations Office on Drugs and Crime implements the Organization's drug and crime programmes in an integrated manner. These comprise UNDCP, established pursuant to General Assembly resolution 45/179 of 21 December 1990, and the Crime Prevention and Criminal Justice Programme, established by the Assembly in its resolution 46/152 of 18 December 1991. Annex II to the report of the Executive Director, contained in the addendum (E/CN.7/2003/20/Add.1), shows the organizational chart of the United Nations Office on Drugs and Crime and describes the functions of its major organizational units. The Committee requests that in the future, at the time of its examination of the estimates, it should be provided with an organizational chart that includes the number of posts in each unit at headquarters.



## **A. Budget format and presentation**

3. The consolidated budget of the United Nations Office on Drugs and Crime includes normative, technical cooperation and core programme activities and a support budget necessary to enable the Office to implement the programme. The programme budget is funded mainly from special-purpose (SP) funds (earmarked voluntary funds) and the support budget from general-purpose (GP) voluntary contributions. SP funds are earmarked by region or by theme ("soft" earmarking) or are earmarked to a specific project or activity within a project ("hard" earmarking). GP funds also finance priority areas not attracting special-purpose (earmarked) contributions, thus providing programme flexibility (E/CN.7/2003/20, paras. 1, 109 and 115). The regular budget of the United Nations funds normative activities, some core programme activities and a few support functions (see A/58/6, (Sects. 16 and 17)). For the biennium 2004-2005, under a low-income projection for the United Nations Office on Drugs and Crime (base-income scenario) (see para. 9 below), SP funds would account for 66 per cent of the income projection for the Office, GP funds for 19 per cent and the contribution from the United Nations regular budget 15 per cent (see E/CN.7/2003/20, figure IV).

4. The budget document includes a retrospective performance of the current biennium for both the drug and crime programmes of the Office (part two of the budget document), a programme budget for the biennium 2004-2005 for both the drug and crime programmes (part three), proposals submitted for approval by the Commission on Narcotic Drugs for the budget of the Fund of the United Nations International Drug Control Programme for the biennium 2004-2005 under the drug programme (part four) (see also E/CN.7/2003/20/Add.1, annex I) and a financial forecast and programme for the biennium 2004-2005 for the Crime Prevention and Criminal Justice Fund under the crime programme of the Office (part five). The Advisory Committee welcomes the executive summary and consolidated income presentation included in part one of the budget document.

5. The Advisory Committee commends the Executive Director for the efforts to present a consolidated view of the drug and crime programmes of the Office. The Committee notes that the consolidated budget document is a step in the reform process of the Office. The Committee welcomes the measures taken by the Executive Director to enhance performance and results through better priority setting, planning tools and field delivery. The Committee trusts that the management reforms implemented by the Executive Director in the biennium 2002-2003 (see E/CN.7/2003/20, paras. 6-8) would have considerable impact on the delivery of the programme in the biennium 2004-2005. The Committee expects that the results of the reform process will be reflected in further improvements in governance, funding, operational management, communications and staff management relations and that the programme will reach some stability.

6. The programme of work for the biennium 2004-2005 (part three of the budget report) follows a result-based budgeting format and includes an integrated presentation of the drug and crime programmes funded from the resources of the Fund of the United Nations International Drug Control Programme, the Crime Prevention and Criminal Justice Fund and the regular budget. The Advisory Committee notes that an attempt has been made to present main objectives, expected results and verifiable achievement indicators for nine thematic sectors. The

presentation of objectives, results and indicators of achievement could be improved. There is a need to follow a more rigorous result-based framework in consonance with the presentation of the same programmes under the regular budget of the United Nations. For example, in the thematic programme on human immunodeficiency virus/acquired immunodeficiency syndrome (HIV/AIDS), objectives should be specific, clearly identified and not confused with activities or output of the programme. The description of the same programmes in the consolidated budget of the United Nations Office on Drugs and Crime and in the regular budget (sections 17, International drug control, and 16, Crime prevention and criminal justice) should be consistent (see, for example, A/58/6 (Sect. 17), table 17.15). The Committee further recommends that efforts be made to indicate to what extent expected results would contribute to the attainment of the stated objectives, within clearly defined time frames. Indicators of achievement should be verifiable, concrete and quantifiable; vague, generic descriptions render the measurement of performance difficult. The Committee recommends that part three of the document on result-based budgeting be streamlined so as to have a more concise and focused presentation in the future.

7. The Committee is aware that the implementation of result-based budgeting is in its early stages at the United Nations Office on Drugs and Crime, as in other organizations of the United Nations system, and that refinements will be introduced as further experience is gained in performance measurement and application of result-based management methodologies. The Committee has commented extensively on the matter.<sup>1</sup> In that connection, the Committee recommends that the Office maintain better coordination with the Budget Division of the Secretariat to present a coherent result-based framework for both the drug and crime programmes in the documentation submitted to the General Assembly and to the Commission on Narcotic Drugs; the Committee also urges the Office to maintain close collaboration with other United Nations entities that have introduced result-based management systems (see, for example, the report of the Administrator of the United Nations Development Programme on the budget estimates of the Programme for the biennium 2004-2005),<sup>2</sup> with the objective of using common terminology. In the future, result-based budgeting terminology used by the Office should be included in the definitions annexed to the report.

### **Consolidated income projections**

8. Figure III in the report of the Executive Director (E/CN.7/2003/20) shows total voluntary income projections by source (i.e. traditional donors, cost-sharing, public donation and private sector) for the biennium 2004-2005 for the United Nations Office on Drugs and Crime, as compared with the biennium 2002-2003. For the biennium 2004-2005, a base- and a high-income scenario are presented for both the drug programme and the crime programme. The proposed budget for the biennium 2004-2005 is predicated on a projected total income from voluntary sources of \$155.8 million (base-income scenario), comprising \$141.8 million for the drugs programme and \$14.0 million for the crime programme. The total income projections for the biennium 2004-2005 from voluntary sources of \$155.8 million show a decrease of about 1 per cent as compared with the income for the biennium 2002-2003 of \$156.9 million.

9. Figure IV of the report shows total income resources projected for the biennium 2004-2005 for the Office, as compared with the biennium 2002-2003. The projections include a breakdown of voluntary contributions between GP and SP funds and the amount to be contributed by the regular budget of the United Nations. For the biennium 2004-2005, under the base-income scenario, total income would amount to \$183.7 million for both the drug programme (\$160.3 million) and the crime programme (\$23.4 million).

10. The Advisory Committee notes that GP funds of \$35.2 million for the drug and crime programmes of the Office are expected to remain at about the same level for the biennium 2004-2005 (\$33.0 million for the drugs programme and \$2.2 million for the crime programme), as compared with \$35.3 million for the biennium 2002-2003 (\$33.6 million for the drugs programme and \$1.7 million for the crime programme) (E/CN.7/2003/20, para. 21 and figure IV). The Committee notes from paragraph 271 of the report that for the biennium 2002-2003 some traditional donors who had stopped making GP contributions in the past have resumed contributing, while some others are contributing more GP funds. The Committee welcomes that trend.

11. The Advisory Committee was informed about continuous efforts and innovative approaches in fund-raising to secure contributions from traditional government donors, to broaden the base of government funding, to expand cost-sharing arrangements involving financial institutions and bilateral loan programmes and to identify private sector and United Nations inter-agency funding sources. The Committee welcomes and encourages the efforts of the Executive Director, including increasing cooperation with the private sector. The Committee recalls the view it expressed in paragraph 6 of its report of 26 February 2003 (E/CN.7/2003/16) and stresses the need for complete transparency in such arrangements with the private sector so that stakeholders can monitor the allocation and use of all such funds. The Committee would welcome the further development of best practices that might be widely drawn upon as guidance in that area.

## **II. Fund of the United Nations International Drug Control Programme**

### **A. Programme and final support budgets for the biennium 2002-2003**

12. The budget performance and final support budget for the Fund of the United Nations International Drug Control Programme for the biennium 2002-2003 is provided in part two of the report of the Executive Director. As shown in table 10 of the consolidated budget document and annex VI of the addendum (E/CN.7/2003/20/Add.1), the final budget for the biennium 2002-2003 amounts to \$144.2 million, comprising a programme budget of \$106.3 million, a final support budget of \$35.4 million and agency support costs of \$2.5 million.

13. The Advisory Committee notes that the final support budget of \$35.4 million increases by \$3.0 million (or 9.2 per cent), as compared with the revised support budget for the biennium 2002-2003 of \$32.4 million. Volume and cost changes are discussed in paragraphs 117-120 of the budget document. The Committee notes that 13 posts, budgeted at \$1.8 million, have been transferred from the support budget to

the core programme budget (para. 119). The core programme budget for the biennium 2002-2003 amounts to \$10.2 million (see paras. 122 and 123). The Committee requests that, in the future, reasons for the transfer of posts from the support budget to the core programme budget be adequately explained in the budget report.

## **B. Programme and support budgets for the biennium 2004-2005**

14. A summary of resource requirements for the Fund of the United Nations International Drug Control Programme for the biennium 2004-2005 is shown in table 38 of the report and annex VI to the addendum. For the biennium 2004-2005, the total budget amounts to \$187.4 million, comprising a programme budget of \$146.9 million, a support budget of \$35.9 million and agency support costs of \$4.6 million. Total projected resources amount to \$196.0 million (a projected income of \$141.8 million and an opening balance of \$54.2 million).

15. The Advisory Committee notes that, in terms of resource utilization, it is planned to maintain a programme to support ratio of 78:22 for the biennium 2004-2005 (E/CN.7/2003/20, para. 260). Upon request, the Committee was informed that, in either the high- or low-income scenario, the support budget is expected to remain stable, with adjustments possibly to projects funded from GP funds. The Committee recalls its observations in paragraphs 11 and 19 of its report of 5 November 2001 (E/CN.7/2001/18). Although the Committee welcomes the restructuring of headquarters and the re-profiling of the field office network discussed in paragraph 7 of the report of the Executive Director, it remains concerned at the high proportion of resources planned for the support budget for the biennium 2004-2005.

## **C. Information technology**

16. Information technology requirements are discussed in paragraphs 293-301 of the report of the Executive Director. Table 42 of the budget document shows that a provision of \$1,375,400 is requested for the UNDCP Programme and Financial Management Information System (ProFi) for the biennium 2004-2005. Annex XII (see E/CN.7/2003/20/Add.1) summarizes ProFi accomplishments in the biennium 2002-2003. The Advisory Committee notes that during the biennium 2004-2005, high priority will be given to the development of phase 2 of ProFi. The Committee recalls that phase 2 (the programme and project management component) was supposed to start in early 2002, subject to funding (see E/CN.7/2001/18, para. 26). The Committee was provided with the terms of reference for a consultant who would be hired to assist with the development of phase 2.

17. The Committee notes that "with a view to providing ProFi with predictable and appropriate funding, it is proposed to charge each project allocation with 1 per cent for the purpose of ensuring permanent updates, maintenance and support and to equally divide the charge for maintaining ProFi to both donor and receiving countries" (E/CN.7/2003/20, para. 300). The Committee does not support the proposed mode of funding phase 2 of ProFi and recommends that the full cost of ProFi be funded from the support budget.

*Notes*

<sup>1</sup> See, for example, *Official Records of the General Assembly, Fifty-eighth Session, Supplement No. 7 (A/58/7)*, paras. 19-25.

<sup>2</sup> DP/2003/28, paras. 22 and 23.

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