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Administrative and budgetary questions

Proposed revised budget for the biennium 2002-2003 and proposed outline for the biennium 2004-2005 for the Fund of the United Nations International Drug Control Programme

Report of the Executive Director

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* E/CN.7/2003/1.



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Part one Introduction

I. Executive summary

1. The present report, containing the proposed revised budget for the biennium 2002-2003 and the proposed outline for the biennium 2004-2005 for the Fund of the United Nations International Drug Control Programme (UNDCP), is submitted in accordance with Commission on Narcotic Drugs resolution 13 (XXXVI) and article X of the Financial Rules of the Fund of the United Nations International Drug Control Programme. The report of the Advisory Committee on Administrative and Budgetary Questions (ACABQ) on the proposed revised budget for the biennium 2002-2003 and proposed outline for the biennium 2004-2005 for the Fund of UNDCP is contained in document E/CN.7/2003/16. The budget has been prepared within the framework of the medium-term plan for the period 2002-2005.
2. The Secretariat took note of the recommendations made by the Commission and ACABQ on the methodology used for results-based budgeting.
3. The present document contains a consolidated budget presentation including an executive summary, a review of the financial situation of UNDCP in the biennium 2002-2003 and projections for the biennium 2004-2005, as well as the proposals for the revised support and programme budgets for the biennium 2002-2003 and the budget outline for the biennium 2004-2005. The document links the initial and revised budgets for the biennium 2002-2003. In accordance with the comments from ACABQ (E/CN.7/2001/18, para. 4) and as indicated in the proposed initial budget (E/CN.7/2001/14, annex II, para. 4), the revised budgets are presented in a concise format and contain major variations based on changed priorities mandated by policy-making organs or proposed by the Executive Director. The programme narratives for which significant changes are proposed are provided in summary form. The full text of all programme narratives, in a results-based budgeting format, is available on the Internet (www.unodc.org).

A. Total Fund budget and resource plan

4. Table 1 provides a summary of the resource requirements.

Table 1
Resource requirements, 2002-2003 and 2004-2005
(Thousands of United States dollars)

<i>Item</i>	<i>Initial budget 2002-2003</i>	<i>Revised budget 2002-2003</i>	<i>Outline 2004-2005</i>
Programme budget	130 011.6	130 170.1	132 165.3
Support budget	35 386.6	34 243.5	35 955.8
Agency support costs	2 993.5	2 020.4	2 816.8
Total	168 391.7	166 434.0	170 937.9

5. The revised Fund budget proposal for the biennium 2002-2003 is based on actual expenditures for the first year of the biennium and estimates for the second year, and includes policy changes proposed for the programme budget. As in previous bienniums, programme expenditures are expected at 80 per cent of the revised programme budget for the biennium 2002-2003. The revised support budget shows expenditure to be estimated at more than \$1.1 million below the approved initial support budget, reflecting the impact of savings owing to the freezing of posts (\$1.4 million), partly offset by an increase in costs owing to a revised exchange rate and inflation movements (\$0.3 million).

6. The Commission, at its reconvened forty-fourth session, approved the proposed initial budget for the biennium 2002-2003 (resolution 44/20). In approving the initial budget, the Commission noted that the provisional organization chart and post allocations would be reviewed further by UNDCP and that a revised proposal within the approved total appropriation of the budget for the biennium 2002-2003 would be submitted to the Commission at its forty-fifth session. At its forty-fifth session, the Commission had before it a note from the Secretariat (E/CN.7/2002/10) explaining that, pending the appointment of a new Executive Director, no changes were proposed and that a revised proposal would be submitted to the Commission for approval at a later date. The revised support budget submission for the biennium 2002-2003 is within the approved total appropriation, and changes in post allocations shown under part three are within the limits established by the Commission. As regards changes in the organizational structure, proposals are under consideration based on guidelines for operational priorities. Upon approval of a formal structure by the Secretary-General, necessary changes in post allocations resulting from the new structure will be reflected in the final budget for the biennium 2002-2003 and the initial budget for the biennium 2004-2005, which will be considered by the Commission at its reconvened forty-sixth session, in December 2003.

7. The revised budget proposals for the biennium 2002-2003 for the Fund of UNDCP are aligned with current best estimates of income trends and updated projections, as compared with those one year ago, when the initial budget was prepared. The outline for the biennium 2004-2005 is also based on current best estimates of overall income trends and assumes a total increase of approximately 2.7 per cent over the revised budget for the biennium 2002-2003 to take into account inflation and exchange rate fluctuations.

8. The resource plan presented in table 2 provides an overall summary of resource availability and utilization. Total resources budgeted at \$166.4 million for the biennium 2002-2003 are covered by fund balances and estimated income of \$190.6 million for the same period. A margin of \$24.2 million between likely resources and their planned use is kept to ensure adequate fund balances for activities ongoing into the biennium 2004-2005, which will allow a balanced use of resources based on maintaining a programme-to-support ratio of 77:23 for the bienniums 2002-2003 and 2004-2005.

Table 2
Resource plan, 2002-2003 and 2004-2005
(Thousands of United States dollars)

Item	Fund of UNDCP										Regular budget	
	2002-2003 initial estimates		2002-2003 revised estimates				2004-2005 outline				2002-2003 (approved)	2004-2005 (proposed)
	Total		General-purpose	Special-purpose	Total		General-purpose	Special-purpose	Total			
	Amount	%			Amount	%			Amount	%		
I. Resources available												
Opening balance	43 545.5	24.2	9 835.0	43 586.5	53 421.5	28.0	5 312.4	44 861.1	50 173.5	28.6		
Income	136 295.0	75.8	27 707.0	109 445.0	137 152.0	72.0	29 170.0	96 310.0	125 480.0	71.4		
Total I	179 840.5	100.0	37 542.0	153 031.5	190 573.5	100.0	34 482.4	141 171.1	175 653.5	100.0	--	--
II. Use of resources												
<i>Programme and programme support activities</i>												
A. Programme	130 011.6	77.2	5 572.0	124 598.1	130 170.1	78.2	5 000.0	127 165.3	132 165.3	77.3	12 973.6	14 632.8
B. Programme support												
Field level	18 212.5	10.8	12 009.4	5 759.5	17 768.9	10.7	12 554.6	5 931.5	18 486.1	10.8		
Headquarters	6 892.5	4.1	4 697.5	1 919.8	6 617.3	4.0	5 039.8	1 977.2	7 017.0	4.1		
Agencies	2 993.5	1.8	93.4	1 927.0	2 020.4	1.2	98.0	2 718.8	2 816.8	1.6		
Total, B	28 098.5	16.7	16 800.3	9 606.3	26 406.6	15.9	17 692.4	10 627.5	28 319.9	16.6	--	--
C. Management and administration	10 281.6	6.1	9 857.3	--	9 857.3	5.9	10 452.7	--	10 452.7	6.1	2 315.5	1 952.1
Total II	168 391.7	100.0	32 229.6	134 204.4	166 434.0	100.0	33 145.1	137 792.8	170 937.9	100.0	15 289.1	16 584.9
III. Reconciliation												
Total II. Use of resources	168 391.7	100.0	32 229.6	134 204.4	166 434.0	100.0	33 145.1	137 792.8	170 937.9	100.0	15 289.1	16 584.9
Less: Programmes	130 011.6	77.2	5 572.0	124 598.1	130 170.1	78.2	5 000.0	127 165.3	132 165.3	77.3	12 973.6	14 632.8
Agencies	2 993.5	1.8	93.4	1 927.0	2 020.4	1.2	98.0	2 718.8	2 816.8	1.6	--	--
Biennial support budget Total III	35 386.6	21.0	26 564.2	7 679.3	34 243.5	20.6	28 047.1	7 908.7	35 955.8	21.0	2 315.5	1 952.1

B. Operational priorities

9. The following operational priorities will be a basis for the budget and resource plan of the Fund over the medium term:

- (a) Pursue an integrated approach to drug and crime issues;
- (b) Place drug and crime issues in the context of sustainable development;
- (c) Balance prevention and enforcement activities;
- (d) Select operations on the basis of knowledge and strategic vision;
- (e) Help establish institutions that promote international best practices;
- (f) Leverage resources to exploit the power of partnership.

10. The operational priorities will be implemented based on guiding principles in the regional context using a multilateral approach and taking into account gender sensitivity. Enabling conditions, namely sound financing, motivated staff and proper field presence, will be essential to successful implementation. A detailed paper on the operational priorities has been made available to Member States after consultation with all stakeholders and the staff at large.

C. Financial situation

11. As shown in the financial summary presented in table 3, the general-purpose-fund balance will have declined from \$9.8 million at the start of 2002 to \$5.3 million by the end of 2003. That amount is below the minimum fund balance of \$8 million required to maintain adequate cash flow in the first half of each year because general-purpose income is normally received in the second half of the year. The projection for the biennium 2004-2005 shows a further depletion of the critical fund balance to \$1.3 million by the end of 2005. In order to ensure stability in financing staff contracts and operating costs over the two-year budget cycle, the general-purpose fund balance will need to be rebuilt to around \$15 million. Member States were alerted to the situation at intersessional meetings of the Commission held in the fourth quarter of 2002, and a working group has been established to consider options to overcome the problem (see part two, chap. IV). Special-purpose funds are being maintained in balance, with a gradual reduction of the total fund balance foreseen in the biennium 2004-2005.

Table 3
Financial summary, 2000-2001, 2002-2003 and 2004-2005
(Thousands of United States dollars)

Item	2000-2001	2002-2003		2004-2005			Increase/(Decrease):2004-2005/2002-2003						
	Total	General-purpose amount	Special-purpose amount	Total	General-purpose amount	Special-purpose amount	Total	General-purpose		Special-purpose		Total	
								Amount	%	Amount	%	Amount	%
I. Funding													
A. Fund balances as at													
1 January	67 272.0	9 835.0	43 586.5	53 421.5	5 312.4	44 861.1	50 173.5	-4 522.6	-46.0	1 274.6	2.9	-3 248.0	-6.1
B. Income													
Contributions	91 607.7	24 707.0	78 058.0	102 765.0	27 970.0	73 790.0	101 760.0	3 263.0	13.2	-4 268.0	-5.5	-1 005.0	-1.0
Cost-sharing	30 300.4	--	28 109.0	28 109.0	--	19 020.0	19 020.0	--	--	-9 089.0	-32.3	-9 089.0	-32.3
Public donations	1 303.9	--	578.0	578.0	--	500.0	500.0	--	--	-78.0	-13.5	-78.0	-13.5
Interest	9 472.2	2 700.0	2 700.0	5 400.0	1 000.0	3 000.0	4 000.0	-1 700.0	-63.0	300.0	11.1	-1 400.0	-25.9
Miscellaneous	19.4	300.0	--	300.0	200.0	--	200.0	-100.0	-33.3	--	--	-100.0	-33.3
Total, B	132 703.6	27 707.0	109 445.0	137 152.0	29 170.0	96 310.0	125 480.0	1 463.0	5.3	-13 135.0	-12.0	-11 672.0	-8.5
Total I	199 975.6	37 542.0	153 031.5	190 573.5	34 482.4	141 171.1	175 653.5	-3 059.6	-8.1	-11 860.4	-7.8	-14 920.0	-7.8
II. Expenditure													
Programmes	109 821.6	5 572.0	98 564.1	104 136.1	5 000.0	99 000.0	104 000.0	-572.0	-10.3	435.9	0.4	-136.1	-0.1
Agencies	3 557.5	93.4	1 927.0	2 020.4	98.0	2 718.8	2 816.8	4.6	4.9	791.8	41.1	796.4	39.4
Support budget	33 175.1	26 564.2	7 679.3	34 243.5	28 047.1	7 908.7	35 955.8	1 482.9	5.6	229.4	3.0	1 712.3	5.0
Total II	146 554.2	32 229.6	108 170.4	140 400.0	33 145.1	109 627.5	142 772.6	915.5	2.8	1 457.1	1.3	2 372.6	1.7
III. Fund balances as at 31 December (I-II)													
	53 421.4	5 312.4	44 861.1	50 173.5	1 337.3	31 543.6	32 880.9	-3 975.1	-74.8	-13 317.5	-29.7	-17 292.6	-34.5
IV. Operational reserve	12 000.0	12 000.0	--	12 000.0	12 000.0	--	12 000.0	--	--	--	--	--	--

D. Support budget

12. The revised support budget compared with the initial budget for the biennium 2002-2003 reflects an increase in costing adjustments of \$0.3 million (or 1.0 per cent) and a decrease in volume changes of \$1.5 million (or 4.2 per cent), resulting in a net decrease of \$1.1 million (or 3.2 per cent), comprising a decrease of \$0.4 million at the field level and a decrease of \$0.7 million at headquarters. Details of those cost and volume changes are given in part three and in table 5. A large part of the volume decreases relate to the decision by the Executive Director to freeze recruitment against vacant posts funded by general-purpose contributions because of the decline in those funds. As regards post changes, a programme management officer post, at the P-4 level, and a national programme officer post were added to the staffing table of the Country Office in Afghanistan. In addition, it is proposed to upgrade the project coordinator post in the Regional Centre in Thailand from the P-2 to the P-3 level. In view of the above, the total number of posts has been increased from 203 to 205. For the biennium 2004-2005, it is proposed that the support budget be maintained at zero real growth. An increase of 5 per cent is foreseen for inflation and exchange rates. Further savings from synergies expected as a result of organizational restructuring under the United Nations Office on Drugs and Crime will be reflected in the initial budget proposals for the biennium 2004-2005.

E. Programme budget

13. Programme priorities for the biennium 2002-2003 continue to be based on the established mandates, in particular the strategies and targets outlined in the Political Declaration (resolution S-20/2, annex) and action plans and measures (resolutions S-20/4 A to E) adopted by the General Assembly at its twentieth special session, devoted to countering the world drug problem together. UNDCP operational activities are organized by the four thematic areas endorsed by the Commission: policy support, legislation and advocacy; prevention and reduction of drug abuse; alternative development; and suppression of illicit drug trafficking. The work is also organized at the country, subregional or global levels. At the country level, the UNDCP programme of work is drawn up in close consultation with other entities of the United Nations system within the United Nations Development Assistance Framework (UNDAF) and with concerned Member States.

14. Changes to the proposal for the biennium 2002-2003 are shown in part three and are based on estimates of the funding requirements for the priority activities identified to implement UNDCP mandates, in particular those emanating from the twentieth special session of the General Assembly. As a result, the programme budget proposal contained in the present document has been aligned to the current best estimates of funding prospects. For the biennium 2004-2005 a small increase of 1.5 per cent is projected, taking into account current implementation capacity and estimates of voluntary funding that are as realistic as possible. Programmatic details are given in part four. Expenditure estimates shown in table 3 are based on past and current average delivery rates of around 80 per cent.

F. Methodology

15. The budget of the Fund of UNDCP is presented in accordance with the harmonized budget model also used by the United Nations Children's Fund, the United Nations Development Programme (UNDP) and the United Nations Population Fund. In addition to activities undertaken under the Fund of UNDCP, UNDCP also implements activities under the regular budget of the United Nations as outlined in the medium-term plan for the period 2002-2005 and in the proposed programme budget for the biennium 2002-2003 contained in document A/56/6 (Sect. 15). UNDCP forms part of the United Nations Office on Drugs and Crime, together with the Centre for International Crime Prevention.

16. As was requested by the Commission, the programme budget for the Fund is presented in a results-based budget format. The Commission, at its reconvened forty-fourth session, welcomed the adoption of the results-based aspects and shared the view of ACABQ that the presentation should be more streamlined and that information should appear in a single document incorporating the programme and support budgets. The present document responds to those requests. Full programme narratives can be found on the Internet (www.unodc.org), and a summary of changes is provided in the present document.

II. Draft resolution for adoption by the Commission on Narcotic Drugs

17. The following draft resolution, to be recommended to the Commission on Narcotic Drugs for adoption, summarizes the main issues contained in the present report.

Revised budget for the biennium 2002-2003 and outline for the biennium 2004-2005 for the Fund of the United Nations International Drug Control Programme

The Commission on Narcotic Drugs,

Bearing in mind the administrative and financial functions entrusted to it by the General Assembly in its resolution 46/185 C, section XVI, paragraph 2, of 20 December 1991,

Having considered the report of the Executive Director of the United Nations International Drug Control Programme containing the proposed revised budget for the biennium 2002-2003 and proposed outline for the biennium 2004-2005 for the Fund of the United Nations International Drug Control Programme,*

Taking into consideration the report of the Advisory Committee on Administrative and Budgetary Questions relating to the proposed revised budget for the biennium 2002-2003 and proposed outline for the biennium 2004-2005 for the Fund of the United Nations International Drug Control Programme,**

* E/CN.7/2003/15.

** E/CN.7/2003/16.

1. *Approves* an appropriation in the amount of 34,243,500 United States dollars for the revised support budget for the biennium 2002-2003 funded under the Fund of the United Nations International Drug Control Programme for the purposes indicated below:

<i>Item</i>	<i>United States dollars</i>
Programme support	
Country offices	17 768 900
Headquarters	6 617 300
Subtotal	24 386 200
Management and administration	9 857 300
Total appropriation	34 243 500

2. *Authorizes* the Executive Director to redeploy resources between appropriation lines up to a maximum of 5 per cent of the appropriation to which the resources are redeployed;

3. *Endorses* the revised resource allocation for programme activities in the amount of 130,170,100 dollars for the biennium 2002-2003 funded under the Fund of the United Nations International Drug Control Programme as indicated below:

<i>Item</i>	<i>United States dollars</i>
<i>By sector</i>	
Policy support, legislation and advocacy	14 743 300
Prevention and reduction of drug abuse	41 641 400
Alternative development	33 314 700
Suppression of illicit drug trafficking	40 470 700
Total	130 170 100
<i>By region</i>	
Global	11 682 900
Africa	14 688 200
Central and eastern Europe, West and Central Asia and the Near and Middle East	26 733 400
South Asia	1 710 200
East Asia and the Pacific	24 316 200
Latin America and the Caribbean	51 039 200
Total	130 170 100

4. *Also endorses* the programme and budget strategy for the biennium 2004-2005;

5. *Takes note* of the outline for the biennium 2004-2005, totalling 170,937,900 dollars, for the Fund of the United Nations International Drug Control Programme, in the following areas:

<i>Item</i>	<i>United States dollars</i>
Programme	132 165 300
Programme support	25 503 100
Management and administration	10 452 700
Agencies	2 816 800
Total	170 937 900

6. *Considers* that the proposed outline provides a basis for the submission of the proposed initial budget for the biennium 2004-2005 by the Executive Director of the United Nations Office on Drugs and Crime.

Part two

Financial situation

III. Overview

18. For the biennium 2002-2003, total income has been revised slightly upwards by \$0.9 million, from \$136.3 million to \$137.2 million. However, general-purpose income has had to be revised downwards by \$5 million whereas special-purpose or earmarked income has been revised upwards by \$5.9 million, reflecting the increasing trend towards earmarking by donors. The change in the mix of income will result in the general-purpose fund balance declining to \$5.3 million by the end of 2003 (see table 3), which is well below the \$8 million minimum balance required to maintain sufficient cash flow into 2004, as most general-purpose income is normally received in the second half of each year. Although planned general-purpose expenditure in the biennium 2004-2005 can be met from projected general-purpose resources, the projected decrease has a number of implications. First, cash flow in the first half of 2004 and 2005 will not be sufficient to allow extension of staff contracts even on an annual basis. Secondly, only \$5 million of general-purpose funds will be available in the biennium 2004-2005 to finance core programmes essential to carry out mandated activities. Thirdly, the lack of general-purpose funds will severely restrict operational flexibility, as nearly all available funds will be used to fund the support budget in line with the guidelines for the use of general-purpose funds (Commission resolution 44/20, annex). In order to secure more assured and stable funding, a number of options are being reviewed by an open-ended working group established by the Commission (see sect. IV, below). Based on the report of the working group and any resulting decisions or guidance received during the forty-sixth session of the Commission in April 2003, appropriate measures will be reflected in the initial budget for the biennium 2004-2005 to be submitted to the Commission at its reconvened forty-sixth session, in December 2003. In addition to the Fund balance discussed above, the operational reserve is maintained at the level of \$12,000,000 to meet any contingent liabilities as disclosed in the financial statements of the Fund of UNDCP.

Income

19. Total income is estimated at \$125,480,000 for the biennium 2004-2005, reflecting a decrease of \$11,672,000, or 8.5 per cent, compared with the revised estimate of \$137,152,000 for the biennium 2002-2003. Actual income for the biennium 2000-2001 amounted to \$132,703,600. As of 1 December 2002, there were commitments and firm indications of commitments for approximately 50 per cent of the estimated income for the biennium 2002-2003.

20. *Contributions.* Contributions are estimated at \$101,760,000 for the biennium 2004-2005, reflecting a decrease of \$1,005,000, or 1 per cent, compared with the revised estimate of \$102,765,000 for the biennium 2002-2003. Actual contributions for the biennium 2000-2001 amounted to \$91,607,700. For the biennium 2004-2005, general-purpose contributions are estimated at \$27,970,000 representing an increase of \$3,263,000, or 13.2 per cent; special-purpose contributions are estimated at \$73,790,000, representing a decrease of \$4,268,000, or 5.5 per cent. The change in

the mix of funding is projected on the basis of some of the proposed funding options being implemented as well as anticipated contributions from traditional donors who had suspended general-purpose funding until management improvements could be seen. A number of improvements are envisaged with the introduction of operational priorities and synergies flowing from a rationalized organizational structure as well as from the implementation of recommendations of the Office of Internal Oversight Services and the Board of Auditors.

21. *Cost-sharing contributions.* Cost-sharing contributions are estimated at \$19,020,000 for the biennium 2004-2005, reflecting a decrease of \$9,089,000, or 32.3 per cent, compared with the revised estimate of \$28,109,000 for the biennium 2002-2003. Actual cost-sharing contributions for the biennium 2000-2001 amounted to \$30,300,400. Most of the decrease is attributable to the completion, in 2005, of projects that are financed by cost-sharing contributions from Brazil.

22. *Public donations.* Public donations are estimated at \$500,000 for the biennium 2004-2005, reflecting a decrease of \$78,000, or 13.5 per cent, compared with the revised estimates for the biennium 2002-2003. Public donations for the biennium 2000-2001 amounted to \$1,303,900. The Drug Abuse Prevention Centre, a Japanese non-governmental organization, is expected to donate most of the funds.

23. *Interest income.* Interest income is estimated at \$4,000,000 for the biennium 2004-2005, reflecting a decrease of \$1,400,000, or 25.9 per cent, compared with the revised estimate of \$5,400,000 for the biennium 2002-2003. Actual interest earned for the biennium 2000-2001 amounted to \$9,472,200. The decline in interest income is clearly linked to declining fund balances. Since the general-purpose fund balance will decline faster than the special-purpose fund balance, it is estimated that the share of general-purpose interest income will fall from \$2.7 million in the biennium 2002-2003 to \$1 million in the biennium 2004-2005, making it imperative to restore the general-purpose fund balance, as explained above.¹

Programme support charges

24. Programme support charges are estimated at \$11,152,500 for the biennium 2004-2005, reflecting an increase of \$950,300, or 9.3 per cent, compared with the revised estimates of \$10,202,200 for the biennium 2002-2003. Programme support charges for the biennium 2000-2001 amounted to \$10,764,492.² A breakdown of programme support charges and rates for agencies and UNDCP is shown in table 4.

25. As shown in that table, and as compared with programme expenditure, including national execution, the overall programme support rate for the biennium 2002-2003 is estimated at 9.8 per cent, with 7.9 per cent retained by UNDCP and 1.9 per cent provided to associated agencies. UNDCP programme support on activities funded from general-purpose resources is estimated at \$502,500 and is retained under the general-purpose fund. Programme support earned by UNDCP on activities funded from special-purpose contributions is estimated at \$7,679,300 and is applied to the cost of the support budget. For the biennium 2004-2005, programme support charges and rates are expected to increase, as shown above, because of a decline in national implementation on which only 3.5 per cent is being charged compared to 13 per cent on other implementation modalities.

Table 4

Programme support costs, 2002-2003 and 2004-2005

(Thousands of United States dollars)

	<i>Programme</i>			<i>Programme support cost</i>									
	<i>General-purpose</i>	<i>Special-purpose</i>	<i>Total</i>	<i>Agency</i>				<i>UNDCP</i>				<i>Total</i>	
				<i>General-purpose</i>	<i>Special-purpose</i>	<i>Total</i>	<i>%</i>	<i>General-purpose</i>	<i>Special-purpose</i>	<i>Total</i>	<i>%</i>	<i>Amount</i>	<i>%</i>
I. Revised programme support costs, 2002-2003													
A. UNDCP implementation	3 713.3	51 967.5	55 680.8	7.4	103.9	111.3	0.2	441.9	6 184.1	6 626.0	11.9	6 737.3	12.1
B. Agency implementation													
United Nations entities	500.0	7 881.8	8 381.8	37.5	591.1	628.6	7.5	27.5	433.5	461.0	5.5	1 089.6	13.0
United Nations specialized agencies	358.7	7 605.6	7 964.3	40.5	859.4	899.9	11.3	6.1	129.3	135.4	1.7	1 035.3	13.0
Intergovernmental organizations	--	834.9	834.9	--	52.6	52.6	6.3	--	55.9	55.9	6.7	108.5	13.0
Non-governmental organizations	--	1 440.8	1 440.8	--	89.3	89.3	6.2	--	98.0	98.0	6.8	187.3	13.0
Total B	858.7	17 763.1	18 621.8	78.0	1 592.4	1 670.4	9.0	33.6	716.7	750.3	4.0	2 420.7	13.0
C. National implementation	1 000.0	28 833.5	29 833.5	8.0	230.7	238.7	0.8	27.0	778.5	805.5	2.7	1 044.2	3.5
Total	5 572.0	98 564.1	104 136.1	93.4	1 927.0	2 020.4	1.9	502.5	7 679.3	8 181.8	7.9	10 202.2	9.8
II. Outline programme support costs, 2004-2005													
A. UNDCP implementation	3 000.0	52 300.0	55 300.0	--	--	--	--	360.0	6 276.0	6 636.0	12.0	6 636.0	12.0
B. Agency implementation	1 000.0	28 600.0	29 600.0	90.0	2 574.0	2 664.0	9.0	40.0	1 144.0	1 184.0	4.0	3 848.0	13.0
C. National implementation	1 000.0	18 100.0	19 100.0	8.0	144.8	152.8	0.8	27.0	488.7	515.7	2.7	668.5	3.5
Total	5 000.0	99 000.0	104 000.0	98.0	2 718.8	2 816.8	2.7	427.0	7 908.7	8 335.7	8.0	11 152.5	10.7

IV. Options for securing assured and predictable funding

26. UNDCP faces both a cash-flow and a structural problem in its financing. The Secretariat presented a paper to the Commission at its intersessional meeting on 21 October 2002 outlining the following options for (a) securing more stable financing for the support budget and core programmes and trying to provide the necessary degree of operational flexibility essential in meeting operational priorities over the medium term, and (b) finding alternative sources of financing (the two are not mutually exclusive), as follows:

- (a) *Options for stable financing:*
 - (i) Seek assessed contributions to fund the support budget;
 - (ii) Seek to increase the drug programme's regular budget;
 - (iii) All voluntary contributions should have a fixed percentage of general-purpose funding;
 - (iv) Donors could earmark funds to the support budget;
 - (v) Increase income from projects;
- (b) *Options for alternative financing:*
 - (vi) Support and involvement of recipients;
 - (vii) Involvement of the private sector;
 - (viii) Reviewing the field network;
 - (ix) Reduce or eliminate general-purpose-funded core programmes that do not attract earmarked funds.

27. The Commission decided to establish an open-ended working group on predictable funding. The comments from the working group may be summarized as follows:

<i>Option</i>	<i>Recommendations/comments</i>
A. Options, proposed by UNDCP, for which a decision by consensus of the Commission is required:	
Option 1. Seek assessed contributions to fund the support budget	No consensus
Option 2. Seek to increase the programme's regular budget	Consensus possible
Option 3. Increase income from projects	No consensus

<i>Option</i>	<i>Recommendations/comments</i>
Option 4. Reduce or eliminate general-purpose-funded core programmes that do not attract earmarked funds	No consensus
B. Options, proposed by UNDCP, which might be implemented by Member States wishing to do so:³	
Option 1. All voluntary contributions should have a fixed percentage of general-purpose funds	Taking into account the voluntary nature of the contributions, a possible recommendation by the Commission might be redrafted as follows: “Expresses its appreciation to those States which already provide for a fixed percentage of general-purpose funds in their overall voluntary contributions and urges all other States to consider to do so”
Option 2. Donors could earmark funds to the support budget	Agreed option
Option 3. Support and involvement of recipients (cost-sharing, support to field offices)	Agreed option
C. Other options, proposed by UNDCP or by Member States, which UNDCP might undertake in order to fill the gap between income and expenditure with regard to the situation of the support budget:	
Option 1. Involvement of the private sector	Agreed option
Option 2. Re-profiling the field network	Agreed option
Option 3. Further reduce UNDCP administrative costs	Option proposed by Member State(s)
Option 4. Assess the financial requirements for normative functions	Option proposed by Member State(s)
Option 5. Prioritize the use of general-purpose funds with regard to support budget expenditures which are associated with the implementation of projects in recipient countries having cost-sharing arrangements with UNDCP (such arrangements, in fact, reduce the burden on the support budget)	Option proposed by Member State(s)
Option 6. The UNDCP fund-raising policy should not only aim at raising	Option proposed by Member State(s)

<i>Option</i>	<i>Recommendations/comments</i>
Option 6. The UNDCP fund-raising policy should not only aim at raising 50 per cent of the cost of a project/programme before starting its implementation. It should also ensure that the implementation of any single project/programme starts only if and when the relevant donor's earmarked contribution is matched with an amount of general-purpose funds or with funds earmarked to the support budget, which is reasonable and sufficient for the above project/programme	Option proposed by Member State(s)
Option 7. Fund the cost of field officers in the framework of regional projects rather than through general-purpose funds	Option proposed by Member State(s)
Option 8. Divide the general-purpose fund into two, with one directed to the support budget and the other to projects	Option proposed by Member State(s)
Option 9. In the context of donor confidence, UNDCP is encouraged to consider producing both a detailed annual report and an annual appeal document	Option proposed by Member State(s)

Part three

Revised budget for the biennium 2002-2003

V. Support budget

A. Overview

28. The revised support budget for the biennium 2002-2003 amounts to \$34,243,500, representing a nominal decrease of \$1,142,900, or 3.2 per cent, over the initial support budget for the biennium 2002-2003 as shown in table 5 below. There is a volume decrease of \$1,484,200, or 4.2 per cent, as compared to the initial budget and costing changes of \$341,300, or 1 per cent. The budget will support revised programme budget activities that are estimated at \$130.2 million, as outlined in chapter VI below.

Table 5

Revised support budget resource requirements, 2002-2003

(Thousands of United States dollars)

<i>Item</i>	<i>Initial 2002-2003</i>	<i>Volume changes</i>	<i>Cost changes</i>	<i>Revised 2002-2003</i>
Field office network	18 212.5	(633.3)	189.7	17 768.9
Programme support, headquarters	6 892.5	(343.6)	68.4	6 617.3
Total	25 105.0	(976.9)	258.1	24 386.2
Management and administration	10 281.6	(507.3)	83.2	9 857.3
Grand total	35 386.6	(1 484.2)	341.3	34 243.5

Post requirements

29. The total number of posts under the support budget has been increased from 203 to 205 for the biennium (see annex 1). The staffing table includes the creation of a programme management officer post at the P-4 level and a national programme officer post in the Country Office in Afghanistan. In addition, in view of the enlarged portfolio of programme activities following the promulgation of the Greater Mekong Region Memorandum of Understanding and the plan of action entitled "Association of South-East Asian Nations and China Cooperative Operations in Response to Dangerous Drugs",⁴ known as ACCORD, as well as the increased responsibilities attached to the position, it is proposed to upgrade the project coordinator post in the Regional Centre in Thailand from the P-2 to the P-3 level in 2003. At the field level, the number of posts has consequently been increased from 113 to 115. At headquarters, the total post requirements remain at 41 at the programme support level and at 49 for management and administration.

30. In view of the financial situation of the Fund, in particular with regard to general-purpose funding, the Executive Director decided to freeze recruitment against eight vacant posts, resulting in an estimated savings of 1.4 million dollars for the biennium 2002-2003. He also decided that extensions of contracts for staff

on posts funded through general-purpose contributions would be limited to six months, but could be extended until the end of 2003. If the financial situation improves in 2003, the Executive Director may reverse those decisions, either partially or in full, and will inform the Commission accordingly.

31. The abolition of local-level posts in country offices, approved by the Commission in December 2001, resulted in additional costs related to relocation entitlements of staff that could not have been foreseen at the time of the preparation of the initial budget for the biennium 2002-2003. The currently known additional costs relate to the Regional Office in Barbados (\$20,000) and the Country Office in Pakistan (\$10,000). A final overview will be provided to the Commission in the context of the final budget for the biennium 2002-2003 once all related costs have been reported by UNDP.

32. At headquarters, the post movements indicated in table 6 are being implemented in line with the revised requirements described below.

Table 6
Staff movements at headquarters, revised 2002-2003

Level	Title	Transfer	
		From	To
P-4	Programme management officer	ACS/DER	DOA
GS/PL	General Service, principal level	DER	DOA
GS/OL	General Service, other level	OED	ACS/DER
GS/OL	General Service, other level	TSB/DOA	DER
GS/OL	General Service, other level	TSB/DOA	TLAB/DTA

Note: Advocacy and Communications Section (ACS); Division for External Relations (DER); Division for Operations and Analysis (DOA); Office of the Executive Director (OED); Technical Services Branch (TSB); Treaty and Legal Affairs Branch (TLAB); Division for Treaty Affairs (DTA).

Programme and Financial Information Management System

33. Phase 1 of the Programme and Financial Information Management System (ProFi) was put into operation at headquarters in the second quarter of 2001 and is now operational to a large extent. The United Nations Office on Drugs and Crime is further building up competencies within the organization to fully utilize the capabilities of the system and to ensure that the new business processes are fully implemented. In addition, further reporting facilities have been developed using the Internet. Reporting has been made available online to Member States, and training sessions for permanent missions at headquarters have been organized.

34. Further activities have been undertaken to increase the connections between the field offices and headquarters as well as to facilitate data input required, in particular for management expenditure.⁵ ProFi phase 2, the programme and project management component, is in the planning stage but it can be implemented only when sufficient funding is available. The Advisory Committee on Administrative and Budgetary Questions, in its comments on the initial support budget for 2002-2003, considered the implementation of phase 2 of ProFi essential for planning, programme management and evaluation (E/CN.7/2001/18, para. 27).

B. Programme support (revised budget: \$24,386,200)

1. Country offices (revised budget: \$17,768,900)

35. Table 7 below provides a summary of the resource requirements for the country offices.

Table 7

Revised support budget resource requirements for country offices, 2002-2003

(Thousands of United States dollars)

<i>Item</i>	<i>Initial 2002-2003</i>	<i>Volume changes</i>	<i>Cost changes</i>	<i>Revised 2002-2003</i>
Africa	3 054.9	(187.0)	6.3	2 874.2
Central and Eastern Europe, West and Central Asia, Near and Middle East	4 686.6	(196.0)	216.1	4 706.7
South Asia	754.3	(30.9)	5.6	729.0
East Asia and the Pacific	4 102.9	(176.6)	(2.8)	3 923.5
Latin America and the Caribbean	5 613.8	(42.8)	(35.5)	5 535.5
Total	18 212.5	(633.3)	189.7	17 768.9

36. *Cost changes.* For country offices, cost changes result in a net increase of \$189,700, including a decrease of \$342,300 for salary costs, an increase relating to inflation (\$628,200) and a decrease relating to exchange-rate fluctuations (\$96,200).

37. *Volume changes.* In addition to the savings related to the freeze on recruitment indicated above, the following significant volume changes are reported. The move of United Nations offices from Lagos to Abuja will require a volume increase of \$18,300 for the Country Office in Nigeria as a result of the negotiations on local staff entitlements affected by the move. In its judgement 1029, the Administrative Tribunal of the United Nations decided that a former staff member of UNDCP was entitled to one year net base salary as compensation as well as to \$50,000 for the moral injuries that the staff member suffered. The volume increase in the Regional Office in Senegal related to that judgement amounts to \$97,600. A programme management officer post at the P-4 level and a national programme officer post have been created in the Country Office in Afghanistan in view of the enlarged programme volume in that country. The creation of both posts represent a volume increase of \$275,800. In addition, the travel budget for that office has been increased by \$69,800. The proposed upgrade from P-2 to P-3 in the Regional Centre in Thailand does not have any financial consequences in view of the high in-grade step of the current incumbent. The Liaison Office in Belgium was closed at the end of 2001. Some residual costs related to the closing needed to be absorbed in the current biennium, resulting in a volume increase of \$22,000.

2. Headquarters (revised budget: \$6,617,300)

38. *Cost changes.* For programme support at headquarters, cost changes result in a net increase of \$68,400, including an increase of \$43,700 for salary costs, an increase relating to inflation (\$15,500) and an increase relating to exchange-rate fluctuations (\$9,200).

39. *Volume changes.* In addition to the savings related to the freeze on recruitment indicated above, the following significant volume changes are reported. At the headquarters level, in view of the freeze on recruitment of the Director, Division for External Relations, a programme management officer post at the P-4 level from the Advocacy and Communications Section, Division for External Relations, and a General Service (principle level) post from the Division for External Relations were transferred to the Division for Operations and Analysis. The resulting volume increase for the Division for Operations and Analysis is \$321,000. Since programme budget resources were identified, it was possible to transfer two General Service posts from the Technical Services Branch to the Division for External Relations and the Treaty and Legal Affairs Branch respectively, in order to assist those units in meeting their support requirements for implementation of the programme. The resulting volume decrease amounts to \$174,200.

C. Management and administration (revised budget: \$9,857,300)

40. *Cost changes.* For management and administration, cost changes result in a net increase of \$83,200, including a decrease of \$71,300 for salary costs, an increase relating to inflation (\$114,300) and an increase relating to exchange-rate fluctuations (\$40,200).

41. *Volume changes.* In addition to the savings related to the freeze on recruitment indicated above, the following significant volume changes are reported. One General Service post in the Office of the Executive Director was transferred to the Advocacy and Communications Section to act as secretary to the Spokesperson. The related volume decrease is \$87,100. The move of a General Service (principle level) post from the Division for External Relations to the Division for Operations and Analysis is compensated by the transfer of a General Service (other level) post from the Technical Services Branch. The total related volume decrease is \$26,400. The move of the programme management officer post from the Advocacy and Communications Section to the Division for Operations and Analysis results in a volume decrease of \$200,400. The transfer of a General Service post from the Office of the Executive Director results in a volume increase of \$87,100 for the Advocacy and Communications Section. With a view to assisting the Treaty and Legal Affairs Branch in performing legal advisory functions to staff in the implementation of the programme budget, a General Service post has been transferred from the Technical Services Branch. The resulting volume increase is \$87,100. For the New York Liaison Office, UNDCP was informed in January 2002, after approval by the Commission of the initial budget for the biennium 2002-2003, that the rent for the premises in New York had been increased by \$33,000 annually. Therefore, a volume increase of \$66,000 is reported.

VI. Programme budget

42. The proposal for the revised programme budget for the biennium 2002-2003 consists of five revised programmes for which the budget for the biennium has been either increased or decreased by a significant amount as compared to the initial budget, or where there has been a substantial change in the drug control situation or the programme strategy. The overall revised programme budget estimates for the biennium 2002-2003 have been calculated taking into account the net change in programme volume by thematic area and region. Detailed figures on programme budget expenditures for the biennium, overall, by thematic area and by each of the 31 programmes, will be presented to the Commission at its reconvened forty-sixth session. A summary of the proposed changes in the programme budget for the biennium 2002-2003 is given below. All 31 summary programme frameworks in a results-based format, including the five revised programmes described below, are available to Member States on the web site (<http://www.unodc.org>).

43. The Afghanistan Programme has been fully revised and expanded in view of the major changes that have occurred in that country during 2002. The budget for the biennium has increased significantly from about \$3 million to \$7.7 million in line with opportunities for action by the United Nations Office on Drugs and Crime and positive response by donor countries. The Afghan Transitional Administration is being supported by the Office in all thematic areas of drug control. In Afghanistan, the Office is implementing significant activities both in drug control and in the field of criminal justice, the latter being funded by the United Nations Crime Prevention and Criminal Justice Fund.

44. The Brazil and the Southern Cone Programme will see a significant decrease as compared with the initial budget, from \$32.4 million to \$26.7 million. The decrease is mainly due to the devaluation of the local currency against the United States dollar, since the bulk of the funding for the programme is in the form of a cost-sharing contribution provided by the Government of Brazil. The outputs of the programme and the programme strategy have not been changed.

45. The Core Programme on Demand Reduction is being revised in view of expanded efforts of the United Nations Office on Drugs and Crime to prevent drug abuse and the transmission of human immunodeficiency virus/acquired immunodeficiency syndrome (HIV/AIDS) infection among intravenous drug users. The Global Programme will be strengthened in order to support more effectively the Office's growing portfolio of country and regional programmes in key regions where injecting drug use is a major problem. This will be accomplished, inter alia, by increasing the Office's expert capacity in key countries affected by intravenous drug use and HIV/AIDS as well as at headquarters.

46. The budget of the Global Programme against Money-Laundering will double, from an initial budget of \$1.6 million to a revised budget of \$2.6 million. The additional special-purpose funding that has become available will enable the Programme to provide additional advisory services and technical assistance to States seen to be at greatest risk from abuse by money launderers. Many of those States are on the list of non-cooperative countries and territories of the Financial Action Task Force on Money Laundering.

47. While the budget of the East Asia and Pacific Programme remains stable at \$7.9 million, the programme strategy is focusing on implementation of the new issues in the subregional action plan: amphetamine-type stimulants, precursor control and HIV/AIDS vulnerability, particularly in preventing drug abuse and infection among intravenous drug users. The programme is also focusing on increasing international cooperation and national action against money-laundering.

48. A strategic programme framework (SPF) is being prepared for southern Africa in close consultation with all stakeholders. The SPF exercise will integrate both drug and crime issues in one framework covering all aspects of the work of the United Nations Office on Drugs and Crime. The process will be completed in 2003, and a revised summary programme framework for the Southern Africa Programme reflecting the results of the SPF exercise will be submitted to the Commission at its forty-seventh session.

49. It should be noted that full implementation of each of the 31 programmes is dependent on a number of factors, including securing anticipated funding from donors and evolving local conditions. In that context, the United Nations Office on Drugs and Crime is working with government counterparts to maintain delivery, and improving delivery where necessary. The various programmes for Africa are key in that regard.

50. Table 8 provides details of the revised programme budget for the biennium 2002-2003, by region sector.

Table 8

Revised programme budget resource requirements, 2002-2003

(Thousands of United States dollars)

<i>Item</i>	<i>Initial</i>			<i>Revised</i>
	<i>2002-2003</i>	<i>Volume changes</i>	<i>Cost changes</i>	<i>2002-2003</i>
<i>Sector</i>				
Policy support, legislation and advocacy	13 009.4	1 470.1	263.8	14 743.3
Prevention and reduction of drug abuse	41 228.7	(674.2)	1 086.9	41 641.4
Alternative development	32 431.2	160.1	723.4	33 314.7
Suppression of illicit drug trafficking	43 342.3	(3 961.2)	1 089.6	40 470.7
Total	130 011.6	(3 005.2)	3 163.7	130 170.1
<i>Region</i>				
Global	10 389.0	1 238.6	55.3	11 682.9
Africa	14 688.2	(286.7)	286.7	14 688.2
Central and Eastern Europe, West and Central Asia, Near and Middle East	22 112.3	4 094.3	526.8	26 733.4
South Asia	1 710.3	(16.4)	16.3	1 710.2
East Asia and the Pacific	24 316.1	(726.5)	726.6	24 316.2
Latin America and the Caribbean	56 795.7	(7 308.5)	1 552.0	51 039.2
Total	130 011.6	(3 005.2)	3 163.7	130 170.1

Part four

Outline for the biennium 2004-2005

VII. Summary

51. The proposed outline for the biennium 2004-2005 presents the new priorities within the financial scenario outlined in part two, above. It takes account of the operational priorities, which will be the guiding principles of the work of the United Nations Office on Drugs and Crime. The outline amounts to \$170.9 million as compared to the revised budget for the biennium 2002-2003 of \$166.4 million, reflecting an increase of \$4.5 million, or 2.7 per cent. The outline amount of \$170.9 million is allocated in accordance with the categories identified in the harmonized budget model, distinguishing between programme, programme support, and management and administration. The increases in the outline are essentially allocated to programme activities, which reflect a total increase of 1.5 per cent in real terms. For the infrastructure, including programme support as well as management and administration, no volume change is proposed, except for agencies owing to less national execution, as explained above. A cost increase of 4 per cent for country offices and 6 per cent for headquarters is budgeted for inflation and exchange-rate fluctuations.

52. Table 9 below presents the outline amounts for the biennium 2004-2005.

Table 9
Outline for the biennium 2004-2005
(Thousands of United States dollars)

<i>Item</i>	<i>Revised</i>	<i>Changes</i>		<i>Outline</i>
	<i>2002-2003</i>	<i>Amount</i>	<i>%</i>	<i>2004-2005</i>
A. Programme				
<i>By sector</i>				
Policy support, legislation and advocacy	14 743.3	194.9	1.3	14 938.2
Prevention and reduction of drug abuse	41 641.4	582.1	1.4	42 223.5
Alternative development	33 314.7	499.4	1.5	33 814.1
Suppression of illicit drug trafficking	40 470.7	718.8	1.8	41 189.5
Total, A	130 170.1	1 995.2	1.5	132 165.3
<i>By region</i>				
Global	11 682.9	--	--	11 682.9
Africa	14 688.2	--	--	14 688.2
Central and Eastern Europe, West and Central Asia, Near and Middle East	26 733.4	849.8	3.2	27 583.2
South Asia	1 710.2	--	--	1 710.2
East Asia and the Pacific	24 316.2	241.4	1.0	24 557.6
Latin America and the Caribbean	51 039.2	904.0	1.8	51 943.2
Total, A	130 170.1	1 995.2	1.5	132 165.3
B. Programme support				
Country offices	17 768.9	717.2	4.0	18 486.1
Headquarters	6 617.3	399.7	6.0	7 017.0
Agencies	2 020.4	796.4	39.4	2 816.8
Total, B	26 406.6	1 913.3	7.2	28 319.9

<i>Item</i>	<i>Revised</i>	<i>Changes</i>		<i>Outline</i>
	<i>2002-2003</i>	<i>Amount</i>	<i>%</i>	<i>2004-2005</i>
C. Management and administration	9 857.3	595.4	6.0	10 452.7
Total support budget, B and C	36 263.9	2 508.7	6.9	38 772.6
Grand total	166 434.0	4 503.9	2.7	170 937.9

53. In addition to the Fund of UNDCP, resources are also provided from the regular budget of the United Nations, amounting to \$15.3 million in the biennium 2002-2003. It is proposed to increase that amount by 8.4 per cent to \$16.6 million in the biennium 2004-2005.

VIII. Programme

A. Overview

54. During the course of 2003, detailed programme proposals will be developed at the global, regional and country levels in line with the operational priorities for the United Nations Office on Drugs and Crime. There will be a sharper focus on programme operations, both in geographic terms and in terms of how the Office does its business, with the aim of producing results and an impact at the country level. A major thrust of the Office's drug programmes will be to develop, together with key partners, strategic programme frameworks, composed of mutually reinforcing drug control and crime control elements, in a single, integrated programme. Projects supported by the Fund of UNDCP will, however, remain distinct in terms of the outputs produced and accounting for the use of resources. Generally, the geographic and thematic focus will be in line with the revised programme budget for the biennium 2002-2003 with some exceptions discussed below. The overall level of programme activities is expected to increase modestly by 1.5 per cent. Despite a major decrease in cost-sharing funds owing to the completion of major cost-shared projects in Brazil, cost-sharing will continue to represent a significant funding modality with the expansion of the approach to more middle-income countries.

55. Some increases are envisaged for African programmes. The focus of operations on that continent will be revised with a view to increasing delivery and making results more sustainable.

56. In Latin America and the Caribbean, with the phasing out of major cost-shared projects in Brazil, the overall budget for that region will decrease, although most country-level programmes will remain stable or increase slightly.

57. While it is difficult to predict the course of political events in Myanmar, if the trend towards democratization continues, the relationship of the country to the international community could alter significantly, creating new opportunities for cooperation. Significant international support would be expected to materialize, allowing for a major expansion of alternative development activities in the country, and the United Nations Office on Drugs and Crime is planning accordingly.

58. The United Nations Office on Drugs and Crime will continue to sustain major efforts in Afghanistan to support the transitional administration in reducing the illicit cultivation of opium poppy and drug trafficking. The demand reduction work

of the Office will continue to expand in countries where intravenous drug use is a major motor of the HIV/AIDS pandemic, particularly China, India, the Russian Federation and countries of Central Asia.

59. The shifts described above are wholly dependent on support of donor countries to provide the needed funds.

B. General principles

60. The overall strategy remains the provision of support to Member States to implement the international drug control conventions and the mandates emanating from the twentieth special session of the General Assembly. Within that framework, priority will be given to operational activities that pursue an integrated approach to drug and crime issues, promote sustainable development, balance prevention and enforcement, make the best use of available knowledge and best practices, and leverage the resources of other agencies and partners whenever practicable.

C. Policy support, legislation and advocacy

61. In line with the new objectives of the African Union, and within the context of the New Partnership for African Development, UNDCP will promote the inclusion of drug control into key African development initiatives. To this end, a senior adviser will be posted at the headquarters of the African Union, and information material on drugs in Africa will be produced for broad dissemination among African populations, decision makers and potential partners. Furthermore, UNDCP will continue to support the implementation of the Plan of Action on Drug Control in Africa: 2002-2006 and other regional action plans. Legal assistance will be provided for the ratification of drug control conventions and the United Nations Convention against Transnational Organized Crime and its Protocols.

62. In Central and Eastern Europe, UNDCP will assist in the introduction of norms of the European Union in drug control legislation. In Belarus and the Russian Federation, UNDCP will help strengthen national policy development capacities. In West Asia, drug control legislation will be modernized and regional drug control cooperation agreements will be promoted. In Afghanistan, UNDCP will assist in the development of national drug control institutions and promote the integration of that country in regional cooperation arrangements. UNDCP will help upgrade legislation and judicial capacities in the Islamic Republic of Iran. In Pakistan, activities will be aimed at retaining the poppy-free status of the country. In Central Asia, UNDCP will support drug control policy development, legislation and advocacy.

63. In South and East Asia, legal assistance will be provided, and key advocacy initiatives will be launched jointly with Governments and civil society. The computerized network for monitoring progress on the ACCORD plan of action in East Asia will be strengthened. In Latin America and the Caribbean, several projects will upgrade the policy planning and advocacy capacities of national inter-ministerial drug control commissions, also taking into account the specific recommendations emanating from the Multilateral Evaluation Mechanism of the Inter-American Drug Abuse Control Commission (CICAD) of the Organization of American States.

D. Prevention and reduction of drug abuse

64. Demand reduction projects in Africa will focus on drug education for youth in and out of school and on groups severely affected by war and conflict. UNDCP will continue to support selected treatment and rehabilitation services and will support research on the link between drug abuse and HIV/AIDS.

65. In Central and Eastern Europe, as well as in Belarus and the Russian Federation, UNDCP will continue to provide assistance in the development of national drug abuse monitoring systems. Projects will also help develop local drug abuse prevention and treatment plans, enhancing the public's awareness of HIV/AIDS among injecting drug users. UNDCP will expand its support to Afghanistan, the Islamic Republic of Iran and Pakistan in the area of drug abuse information systems and trend analysis, also assisting local treatment and rehabilitation programmes. The five Central Asian countries will receive technical assistance to upgrade drug abuse and HIV/AIDS prevention capacities. In the Near and Middle East, demand reduction projects will be provided both nationally and through existing subregional drug control cooperation programmes. In South and East Asia, UNDCP will continue to lead co-sponsoring agencies of the Joint United Nations Programme on HIV/AIDS in the field of drug-related HIV/AIDS prevention. Activities will include incorporating HIV concerns into mainstream drug demand reduction and national health programmes. Drug abuse prevention will be undertaken in partnership with other United Nations agencies, Governments, non-governmental organizations and the private sector. Increased priority will be given to the growing problem of synthetic drugs, in particular amphetamine-type stimulants.

66. In Latin America and the Caribbean, UNDCP will continue to assist many countries in primary prevention and the treatment and social rehabilitation of drug abusers, focusing on groups at risk. Projects for delivering school-based drug-education programmes, including the training of teachers, will remain key priorities throughout the region. In selected countries, special emphasis will be placed on drug abuse and HIV/AIDS prevention and on improving related services for injecting drug users, people living with HIV/AIDS and socially excluded population groups. New initiatives are planned to prevent drug abuse in the workplace, building on best practices developed earlier in the region. As in the past, most projects will be elaborated and delivered with national drug control commissions, ministries of health and education and non-governmental organizations.

E. Alternative development

67. UNDCP will continue to collect comprehensive information on the extent of illicit cultivation in all main countries cultivating drug crops, in cooperation with relevant Governments. Several projects will continue to be implemented in Asia and South America aimed at strengthening national capacities to plan, implement, monitor and evaluate alternative development activities. UNDCP will continue to implement several alternative development model programmes in key countries that cultivate illicit crops in order to facilitate their future expansion and replication by Governments and other partners. In the context of such projects, increased attention

will be placed on involving the private sector in efforts to place products derived from alternative development on both domestic and international markets.

68. Further efforts will also be made to improve the access of women to all project activities. UNDCP alternative development model programmes will increasingly be integrated into national rural development plans for the alleviation of poverty. To that end, joint programming and other consultations will be carried out with multilateral development banks and other partners.

F. Suppression of illicit drug trafficking

69. UNDCP will implement projects to assist African countries in addressing increased heroin and cocaine trafficking, focusing on better drug law enforcement in seaports and airports, as well as in sharing intelligence and international collaboration among law enforcement agencies. In Central and Eastern Europe, UNDCP will help upgrade cross-border cooperation in the field of drug law enforcement. In Belarus and the Russian Federation, several projects will strengthen drug law enforcement institutions and address local training needs. UNDCP will promote cross-border law enforcement cooperation between Afghanistan and its neighbouring countries and will continue to support the drug and precursor interdiction capacities of the Islamic Republic of Iran. In Central Asia, UNDCP will strengthen drug control agencies and help with strategies to make them sustainable. The successful UNDCP computer-based training programme will be expanded in member States of the Association of South-East Asian Nations and elsewhere. In Latin America and the Caribbean, UNDCP will continue to promote and support international cooperation in drug interdiction, including information-sharing, joint training and exchange of expertise. Improving precursor control systems will remain a priority in several countries of the region. Several projects will help Governments to adopt and implement standard laws and regulations to effectively prosecute drug trafficking and money-laundering cases.

IX. Programme support

70. The outline allocation for programme support, excluding external agencies, amounts to \$25,503,100, reflecting an increase of \$1,116,900, or 4.6 per cent, which is related to inflation and rate-of-exchange fluctuations. No volume changes are proposed at the present stage since the resulting impact of the proposed reorganization of the United Nations Office on Drugs and Crime, as well as of the field office review, will need to be carefully reviewed. The Commission will be informed at all stages of the process through available forums. The final budgetary consequence of the reorganization will be included in the initial budget of the Fund of UNDCP, which will be presented to the Commission at its reconvened forty-sixth session in December 2003.

X. Management and administration

71. The outline allocation for management and administration, which amounts to \$10,452,700, reflecting an increase of \$595,400, or 6.0 per cent, is also related to

inflation and rate-of-exchange fluctuations. As is the case for programme support, no volume changes are proposed at the present stage.

Notes

- ¹ Interest income is received from temporary surpluses and operating reserves invested by the Treasury of the United Nations, taking into account the cash-flow requirements of UNDCP. Interest derived from special-purpose contributions is identified separately for the fund balance of each contribution. In the event that donor funding arrangements stipulate that the interest should be credited to a project, the income is classified as special-purpose interest. Whenever interest income is available to UNDCP without restriction, the income is shown as general-purpose funds.
- ² Programme support charges are levied on project expenditures to secure the funding of technical and administrative backstopping activities. As of 1 January 1997, UNDCP applies a standard rate of 13 per cent for programme support charges, shared, as appropriate, between UNDCP and partner agencies. For national execution, a charge of 5 per cent has been introduced.
- ³ The “menu à la carte” to be used by Member States according to their preferences and domestic laws.
- ⁴ ACCORD was adopted by the meeting entitled “International Congress: In pursuit of a drug-free ASEAN 2015: Sharing the vision, leading the change”, held in Bangkok from 11 to 13 October 2000.
- ⁵ The ProFi system consists of two separate ledgers: “actual expenditure” and “management expenditure”. Actual expenditure represents the certified expenditure as reported on a quarterly basis by implementing agencies and included in the statement of accounts for the Fund of UNDCP. Management expenditure represents the expenditure, including commitments and disbursements, reported by the responsible offices in the United Nations Office on Drugs and Crime (mainly the country offices) on a monthly basis for programme management purposes. The monthly reports also include the best estimates of expenditure to the end of the year.

Annex I

Distribution of posts for the support budget, the programme budget and the regular budget, 2002-2003

<i>Item</i>	<i>USG</i>	<i>D-2</i>	<i>D-1</i>	<i>P-5</i>	<i>P-4</i>	<i>P-3</i>	<i>P-2/1</i>	<i>Total</i>	<i>GS/PL</i>	<i>GS/OL</i>	<i>NPO</i>	<i>GS/LL</i>	<i>Total</i>
I. Support budget													
A. Programme support													
1. Field level													
<i>Africa</i>													
Kenya													
2002-2003 initial	--	--	--	--	1	--	--	1	--	--	1	2	4
2002-2003 revised	--	--	--	--	1	--	--	1	--	--	1	2	4
Nigeria													
2002-2003 initial	--	--	--	--	1	--	--	1	--	--	1	2	4
2002-2003 revised	--	--	--	--	1	--	--	1	--	--	1	2	4
Senegal													
2002-2003 initial	--	--	--	1	--	1	--	2	--	--	1	2	5
2002-2003 revised	--	--	--	1	--	1	--	2	--	--	1	2	5
South Africa													
2002-2003 initial	--	--	1	--	1	--	--	2	--	--	1	2	5
2002-2003 revised	--	--	1	--	1	--	--	2	--	--	1	2	5
<i>Central and Eastern Europe, West and Central Asia, Near and Middle East</i>													
Afghanistan													
2002-2003 initial	--	--	1	--	--	--	--	1	--	--	1	3	5
2002-2003 revised	--	--	1	--	1	--	--	2	--	--	2	3	7
Egypt													
2002-2003 initial	--	--	1	--	--	1	--	2	--	--	1	2	5
2002-2003 revised	--	--	1	--	--	1	--	2	--	--	1	2	5
Iran (Islamic Republic of)													
2002-2003 initial	--	--	--	--	1	--	--	1	--	--	2	2	5
2002-2003 revised	--	--	--	--	1	--	--	1	--	--	2	2	5
Pakistan													
2002-2003 initial	--	--	--	--	1	--	--	1	--	--	1	2	4
2002-2003 revised	--	--	--	--	1	--	--	1	--	--	1	2	4
Russian Federation													
2002-2003 initial	--	--	--	1	--	--	--	1	--	--	1	2	4
2002-2003 revised	--	--	--	1	--	--	--	1	--	--	1	2	4
Uzbekistan													
2002-2003 initial	--	--	--	1	1	--	--	2	--	--	1	3	6
2002-2003 revised	--	--	--	1	1	--	--	2	--	--	1	3	6
<i>South Asia</i>													
India													
2002-2003 initial	--	--	--	--	1	--	--	1	--	--	1	3	5
2002-2003 revised	--	--	--	--	1	--	--	1	--	--	1	3	5

<i>Item</i>	<i>USG</i>	<i>D-2</i>	<i>D-1</i>	<i>P-5</i>	<i>P-4</i>	<i>P-3</i>	<i>P-2/1</i>	<i>Total</i>	<i>GS/PL</i>	<i>GS/OL</i>	<i>NPO</i>	<i>GS/LL</i>	<i>Total</i>
<i>East Asia and the Pacific</i>													
<i>Lao People's Democratic Republic</i>													
2002-2003 initial	--	--	--	1	2	--	--	3	--	--	--	4	7
2002-2003 revised	--	--	--	1	2	--	--	3	--	--	--	4	7
<i>Myanmar</i>													
2002-2003 initial	--	--	--	1	--	--	--	1	--	--	1	3	5
2002-2003 revised	--	--	--	1	--	--	--	1	--	--	1	3	5
<i>Thailand</i>													
2002-2003 initial	--	1	--	1	--	--	1	3	--	--	2	5	10
2002-2003 revised	--	1	--	1	--	1	--	3	--	--	2	5	10
<i>Viet Nam</i>													
2002-2003 initial	--	--	--	1	--	--	--	1	--	--	1	3	5
2002-2003 revised	--	--	--	1	--	--	--	1	--	--	1	3	5
<i>Latin America and the Caribbean</i>													
<i>Barbados</i>													
2002-2003 initial	--	--	--	--	1	--	--	1	--	--	1	1	3
2002-2003 revised	--	--	--	--	1	--	--	1	--	--	1	1	3
<i>Bolivia</i>													
2002-2003 initial	--	--	--	1	--	--	--	1	--	--	2	4	7
2002-2003 revised	--	--	--	1	--	--	--	1	--	--	2	4	7
<i>Brazil</i>													
2002-2003 initial	--	--	1	--	--	--	--	1	--	--	2	5	8
2002-2003 revised	--	--	1	--	--	--	--	1	--	--	2	5	8
<i>Colombia</i>													
2002-2003 initial	--	--	1	--	--	1	--	2	--	--	1	4	7
2002-2003 revised	--	--	1	--	--	1	--	2	--	--	1	4	7
<i>Mexico</i>													
2002-2003 initial	--	--	--	--	1	--	--	1	--	--	1	2	4
2002-2003 revised	--	--	--	--	1	--	--	1	--	--	1	2	4
<i>Peru</i>													
2002-2003 initial	--	--	1	--	--	--	--	1	--	--	1	3	5
2002-2003 revised	--	--	1	--	--	--	--	1	--	--	1	3	5
Total, field level													
2002-2003 initial	--	1	6	8	11	3	1	30	--	--	24	59	113
2002-2003 revised	--	1	6	8	12	4	--	31	--	--	25	59	115
2. Headquarters													
Director/Division for Operations and Analysis (DOA)													
2002-2003 initial	--	1	--	--	--	--	--	1	--	--	--	--	1
2002-2003 revised	--	1	--	--	1	--	--	2	1	--	--	--	3
Technical Services Branch/DOA													
2002-2003 initial	--	--	1	3	1	1	1	7	--	7	--	--	14
2002-2003 revised	--	--	1	3	1	1	1	7	--	5	--	--	12

<i>Item</i>	<i>USG</i>	<i>D-2</i>	<i>D-1</i>	<i>P-5</i>	<i>P-4</i>	<i>P-3</i>	<i>P-2/1</i>	<i>Total</i>	<i>GS/PL</i>	<i>GS/OL</i>	<i>NPO</i>	<i>GS/LL</i>	<i>Total</i>
Operations Branch/DOA													
2002-2003 initial	--	--	1	4	2	4	1	12	--	9	--	--	21
2002-2003 revised	--	--	1	4	2	4	1	12	--	9	--	--	21
Illicit Crops Monitoring Programme/DOA													
2002-2003 initial	--	--	--	--	--	--	--	--	--	--	--	--	--
2002-2003 revised	--	--	--	--	--	--	--	--	--	--	--	--	--
Planning and Evaluation Unit/Division for External Relations (DER)													
2002-2003 initial	--	--	--	1	1	1	--	3	--	2	--	--	5
2002-2003 revised	--	--	--	1	1	1	--	3	--	2	--	--	5
Total, headquarters													
2002-2003 initial	--	1	2	8	4	6	2	23	--	18	--	--	41
2002-2003 revised	--	1	2	8	5	6	2	24	1	16	--	--	41
Total, programme support													
2002-2003 initial	--	2	8	16	15	9	3	53	--	18	24	59	154
2002-2003 revised	--	2	8	16	17	10	2	55	1	16	25	59	156

B. Management and administration

Headquarters

Office of the Executive Director (OED)

2002-2003 initial	--	--	1	--	1	1	--	3	--	3	--	--	6
2002-2003 revised	--	--	1	--	1	1	--	3	--	2	--	--	5

Director/Division for External Relations

2002-2003 initial	--	1	--	--	--	--	--	1	1	--	--	--	2
2002-2003 revised	--	1	--	--	--	--	--	1	--	1	--	--	2

New York Liaison Office/OED

2002-2003 initial	--	--	1	--	--	1	--	2	--	1	--	--	3
2002-2003 revised	--	--	1	--	--	1	--	2	--	1	--	--	3

Advocacy and Communications Section/DER

2002-2003 initial	--	--	--	1	1	2	--	4	--	1	--	--	5
2002-2003 revised	--	--	--	1	--	2	--	3	--	2	--	--	5

Inter-agency Coordination Unit/DER

2002-2003 initial	--	--	--	--	--	2	--	2	--	1	--	--	3
2002-2003 revised	--	--	--	--	--	2	--	2	--	1	--	--	3

External Relations and Fund Raising Unit/DER

2002-2003 initial	--	--	1	--	2	--	1	4	--	3	--	--	7
2002-2003 revised	--	--	1	--	2	--	1	4	--	3	--	--	7

Director/Division for Treaty Affairs (DTA)

2002-2003 initial	--	--	--	--	--	--	--	--	--	--	--	--	--
2002-2003 revised	--	--	--	--	--	--	--	--	--	--	--	--	--

Treaty and Legal Affairs Branch/DTA

2002-2003 initial	--	--	--	--	--	--	--	--	--	--	--	--	--
2002-2003 revised	--	--	--	--	--	--	--	--	--	1	--	--	1

<i>Item</i>	<i>USG</i>	<i>D-2</i>	<i>D-1</i>	<i>P-5</i>	<i>P-4</i>	<i>P-3</i>	<i>P-2/1</i>	<i>Total</i>	<i>GS/PL</i>	<i>GS/OL</i>	<i>NPO</i>	<i>GS/LL</i>	<i>Total</i>
Global Programme against Money-Laundering/DTA													
2002-2003 initial	--	--	--	--	--	--	--	--	--	1	--	--	1
2002-2003 revised	--	--	--	--	--	--	--	--	--	1	--	--	1
Finance Support Services/DTA													
2002-2003 initial	--	--	--	--	3	1	--	4	--	10	--	--	14
2002-2003 revised	--	--	--	--	3	1	--	4	--	10	--	--	14
Human Resources Management Section/Division of Administration and Common Services/United Nations Office at Vienna (DACs/UNOV)													
2002-2003 initial	--	--	--	1	--	--	--	1	--	2	--	--	3
2002-2003 revised	--	--	--	1	--	--	--	1	--	2	--	--	3
Information Technology Section/DACS/UNOV													
2002-2003 initial	--	--	--	--	1	--	--	1	1	3	--	--	5
2002-2003 revised	--	--	--	--	1	--	--	1	1	3	--	--	5
Total, management and administration													
2002-2003 initial	--	1	3	2	8	7	1	22	2	25	--	--	49
2002-2003 revised	--	1	3	2	7	7	1	21	1	27	--	--	49
C. Programme													
2002-2003 initial	--	--	--	--	--	--	--	--	--	--	--	--	--
2002-2003 revised	--	--	--	--	--	--	--	--	--	--	--	--	--
Total, support budget													
2002-2003 initial	--	3	11	18	23	16	4	75	2	43	24	59	203
2002-2003 revised	--	3	11	18	24	17	3	76	2	43	25	59	205

II. Programme budget

A. Programme support													
2002-2003 initial	--	--	--	--	--	--	--	--	--	--	--	--	--
2002-2003 revised	--	--	--	--	--	--	--	--	--	--	--	--	--
B. Management and administration													
2002-2003 initial	--	--	--	--	--	--	--	--	--	--	--	--	--
2002-2003 revised	--	--	--	--	--	--	--	--	--	--	--	--	--
C. Programme													
1. Field level													
<i>Africa</i>													
Kenya													
2002-2003 initial	--	--	--	--	1	--	--	1	--	--	--	--	1
2002-2003 revised	--	--	--	--	1	--	--	1	--	--	--	--	1

<i>Item</i>	<i>USG</i>	<i>D-2</i>	<i>D-1</i>	<i>P-5</i>	<i>P-4</i>	<i>P-3</i>	<i>P-2/1</i>	<i>Total</i>	<i>GS/PL</i>	<i>GS/OL</i>	<i>NPO</i>	<i>GS/LL</i>	<i>Total</i>
<i>Nigeria</i>													
2002-2003 initial	--	--	--	--	1	--	--	1	--	--	--	--	1
2002-2003 revised	--	--	--	--	--	--	--	--	--	--	--	--	--
<i>Senegal</i>													
2002-2003 initial	--	--	--	--	--	--	--	--	--	--	--	--	--
2002-2003 revised	--	--	--	--	--	1	--	1	--	--	--	--	1
<i>South Africa</i>													
2002-2003 initial	--	--	--	--	2	--	--	2	--	--	--	--	2
2002-2003 revised	--	--	--	--	1	--	--	1	--	--	--	--	1
<i>Central and Eastern Europe, West and Central Asia and the Near and Middle East</i>													
<i>Afghanistan</i>													
2002-2003 initial	--	--	--	--	--	--	--	--	--	--	--	--	--
2002-2003 revised	--	--	--	1	1	--	--	2	--	--	--	--	2
<i>Bulgaria</i>													
2002-2003 initial	--	--	--	--	--	--	--	--	--	--	--	--	--
2002-2003 revised	--	--	--	--	1	--	--	1	--	--	--	--	1
<i>Egypt</i>													
2002-2003 initial	--	--	--	--	--	1	--	1	--	--	--	--	1
2002-2003 revised	--	--	--	--	--	1	--	1	--	--	--	--	1
<i>Iran (Islamic Republic of)</i>													
2002-2003 initial	--	--	--	--	1	--	--	1	--	--	--	--	1
2002-2003 revised	--	--	--	--	1	--	--	1	--	--	--	--	1
<i>Pakistan</i>													
2002-2003 initial	--	--	--	1	--	--	--	1	--	--	--	--	1
2002-2003 revised	--	--	--	1	--	--	--	1	--	--	--	--	1
<i>Tajikistan</i>													
2002-2003 initial	--	--	--	--	1	--	--	1	--	--	--	--	1
2002-2003 revised	--	--	--	--	1	--	--	1	--	--	--	--	1
<i>Uzbekistan</i>													
2002-2003 initial	--	--	--	1	2	1	--	4	--	--	--	--	4
2002-2003 revised	--	--	--	1	2	1	--	4	--	--	--	--	4
<i>East Asia and the Pacific</i>													
<i>Cambodia</i>													
2002-2003 initial	--	--	--	1	--	--	--	1	--	--	--	--	1
2002-2003 revised	--	--	--	1	--	--	--	1	--	--	--	--	1
<i>Myanmar</i>													
2002-2003 initial	--	--	--	1	--	--	--	1	--	--	--	--	1
2002-2003 revised	--	--	--	1	1	--	--	2	--	--	--	--	2
<i>Lao People's Democratic Republic</i>													
2002-2003 initial	--	--	--	1	--	1	--	2	--	--	--	--	2
2002-2003 revised	--	--	--	2	1	1	--	4	--	--	--	--	4

<i>Item</i>	<i>USG</i>	<i>D-2</i>	<i>D-1</i>	<i>P-5</i>	<i>P-4</i>	<i>P-3</i>	<i>P-2/1</i>	<i>Total</i>	<i>GS/PL</i>	<i>GS/OL</i>	<i>NPO</i>	<i>GS/LL</i>	<i>Total</i>
Thailand													
2002-2003 initial	--	--	--	3	3	--	--	6	--	--	--	--	6
2002-2003 revised	--	--	--	4	4	1	--	9	--	--	--	--	9
Viet Nam													
2002-2003 initial	--	--	--	--	--	--	--	--	--	--	--	--	--
2002-2003 revised	--	--	--	--	--	1	--	--	--	--	--	--	--
Latin America and the Caribbean													
Colombia													
2002-2003 initial	--	--	--	1	1	--	--	2	--	--	--	--	2
2002-2003 revised	--	--	--	1	2	--	--	3	--	--	--	--	3
Dominican Republic													
2002-2003 initial	--	--	--	--	1	--	--	1	--	--	--	--	1
2002-2003 revised	--	--	--	--	1	--	--	1	--	--	--	--	1
Total, field level													
2002-2003 initial	--	--	--	9	13	3	--	25	--	--	--	--	25
2002-2003 revised	--	--	--	12	17	6	--	35	--	--	--	--	35

2. Headquarters

Director/Division for Operations and Analysis

2002-2003 initial	--	--	--	--	--	--	--	--	--	--	--	--	--
2002-2003 revised	--	--	--	--	--	--	--	--	--	1	--	--	1

Technical Services Branch/DOA

2002-2003 initial	--	--	--	--	2	3	2	7	--	5	--	--	12
2002-2003 revised	--	--	--	--	2	5	4	11	--	7	--	--	18

Operations Branch/DOA

2002-2003 initial	--	--	--	--	--	1	1	2	--	--	--	--	2
2002-2003 revised	--	--	--	--	--	1	1	2	--	--	--	--	2

Illicit Crops Monitoring Programme/DOA

2002-2003 initial	--	--	--	--	--	1	1	2	--	4	--	--	6
2002-2003 revised	--	--	--	--	--	--	--	--	--	1	--	--	1

Office of the Executive Director

2002-2003 initial	--	--	1	--	--	--	--	1	--	--	--	--	1
2002-2003 revised	--	--	--	--	--	--	--	--	--	--	--	--	--

External Relations and Fund Raising Unit/DER

2002-2003 initial	--	--	--	--	--	1	--	1	--	2	--	--	3
2002-2003 revised	--	--	--	--	--	1	--	1	--	2	--	--	3

Global Programme against Money-Laundering/DTA

2002-2003 initial	--	--	--	--	3	1	1	5	--	2	--	--	7
2002-2003 revised	--	--	--	--	3	1	1	5	--	2	--	--	7

INCB secretariat/DTA

2002-2003 initial	--	--	--	--	1	--	--	1	--	2	--	--	3
2002-2003 revised	--	--	--	--	1	--	--	1	--	2	--	--	3

<i>Item</i>	<i>USG</i>	<i>D-2</i>	<i>D-1</i>	<i>P-5</i>	<i>P-4</i>	<i>P-3</i>	<i>P-2/1</i>	<i>Total</i>	<i>GS/PL</i>	<i>GS/OL</i>	<i>NPO</i>	<i>GS/LL</i>	<i>Total</i>
Legal Advisory Section/DTA													
2002-2003 initial	--	--	--	2	--	1	--	3	--	1	--	--	4
2002-2003 revised	--	--	--	2	--	--	--	2	--	2	--	--	4
Information Technology Section/DACS/UNOV													
2002-2003 initial	--	--	--	--	--	--	1	1	--	3	--	--	4
2002-2003 revised	--	--	--	--	--	--	--	--	--	2	--	--	2
Total, headquarters													
2002-2003 initial	--	--	1	2	6	8	6	23	--	19	--	--	42
2002-2003 revised	--	--	--	2	6	8	6	22	--	18	--	--	41
Total, programme													
2002-2003 initial	--	--	1	11	20	11	5	48	--	19	--	--	67
2002-2003 revised	--	--	--	14	23	14	6	57	--	18	--	--	76

III. Regular budget

A. Programme support

Headquarters

2002-2003 initial	--	--	--	--	--	--	--	--	--	--	--	--	--
2002-2003 revised	--	--	--	--	--	--	--	--	--	--	--	--	--

B. Management and administration

Executive Director

2002-2003 initial	1	--	--	--	--	--	--	1	--	--	--	--	1
2002-2003 revised	1	--	--	--	--	--	--	1	--	--	--	--	1

External Relations and Fund Raising Unit/DER

2002-2003 initial	--	--	--	--	--	1	--	1	--	--	--	--	1
2002-2003 revised	--	--	--	--	--	1	--	1	--	--	--	--	1

Advocacy and Communications Section/DER

2002-2003 initial	--	--	--	1	--	--	1	2	--	--	--	--	2
2002-2003 revised	--	--	--	1	--	--	--	1	--	--	--	--	1

Inter-agency Coordination Unit/DER

2002-2003 initial	--	--	--	1	--	--	--	1	--	1	--	--	2
2002-2003 revised	--	--	--	1	--	--	--	1	--	1	--	--	2

Finance Support Services/DTA

2002-2003 initial	--	--	--	1	--	--	--	1	--	--	--	--	1
2002-2003 revised	--	--	--	1	--	--	--	1	--	--	--	--	1

Human Resources Management Section/DACS/UNOV

2002-2003 initial	--	--	--	--	--	--	--	--	1	1	--	--	2
2002-2003 revised	--	--	--	--	--	--	--	--	1	--	--	--	1

Information Technology Section/DACS/UNOV

2002-2003 initial	--	--	--	--	--	1	1	2	--	--	--	--	2
2002-2003 revised	--	--	--	--	--	1	1	2	--	--	--	--	2

Total, management and administration

2002-2003 initial	1	--	--	3	--	2	2	8	1	2	--	--	11
2002-2003 revised	1	--	--	3	--	2	1	7	1	1	--	--	9

<i>Item</i>	<i>USG</i>	<i>D-2</i>	<i>D-1</i>	<i>P-5</i>	<i>P-4</i>	<i>P-3</i>	<i>P-2/1</i>	<i>Total</i>	<i>GS/PL</i>	<i>GS/OL</i>	<i>NPO</i>	<i>GS/LL</i>	<i>Total</i>
C. Programme													
Director, Division for Treaty Affairs													
2002-2003 initial	--	1	--	--	--	--	--	1	1	--	--	--	2
2002-2003 revised	--	1	--	--	--	--	--	1	1	--	--	--	2
Treaty and Legal Affairs Branch/DTA													
2002-2003 initial	--	--	1	1	4	2	2	10	--	4	--	--	14
2002-2003 revised	--	--	1	1	4	2	2	10	--	4	--	--	14
INCB secretariat/DTA													
2002-2003 initial	--	--	1	1	4	8	3	17	--	11	--	--	28
2002-2003 revised	--	--	1	1	4	8	3	17	--	11	--	--	28
Global Programme against Money-Laundering/DTA													
2002-2003 initial	--	--	--	--	1	--	--	1	--	--	--	--	1
2002-2003 revised	--	--	--	--	1	--	--	1	--	--	--	--	1
Director, Division for Operations and Analysis													
2002-2003 initial	--	--	--	--	--	--	--	--	--	1	--	--	1
2002-2003 revised	--	--	--	--	--	--	--	--	--	1	--	--	1
Operations Branch/DOA													
2002-2003 initial	--	--	--	--	--	--	--	--	--	--	--	--	--
2002-2003 revised	--	--	--	--	--	--	1	1	--	1	--	--	2
Technical Services Branch/DOA													
2002-2003 initial	--	--	--	1	6	2	2	11	1	4	--	--	16
2002-2003 revised	--	--	--	1	6	2	2	11	1	3	--	--	15
Illicit Crops Monitoring Programme/DOA													
2002-2003 initial	--	--	--	--	--	1	--	1	--	--	--	--	1
2002-2003 revised	--	--	--	--	--	1	--	1	--	--	--	--	1
Total, programme													
2002-2003 initial	--	1	2	3	15	13	7	41	2	20	--	--	63
2002-2003 revised	--	1	2	3	15	13	8	42	2	20	--	--	64
Total, regular budget													
2002-2003 initial	1	1	2	6	15	15	9	49	3	22	--	--	74
2002-2003 revised	1	1	2	6	15	15	9	49	3	21	--	--	73

Note: Under-Secretary-General (USG); principal level (PL); other level (OL); national programme officer (NPO); local level (LL).

Annex II

Responses to recommendations and comments of the Advisory Committee on Administrative and Budgetary Questions and of the Board of Auditors

A. Recommendations and comments of the Advisory Committee on Administrative and Budgetary Questions

1. The report of the Advisory Committee on Administrative and Budgetary Questions (E/CN.7/2001/18) on the proposed final budget for the biennium 2000-2001 and proposed initial budget for the biennium 2002-2003 (E/CN.7/2001/14 and Corr.1 and Add.1) contained a number of requests for information and recommendations. The responses of the United Nations Office on Drugs and Crime are outlined below.
2. *Format of the presentation.* In paragraph 3 of its report, the Committee recommended that the information be combined in one single document. In paragraph 4, it recommended that the programme narratives be more concise and focused. Finally, in paragraph 5, it recommended that required adjustments to the budget should be presented in summary form to the Commission on Narcotic Drugs through the Committee.
3. *Response.* The programme narratives have been revised and are available on the Internet (<http://www.unodc.org>). Substantive proposed changes are included in summary form in the present document.
4. *Income projections.* In paragraph 10, the Committee indicated that it was of the opinion that the income projections in document E/CN.7/2001/14 appeared to be optimistic.
5. *Response.* As indicated in part two of the present document, the total income for the biennium 2002-2003 has been revised slightly upwards by \$0.9 million from \$136.3 million to \$137.2 million. However, general-purpose income has had to be revised downwards by \$5 million whereas special-purpose income has been revised upwards by \$5.9 million. For the biennium 2004-2005, it is presumed that the mix between general and special-purpose funding will improve as a result of Member States adopting relevant funding options presented in part two. Overall, the income projections show in fact a decreasing trend, from \$137.2 million in the biennium 2002-2003 to \$125.5 million in the biennium 2004-2005.
6. *Increases in management and programme support costs at headquarters.* In paragraph 19, the Committee noted with concern the increase in management and programme support costs at headquarters, despite the delegation of authority to the field mentioned in the budget submission.
7. *Response.* The United Nations Office on Drugs and Crime has taken note of the concern. As was indicated in part one, it has prepared proposed operational guidelines and its views on the outline for an enabling environment. The resulting organizational structure, once approved by the Secretary-General, will be reflected in the proposed initial budget for the biennium 2004-2005, showing also achievable synergies and savings.

8. *Programme and Financial Information Management System (ProFi)*. In paragraph 27, the Committee questioned the rationale for not providing resources for phase 2 and requested the Executive Director to provide the projected benefits in productivity and efficiency gains resulting from the implementation of ProFi.

9. *Response*. The financial reporting component of ProFi, which is currently available to both substantive units and to Member States, provides various adapted reports required for day-to-day operations as well as for management purposes. Information can be provided at all levels, i.e. as a global summary, by region, by project and by thematic area. For income information, historical and up-to-date information is available on pledges and collections, and, for special-purpose contributions, financial information on the related projects is available. Phase 2, which is seen as crucial for planning, management and evaluation by Member States, the Advisory Committee on Administrative and Budgetary Questions and the United Nations Office on Drugs and Crime, will provide programmatic information at the consolidated as well as the detailed level. The Office has already prepared the outline and strategy for the development of phase 2 and is prepared to start its implementation once funding is secured.

10. *Impact of improvements and changes resulting from the implementation of the recommendations of the Office for Internal Oversight Services*. In paragraph 28, the Committee emphasized its interest in receiving information on the impact of improvements and changes.

11. *Response*. While all of the recommendations have been implemented or are in the process of being implemented, their full impact will be realized in the implementation of the operational priorities over the medium term. The impact will be duly reflected in subsequent budget submissions.

B. Recommendations and comments of the Board of Auditors

12. In the Report of the Board of Auditors on the financial statements of the Fund of UNDCP for the biennium 2000-2001, the Board issued an unqualified audit opinion (A/57/5/Add.9, chap. III). The cause for the technical qualification of the audit opinion for the previous three bienniums (para. 59) was finally eliminated when UNDCP succeeded in obtaining 99 per cent of the necessary audit certificates for nationally executed projects for the biennium. The United Nations Office on Drugs and Crime continues to liaise closely with its field offices and with UNDP to ensure that audit certificates for the current biennium are also submitted on time and that the audit scope and format of the reports are consistent.

13. Other significant recommendations made by the Board include calling for UNDCP to review its administrative and organizational structure to improve cost-efficiency and effectiveness (para. 16) as well as to take more drastic measures to bring unfunded projects to a manageable level (para. 52).

14. Cost-efficiency and effectiveness measures have already been reflected in the Fund budget for the biennium 2002-2003, and the general-purpose Fund position is being closely monitored on a quarterly cash-flow basis. Further synergies resulting from organizational changes will be reported in the initial budget for the biennium 2004-2005.

15. With regard to unfunded projects, the first objective of UNDCP is to move systematically towards achieving a ratio of at least 50:50 between commitments for funded and unfunded projects. A second medium-term objective is to create donor funding pools from which multi-year projects could be fully financed, but that approach requires more consultations with donors, as many of them operate on a one-year budget cycle.

16. Other recommendations of the Board and responses of UNDCP are also contained in the report of the Board of Auditors.
