

**Economic and Social Council**

Distr.: General  
2 March 2005

Original: English

---

**Commission on Narcotic Drugs**

Forty-eighth session

Vienna, 7-14 March 2005

Item 10 of the provisional agenda\*

**Administrative and budgetary questions**

**United Nations Office on Drugs and Crime: consolidated  
budget outline for 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 Executive Director on the consolidated budget outline for 2006-2007 for the United Nations Office on Drugs and Crime (UNODC) (E/CN.7/2005/8). The report outlines separate budgets for the UNODC drug and crime programmes, with a comprehensive overview of planned activities and the related resources required for their implementation. The Committee considered the report and exchanged views with the Executive Director and other senior officials. Also, in response to queries by the Committee, UNODC subsequently provided additional information.

2. The report of the Executive Director contains the proposals for: (a) the crime programme, with a \$52.2 million (275 per cent) increase from 2004-2005 to 2006-2007 and a proposed new budget of \$71.2 million; and (b) the drug programme, with an increase of \$7.3 million (4 per cent), from \$205.9 million to \$213.2 million. The proposed budget outline includes research, normative and technical assistance activities, as well as regional activities and support activities. The Committee noted the use of the designation "Normative: Headquarters" as a separate line item in table 1 and, as indicated in paragraph 6, this refers to the pillar's task in assisting countries with expertise in establishing legislative frameworks in the areas of drugs and crime control.

---

\* E/CN.7/2005/1.

\*\* The Advisory Committee on Administrative and Budgetary Questions met on 18 February 2005 and its report was submitted to the United Nations Office on Drugs and Crime on 2 March 2005.



3. The Advisory Committee commends the Executive Director for the report's overall quality, format and clarity. The brevity and conciseness is appreciated and the Committee trusts that this indicates a trend to further reduce the length of future reports.

4. Table 1 of the consolidated budget outline presents a comprehensive summary view of UNODC's proposed budget outline, while table 2 provides a more detailed thematic explanation. UNODC informed the Advisory Committee that anticipated resources as presented in both tables were a result of: (a) current and anticipated commitments; and (b) expected future activities. The determination of financial resources required for current and anticipated commitments was based primarily on the cost of ongoing projects to continue during the biennium 2006-2007, as well as new projects to be initiated during the same time frame. UNODC further informed the Committee that the determination of financial resources required for expected future activities was compiled using the best available information. Factors in that respect included negotiation with donors and an examination of the donor portfolio resulting in a weighted cost prediction. The latter was, however, not considered final and a more precise cost estimate would be included in UNODC's proposed budget presentation. **The Advisory Committee expects that UNODC will proactively communicate with donors to ascertain the status of donor pledges so as to obtain more accurate information on support expected for subsequent inclusion in the forthcoming proposed budget.**

5. The Committee points to an increase in required resources for headquarters support activities, as shown in table 2, with a 27 per cent increase in headquarters drug programme activities and a 57 per cent increase in headquarters crime programme activities. The Committee also draws attention to paragraph 20 of the budget outline and the ratio between programme and support costs, which would change only marginally, from 79:21 during 2004-2005 to 78:22 during 2006-2007, although support costs had increased in absolute terms. UNODC informed the Committee that staffing levels at headquarters remained unchanged and no new posts had been requested. The increase in required resources was a result of dual external factors unrelated to UNODC's resource management, namely, a combination of an adjustment in staff salary scales and foreign currency volatility. The Office expressed hope that voluntary contributions could augment increased headquarters resource requirements; however, there had been an overall decrease in such contributions. **The Advisory Committee emphasizes the need to monitor the ratio between the programme and support components to ensure that support costs are not increased at the detriment of expenditure on programmes.**

6. The Advisory Committee observes that some areas of expertise are not unique to UNODC and that there is an apparent duplication of efforts, with considerable potential cost implications, with other United Nations departments, funds and/or programmes. The Committee specifically notes that activities in the areas of rule of law and HIV/AIDS are also on the agenda of a number of other partners, but still require substantial UNODC financial resources. For instance, table 4 indicates a 59 per cent increase in HIV/AIDS-related programme requirements. UNODC clarified that the Office was one of 10 organizations co-sponsoring the Joint United Nations HIV/AIDS Programme (UNAIDS) and currently held the chairmanship of the Committee of Co-sponsoring Organizations. Specifically on the question of rule of law, the Office indicated that, while there was a need to consolidate work done

within the United Nations system, each office approached rule-of-law matters from a different angle. For example, whereas the Department of Peacekeeping Operations placed emphasis on the rule of law as it related to peace operations and one of the focuses of the United Nations Development Programme (UNDP) was on providing assistance to Governments in establishing rule-of-law structures in the context of governance, UNODC focused on building capacity in criminal justice. **Nonetheless, the Advisory Committee requests that UNODC examine which of its programme activities may be duplicative of programmes carried out by other United Nations entities and introduce effective communication and liaison measures to ensure information transparency and to minimize competition among agencies for funding various activities. The Committee intends to revert to this matter when it considers the UNODC budget.**

7. The Committee notes that the consolidated budget outline (E/CN.7/2005/8) does not elaborate on information exchange and general interaction between the drug and crime programmes, both of which operate jointly under the UNODC umbrella. **The Committee trusts that close coordination between both programmes is a routine matter and requests that UNODC provide background and specific examples on how coordination is organized in practice.**

8. The Committee questioned the decrease of 20 per cent in drug programme costs for Latin America and the Caribbean (see E/CN.7/2005/8, table 1). The Office responded that, while there was a reduction in absolute terms, the goal was to collaborate with the affected countries and to augment country resources with programmes provided by UNODC. **The Advisory Committee notes that technical assistance remains an important aspect of capacity-building and emphasizes the need for careful monitoring of changing geographical needs to ensure that realistic resource requirements are included in the budget.**

9. The Committee requests clarification on a new working arrangement where UNODC would utilize the UNDP activity-based universal price list (UPL) for the reimbursement of field services, as described in paragraph 56. The arrangement resulted from negotiations initiated with UNDP, which provides administrative support to UNODC at the field level, following the Executive Director's report of 17 September 2003 (E/CN.7/2003/20, para. 308). UNDP intends to charge a 3 per cent management fee for all transactions reported via a dedicated UNDP reporting system (Atlas). However, the system is not fully operational and no reports on accrued fees for services already provided have been presented to UNODC since the agreement became operational in 2004. UNODC explained that, once the price list was finalized during the year 2005, a more exact estimate would be included in the proposed budget. In the meantime, UNODC estimated that related expenditures would amount to \$1.6 million during 2006-2007. **While commending UNODC for formalizing a working arrangement with UNDP, the Advisory Committee expresses concern that the Office has entered into an agreement with UNDP without first assessing its operational and financial impact. The Committee expects that the forthcoming budget proposal will include a well-founded operational and financial justification clarifying the benefits of utilizing UPL, in particular in view of the 3 per cent management fee levied by UNDP.**