



General Assembly

Distr.: General
12 December 2014

Original: English

Sixty-ninth session

Item 132

Programme budget for the biennium 2014-2015

First performance report on the programme budget for the biennium 2014-2015

Report of the Advisory Committee on Administrative and Budgetary Questions

1. The Advisory Committee on Administrative and Budgetary Questions has considered the first performance report of the Secretary-General on the programme budget for the biennium 2014-2015 ([A/69/612](#)). During its consideration of the report, the Committee met with representatives of the Secretary-General, who provided additional information and clarification, concluding with written responses received on 8 December 2014.

2. The first performance report on the programme budget for the biennium 2014-2015 reflects adjustments required because of variations in the rates of inflation and currency exchange and in the standards assumed in the calculation of the initial appropriations. The report also takes into account the additional mandates approved by the General Assembly and the Security Council since the appropriation of the programme budget and unforeseen and extraordinary items that could not be deferred to the second year of the biennium.

3. The revised requirements under the expenditure sections amount to \$5,573.3 million, an increase of \$34.7 million, or 0.6 per cent, over the appropriation level of \$5,538.6 million approved by the General Assembly in its resolutions 68/247 B, 68/248 A-C, 68/268 and 68/279. Table 2 of the report of the Secretary-General provides details on the determining factors resulting in the increase under the expenditure sections. Upon request, the Advisory Committee was provided with the following breakdown of each factor by posts and non-posts:



(Millions of United States dollars)

<i>Object of expenditure</i>	<i>2014-2015 initial appropriation</i>	<i>Additional appropriation</i>	<i>Programme budget appropriation</i>	<i>Unforeseen and extraordinary expenses</i>	<i>Rate of exchange</i>	<i>Inflation</i>	<i>Adjustment to standards</i>	<i>Vacancy changes</i>	<i>Total</i>	<i>Revised estimates</i>	<i>Percentage variance</i>
Post	2 528.4	6.0	2 534.4		(18.3)	1.2	24.1	7.6	14.6	2 549.0	0.6
Non-post	2 515.1	1.4	2 516.5	22.8	(4.7)	(5.6)	0.3	(0.7)	12.1	2 528.6	0.5
Staff assessment	486.8	0.8	487.6		(1.5)	(0.9)	7.7	2.7	8.0	495.6	1.6
Total	5 530.3	8.2	5 538.5	22.8	(24.5)	(5.3)	32.1	9.6	34.7	5 573.2	0.6

4. A summary of revised estimates for the income sections for the biennium is contained in table 1.B of the report of the Secretary-General. They amount to \$533.0 million, which is an increase of \$9.1 million, or 1.7 per cent, over the initial estimate for the biennium 2014-2015 of \$523.9 million (see also paras. 23 and 24 below).

5. The Advisory Committee notes that the programme budget appropriation comprises \$5,530.3 million from the initial appropriation and an additional appropriation totalling \$8.2 million approved by the General Assembly during its resumed sixty-eighth session. Upon request, the Committee was provided with a breakdown relating to: (a) revised estimates under section 22, Economic and social development in Western Asia, and section 33, Construction, alteration, improvement and major maintenance (\$5.8 million); (b) strengthening and enhancing the effective functioning of the human rights treaty body system (\$0.9 million); and (c) modalities for the third International Conference on Financing for Development (\$1.5 million).

6. The report of the Secretary-General indicates that revised estimates and statements of programme budget implications in response to several draft resolutions under consideration by the Main Committees of the General Assembly at the time of finalization of the first performance report amount to approximately \$312.5 million. These amounts are being handled outside the context of the first performance report and include, inter alia, increases relating to the proposed revised estimates for the Office of the Special Envoy on Ebola and the United Nations Mission for Ebola Emergency Response (\$193.6 million), estimates in respect of special political missions for 2015 (\$41.1 million) and a request for a subvention to the Extraordinary Chambers in the Courts of Cambodia (\$36 million) ([A/69/612](#), para. 6). Observations and recommendations of the Advisory Committee on these matters are contained in its respective reports on these subjects ([A/69/660](#), [A/69/628](#) and [A/69/652](#)).

Unforeseen and extraordinary expenses

7. The report of the Secretary-General details the unforeseen and extraordinary expenses for the biennium 2014-2015 totalling \$22.8 million incurred under the terms of General Assembly resolution 68/249. Table 3 of the report provides a list of the commitments approved by the Advisory Committee (\$15.9 million), the commitments certified by the Secretary-General as relating to the maintenance of peace and security, pursuant to the authority granted under paragraph 1 (a) of the

resolution (\$6.9 million) and the commitments approved by the President of the International Court of Justice (\$0.01 million).

8. Upon request, the Advisory Committee was provided with the total amount requested under unforeseen and extraordinary expenses from 2008 through 2014 and, specifically, the amounts relating to urgent human rights activities arising from various resolutions of the Human Rights Council, which are set out in the table below. The Committee notes from this information a significant increase in the overall amounts charged to unforeseen and extraordinary expenses over the past six years and a growth in the amounts relating to urgent activities arising from resolutions of the Human Rights Council.

(United States dollars)

<i>Year</i>	<i>Total amount of unforeseen and extraordinary expenses</i>	<i>Amount arising from Human Rights Council resolutions</i>
2014	22 827 300	9 215 500
2013	23 277 800	3 857 800
2012	5 089 200	2 100 100
2011	13 168 600	—
2010	6 911 200	—
2009	3 832 600	—
2008	1 359 200	—

9. In connection with the human rights activities funded through this mechanism, the Advisory Committee was provided, upon request, with explanatory detail concerning the evolution of the funding since the establishment of the Human Rights Council in 2006. The Committee was informed that since its establishment, the Council had mandated the establishment and continuation of fact-finding missions and/or commissions of inquiry on various human rights situations. Initially, these were funded through temporary redeployments of existing regular budget resources, pending approval of the additional resources requested in the annual revised estimates report by the General Assembly at the end of each year. As a result of the large number of missions and commissions of inquiry mandated in 2011, the Office of the United Nations High Commissioner for Human Rights drew exceptionally upon extrabudgetary resources for rapid response activities deemed necessary by the High Commissioner, pending the Assembly's approval of the additional resources sought in the revised estimates report. Subsequent to that, in its resolution 66/258, the Assembly decided that the Secretary-General may enter into commitments for the financing of urgent activities arising from different requests from the Human Rights Council, upon the concurrence of the Advisory Committee, under the terms of the unforeseen and extraordinary expenses resolution. Since that time, the Committee has considered requests in respect of nine such resolutions, six of which relate to urgent human rights activities arising in 2014.¹

10. Concerning the \$6.9 million approved under the authority of the Secretary-General, the Advisory Committee recalls that pursuant to General Assembly resolution 68/249, the Secretary-General has the authority to enter into

¹ Human Rights Council resolutions 25/1, 25/23, 25/25, 26/24, S-21/1 and S-22/1.

commitments not exceeding a total of \$8 million in any one year on matters he certifies as relating to the maintenance of peace and security (para. 1(a)). The different commitments approved by the Secretary-General and the related sections of the programme budget are set out below:

(Thousands of United States dollars)

Section 3. Political affairs

Good offices in furtherance of the implementation of Security Council resolution 2118 (2013) — Syrian Arab Republic	650.5
Advance team to commence preparations for the establishment of a United Nations Electoral Observer Mission in Burundi	449.5
Headquarters Board of Inquiry into certain incidents that occurred in the Gaza Strip	471.9

Section 4. Disarmament

United Nations Mission to Investigate Allegations of the Use of Chemical Weapons in the Syrian Arab Republic	668.2
--	-------

Section 24. Human rights

Human rights monitoring mission in Ukraine	2 634.4
--	---------

Section 27. Humanitarian assistance

Monitoring mechanism for the Syrian Arab Republic	2 031.2
---	---------

Subtotal	6 905.7
-----------------	----------------

11. During its review of the report of the Secretary-General, the Advisory Committee sought background information on the commitments approved under the terms of General Assembly resolution 68/249 and was provided, in certain instances, with limited detail, which is contained in the annex to the present report. **The Advisory Committee recommends that more detailed background information be submitted to the General Assembly concerning the commitments made under the authority of the Secretary-General during 2014.**

12. In addition, the Advisory Committee recalls that the Secretary-General also committed a sum of \$2 million under the terms of General Assembly resolution 68/249 to fund initial operations for the United Nations Mission for Ebola Emergency Response following a General Assembly resolution in which the Assembly welcomed the intention of the Secretary-General to establish this mission (resolution 69/1). Upon enquiry, the Committee was informed that these funds were used for quick start-up activities and to enable initial mission operations from 19 September 2014. The Committee was informed that the funds were subsequently incorporated as part of the request for a commitment authority of \$49.9 million in preliminary funding, approved by the General Assembly in its resolution 69/3 on 9 October 2014. According to the Secretary-General, it was for this reason that the \$2 million initial charge was not included as part of the first performance report.

13. In this connection, in the context of its consideration of the commitment authority on the establishment of a humanitarian monitoring mechanism for the Syrian Arab Republic in October 2014, the Advisory Committee expressed its understanding that expenditures charged under the authority of the Secretary-General pursuant to the provisions of paragraph 1 (a) of General Assembly

resolution 68/249 could be reversed only in the context of approval of the related budget proposal by the Assembly and not by the approval of another commitment authority.

14. In addition, in the view of the Advisory Committee, at the time that the above-mentioned \$2 million charge to unforeseen and extraordinary expenses for the initial expenditures of the United Nations Mission for Ebola Emergency Response was made in September 2014, the Secretary-General had actually exceeded his authority for the year of 2014 for commitments approved pursuant to General Assembly resolution 68/249 by \$905,000.

15. The Advisory Committee notes with concern that the \$8 million limit specified under General Assembly resolution 68/249 was exceeded by \$905,000 during 2014. The Committee recommends that the General Assembly request the Secretary-General to observe the limits and provisions established by the Assembly with respect to charges he makes to unforeseen and extraordinary expenses without the prior concurrence of the Advisory Committee.

Variations in budgetary assumptions for the biennium 2014-2015

16. Concerning changes in foreign currency rates, the Secretary-General indicates in paragraph 16 of his report that the net decrease of \$24.5 million reflects a general strengthening of the United States dollar in a number of operational exchange rates during the year compared with those foreseen in the initial appropriation. The fluctuations of several currencies are described in paragraphs 17 to 20 of the report. The Advisory Committee was provided with an additional breakdown by post category and non-post objects of expenditure, which is contained in the table below. With regard to inflation, paragraphs 22 to 26 of the report provide further details on the post and non-post elements that led to decreased requirements of \$5.3 million.

(Millions of United States dollars)

	<i>Professional</i>	<i>General Service</i>	<i>Non-post objects</i>	<i>Staff assessment</i>	<i>Total</i>
Requirements	(12.8)	(5.5)	(4.7)	(1.5)	(24.5)

17. On the matter of currency exchange rate movements, the Advisory Committee recalls that, in its resolution 67/246 (sect. X, para. 8), the General Assembly authorized the Secretary-General to utilize forward purchasing as at 1 January 2013 to protect the United Nations against exchange rate fluctuations. In its prior comments on the second performance report on the programme budget for the biennium 2012-2013 regarding the Secretary-General's experience relating to forward purchasing, the Committee noted that forward purchase agreements for the Swiss franc were made for the period from May to December 2013 in the amount of SwF 150 million and that a net positive difference between the contracted forward rates and the United Nations operational rates of exchange amounting to \$3.5 million had been noted. At that time, the Committee had been informed that the Secretariat planned to carry out a forward purchasing operation in the amount of SwF 20 million for every month of 2014 to cover a portion of the regular budget staff costs. This would, in the view of the Secretariat, provide the Organization with certainty on the day these transactions were agreed of the amounts that would ultimately be paid. The Committee had agreed that the initial experience appeared to

have provided the Organization with greater budgetary certainty and could potentially serve as an important tool for the Secretary-General to better manage the budgetary implications of currency exchange rate movements ([A/68/656](#), paras. 12-14).

18. In its resolution 68/245 A-B, the General Assembly endorsed the Advisory Committee's recommendation that the Secretary-General provide a more comprehensive assessment on the experience of forward purchasing in the first performance report on the programme budget for the biennium 2014-2015. The Committee notes that the current report of the Secretary-General contains no such details. Upon enquiry, the Committee was informed that Swiss franc forward purchase agreements, totalling SwF 80 million, had been made only from September to December 2014. With the appreciation of the United States dollar against the Swiss franc in the last quarter of 2014, the net difference between the contracted forward rates and the United Nations rates of exchange had been negative. The Committee was further informed that the impact of forward purchasing for 2014-2015 will be reported in the context of the second performance report for the biennium. **The Advisory Committee notes that the comprehensive assessment of the Secretary-General's experience in respect of utilizing forward purchasing in the United Nations against exchange rate fluctuations is now overdue. The Committee looks forward to this assessment in the context of the second performance report for the biennium 2014-2015.**

19. As indicated in paragraphs 27 to 29 of the Secretary-General's report, adjustments to standard costs reflecting the net effect of changes in standard salary costs, common staff costs and staff assessment rates amount to an increase of \$32.2 million. This includes revisions to standard salary costs for 2014, which are based on the actual average payroll experience at each duty station. A net increase of \$37.2 million reflects average net base salary costs that are higher than had been projected in the initial appropriation. Also included are adjustments to common staff costs, which, based on actual experience during 2012-2013 and for the period from January to September 2014, compared with the amounts foreseen in the initial appropriation, show a net decrease of \$5 million.

20. The Advisory Committee notes that one component in these upward adjustments to standard costs is a charge of \$5.5 million for payroll adjustments and common staff costs with respect to section 34, Safety and security ([A/69/612](#), annex I). Upon enquiry, the Committee was informed that this charge mainly reflects upward adjustments to payroll averages in New York, Beirut and Addis Ababa; however, no further clarifications were provided to the Committee. **The Advisory Committee notes the lack of clarity in the adjustments to standard staff costs relating to section 34, Safety and security, and expects that further detail in this connection will be provided to the General Assembly for its consideration.**

21. As indicated in paragraphs 30 and 31 of the Secretary-General's report, the General Assembly decided that vacancy rates of 8.75 per cent for the Professional category and 6.4 per cent for the General Service category should be used as a basis for calculation of the budget for the biennium 2014-2015. The Secretary-General indicated that the average realized vacancy rates for Professional posts were 9.0 per cent for January to September 2014 and 5.0 per cent for General Service posts.

Revised estimates for 2014-2015

22. As previously indicated, the Secretary-General's report sets out revised requirements under the expenditure sections amounting to \$5,573.3 million for the biennium 2014-2015 (*ibid.*, para. 5). With respect to income estimates, in paragraphs 33 to 36 of his report, the Secretary-General outlines the revised income estimates for the biennium amounting to \$533.0 million, an increase of \$9.1 million, or 1.7 per cent, comprising: (a) an increase of \$8.1 million under income section 1, Income from staff assessment; (b) an increase of \$6.7 million under income section 2, General income, largely reflecting an increase in interest income and the refund of prior-year expenditures and miscellaneous income; and (c) a decrease of \$5.7 million under income section 3, Services to the public.

23. Regarding the decrease in income under services to the public resulting from the downward revision in the estimated revenues, the report indicates that this is primarily attributable to the reduced postal administration sales of philatelic items, lower-than-expected sales of printed publications and reduced bookings of guided tours at Headquarters due to security constraints related to the capital master plan. In this connection, the Advisory Committee sought additional detail on the downward revision of these income estimates, along with the trends between the initial income projections and the amounts finally approved in recent bienniums. The details are provided in the table below. The Committee notes that over the past three bienniums, the amounts initially approved for income-generating activities were consistently revised downwards during the course of the biennium.

(Thousands of United States dollars)

	<i>Initial approved 2010-2011</i>	<i>Final approved 2010-2011</i>	<i>Initial approved 2012-2013</i>	<i>Final approved 2012-2013</i>	<i>Initial approved 2014-2015</i>	<i>Revised estimate 2014-2015</i>
Postal administration	1 296.5	436.7	208.6	(959.6)	185.1	(3 284.8)
Publications	609.2	(416.5)	205.6	(32.8)	443.7	(636.9)
Visitors	(1 064.4)	(566.7)	(545.6)	(1 168.7)	(242.0)	(978.2)
Revenue services of the Department of Economic and Social Affairs	623.7	682.6	252.4	693.2	160.6	162.5
Gift items and news stand	540.6	895.0	79.9	770.0	494.3	599.3
Garage	316.2	293.1	179.7	93.3	77.2	(161.2)
Other commercial activities	556.1	1 005.6	479.2	664.0	645.3	287.2
Catering operations	(303.5)	(470.1)	(218.0)	(1 543.4)	(243.0)	(139.2)
Programme support for revenue accounts	(762.8)	(701.8)	(757.2)	(1 031.4)	(790.0)	(803.2)
Total net revenue	1 811.6	1 157.9	(115.4)	(2 515.4)	731.2	(4 954.5)

24. The Advisory Committee notes with concern that the income estimates in connection with income section 3 have required downward revision over the past three bienniums, calling into question the validity of the initial budget assumptions for the related income-generating activities. The Committee

intends to keep this matter under review in the context of its consideration of the proposed programme budget for the biennium 2016-2017.

25. The action to be taken by the General Assembly is set out in paragraph 37 of the report of the Secretary-General. **The Advisory Committee recommends that the General Assembly approve the revised estimates contained in the report of the Secretary-General, subject to such adjustments as may be necessary as a result of the Assembly's consideration of matters now before it, including the consolidated statement of revised estimates and programme budget implications.**

Annex

Background information on commitments approved under the terms of paragraph 1 (a) of General Assembly resolution 68/249

1. Good offices in furtherance of the implementation of Security Council resolution 2118 (2013) concerning the Syrian Arab Republic: \$650,500

In furtherance of the implementation of Security Council resolution 2118 (2013) concerning the Syrian Arab Republic, the amount of \$650,500 would cover the activities of the Secretary-General's good offices for the period from 1 October to 31 December 2014.

The resources would provide for five positions (1 USG, 1 P-5, 2 P-3, 1 FS) and other operational costs.

2. Advance team to commence preparations for the establishment of a United Nations Electoral Observer Mission in Burundi: \$449,500

Resources in the amount of \$449,500 would cover the requirements of an advance team from October to December 2014 to ensure that the United Nations Electoral Observer Mission in Burundi established pursuant to Security Council resolution 2137 (2014) is fully operational on 1 January 2015.

The resources would cover 18 positions (1 USG, 1 D-2, 1 D-1, 1 P-5, 4 P-4, 4 P-3, 2 FS, 4 UNV) and other operational costs.

3. Headquarters Board of Inquiry into certain incidents that occurred in the Gaza Strip: \$471,900

The amount of \$471,900 would cover the activities of the Headquarters Board of Inquiry into certain incidents that occurred in the Gaza Strip between 8 July and 26 August 2014.

The resources would provide for five of the six members of the Board (1 USG, 1 ASG, 1 D-2, 2 P-5) and other operational costs.

4. United Nations Mission to Investigate Allegations of the Use of Chemical Weapons in the Syrian Arab Republic: \$668,200

Pursuant to General Assembly resolution 42/37 C, as reaffirmed by the Security Council in its resolution 620 (1988), investigations were conducted into the alleged use of chemical weapons in the Syrian Arab Republic. The World Health Organization (WHO) and the Organization for the Prohibition of Chemical Weapons were requested to lend their expertise and provide technical support in carrying out the mission.

Resources in the amount of \$668,200 would cover reimbursement of mission costs to WHO and the Organization for the Prohibition of Chemical Weapons.

5. Human rights monitoring in Ukraine: \$2,634,400

The human rights monitoring mission in Ukraine was deployed to maintain an enhanced United Nations engagement in the country, monitor the human rights situation and provide analysis to guide the United Nations response to the crisis.

Total resources in the amount of \$2,634,400 would cover the activities from 16 March to 15 December 2014.

The resources would cover general temporary assistance (1 P-5, 2 P-4, 7 P-3, 3 GS-OL, 16 NPO, 12 LL), general temporary assistance related to election surge and other operational costs.

6. Monitoring mechanism for the Syrian Arab Republic: \$2,031,200

In its resolution 2165 (2014), the Security Council called for the expeditious deployment of a monitoring mechanism to monitor, with the consent of the relevant neighbouring countries of the Syrian Arab Republic, the loading of all humanitarian relief consignments of the United Nations humanitarian agencies and their implementing partners at the relevant United Nations facilities and any subsequent opening of the consignments by the customs authorities of the relevant neighbouring countries, for passage into the Syrian Arab Republic across the border crossings, and with notification by the United Nations to the Syrian authorities, in order to confirm the humanitarian nature of these relief consignments.

As an interim measure, the amount of \$2,031,200 was met through the Secretary-General's commitment authority on unforeseen and extraordinary expenses. Concurrence of the Advisory Committee on Administrative and Budgetary Questions was sought to meet the requirements of the monitoring mechanism for the Syrian Arab Republic and an additional amount of \$1,529,800 was approved.

The total resources would be required for the funding of the mechanism for the period from 14 July 2014 to 9 January 2015 and would provide for 52 positions (1 D-2, 1 D-1, 4 P-5, 5 P-4, 7 P-3, 4 P-2, 1 NPO, 17 LL, 12 UNV), and other operational costs.

Abbreviations: ASG, Assistant Secretary-General; FS, Field Service; GS, General Service; LL, Local level; NPO, National Professional Officer; OL, Other level; UNV, United Nations Volunteer; USG, Under-Secretary-General.