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**Administrative and budgetary questions**

**Consolidated budget for the biennium 2006-2007 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, in advance form, the report of the Executive Director on the consolidated budget for the biennium 2006-2007 for the United Nations Office on Drugs and Crime (UNODC) (E/CN.7/2005/12 and Add.1). The report presents separate budgets for the UNODC drug and crime programmes, including a presentation of planned activities and resources required for their implementation. The Advisory Committee met with the Executive Director and, via videoconference, with other senior officials of UNODC.

2. UNODC implements the drug and crime programmes in an integrated manner. These comprise the United Nations International Drug Control Programme, established pursuant to General Assembly resolution 45/179 of 21 December 1990, and the United Nations Crime Prevention and Criminal Justice Programme, established by the Assembly in its resolution 46/152 of 18 December 1991. In paragraph 2 of its report on the consolidated budget of UNODC for the biennium 2004-2005 (E/CN.7/2003/21), the Advisory Committee requested that, in future, it should be provided with an organizational chart that included the number of posts in each unit at UNODC headquarters. The Committee regrets that the requested organizational chart was not included with the budget proposal and was provided only after enquiry. The Committee expects that the organizational chart will be included as a matter of routine with future UNODC budget proposals.



## II. Budget format and presentation

3. The consolidated budget of UNODC 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 funds (earmarked voluntary funds) and the support budget from general-purpose voluntary contributions. Special-purpose funds are earmarked by region or by theme ("soft" earmarking) or are earmarked to a specific project or activity within a project ("hard" earmarking). General-purpose funds also finance priority areas not attracting special-purpose (earmarked) contributions, thus providing programme flexibility. For the biennium 2006-2007, under a low-income projection for UNODC (base-income scenario), special-purpose funds would account for 73 per cent of the income projection for the Office, while general-purpose funds would account for 14 per cent and the contribution from the regular budget of the United Nations would account for 13 per cent (see E/CN.7/2005/12, figure I).

4. The Advisory Committee points out that, since its recommendation in the year 2003, there has not been much progress with respect to result-based budgeting. The absence of clearly defined objectives, benchmarks and quantifiable outputs makes it difficult to determine whether UNODC operations are efficient, effective and economical. The Advisory Committee reiterates its earlier recommendation that the Office maintain better coordination with the Budget Division of the Secretariat to ensure compliance with result-based budgeting modalities, as well as to ensure harmonization of budget terminology.

5. The Advisory Committee notes that financial tables for the biennium 2004-2005 and the biennium 2006-2007 were compiled separately by theme and not in a comprehensive manner, making the document somewhat disjointed. Although comparative tables were provided following specific enquiry, the initial absence of financial information by budget line item made it difficult to make an overall judgement of the Office's administrative and budgetary resources prior to meeting with UNODC officials. It would have been helpful if consolidated tables had been included, explaining reasons behind changes in projected expenditures. For example, additional information provided to the Committee indicated that, on the final budget for the biennium 2004-2005, for the amount allocated for furniture and equipment (Africa and the Near and Middle East) was \$92,200, with an initial estimate for the biennium 2006-2007 of \$139,600; however, no explanation for the increase was provided. Another example relates to general temporary assistance for headquarters support under management and administration. The final budget for the biennium 2004-2005 amounted to \$38,100, whereas the budget estimate for the biennium 2006-2007 amounts to \$338,100, constituting, without explanation, an increase of 887 per cent. Other examples are noted in almost all major objects of expenditure, including travel and security. The Committee expects that the UNODC administration, in collaboration with the Budget Division of the Secretariat, will, in future, include relevant financial information and a full explanation and presentation of increases and decreases for all objects of expenditure as a matter of routine.

### III. Consolidated income projections

6. Figure I in the report of the Executive Director (E/CN.7/2005/12) shows total voluntary income projections for UNODC for the biennium 2006-2007, as compared with the biennium 2004-2005. For the biennium 2006-2007, a base- and a high-income scenario are presented for both the drug programme and the crime programme. The proposed budget for the biennium 2006-2007 is predicted on a projected total income from voluntary sources of \$206.4 million (base-income scenario), comprising \$154.9 million for the drug programme and \$51.5 million for the crime programme. The total income projections for the biennium 2006-2007 from voluntary sources of \$206.4 million show an increase of about 3 per cent compared with the income for the biennium 2004-2005 of \$199.8 million.

7. The Advisory Committee notes from figure I that general-purpose funds for the drug and crime programmes are expected to decrease to \$33.3 million for the biennium 2006-2007 (\$28.6 million for the drug programme and \$4.7 million for the crime programme), compared with \$37.7 million for the biennium 2004-2005 (\$33.6 million for the drug programme and \$4.1 million for the crime programme).

8. The consolidated budget (E/CN.7/2005/12, para. 8) indicates that total income has grown by \$41.6 million (22 per cent), from \$190.4 million in the biennium 2002-2003 to \$232 million in the biennium 2004-2005, and is projected to increase by \$6.6 million (3 per cent) in the biennium 2006-2007. Furthermore, most of the income growth is in voluntary contributions to the crime programme, which increased by \$23.9 million (162 per cent), from \$14.7 million in the biennium 2002-2003 to \$38.6 million in the biennium 2004-2005, and is expected to increase by another \$13 million (34 per cent) in the biennium 2006-2007. The consolidated budget further explains that the share of special-purpose (earmarked) voluntary income is on the increase, rising from 68 per cent of total income in the biennium 2002-2003 to a projected 73 per cent in the biennium 2006-2007.

9. The expenditure ratio between programmes (substantive work) and infrastructure (support activities) is improving, rising from 76:24 in the biennium 2002-2003 to 77:23 in the biennium 2004-2005 to a projected 79:21 ratio in the biennium 2006-2007. The Committee trusts that this trend will continue and anticipates a further improved ratio in the result-based budgetary performance report for the biennium 2006-2007.

10. According to UNODC, in order to maintain the Office's infrastructure, a predictable level of assured core funds are required, both from the regular budget of the United Nations and from unearmarked, voluntary sources (core funds) (E/CN.7/2005/12, para 12); the availability of such core funds therefore ensures payments for ongoing commitments, including the payment of staff contracts. The Committee notes that the core fund balance for the drug programme is currently insufficient (under \$8 million) to cover the annual core fund expenditure of \$15 million per annum and that most core fund income would be received in the second half of each year on a voluntary basis. The Committee trusts that the Office will redouble its fund-raising efforts to ensure that the required core fund balance of \$15 million is met.

#### **IV. Other resource-related matters**

11. UNODC's monitoring and evaluation function is financed from extrabudgetary resources. The Advisory Committee recalls paragraph 16.12 of the proposed programme budget (A/60/6 (Sect. 16)), in which resources for the conduct of monitoring and evaluation for this section are estimated to amount to \$1,570,400 from extrabudgetary resources (reflected under subprogramme 1).

12. Upon enquiry, UNODC informed the Advisory Committee that the Independent Evaluation Unit, with three Professional staff and two General Service staff in the Policy Analysis and Research Branch (Division for Policy Analysis and Public Affairs), was responsible for planning and coordinating the evaluation activities for UNODC. UNODC also informed the Advisory Committee that, once an evaluation was completed, it was distributed to member States and senior management for action. An implementation plan was prepared jointly by the Independent Evaluation Unit and the substantive office and then submitted to the UNODC Executive Committee; an agreement was then reached between the Committee and the substantive office on implementable recommendations. The substantive office reported to the Independent Evaluation Unit every six months on progress made. The Advisory Committee believes that monitoring and evaluation are intrinsic functions of entities of the United Nations system and trusts that UNODC will continue to be proactive in ensuring that this important function will retain its steady funding.

#### **V. Information technology**

13. The Advisory Committee recalls that, in its report on the consolidated budget of UNODC for the biennium 2004-2005 (E/CN.7/2003/21, para. 17), it did not support the proposed mode of funding phase 2 of the Programme and Financial Management Information System (ProFi). Specifically, the Committee recommended that the full cost of ProFi be funded from the support budget and not from project allocations. As noted in the consolidated budget for the biennium 2006-2007 (E/CN.7/2005/12/Add.1, annex IV, sect. II, "Infrastructure 2004-2005", para. 15), the Commission agreed with the Advisory Committee's recommendation. The Committee notes that the requirements for the maintenance of ProFi are now fully budgeted under infrastructure. As indicated in table 42 of the initial budget (E/CN.7/2003/20), the human resource requirements for ProFi, that is, the ProFi Coordinator (P-3 level), System Administrator (General Service (Principal level)) and two General Service (Other level) staff, are reflected accordingly in the staffing table.

#### **VI. Management-related matters**

14. The Advisory Committee was informed that the Executive Director's overall decision-making process would benefit from access to a formal or informal intergovernmental consultative body. Such a consultative body would be particularly valuable in view of the dual management functions of the Executive Director of UNODC, namely management of both the drug programme and the

crime programme. The Advisory Committee believes that a non-binding consultative body, without the intention to micromanage, would be valuable in sharing the burden of decision-making and could provide confidential professional opinions and perspectives on matters under consideration by the Executive Director. The Advisory Committee recommends that further thought should be given to the membership and terms of reference of such a consultative body.

15. The Advisory Committee notes that UNODC implements drug and crime programmes in an integrated manner for the United Nations International Drug Control Programme and the United Nations Crime Prevention and Criminal Justice Programme. The Committee points out that, while the budget proposal and all other matters are managed in an integrated manner, the two programmes are governed by separate and distinct governing bodies. In order to provide a more cohesive decision-making process and better integrate the management of the two programmes, the Advisory Committee recommends that thought be given to merging the two separate governing bodies into one.

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