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Administrative and budgetary questions

Consolidated budget for the biennium 2004-2005 for the United Nations Office on Drugs and Crime

Report of the Executive Director

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Foreword

The present consolidated budget presents a retrospective on the biennium 2002-2003 and a programme outline, including the resource requirements, for the biennium 2004-2005. The complexity of past activities of the United Nations Office on Drugs and Crime is shown, together with the potential of the Office to do even more in the period ahead.

In May 2002, following the change in management, Member States welcomed a plan of action to enhance governance and establish clear priorities: both were necessary to enhance credibility and attract funding. At the heart of this exercise was a definition of the operational priorities of the Office for the medium term presented to Member States in December 2002.

During the first half of 2003, the Office was reorganized to enable it to pursue these priorities fully and rapidly. Efforts were put in place to deliver better quality projects and improve value for money.

The consolidated budget for the biennium 2004-2005 is the third, and final, step in the reform process. Member States and Secretariat staff alike will, it is hoped, appreciate the candid presentation of the budget of the Office as an unusual asset: unusual, in the sense that the format, coverage and narrative of the present budget document are not commonly found in similar United Nations texts; an asset, in the sense that it will allow readers later on to verify whether intentions are indeed turned into reality.

The present document is also a further step in the reform process launched in 2002, because it integrates the drugs, crime and terrorism programmes of the Office and resource requirements into a single operational context.

Antonio Maria Costa

Part one

Introduction

Part one

Introduction

I. Executive summary

1. The present report, submitted by the United Nations Office on Drugs and Crime to Member States, contains a biennial budget proposal integrating at the operational level the work and the Headquarters structure of the drug and crime programmes. The consolidated budget for the biennium 2004-2005 presents a comprehensive programmatic view of all planned activities and the resources required for their implementation. At the same time, the proposed budget is designed to enable stakeholders to review the separate budgets for the drug and crime programmes and approve the budget of the Fund of the United Nations International Drug Control Programme (UNDCP). The consolidated budget consists of two main parts: a programme budget covering normative, technical cooperation and core activities; and a support budget necessary to enable the programme to be implemented by region and theme. The programme budget is mostly funded from earmarked voluntary funds, and the support budget from general-purpose voluntary funds. The regular budget of the United Nations funds normative activities, some core activities and a few support functions.

A. Retrospective performance, 2002-2003

2. During the biennium 2002-2003, the United Nations Office on Drugs and Crime carried out operational activities in the drugs, crime and terrorism prevention fields amounting to approximately 111.6 million United States dollars (\$) (see figure I). Delivery during the biennium 2000-2001 was \$112.7 million. The 1 per cent biennial decrease is attributable to weak performance during the year 2002, a year of management transition when annual delivery fell below trend to \$50.2 million. In 2003, expenditures are estimated at \$61.4 million, representing a 22 per cent increase over 2002. Improved performance coincided with extensive management reforms started in mid-2002 and continued in 2003.

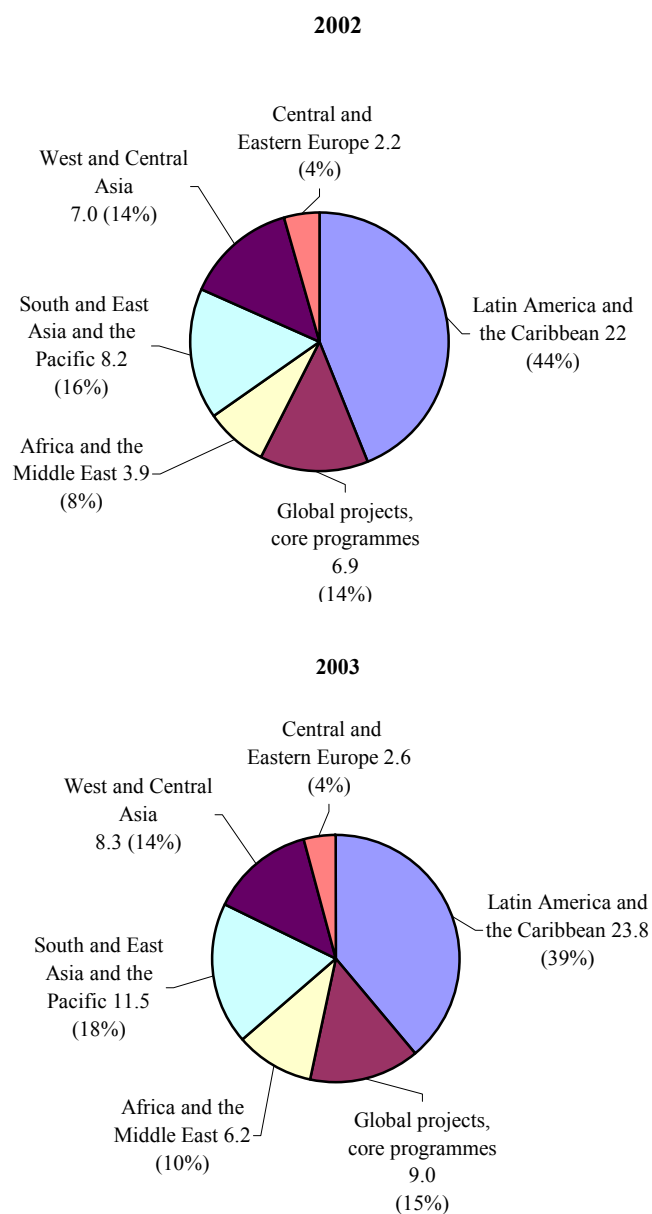
3. Growth in delivery, although uneven, was registered in all regions between 2002 and 2003. Consistent with the priority assigned by Member States to Africa, this region posted a 60 per cent increase in volume terms, from \$3.9 million in 2002 to \$6.2 million in 2003. Activities in the Middle East increased 50 per cent to \$600,000. Year-on-year delivery increased 40 per cent in Asia (South and East Asia and the Pacific) due mainly to the expansion of alternative development projects in Myanmar and the Lao People's Democratic Republic. West and Central Asia grew by 20 per cent, taking into account primarily the launching in 2003 of large-scale law enforcement and criminal justice reform projects in Afghanistan and neighbouring countries. In Central and Eastern Europe, the 18 per cent increase is attributable mainly to expanded delivery of regional law enforcement projects in Bulgaria, the Russian Federation and Turkey. Funding gaps in the stock of ongoing Andean alternative development projects explain the decrease in delivery in Latin America and the Caribbean as a proportion of the overall operational portfolio. Core programmes and global projects posted a 30 per cent increase, in line with mandated

core requirements in drugs research, supply and demand reduction policy support and crime prevention.

Figure I

Operational activities in all regions, 2002 and 2003

(Millions of United States dollars)



4. In part two of the present report, an overview is provided of the performance of operational activities of the Office during the biennium 2002-2003. The focus is on the main developments that have shaped the biennium 2002-2003, and on factors

that have influenced planning for the programme budget for the biennium 2004-2005. An assessment is also made of the challenges ahead following the mid-term review conducted in April 2003 of progress made since the twentieth special session of the General Assembly, devoted to countering the world drug problem together.

5. As a result of continuing efforts at good governance during the biennium 2002-2003, general-purpose income increased from \$15 million in 2002 to \$18.5 million in 2003, representing a 23 per cent improvement. Increased general-purpose income, coupled with cost-saving measures introduced from mid-2002 onwards, has prevented a potential deficit in the general-purpose fund during 2003, with the balance restored at above a minimum of \$8 million. Based on this stabilization, and following the adoption of Commission on Narcotic Drugs resolution 46/9 on securing assured and predictable funding for UNDCP, it is anticipated that sufficient general-purpose funds should be available in the future to allow for the extension of staff and other contractual commitments at least on an annual basis.

B. Management reforms

6. The consolidated budget for the biennium 2004-2005 reflects the commitment of the United Nations Office on Drugs and Crime to enhance performance and results through better priority-setting, planning tools and field delivery. The chief aims are the consolidation of organizational stability and cautious growth, under strict budget discipline. The management reforms that have had a considerable impact on the planning of the 2004-2005 budget are presented below:

Summary of management reforms, 2002-2003

Implemented as of 1 January 2004

- Establishment of United Nations Office on Drugs and Crime/United Nations Office at Vienna Executive Committee
- Definition of United Nations Office on Drugs and Crime operational priorities
- Review of divisional work programmes
- New organizational structure (new ST/SGB/Org)
- Reprofiting of field offices
- Redeployment of posts
- Adoption of rotation policy
- Reform of the Programme and Project Committee
- New country profiles and strategic programme frameworks
- Establishment of independent evaluation function
- Financial information available online (through the Programme and Financial Information Management System (ProFi))

- Management of the Crime Prevention and Criminal Justice Fund transferred from New York to Vienna
- Consultations with stakeholders—Member States, staff and United Nations Headquarters
- Work-life policies—flexible working arrangements
- Establishment of office of the Vienna ombudsman

Reforms in progress

- New approaches for broader co-financing and partnerships
- Substantive project information online (ProFi phase 2)

7. The restructuring of headquarters and the reprofiling of the field office network entailed the redeployment of posts to cover new functions and to strengthen the work units engaged in operational activities. Following consultations between the Office of Human Resources Management in New York, senior managers in the United Nations Office on Drugs and Crime and the Joint Advisory Committee composed of staff and management representatives, a policy on staff rotation was adopted, designed to meet organizational needs, create a multi-skilled and versatile staff complement and provide career opportunities. There will be an increased field presence and efforts have been made to streamline and standardize the field office configuration. The impact of these reforms is reflected in the staffing tables presented in annex IV to the present document, contained in E/CN.7/2003/20/Add.1). The staffing distribution is based on the guiding principles contained in the document entitled “Operational priorities: guidelines for the medium term”, published by the Office in January 2003, in particular as regards regional context, the multilateral approach and gender sensitivity. Under the Fund of UNDCP, the main result with regard to staffing distribution is the strengthening, during 2004-2005, of programme support through redeployment of 13 posts from management and administration. Four professional posts are transferred to the field level, and three professional posts and six support staff members are redeployed at the headquarters level. Four local-level positions are added to the staffing table in the field offices. There are also three additional posts proposed by the Secretary-General in the regular budget of the drug programme for 2004-2005. The crime programme was strengthened with additional posts in its regular budget for 2002-2003.

8. Also as a result of management reforms and the adoption of Commission on Narcotic Drugs resolution 46/9, it is projected that the general-purpose fund balance will be restored to around \$10 million during the biennium 2004-2005, which is sufficient to cover contractual commitments for one year in advance. As the sensitivity analysis in section XIII of the present report demonstrates, additional general-purpose income will need to be raised to reach a more optimal fund balance of around \$15 million, which would also allow general-purpose advances to cover cash-flow gaps in project funding. In line with Commission on Narcotic Drugs

resolution 46/9, several options to achieve such financial stability are presented in part four.

C. Programme budget, 2004-2005

9. The programme budget of the Office on Drugs and Crime for 2004-2005 (base scenario) was established at \$180.4 million, consisting of \$164.4 million (\$146.9 million in voluntary funds and \$17.5 million in the regular budget) from the drug programme and \$16 million (\$8.3 million in voluntary funds and \$7.7 million in the regular budget) from the crime programme. This represents an increase of 12.7 per cent over the budget for the biennium 2002-2003. The proposed programme of work will be funded by voluntary contributions (86 per cent) and by the regular budget (14 per cent).

10. A high scenario was also developed, setting the biennial budget for 2004-2005 at \$191.1 million, of which \$173.4 million would come from the UNDCP fund and \$17.7 million from the crime programme. The high scenario entails a 19.4 per cent increase over 2002-2003, and would materialize if income for projects, in particular from assisted countries, exceeds 2003 projections (see table 1).

Table 1

Programme budget, 2002-2003 and 2004-2005 (base and high scenarios)

(Millions of United States dollars)

Item	Programme budget		Funding			
	Volume	Increase (percentage)	Voluntary contributions (percentage)		Regular budget (percentage)	
Budget 2002-2003	160.1	--	139.4	87.1	20.7	12.9
Budget 2004-2005 (base scenario)	180.4	12.7	155.2	86.0	25.2	14.0
Budget 2004-2005 (high scenario)	191.1	19.4	165.9	86.8	25.2	13.2

Note: Programme budget resources of the Fund of UNDCP, the Crime Prevention and Criminal Justice Fund and the regular budget are included.

11. The following assumptions were made for the 2004-2005 budget for the biennium (both scenarios):

(a) The United Nations Office on Drugs and Crime can implement the proposed programme of work with efficient management of its resources;

(b) The voluntary contributions from traditional donors will remain on trend, although the quality and conditionality of these resources will allow for greater flexibility to bridge seasonal cash-flow gaps affecting project delivery and to initiate urgent new activities in anticipation of pledges;

(c) The voluntary contributions from non-traditional donors will grow moderately, as the Office gains experience in negotiating new co-financing

arrangements with a greater number of assisted countries, international organizations, and the private sector;

(d) The regular budget income will be as approved by the General Assembly.

12. The structure of the proposed programme budget for the biennium 2004-2005 (base scenario) is reflected in table 2.

Table 2

Structure of the programme budget, 2004-2005

(Millions of United States dollars)

<i>Item</i>	<i>Amount</i>
Field-based projects (voluntary contributions)	138.1
Core programmes (voluntary contributions)	17.1
Core programmes (regular budget)	10.3
Normative work	14.9
Total	180.4

Note: Programme budget resources of the Fund of UNDCP, the Crime Prevention and Criminal Justice Fund and the regular budget.

13. The field-based operational activities proposed for the biennium 2004-2005 are grounded in the 23 country and regional strategic programme frameworks produced by the United Nations Office on Drugs and Crime during 2003, in collaboration with relevant stakeholders. Where appropriate, planned activities are part of broader multi-agency efforts aimed at sustainable development, post-conflict reconstruction and human rights. As in previous years, the proposed biennial programme of work is presented by thematic area and geographic location. However, as a result of the new operational priorities and the decision to integrate the drugs and crime programmes at the operational level, there are changes in presentation and nomenclature compared to previous budget submissions. Such changes are explained in the relevant sections. The modifications do not affect the capacity of the Office to maintain the identities of the drugs and crime programmes as regards the management of their respective funds and the provision of support to their separate governing bodies.

14. The programme of work for the biennium 2004-2005 follows the results-based budgeting format, and is in line with the medium-term plan for 2002-2005 (A/55/6/Rev.1). It presents main objectives and broad verifiable achievement indicators at the thematic and regional levels, which will enable the measurement of general organizational performance and results over time.

15. The geographic and thematic apportionment of the proposed budget for the biennium 2004-2005 is reflected in tables 3 and 4.

Table 3
Programme budget by region, 2004-2005
(Millions of United States dollars)

<i>Region and item</i>	<i>Amount</i>	<i>Share of total (percentage)</i>
Africa and the Middle East	16.1	9.7
South and East Asia and the Pacific	27.0	16.3
West and Central Asia	38.1	23.0
Central and Eastern Europe	4.2	2.5
Latin America and the Caribbean	52.7	31.9
All core programmes (cutting across regions)	27.4	16.6
Subtotal	165.5	100.0
Normative work	14.9	-
Total	180.4	-

Note: Programme budget resources of the Fund of UNDCP, the Crime Prevention and Criminal Justice Fund and the regular budget are included.

Table 4
Programme budget by theme, 2004-2005
(Millions of United States dollars)

<i>Theme and item</i>	<i>Amount</i>	<i>Share of total (percentage)</i>
Global challenges	91.2	55.2
Anti-trafficking	54.2	32.7
Rule of law	8.6	5.2
Terrorism prevention	1.9	1.1
Core programmes cutting across themes ^a	9.6	5.8
Subtotal	165.5	100.0
Normative work	14.9	-
Total	180.4	-

^a Core programmes on research and analysis, laboratory and scientific services, legal advice, advocacy and information technology.

16. The consolidated budget for the biennium 2004-2005 also describes the structure of the programme budget by operational priorities, and presents two income and expenditure scenarios, including a sensitivity analysis.

17. The following section presents an overview of the consolidated financial situation of the United Nations Office on Drugs and Crime.

II. Consolidated financial situation

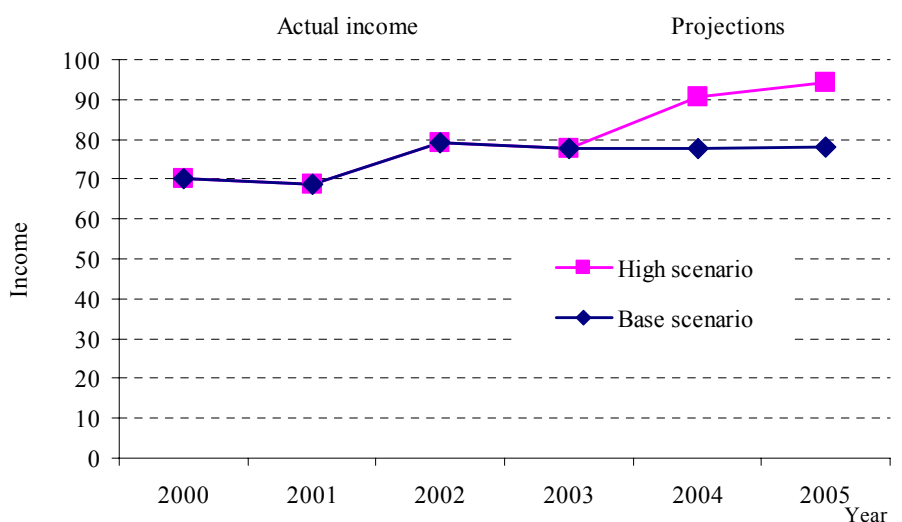
18. The consolidated budget of the United Nations Office on Drugs and Crime consists of the separate budgets of the drugs and crime programmes, which are

drawn up under separate sections for both programmes. Furthermore, these budgets distinguish between voluntary contributions and the regular budget, which is funded from assessed contributions. The consolidated budget of the Office for 2004-2005 is proposed at \$224.8 million, as compared to \$198.8 million for 2002-2003, representing an increase of 13 per cent. The budget increase will be funded almost entirely from existing fund balances, as no income increases are projected for 2004-2005 over 2003, as reflected in figure II. This should result in better funds utilization through improved implementation of programmes. An overview of the consolidated financial position in terms of income, budgets, expenditure and fund balances is provided below.

19. Figure II shows total voluntary income projections under a base scenario on which the proposed budget is predicated. The 15 per cent increase in 2002 over 2001 was due to the return of confidence in the Office evidenced by increased contributions from the larger traditional donors following measures to introduce reform and good governance in late 2002. On this basis, it is projected that income levels can be maintained at around \$78 million during the biennium 2004-2005, as compared to the lower levels in 2000-2001. There is also the possibility of achieving more increases as shown by the higher scenario, although the base scenario is considered more probable.

Figure II
Income from voluntary contributions, 2000-2005

(Millions of United States dollars)



Item	Actual income			Estimate	Scenarios			
	2000	2001	2002	2003	2004		2005	
					Base	High	Base	High
Drugs programme	67.3	65.4	74.1	70.9	70.9	81.2	70.9	81.2
Crime programme	3.0	3.4	5.0	6.9	6.9	9.5	7.1	13.2
UNODC	70.3	68.8	79.1	77.8	77.8	90.7	78.0	94.4
		-2%	15%	-2%	0%	17%	0%	4%

Note: Figures below table columns show the percentage change from the previous year.

20. Figure III shows the breakdown of total voluntary income by source. The fund-raising thrust of the Office is to increase the donor base through co-financing from sources other than traditional donors, which is reflected under the high scenario. Since many new co-financing initiatives are still in their initial stages it is not considered prudent to include them under the base scenario.

21. The breakdown of voluntary income between general and special purposes as well as the regular budget is reflected in figure IV. General-purpose income is forecast to stabilize at \$35 million for the biennium 2004-2005 under the base scenario, with a smaller possibility of achieving a 12 per cent growth under the higher scenario. The necessity of increased general-purpose income is brought out in section XIII of the present report, on sensitivity analysis and financial risk. A 16 per cent increase under the regular budget for 2004-2005 is already included in the proposed budget of the Secretary-General.

22. A consolidated budget and expenditure position is presented in figure V.

23. The budget is established by programming total resources likely to be available for each biennium. However, since this represents maximum capacity, expenditures are projected on an average implementation rate of around 85 per cent of the budget. The unspent balance of around 15 per cent is carried forward to the next biennium. Since no income increases are projected in the base scenario for the biennium 2004-2005 over 2003, the unspent balance from 2002-2003 will fund the budget and expenditure increases projected under the base scenario for 2004-2005.

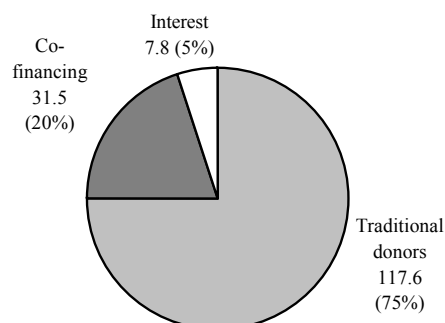
24. Budget implementation improves during the biennium 2002-2003 due to a combination of more timely and increased funding, initiation of management reform and the launching of new projects and initiatives. For 2004-2005 a modest annual growth of 6 to 7 per cent in the budget is forecast on the basis of unspent balances, income projections, operational priorities and capacity to deliver. With continuing improved delivery it is expected that expenditure will also increase by some 5 per cent annually, resulting in better funds management as reflected in figure VIII. While 88 per cent of the 2002-2003 UNDCP budget is expected to be spent, an 87 per cent expenditure rate is considered more achievable for UNDCP in 2004-2005 given that budget increases are mostly for projects where implementation averages 80 per cent, as compared to non-project activities which average 95 per cent due to higher salary contents. Therefore, the expenditure rates for the Centre for International Crime Prevention are higher because it implements a much smaller project portfolio. Overall, given the complexity of mandates and difficult operating environments, an 87 per cent rate of implementation of the total budget of the United Nations Office on Drugs and Crime compares very well against other United Nations entities. It is possible to improve growth with the same infrastructure, as shown under the high scenario, provided additional funds materialize.

Figure III
Income projections by different voluntary sources

(Millions of United States dollars)

2002-2003

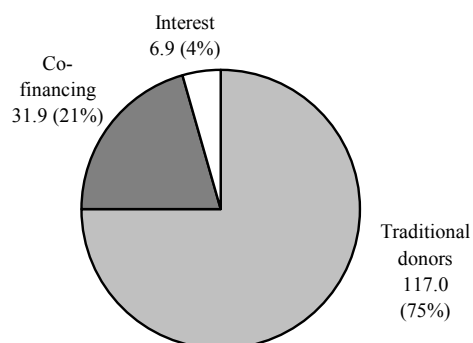
(2002 actual income and 2003 estimates)



Funding	Traditional donors		Co-financing				Interest		Total	
			Cost-sharing		Public donations		Private sector			
	\$m	%	\$m	%	\$m	%	\$m	%	\$m	%
Drugs	107.5	74	29.6	20	1.8	1	-	-	6.1	4
Crime	10.1	85	-	-	0.1	1	-	-	1.7	-
UNODC	117.6	75	29.6	19	1.9	1	-	-	7.8	5

2004-2005

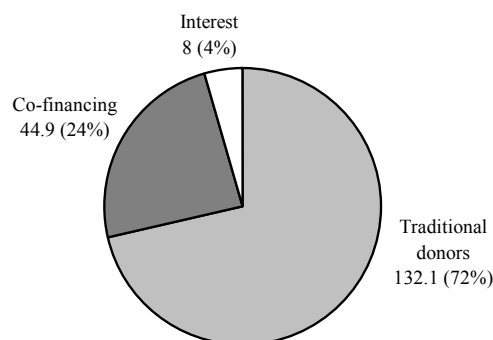
(Base scenario)



Funding	Traditional Donors		Co-financing				Interest		Total	
			Cost-sharing		Public donations		Private sector			
	\$m	%	\$m	%	\$m	%	\$m	%	\$m	%
Drugs	104.6	74	29.9	21	1.9	1	-	-	5.4	4
Crime	12.4	89	-	-	0.1	1	-	-	1.5	-
UNODC	117.0	75	29.9	19	2.0	1	-	-	6.9	4
	-1%		1%		5%				-12%	-1%

2004-2005

(High scenario)



Funding	Traditional donors		Co-financing				Interest		Total	
			Cost-sharing		Public donations		Private sector			
	\$m	%	\$m	%	\$m	%	\$m	%	\$m	%
Drugs	117.0	72	36.2	22	2.6	2	-	-	6.5	4
Crime	15.1	67	2.0	-	0.1	0	4.0	18	1.5	7
UNODC	132.1	71	38.2	21	2.7	1	4.0	2	8.0	4
	12%		29%		42%		100%		3%	18%

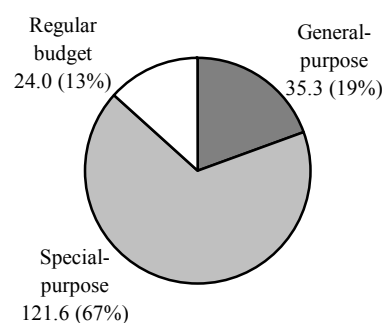
Notes: The following abbreviations are used in the tables: United Nations Office on Drugs and Crime (UNODC); millions of United States dollars (\$m).

Figures below the table show the percentage changes during the biennium 2004-2005 from the levels of the biennium 2002-2003

Figure IV
Income projections by type of funding

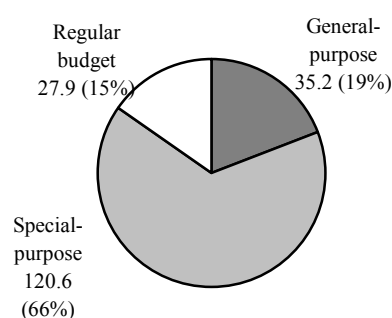
(Millions of United States dollars)

2002-2003
(2002 actual income and 2003 likely income)



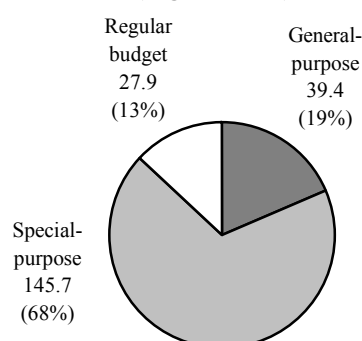
Funding	General-purpose		Special-purpose		Regular budget		Total	
	\$m	%	\$m	%	\$m	%	\$m	%
Drugs	33.6	21	111.4	69	16.7	10	161.7	100
Crime	1.7	9	10.2	53	7.3	38	19.2	100
UNODC	35.3	20	121.6	67	24.0	13	180.9	100

2004-2005
(Base scenario)



Funding	General-purpose		Special-purpose		Regular budget		Total	
	\$m	%	\$m	%	\$m	%	\$m	%
Drugs	33.0	21	108.8	68	18.5	12	160.3	100
Crime	2.2	9	11.8	50	9.4	40	23.4	100
UNODC	35.2	19	120.6	66	27.9	15	183.7	100
	0%		-1%		16%		2%	

2004-2005
(High scenario)

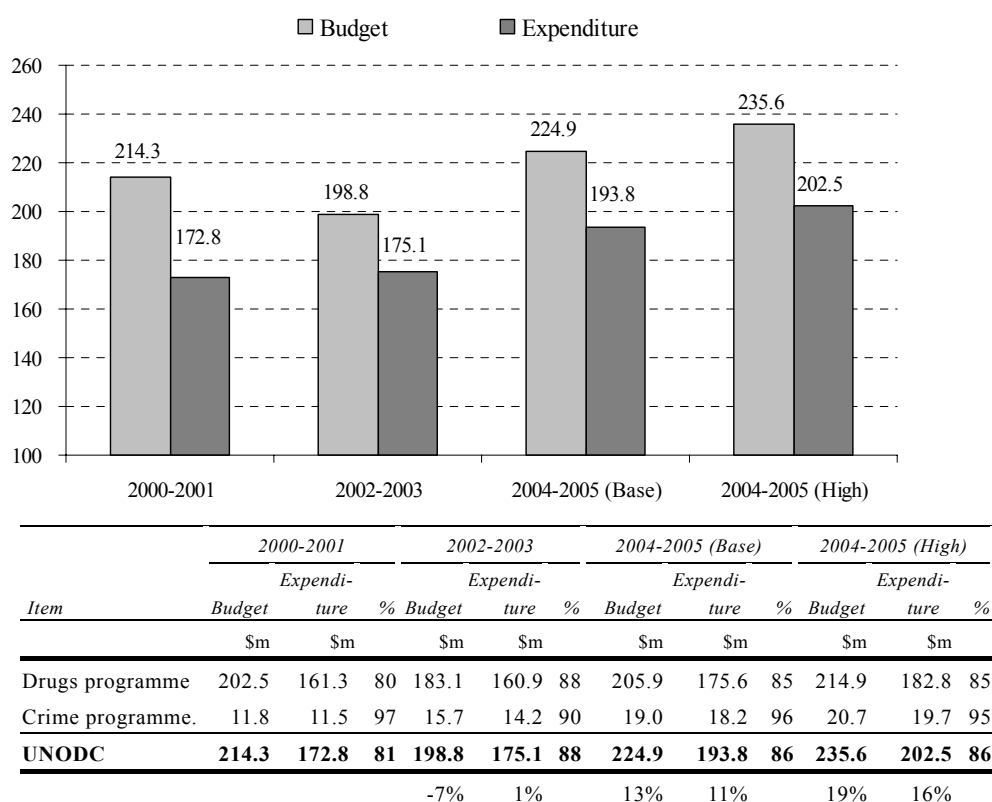


Funding	General-purpose		Special-purpose		Regular budget		Total	
	\$m	%	\$m	%	\$m	%	\$m	%
Drugs	37.6	21	124.8	69	18.5	10	180.9	100
Crime	1.8	6	20.9	65	9.4	29	32.1	100
UNODC	39.4	18	145.7	68	27.9	13	213.0	100
	12%		20%		16%		18%	

Notes: The following abbreviations are used in the tables: United Nations Office on Drugs and Crime (UNODC); millions of United States dollars (\$m).

Figures below the table show the percentage changes during the biennium 2004-2005 from the levels of the biennium 2002-2003.

Figure V
Consolidated budget and expenditure
(Millions of United States dollars)



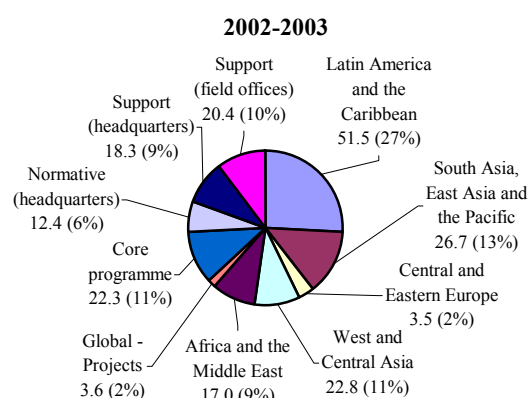
Notes: The following abbreviations are used in the tables: United Nations Office on Drugs and Crime (UNODC); millions of United States dollars (\$m).

Figures below the table show the percentage changes from the levels of the previous biennium.

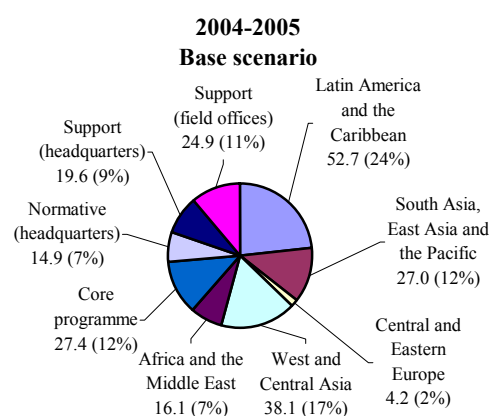
25. The consolidated budget is also categorized by region in figure VI. The budget for West and Central Asia increases from 11 to 17 per cent between the biennium 2002-2003 and the biennium 2004-2005, as a share of the total budget, given the strategic importance of this region in terms of drugs and crime. The budget for Africa declines slightly in the light of continuing funding and capacity constraints, including the allocation of funds by donors to other regions. However, for field offices in Africa, the support budget under the Fund of UNDCP is strengthened through the addition of five posts. Should additional funding materialize for programmes in Africa, its programme budget will be increased as shown under the high scenario. Global programmes are rationalized between core ongoing activities and time bound projects. The support budget is contained at 20 per cent of the total budget while the total budget picture is completed by the inclusion of normative work funded entirely by the regular budget.

Figure VI
Consolidated budget scenarios by region

(Millions of United States dollars)

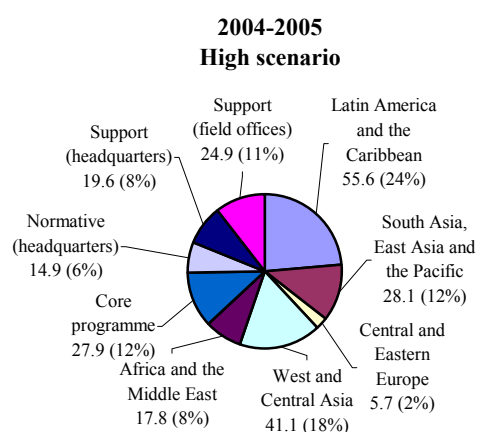


Item	Voluntary sources		Regular budget		Total	
	\$m	%	\$m	%	\$m	%
Drugs	166.4	91	16.7	9	183.1	100
Crime	8.4	54	7.3	46	15.7	100
UNODC	174.8	88	24.0	12	198.8	100



Item	Voluntary sources		Regular budget		Total	
	\$m	%	\$m	%	\$m	%
Drugs	187.4	91	18.5	9	205.9	100
Crime	9.6	51	9.4	49	19.0	100
UNODC	197.0	88	27.9	12	224.9	100

13% 16% 13%



Item	Voluntary sources		Regular budget		Total	
	\$m	%	\$m	%	\$m	%
Drugs	196.4	91	18.5	9	214.9	100
Crime	11.3	55	9.4	45	20.7	100
UNODC	207.7	88	27.9	12	235.6	100

19% 16% 19%

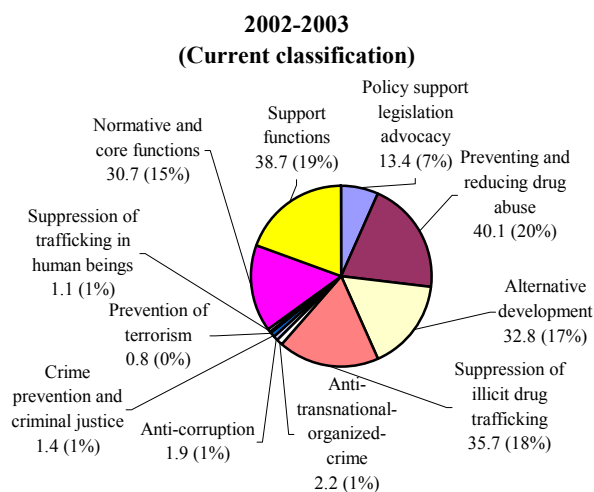
Notes: The following abbreviations are used in the tables: United Nations Office on Drugs and Crime (UNODC); millions of United States dollars (\$m).

Figures below the table show the percentage changes during the biennium 2004-2005 from the levels of the biennium 2002-2003.

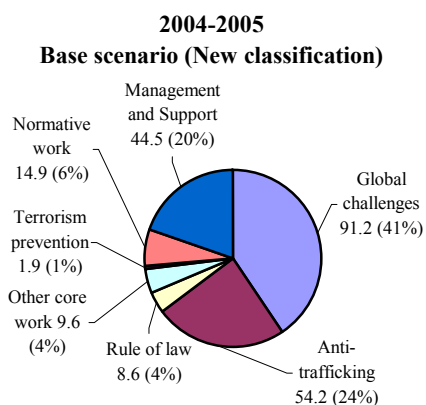
26. Thematically, the budget is substantially restructured as shown in figure VII.

Figure VII
Consolidated budget scenarios by theme

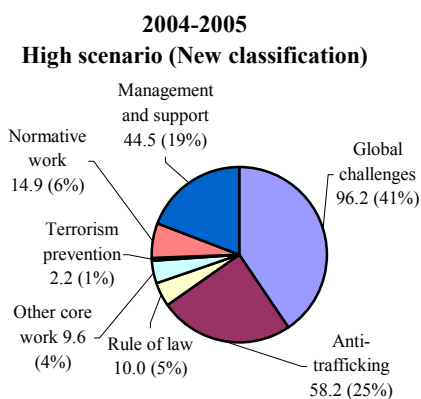
(Millions of United States dollars)



Item	Voluntary sources		Regular budget		Total	
	\$m	%	\$m	%	\$m	%
Drugs	166.4	91	16.7	9	183.1	100
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Crime	9.6	51	9.4	49	19.0	100
UNODC	197.0	88	27.9	12	224.9	100
	13%		16%		13%	



Item	Voluntary sources		Regular budget		Total	
	\$m	%	\$m	%	\$m	%
Drugs	196.4	91	18.5	9	214.9	100
Crime	11.3	55	9.4	45	20.7	100
UNODC	207.7	88	27.9	12	235.6	100
	19%		16%		19%	

Notes: The following abbreviations are used in the tables: United Nations Office on Drugs and Crime (UNODC); millions of United States dollars (\$m).

Figures below the table show the percentage changes during the biennium 2004-2005 from the levels of the biennium 2002-2003.

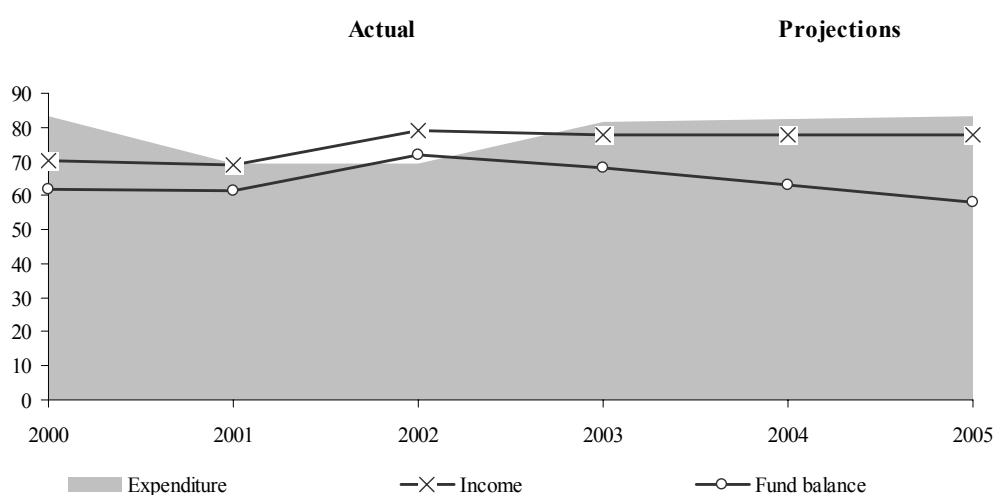
27. The change in nomenclature and number of thematic areas (from 11 during the biennium 2002-2003 to 7 during the biennium 2004-2005) is explained in section IX of the present report.

28. Finally, a consolidated financial summary of voluntary funds is presented in figure VIII. While income is projected to remain stable at around \$78 million per annum, expenditure is expected to be higher at around \$83 million, with a major increase of 18 per cent in 2003 over 2002 for the reasons given above. The net result will be a phased reduction in the fund balance from \$71.8 million at the end of 2002 to \$58.0 million by the end of 2005. This would bring the fund balance to the more appropriate level of about 50 per cent of the annual budget, resulting in less accumulation of interest and better resource utilization. Also, a better balance between the funds of the drug and crime programmes will be achieved with a substantial reduction in the Fund of UNDCP and a modest increase in the United Nations Crime Prevention and Criminal Justice Fund.

Figure VIII

Consolidated financial summary of voluntary funds, 2000-2005

(Millions of United States dollars)



			2000	2001	2002	2003	2004	2005
<i>Item</i>			<i>Actual</i>	<i>Actual</i>	<i>Actual</i>	<i>Base</i>	<i>Base</i>	<i>Base</i>
A. Income	Drugs Programme		67.3	65.4	74.1	70.9	70.9	70.9
	Crime Programme		3.0	3.4	5.0	6.9	6.9	7.1
	Total A		70.3	68.8	79.1	77.8	77.8	78.0
B. Expenditure	Drugs Programme		79.8	66.8	66.9	77.3	78.3	78.8
	Crime Programme		3.3	2.5	2.6	4.3	4.3	4.5
	Total B		83.1	69.3	69.5	81.6	82.6	83.3
C. Fund balance	Drugs Programme		54.8	53.4	60.6	54.2	46.8	38.9
	Crime Programme		6.9	8.0	11.2	13.8	16.4	19.0
	Total C		61.7	61.4	71.8	68.0	63.2	57.9

Part two
Retrospective on the
biennium 2002-2003

Part two

Retrospective on the biennium 2002-2003

III. Performance review: 2002-2003

29. An overview of the operational activities of the United Nations Office on Drugs and Crime during the biennium 2002-2003 is presented below. The focus is on the main developments that have shaped the years 2002-2003, and on factors that have influenced planning for the proposed budget for 2004-2005. An assessment is made also of the challenges ahead following the mid-term review conducted in April 2003 of progress made since the twentieth special session of the General Assembly, devoted to countering the world drug problem together.

A. Overview of operational performance 2002-2003

30. During the biennium 2002-2003, the United Nations Office on Drugs and Crime delivered operational activities in the drugs, crime and terrorism prevention fields worth an estimated \$111.6 million (see figure IX). This compares to \$112.7 million during the biennium 2000-2001. The 1 per cent biennial decrease is attributable to weak performance during the year 2002, a year of management transition when annual delivery fell below trend to \$50.2 million. In 2003, expenditures are estimated at \$61.4 million, representing a 22 per cent increase over 2002. Improved performance coincided with extensive management reforms started in mid-2002 and continued in 2003 (see part three, section VII).

31. Growth in expenditure was registered in all regions between 2002 and 2003 (see table 5). Consistent with the priority assigned by Member States to Africa, this region posted a 60 per cent increase in volume terms, from \$3.9 million in 2002 to \$6.2 million in 2003. Activities in the Middle East increased 50 per cent to \$0.6 million. Year-on-year delivery increased 40 per cent in Asia (South and East Asia and the Pacific) due mainly to the expansion of alternative development projects in Myanmar and the Lao People's Democratic Republic. West and Central Asia grew by 20 per cent bearing in mind primarily the launching in 2003 of large-scale law enforcement and criminal justice reform projects in Afghanistan and neighbouring countries. In Central and Eastern Europe, the 18 per cent increase is attributable mainly to expanded delivery of regional law enforcement projects in Bulgaria, the Russian Federation and Turkey. Funding gaps in the stock of ongoing Andean alternative development projects explain the decrease in delivery in Latin America and the Caribbean as a proportion of the overall operational portfolio. Global projects and core programmes posted a 30 per cent increase, in line with mandated core requirements in drugs research, supply and demand reduction policy support and core global programmes against crime.

Figure IX
Operational activities in all regions, 2002 and 2003

(Millions of United States dollars and percentage share)

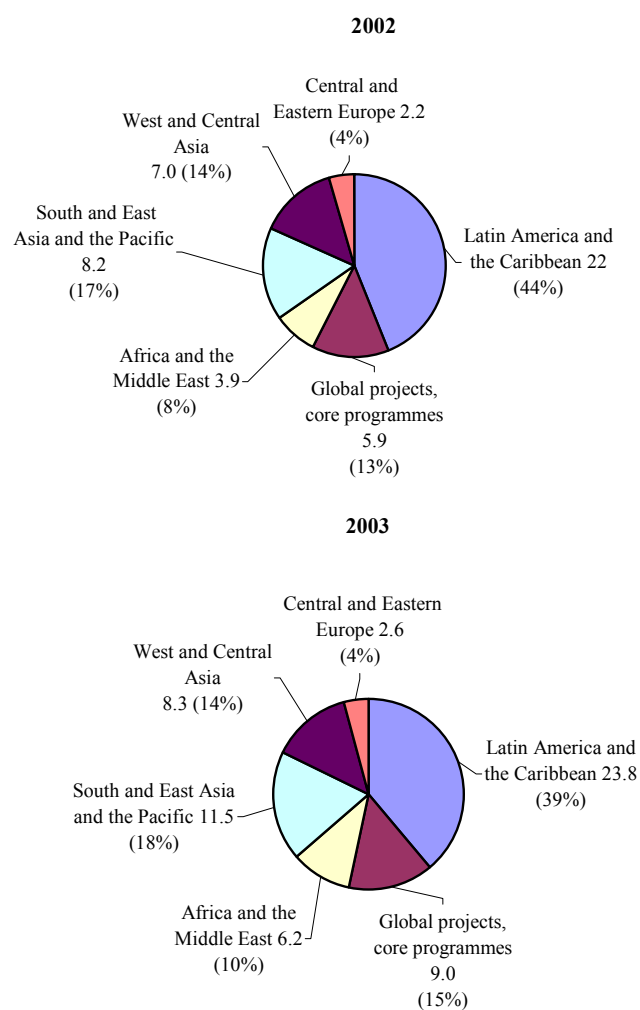


Table 5
Operational activities expenditure: all regions, 2000 to 2003

(Millions of United States dollars)

Region	Bienniums		Percentage change	Years		Percentage change
	2000-2001	2002-2003		2002	2003 ^a	
Africa and the Middle East	6.2	10.1	63	3.9	6.2	59
South and East Asia and the Pacific	17.2	19.7	15	8.2	11.5	40
West and Central Asia	20.1	15.3	-24	7.0	8.3	20
Central and Eastern Europe	7.3	4.8	-34	2.2	2.6	18

Region	Bienniums		Percentage change	Years		Percentage change
	2000-2001	2002-2003		2002	2003 ^a	
Latin America and the Caribbean	45.9	45.8	0	22.0	23.8	8
Global projects	16.1	15.9	-1	6.9	9.0	30
Total	112.7	111.6	-1	50.2	61.4	22

Note: The programme budgets of the Fund of UNDCP and the Crime Prevention and Criminal Justice Fund are included.

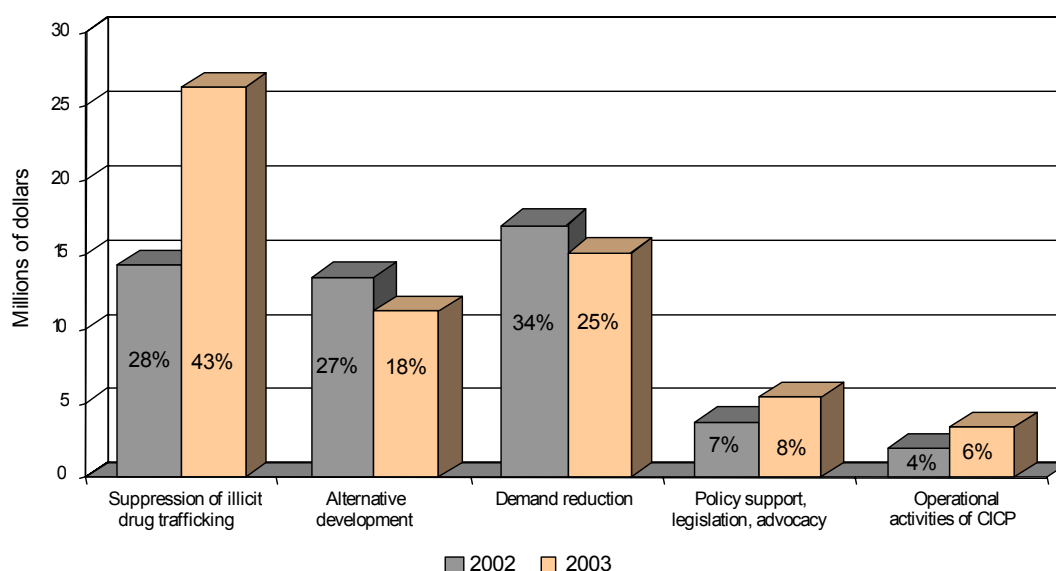
^a Estimate.

32. A comparison of the bienniums 2000-2001 and 2002-2003 shows that expenditure in 2002-2003 grew 63 per cent in Africa due to increased budgetary allocations. In West and Central Asia, delivery dropped 24 per cent due to the completion in 2001 of a large-scale alternative development project in Pakistan and to regional instability causing project slippages in 2002 and early 2003. Expenditure in Asia (South and East Asia and the Pacific) grew 15 per cent due mainly to increased alternative development delivery in the Lao People's Democratic Republic and Myanmar, and to new subregional activities in States members of the Association of South-East Asian Nations (ASEAN) and China under the ASEAN and China Cooperative Operations in Response to Dangerous Drugs (ACCORD) Plan of Action. In Central and Eastern Europe, expenditure dropped due to the completion of the large-scale PHARE subregional project.

Figure X

Operational activities in all thematic areas, 2002 and 2003

(Millions of United States dollars)



Note: Figures in boxes represent the percentage share of total annual delivery.

33. The thematic structure of operational activities posted important variations between the years 2002 and 2003 (see figure X). As a proportion of the overall operational portfolio, activities to suppress illicit drug trafficking increased from 28 per cent in 2002 to 43 per cent in 2003. Whereas drug law enforcement activities remained stable in most regions between 2002 and 2003, the bulk of the variance is attributable to significant year-on-year increases under projects in Brazil to upgrade drug law enforcement training centres, expand precursors control, and set up national databases on crime and public security. Operational activities supplying policy support, the development of legislation and anti-drugs advocacy rose 1 per cent in volume terms, due mainly to the increased provision of such services in Africa, Afghanistan and Central Asia.

34. There have also been less positive developments. Drug demand reduction activities fell as a share of the overall operational portfolio and also in absolute terms, from \$17.1 million in 2002 to \$15.2 million in 2003. The problem is compounded by the fact that over 50 per cent of the demand reduction portfolio of the United Nations Office on Drugs and Crime is made up of a single project in Brazil (drug abuse and prevention of the human immunodeficiency virus (HIV) and acquired immunodeficiency syndrome (AIDS)). Historically, activities aimed at drug abuse and HIV/AIDS prevention, treatment and rehabilitation have together claimed about a third of the overall operational portfolio. The below-trend performance in 2003 is a worrying sign. Allowing for the marked variations that do exist among both donors and assisted countries, drug demand reduction activities in general are not assigned high priority. This situation, in turn, seriously restricts the capacity of the Office to assist Member States in the production of reliable drug abuse data and in the development of best practice advice and model projects for demand reduction.

35. Alternative development expenditures in 2003 fell to \$10.7 million, the lowest level since the 1980s. A welcome increase in Myanmar in 2003 was offset by below-trend delivery in the Andean region, due to funding gaps experienced under ongoing pilot projects launched in Peru and Bolivia during the late 1990s.

36. The reduced capacity of the United Nations Office on Drugs and Crime to deliver its planned alternative development programme has two negative consequences. First, it affects the role the Office could play under an increasingly accepted division of labour with governments and mainstream rural development organizations. Drawing on its experience and global reach, the Office is best placed to perform a catalytic function through pilot projects and best practice advice. The Office is not resourced to engage in the geographic expansion and replication of viable models, which is best performed by entities concerned more broadly with rural development. Secondly, it coincides with a 22 per cent decline in illicit coca surface in the Andean region and a 20 per cent decrease of opium cultivation in the Golden Triangle region, to their lowest levels in over a decade. Maintaining the pace of illicit crop eradication and preventing a reversal of this encouraging trend are contingent on the provision of alternative livelihood schemes to former illicit crop farmers. The asymmetric implementation of law enforcement and alternative development has almost always been disappointing and led to the displacement of the problem.

37. The crime programme activities increased from \$1.9 million in 2002 to \$3.4 million in 2003, representing a 79 per cent growth rate (see table 6). Activities expanded in all thematic areas and regions. Anti-human-trafficking activities

increased considerably, since there now is greater awareness of the problem. Anti-corruption activities expanded to more countries following successful model projects in Hungary, Nigeria, Romania and South Africa. Criminal justice reform activities increased due mainly to major projects in Afghanistan. The anti-terrorism programme, which was only started in 2002 after the tragic events of September 2001, attracted substantial initial funding.

Table 6

Crime programme operational activities: all thematic areas, 2000 to 2003

(Millions of United States dollars)

<i>Thematic area</i>	<i>Bienniums</i>		<i>Percentage change</i>	<i>Years</i>		<i>Percentage change</i>
	<i>2000-2001</i>	<i>2002-2003</i>		<i>2002</i>	<i>2003^a</i>	
Anti-organized-crime	1.3	1.5	15	0.6	0.9	50
Anti-human-trafficking	0.2	0.8	300	0.3	0.5	66
Anti-corruption	0.9	1.5	66	0.7	0.8	14
Criminal justice reform	0.5	0.8	60	0.2	0.6	200
Terrorism prevention	0.04	0.7	1 750	0.1	0.6	500
Total	2.9	5.3	83	1.9	3.4	79

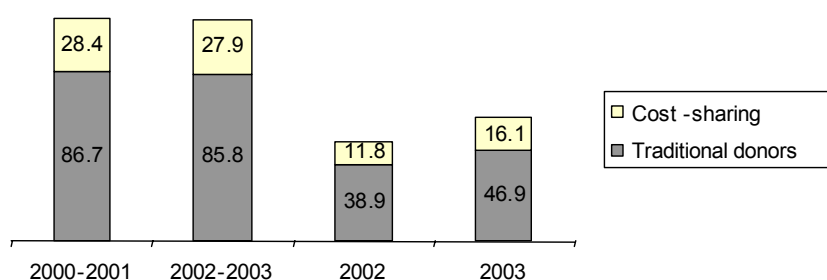
^a Estimate.

38. Efforts to broaden the donor base for field-based operations have yielded limited but encouraging results. Still, traditional donors of the United Nations Office on Drugs and Crime accounted for 75 per cent of project funding in 2000-2001, and for 74 per cent in 2002-2003 (see figures XI and XII). Assisted countries accounted for 26 per cent of total estimated expenditure through project cost-sharing.

Figure XI

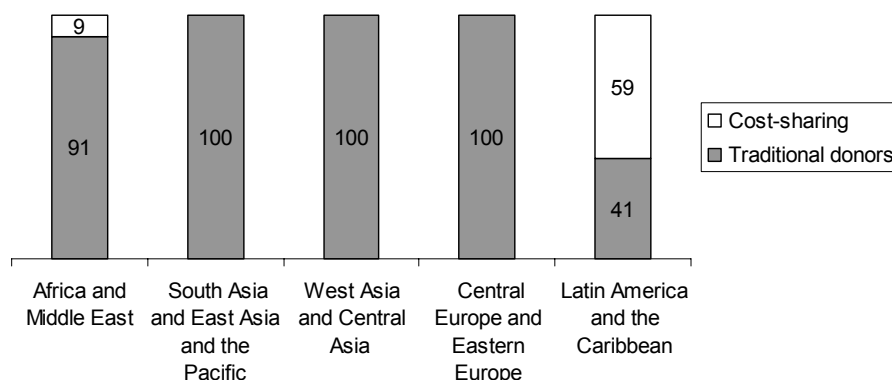
Income for operational activities in all regions by source, 2000 to 2003

(Millions of United States dollars)



Note: The Fund of UNDCP and the Crime Prevention and Criminal Justice Fund are included.

Figure XII
Source of income by region, 2002-2003
 (Percentage)



39. During the biennium 2002-2003, cost-sharing funds have been deposited by Bolivia, Brazil, Colombia, the Dominican Republic, the Libyan Arab Jamahiriya, Nigeria and Peru. In preparation for the biennium 2004-2005, the Office started negotiations with several governments to broaden its resource base. More co-financing is required not only for projects, but also to defray the infrastructure costs in assisted countries. This can be achieved through project cost-sharing, government cash counterpart contributions and provision of rent-free local office facilities.

B. Major developments in drugs and crime

1. Africa and the Middle East

40. International drug trafficking continues to spread across Africa, fuelling criminal activity such as money-laundering and corruption. The evolving uncivil behaviour is linked to wars and communal conflicts that are often caused by the lack, or contested nature, of State authority. Levels of corruption also remain high in some States, with criminal justice agencies often being poorly equipped to counter the problem effectively. Weak States and high levels of penetration by criminal networks also hold the prospect that such States, most notably in West Africa, could become future platforms for the activities of terrorist groups. In West and Central Africa, criminal organizations have promoted instability and undercut the prospects for the rule of law and sustainable development. Criminal groups introduce drugs into conflict zones, often in exchange for natural resources or weapons. Some areas have overcome conflict only to become important transit zones for the trafficking of human beings. Young women are trafficked by commercial networks to Western Europe, North America and the Middle East to be exploited. The levels of interpersonal violence are very high in major urban areas—inter alia Johannesburg, South Africa, Lagos, Nigeria, and Nairobi—where poor social conditions and high

unemployment are key causal factors for crime. Initiatives to reduce high levels of urban violence in some States have proved elusive.

41. Increasing drug abuse in several African countries, including injecting drug use, threatens to exacerbate the already critical problem of HIV/AIDS in Africa. The use of drugs by combatants, especially child soldiers, is another major concern. Although cannabis cultivation and abuse remain the main drug problems in Africa, international trafficking in cocaine, heroin and psychotropic substances continues to grow, mainly through major ports and airports of the continent. A number of significant drug seizures in 2003 have highlighted the increasing use of the continent in the global drug trade.

42. To prevent rising drug and crime problems from jeopardizing development efforts on the continent, an updated drug control action plan was adopted at the inaugural session of the African Union in July 2002. It emphasized the creation of synergies and development of new partnerships aimed at integrating drug control into the New Partnership for Africa's Development, and a drug control unit was created within the secretariat of the Commission of the African Union to assist in its implementation.

43. Government actions in the Middle East to tackle terrorism and related criminal activities, including money-laundering, increased significantly following the tragic events of 11 September 2001 and the more recent developments in Iraq. Political violence and terrorism remain a major threat throughout the region, requiring a coordinated and rapid response of the international community. Corruption in both the private and public sectors remains an issue of concern.

44. A fact-finding mission of the United Nations Office on Drugs and Crime to Iraq in August 2003 found that organized crime there is based on sophisticated smuggling networks, many established under the previous regime. There is evidence of drug trafficking, mainly in the south-eastern and northern border regions. Porous borders, an established culture of smuggling and geographic location make Iraq vulnerable to growth in drug trafficking and related criminal activities. Drug abuse, not currently a serious problem, also exhibits potential for dramatic growth. The situation is exacerbated by the absence of the rule of law, disintegration of State institutions and a general decline in socio-economic conditions over the past decade.

2. South and East Asia and the Pacific

45. Located between the regions known as the Golden Crescent and the Golden Triangle, South Asian countries are directly affected by drug trafficking and related money-laundering, corruption and production of precursor chemicals. The abuse of heroin and psychotropic substances poses serious health problems, as does the rapidly growing HIV/AIDS epidemic, in particular among injecting drug users. Internal and border conflicts, as well as poverty, exacerbate the vulnerability of the region to drugs and crime. The development of subregional responses to these threats is being considered by Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan and Sri Lanka, all members of the South Asian Association for Regional Cooperation.

46. The abuse of synthetic drugs (amphetamine-type stimulants) is a major concern in the Philippines and Thailand, and is growing in Cambodia, China, Indonesia, the Lao People's Democratic Republic and Myanmar. Its abuse in rural

communities is common. The production of most synthetic drugs takes place in the region itself, in particular in China and Myanmar, but also in the Philippines, Thailand and other countries. HIV infection rates among injecting drug users in the region continues to be very high, often more than 50 per cent.

47. In Thailand, the government anti-drugs campaign launched in early 2003 produced significant results, but a number of extrajudicial killings were questioned both domestically and internationally. In Cambodia, the rapidly deteriorating drug abuse and trafficking situation has engaged the Government in national drug-control planning exercises, involving several sectors of government and society. Cambodia has announced its intention to accede to the international drug control conventions.

48. The United Nations Office on Drugs and Crime opium surveys in Myanmar and the Lao People's Democratic Republic, together with marginal cultivation in Thailand, confirmed the downward trend in cultivation in the Golden Triangle (see table 7). However, the drug problem in Myanmar remains important not only for its international and regional ramifications, but also for the negative effects it has domestically at the humanitarian and political levels. Drugs are closely linked to the issues of political dialogue and national reconciliation with ethnic minority groups, considering that the vast majority of illicit drugs are cultivated or produced by ethnic minorities in remote border areas. The drug trade tends to strengthen those sectors of society with the least interest in establishing effective mechanisms for the rule of law and democratic governance, hindering political dialogue and reconciliation at the national level.

Table 7

Opium cultivation in the Lao People's Democratic Republic and Myanmar

(Hectares)

<i>Item</i>	<i>2001</i>	<i>2002</i>	<i>2003</i>	<i>Percentage decrease from 2001 to 2003</i>
Lao People's Democratic Republic	17 251	14 052	12 000	30
Myanmar	105 000	81 400	62 200	41
Total	122 251	95 452	74 200	39

49. The Democratic People's Republic of Korea expressed interest in acceding to the international drug control conventions and has requested assistance from the United Nations to finalize the drafting of anti-drug legislation. Allegations of major shipments of drugs from the Democratic People's Republic of Korea remain a major concern. As regards cross-country drugs and crime coordination in the region as a whole, Governments have committed themselves to a drugs-free area by 2015 in the context of the ACCORD Plan of Action.

3. West and Central Asia

50. Large-scale opium production returned to Afghanistan in 2002. The United Nations Office on Drugs and Crime opium survey reported 74,000 hectares of opium poppy cultivation in 2002, resulting in 3,400 tons of opium from five provinces in the northern, eastern and southern parts of the country. In 2003, cultivation spread to areas other than the traditional opium provinces of Helmand, Nangarhar, Oruzgan and Kandahar. Afghanistan is the source of three quarters of

annual world opium production, presenting significant drug law enforcement and health problems to the Afghan Transitional Authority, neighbouring countries and other countries along the heroin trafficking routes to Europe. Eighty per cent of heroin found in Europe can be traced back to opium production in Afghanistan.

51. Drugs originating in Afghanistan provide resources to crime and terrorism, thus endangering the economic and social stability in Afghanistan and in countries located along the opium and heroin trafficking routes. The drug trade originating in Afghanistan corrupts government officials along the trafficking routes and poses a major health threat to communities well beyond the borders of Afghanistan. Drug dealers, among them the remnants of the Taliban and Al Qaeda, have a vested interest in ensuring that the State remains weak in Afghanistan. In pursuing this goal, they influence politics, foment regional strife, nourish separatist ambitions and armed conflicts to destabilize the Government, and challenge the national unity. With increased drug trafficking in Central Asia, criminal networks (often ethnic clans) may extend to the highest levels of State authority, resulting in systemic corruption in both the public and the nascent private sectors.

52. The spread of HIV/AIDS in West and Central Asia is equally worrying. In some of the countries neighbouring Afghanistan, four out of five new cases of the blood infection have been determined to be caused by drug addiction. Unless the problem is brought under control, the risk of a pandemic in the region cannot be excluded.

53. During the period 2002-2003, Afghanistan underwent significant changes in all sectors of public administration, including those related to combating drugs and crime. In January 2002, the Chairman of the Interim Administration issued a decree banning the cultivation, production, processing, illicit trafficking and abuse of narcotic drugs. The decree was subsequently reiterated by the President of the Afghan Transitional Authority. In October 2002, the Afghan Counter Narcotics Directorate was created within the National Security Council and given an overall drug-control coordinating role. The national drug control strategy was launched in May 2003.

54. In February 2002, Uzbekistan partially reopened to commercial cargo the bridge across the Amu-Darya river at Termez-Hayraton on the Uzbek-Afghan border. Prior to its closure in 1998, the border crossing at Termez had been a major entry point for drugs, and there are concerns that criminal groups will again use the bridge for drug trafficking. In the Islamic Republic of Iran, determined drug law enforcement policies were complemented by actions in the fields of money-laundering, judicial reform and HIV/AIDS prevention. In Pakistan, decentralization measures gave elected district authorities substantial new responsibilities, including in the area of drug control. After having been declared opium-free in 2000, Pakistan saw the return of some 5,000 hectares of opium poppy, nearly half of which was eradicated. The possible return of an opium economy in the North West Frontier Province and Baluchistan Province is a matter of concern.

4. Central and Eastern Europe

55. Citizens in this area are concerned about high levels of corruption, in particular consumer fraud and low-level bribery of law enforcement authorities. The region remains an important source and transit area for women trafficked for

purposes of sexual exploitation. The number of women involved and the costs of such activities for the victims are staggering. The serious drugs and crime problems of the Russian Federation were compounded by the significant volume of Afghan opium and heroin smuggled into the country through the Central Asian States. In 2002, the President of the Russian Federation declared terrorism, organized crime and drug trafficking to be serious threats to national security. As a result, a new criminal procedure code and a comprehensive anti-money-laundering act came into effect, followed by the establishment of the Committee on Financial Monitoring, which is the Russian financial intelligence unit. In 2003, an independent multidisciplinary drug enforcement agency was established, called the State Drug Control Committee. The salaries of all Russian police officers were raised by 20 per cent. In Bulgaria, the Government adopted in April 2003 its first anti-drug strategy and a related interministerial action plan was launched.

5. Latin America and the Caribbean

56. Coca cultivation in the Andean region declined by 17 per cent from 210,939 hectares in 2001 to 173,100 hectares in 2002. The regional coca surface continued to fall throughout 2003, due mainly to the sustained illicit crop eradication policy of Colombia. As a result, potential cocaine production (800 tons in 2002) will probably drop to under 700 tons in 2003. Colombia is estimated to have accounted for 11.3 tons of heroin production in 2003. Data collected by the coca-monitoring surveys assisted by the United Nations Office on Drugs and Crime are reflected in table 8.

Table 8

Coca cultivation in the Andean region

(Hectares)

<i>Item</i>	<i>31 December 2001</i>	<i>31 December 2002</i>	<i>Change from 2001 to 2002</i>
Bolivia (including legal coca)	19 900	24 400	23% increase
Peru	46 232	46 700	1% increase
Colombia	144 807	102 000	30% decrease
Total	210 939	173 100	17% decrease

57. Colombia has implemented tough drug control policies for many years, but the results achieved by the Government since mid-2002 have been particularly significant in areas such as illicit crop eradication, drug seizures, international cooperation, extradition and destruction of cocaine laboratories. The new Government is committed to breaking the nexus between drugs, crime and the illegal guerrilla and paramilitary armies involved in the 39-year-old armed conflict within the country. Colombia today has to contend not only with the spiral of violence generated by the armed conflict, but also with the corruptive power of transnational organized crime groups specializing in the production and trafficking of illicit drugs, smuggling of firearms, money-laundering and trafficking of human beings. Colombia accounts for 75 per cent (580 tons) of yearly world cocaine production. Illicit drugs generate over \$500 million for Colombian farmers (coca

base and opium), but multiples of that figure enrich local cocaine and heroin traffickers. It may be recalled that such sums have been accumulating for years.

58. Armed conflict and terrorism in Colombia are fuelled by drug income, which is used by illegal armies to pay combatants and to buy heavy machine guns, mortars and surface-to-air missiles. Conflict and terrorism are responsible for the untold misery arising daily from the murder of innocent civilians, from the displacement of people and from large-scale kidnapping and extortion. The trafficking of Colombian women and minors out of the country has already claimed 35,000 victims. The interrelated phenomena of armed conflict and organized crime threaten the viability of democracy in Colombia.

59. Social tension and economic hardship fuelled by drugs and terror in Colombia has been affecting neighbouring countries, including Ecuador and Venezuela. During 2002-2003, both countries endured the consequences of the armed conflict and organized crime problems inside Colombia, as illegal guerrilla and paramilitary armies, firearms, refugees, drugs and chemical precursors and extensive money-laundering activities crossed their borders. Extensive diplomatic efforts have been made during 2003 to forge a common regional front to combat the threats of drugs, crime and illegal armies.

60. In Peru, the much-awaited resurgence of coca cultivation (as a result of significant declines in Colombia) did not materialize in 2003. But there is no room for complacency in a country where the coca economy still produces 18 per cent of world cocaine (150 tons), yielding some \$500 million to local organized crime groups, and involving directly some 150,000 rural people. The threat of displacement of cultivation from Colombia prompted the Government of Peru in 2003 to reassess its drug control policies. There is agreement that Peru requires stronger drug law enforcement and air interdiction, as well as broader international support for its national alternative development programme. Bolivia today accounts for 7 per cent (60 tons) of world cocaine production. Eliminating the residual coca-cocaine industry remains an important priority for the Government. The return of an important drugs economy cannot be excluded if illicit coca cultivation controls are relaxed and if international support for Bolivia's alternative development programme remains weak. It was precisely the lack of an alternative development programme broad enough to offset the nearly 90 per cent drop in illicit coca cultivation during the period 1998 to 2001 that explains the 23 per cent rise in illicit coca cultivation posted in 2002.

61. In Brazil, drug trafficking continued to fuel violence and public insecurity in most major cities. Although some major drug traffickers are in jail, the country continues to experience frequent acts of drug-related violence. Criminal groups repeatedly terrorize major cities, such as Rio de Janeiro, often in response to government drug control measures. Judges investigating organized crime have been assassinated as acts of retaliation or to obstruct ongoing criminal investigations. A new President assumed power in January 2003 with a strong mandate to tackle public insecurity. Aware of the links between drugs, firearms, violence, money-laundering and corruption, the government adopted a five-year national plan of public security and requested the United Nations Office on Drugs and Crime to assist in implementing selected drug control and crime prevention components.

62. Mexico posted significant achievements in the fight against drugs and crime at both national and international levels, following the institutional and strategic reorganization of the Office of the Attorney-General. Dozens of offenders have been sentenced and jailed for serious crimes, including international trafficking of cocaine, heroin and synthetic drugs. Mexico assumed important international responsibilities by ratifying the United Nations Convention against Transnational Organized Crime and the protocols thereto (General Assembly resolution 55/25 of 15 November 2000), and by adopting a federal law on organized crime. Mexico will host the signing ceremony of the new United Nations Convention against Corruption, and has significantly increased its support to operations of the United Nations Office on Drugs and Crime in Mexico and the Central American subregion. Six Central American countries (Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua and Panama) adopted and started implementing an action plan for subregional drugs and crime cooperation.

63. The issue of kidnapping, including its links to organized crime, has emerged as a key problem in the entire region. The problem is particularly pronounced in Brazil, Colombia and Mexico. The Caribbean remains a major transit point for cocaine shipments to Europe and North America. Caribbean regional efforts to comply with international provisions against money-laundering and the financing of terrorism have resulted in only one country being left on the list of “non-compliant countries and territories” drawn up by the Financial Action Task Force on Money Laundering. The Caribbean regional maritime cooperation treaty, opened for signature in April 2003, places emphasis on improved drug interdiction and mutual cooperation. The manifestations of crime in the Caribbean, ranging from crime involving urban violence to kidnappings, have been growing and could severely affect the main industry of the region—tourism. In response, the heads of Government of States members of the Caribbean Community established a high-level Caribbean task force on crime and security that is currently developing regional initiatives to strengthen police, customs and judicial institutions, as well as regional cooperation.

C. Main operational achievements

1. Africa and the Middle East

64. During the period under review, the United Nations Office on Drugs and Crime increased its drug demand reduction activities in Africa. The regional network of field-based experts responsible for strengthening government and non-governmental demand reduction entities was expanded in 2003 to include new partners in West and North Africa. The network also offered technical assistance to ongoing projects in East and southern Africa. In East Africa, projects were revised to include training of professionals on HIV/AIDS, the transmission of which is induced or facilitated by drug abuse in all 13 East African countries. In West Africa, including Nigeria, the Office helped governments to provide vulnerable young people—mostly women and HIV-positive drug abusers—access to counselling and treatment services. Activities were undertaken to prevent drug abuse and HIV/AIDS in prisons and to research the linkages between drug abuse and HIV/AIDS for improved future policy planning.

65. The United Nations Office on Drugs and Crime assisted in the formulation of an action plan for countering trafficking in human beings in the countries of the Economic Community of West African States (ECOWAS). In Nigeria, it worked together with the Office of the Chief Justice to strengthen judicial integrity at the federal and State levels.

66. Morocco is a leading source of cannabis resin. The government is committed to addressing this problem and it requested the support of the United Nations Office on Drugs and Crime to launch the first cannabis survey, which was carried out in late 2003. In Algeria, the United Nations Office on Drugs and Crime and the Office of the High Commissioner for Human Rights started work on a multisectoral programme to combat drug trafficking and abuse, organized crime and terrorism. The first group of drug control officers of the Libyan Arab Jamahiriya was trained by the Egyptian Anti-Narcotics General Administration. The United Nations Office on Drugs and Crime helped to improve the seaport and airport law enforcement capacities in several countries of East and southern Africa, aimed at stopping the flow of drugs and other commodities targeted by organized crime, including traffic in precious metals, endangered species and stolen vehicles. Judicial and prosecutorial training was offered to officials in all countries of East and southern African. The administrations for the control of licit drugs in three of the four pilot East African countries were improved, and activities launched in second-phase countries. In Nigeria, the Office helped to transform the national law enforcement training academy at Jos into a multidisciplinary regional training institution.

67. The Office continued to work closely with the African Union to integrate drugs and crime issues into its agenda. As part of that partnership, the Office posted a senior staff member in Addis Ababa to provide technical and advisory services for the implementation of the action plan of the African Union and to promote the importance of drug control and crime prevention in the context of the development, peace and security agendas of the region.

68. In the Middle East, the drug problem, and in particular drug abuse, was introduced into the political agenda of key countries in the region, moving away from the earlier exclusive focus on drug law enforcement. A project on juvenile justice reform in Lebanon was instrumental in shaping and supporting new policy initiatives by the Government in the area of youth justice. The success of the project has allowed this model to be transferred to Egypt and Jordan.

2. South and East Asia and the Pacific

69. In South Asia, the Office led the United Nations inter-agency team responsible for developing drug abuse and HIV/AIDS prevention projects, working together with governments, civil society organizations and the private sector. Studies of drug abuse among various groups at risk were carried out, and priority was assigned to research on the demand and supply of synthetic drugs.

70. The East Asia and Pacific region forged a strong consensus about the importance of cross-border cooperation to fight common drugs and crime problems. This is the result of the joint reviews and policy planning exercises carried out by the Greater Mekong Subregional Memorandum of Understanding on Drug Control, drawn up with the assistance of the Office, and the ACCORD Plan of Action. New projects came on stream throughout the region to prevent drug abuse and HIV/AIDS

among urban youth. Stronger partnerships were forged to advocate against drugs together with local communities, families, sports organizations, private companies, non-governmental organizations and the media. Cross-border and other law enforcement projects implemented throughout the region have resulted in improved information-sharing and increased seizures. An assessment of human trafficking from the Philippines was completed, resulting in a series of policy interventions and the formulation of a national action plan. The computer-based law enforcement training programme of the Office was delivered to Cambodia, China, Myanmar, the Lao People's Democratic Republic, Thailand and Viet Nam, and started operating in Indonesia, Malaysia and the Philippines.

71. The recent opium poppy surveys conducted by the Office in the Lao People's Democratic Republic and Myanmar reported a steady decline in opium poppy surface. Falling opium production in the Golden Triangle is due to adverse weather conditions and eradication, but also to alternative development work and related opium demand reduction activities in Myanmar and the Lao People's Democratic Republic. The Office played a key role in promoting best practices for alternative development and in mainstreaming alternative livelihood strategies into wider national poverty alleviation programmes, in particular in the Lao People's Democratic Republic and Viet Nam.

3. West and Central Asia

72. In Afghanistan, the Office helped to develop the national drug control strategy approved in May 2003, and expanded its assistance in drug law enforcement, judicial reform, demand reduction, alternative livelihood and opium poppy monitoring. Staff of the Narcotics Control Directorate were trained and equipped for better integration of drugs and crime issues into national development planning. A law enforcement investigation unit was created in Kabul, and new provincial interdiction units were equipped with basic communication systems. Following the creation of a national border force, a new project along the border of Afghanistan and the Islamic Republic of Iran started the construction of 25 new border posts. In the justice and rule of law sector, the Office started three projects in support of the master plan of the Afghan Judicial Reform Commission, aimed at upgrading the criminal justice system, the penitentiary system and the juvenile justice system. The Kabul central prison and the juvenile detention facility were renovated. Demand reduction activities promoted research on the extent of drug abuse in the Afghan population, and trained Afghan officials in drug abuse prevention and matters relating to problem drug use, thereby benefiting also refugee camps in Pakistan.

73. In Central Asia, the Office launched a new \$20 million law enforcement programme to strengthen country and cross-border capacities. Support to the Drug Control Agency of Tajikistan contributed to impressive national seizure and law enforcement results and to greater international cooperation. New activities started to ensure the sustainability of that Agency. In the summer of 2003, the President of Kyrgyzstan launched a drug control agency along the lines of the Tajik example. The Office supports that development, which includes provisions to achieve self-sustainability within a measurable time frame. Building on evolving national capacities, the Office and regional Governments started the conceptualization of a Central Asia regional information and coordination centre. New drug demand reduction activities were launched to address growing HIV infections due to

injecting drug abuse and to counteract the rapid increase in heroin abuse in several countries.

74. In the Islamic Republic of Iran, the Office helped to develop and implement the national HIV/AIDS prevention and control strategy, and assisted in drawing up money-laundering legislation and plans to reform the criminal justice system. In Pakistan, the Office assisted district officials in assuming new decentralized drug control responsibilities, and helped drug law enforcement agencies to engage in deeper subregional cooperation, notably with the Islamic Republic of Iran. The Office also gave Pakistan early warning about the re-emergence of opium poppy cultivation in the North West Frontier Province and Baluchistan Province, which led to the eradication of nearly half of the new growth.

4. Central and Eastern Europe

75. The Turkish Academy against Drugs and Organized Crime took over the task of training officers from neighbouring countries and also from Afghanistan. The Academy started the implementation of a major CD-ROM law enforcement training programme for officials of Turkey and neighbouring countries. The regional advisory committee of the Academy was established in 2003 to support identification of training needs, curriculum development and course planning. Those actions, assisted by the United Nations Office on Drugs and Crime, promoted the role of the Academy as a regional resource centre. The drug interdiction and seizure capacities of Albanian law enforcement agencies were upgraded. The Office launched a major drug law enforcement training programme for the Commonwealth of Independent States. In the Russian Federation, the Office joined forces with the Joint United Nations Programme on HIV/AIDS (UNAIDS) and other United Nations agencies to implement HIV/AIDS prevention projects among injecting drug users. In the three Baltic States, the Office helped the development and introduction into public schools of curricula specifically designed to promote healthy lifestyles.

5. Latin America and the Caribbean

76. Commercially viable alternative livelihood schemes in the Andean region funded by Governments, bilateral donors and the Office are making a difference in the lives of thousands of farmers who abandoned illicit crops. Pilot projects of the Office reached 19,000 farm families (usually former coca growers) organized under 35 pilot agrobusinesses and 220 producer associations with an area of influence of about 160,000 hectares. Farmers received technical assistance and best practice advice to improve the quality and productivity of legal crops, the efficiency of agrobusinesses, and the marketing of final products. Virtually the entire output of Office-assisted pilot projects was either exported (organic or fair-trade coffee, palm heart, cacao and other products) or placed in local markets (palm oil, timber, wood products and food crops). Alternative employment schemes were offered to 8,200 young people (42 per cent women) and 449 entrepreneurs (44 per cent women) who set up 66 rural micro-enterprises. A project in Bolivia piloting forest management plans to simultaneously raise income and protect the environment was replicated in Colombia and Peru. The Office continued to develop effective models, for use by Governments and other donors, to involve farmers in the planning, management and ownership of legal income-generating activities. Equally important, the Office provided policy guidance and planning support in connection

with the revised alternative development programmes of Bolivia, Colombia and Peru. The Office also supported the development or revision of national drug control strategies in Bolivia, Colombia and Peru, and of regional strategies in the Caribbean and Central America, working together with the Inter-American Drug Abuse Control Commission of the Organization of American States.

77. The illicit crop monitoring systems assisted by the Office in Colombia and Peru became fully operational, and comprehensive national coca surveys were issued in both countries in 2002 and 2003. In Bolivia, the Office published the first coca survey of the Yungas region in early 2003, and subsequently expanded the monitoring system to cover the entire country.

78. The internationally renowned drug abuse and HIV/AIDS prevention programme in Brazil contributed to the further reduction in that country of the incidence of HIV and other diseases transmitted through injecting drug abuse. The programme was expanded in 2003 to increase local-level education and communication activities targeting children, adolescents and prison inmates. The programme already works with over 3,000 Brazilian experts and social workers, and reaches 70 per cent of public schools. Drug treatment and referral services were improved, and further research was conducted on HIV risk behaviour among intravenous drug users. Best practices developed in Brazil in the field of HIV/AIDS and in relation to prevention in the workplace started to be replicated in late 2003 under subregional projects in Argentina, Chile, Paraguay and Uruguay. Despite scarce resources, the Office was able to continue important school-based drug prevention and curriculum development programmes in Bolivia, Peru and Central American countries, as well as to pilot treatment and rehabilitation services for drug abusers in Brazil and Mexico. Schools in Bolivia have integrated drug abuse prevention into their curricula, and in Peru both schoolmasters and teachers received training in drugs education essential to deliver the new curriculum. In the Caribbean region, but also in Argentina, Bolivia, Chile, Peru and Uruguay, the Office continued to build capacities for the production of drug abuse surveys both at the national level and in schools.

79. Drug law enforcement, urban security, corruption and trafficking of human beings remained key priorities throughout the region. The Office supported the upgrading of the teaching facilities of the Brazilian National Police Academy, and improved the registration and control of precursors in Bolivia, Brazil, Colombia, Mexico and several Caribbean countries. Money-laundering mock trials and other training for judges and prosecutors combating organized crime was delivered in Colombia, Ecuador, Peru and Central American countries. Pilot projects to improve data collection, legislation and practical measures to fight corruption and the trafficking of human beings were launched in Brazil and Colombia. A one-year mentor programme started operations in 2003 to assist Peru in the field of asset recovery.

D. Emerging regional challenges

1. Africa and the Middle East

80. African Governments and the international community continue to invest insufficient resources for capacity-building and data collection essential to address

drugs and crime problems. As a result, most countries lack the expertise to address national problems and to engage in effective international cooperation. Also, drugs and crime issues have for too long been addressed in isolation rather than as a part of mainstream development initiatives, resulting in the absence of drugs and crime issues in the work of financial institutions and major development partners of Africa. Considering that African Governments and regional organizations face tremendous development and peace-building challenges in the years to come, it is essential that future projects of the Office be more closely integrated into national and regional programmes, in particular those dealing with sustainable development and post-conflict reconstruction.

81. The extent of human trafficking (and its links to slavery) and corruption are not always well understood, and not always taken seriously by all government authorities. Yet, they remain serious impediments to human development. Combating those problems requires sustained political will, as is clearly spelled out in the objectives of the New Partnership for Africa's Development established by the African Union. Criminal justice reform projects need to be prioritized.

82. Major political problems in the Middle East have prevented the development and implementation of concerted cross-country cooperation on drugs and crime. One of the challenges that could and should be addressed in the years ahead is the growth of HIV/AIDS related to injecting drug abuse in some countries, considering the high proportion of youth in the population structure of many countries. Corruption and human trafficking problems also need to be addressed.

83. The reconstruction of post-war Iraq presents another major challenge. A key element along the road to security and stability and to preventing further growth in major crime and terrorism is the establishment of an effective criminal justice system with full respect for human rights and fundamental freedoms. Particular attention should be paid to providing a supportive and complementary role to the work already being carried out by, and on behalf of, the Coalition Provisional Authority and Governing Council, in the following areas: legal assistance; institution- and capacity-building; effective systems of oversight for the police; judicial integrity; drug abuse; and international cooperation. Corruption and human trafficking problems also need to be addressed.

2. South and East Asia and the Pacific

84. Lack of local and international funding remains a major constraint for the work of the Office in South Asia. The main challenge in the years ahead will be to identify and channel resources, both national and external, to a few key priority activities. Examples include drug demand reduction and related HIV/AIDS prevention, as well as combating corruption within State agencies and law enforcement bodies. It will be essential to design subregional projects large enough to make a significant impact.

85. Combating synthetic drugs will be a main challenge in East Asia and the Pacific. Under the ACCORD Plan of Action, governments committed themselves to pursuing a drug-free China and ASEAN region. To that end, Governments will need to draw up national and regional drug and crime control strategies, also in support of the human security approach. Specifically, projects will be required to: (a) develop effective synthetic-drug information systems to track prevalence,

incidence and trends; (b) upgrade the regulatory and law enforcement controls of synthetic drugs and their precursors; and (c) elaborate best-practice advice for the treatment of drug abuse victims. Another major regional challenge will be to reduce the very high prevalence of HIV/AIDS directly related to injecting drug use.

86. Much bolder partnerships with development agencies will be required to implement broader alternative development and demand reduction activities, in order to accelerate and consolidate the ongoing elimination of opium production in Myanmar and the Lao People's Democratic Republic, and to avoid the return of opium in Viet Nam. The Office will continue to deliver model projects and best practices, but the capital and social infrastructure requirements (roads, electricity, education and health) of those countries are not within the reach of the Office. Regarding Myanmar specifically, it will be important to address the drug production problem as a precondition for the establishment of the rule of law and democratic governance. Equally important, the judicial and law enforcement services should be provided with training on all aspects of good governance. The need to significantly increase national and international funding for drug control is one of the major challenges for the work of the Office in East Asia.

3. West and Central Asia

87. Afghanistan is a country devastated by over 20 years of war. Instability and insecurity is commonplace. The implementation of international assistance, including that of the Office, was severely restricted during 2002 and the first half of 2003. Stringent minimum operating security standards applied to all operations. Vast tracts of territory were often off limits for security reasons, including major poppy-producing provinces such as Helmand, Kandahar and Uruzgan. The decision of the Government to eradicate poppy during the 2002-2003 growing seasons, without complementary alternative livelihood strategies, forced the Office to concentrate its work on thematic areas other than alternative development for most of the biennium. Frequent staff changes in key Afghan government departments made it difficult for the Office to coordinate work in the fields of criminal justice, law enforcement and prison reform. The environment for project delivery improved in mid-2003 when large-scale multi-year projects started operating.

88. Central Asian countries, like other neighbouring countries, were affected by the spillover effect of problems in Afghanistan, including travel and security restrictions and humanitarian concerns. As a result, the Office experienced project slippages. As of 2003, overall programme delivery in West and Central Asia was back on track, but work in individual countries remained complex. In Turkmenistan, the development of drugs and crime projects is greatly limited by the absence of recent and reliable information. In Pakistan, programme development suffered from limited donor interest.

89. Looking into the biennium 2004-2005, Afghanistan faces the enormous challenges of establishing an effective rule of law and controlling the cultivation, trade and abuse of drugs. A comprehensive programme of the international community is needed to: (a) assist Afghanistan in implementing its Drug Control Strategy; (b) mainstream the drug issue into the overall reconstruction programmes for Afghanistan and promote alternative development in the opium-growing areas;

(c) forge partnerships with the specialized United Nations agencies, international financial institutions, multilateral development banks and bilateral donors for resource mobilization; and (d) support the Afghanistan criminal justice reform efforts.

90. Regarding the wider West and Central Asia region, the Office will follow up on the conference held in Paris in May 2003 on drug routes from Central Asia to Europe. The Paris Pact, with its envisaged political and operational dimensions, needs to be implemented to achieve effective cross-border measures against drug trafficking, stockpiles, clandestine laboratories and precursors, and to attract more funds for law enforcement and prevention projects in countries affected by the heroin routes from Afghanistan.

4. Central and Eastern Europe

91. The Paris Pact will also need to be implemented in Central and Eastern Europe. The chief aims will be to establish effective controls of individuals and freight cargo at key land, sea and airport borders, bearing in mind the new open-border trade policies of the European Union. The return of Serbia and Montenegro after 10 years of isolation and political sanctions will present fresh new drug law enforcement challenges, considering also the growth of organized crime. Growing drug abuse and HIV/AIDS in Central and Eastern Europe are problems that will need to be faced, especially since governments have either been slow at identifying and addressing them, or have lacked the resources to mount effective responses.

92. In the Russian Federation, key challenges will be the suppression of illicit drug trafficking, money-laundering and other related organized crime activities. Projects will be required to build up the law enforcement capacities of officers both in the Russian Federation and in the Commonwealth of Independent States. Much work needs to be done to: (a) enhance the professional skills of law enforcement officers through training; (b) improve inter-agency, interregional and international cooperation; (c) upgrade forensic laboratory capacities; and (d) strengthen border controls. Urgent responses are also needed to address the alarming spread of HIV/AIDS among drug-dependent people. This will require extensive awareness-raising, prevention and rehabilitation measures.

5. Latin America and the Caribbean

93. Alternative livelihood strategies are not keeping pace with the sustained crop eradication measures carried out in the Andean region. Alternative development barely reaches 23 per cent of the 200,000 Andean families dependent on drug crops, thus leaving far too many farmers dependent on illicit markets.

94. The asymmetric implementation of drug law enforcement and alternative development programmes poses serious problems. First, it generates hardship in the weakest segment of the population (farmers). Secondly, it strengthens political and criminal groups determined to protect their interests through violence and, in some cases, terrorism. Thirdly, farmers with no access to sustainable development (the majority) tend to stick to illicit crops, and sometimes act violently against more fortunate farmers benefiting from legal income opportunities. This undermines the viability of those alternative development projects already delivering results, and

affects the credibility of the general concept of sustainable livelihoods in the eyes of farmers, governments and donors. In Colombia, the significant 37 per cent reduction in coca cultivation over the past two years may prove ephemeral if not accompanied by equally sustained alternative livelihood initiatives. There is also need to address the Colombian opium-heroin economy. Although small in global terms, heroin production enriches powerful criminal groups in Colombia, and its export poses a serious health problem in North America.

95. At a time when coca cultivation in the region is at its lowest in decades, the principal challenge in the years ahead will be to match tough crop eradication policies with commensurate programmes to compensate for the loss of income by farmers. As in East Asia, the contribution that the Office can make in the Andean region is important but limited, as the Office is not a development agency, but rather specializes in model projects and best practice advice. The future replication and geographic expansion of successful pilot projects by Andean governments will require the backing of other relevant entities within the United Nations system, and in particular of the multilateral development banks and bilateral donors.

96. The Andean region requires a concerted regional approach to address the common problems of drugs, crime and terrorism. There is need for an Andean regional strategy on the elimination of drug crops and alternative development. Tackling serious crime with cross-border implications, such as trafficking and corruption, would require harmonized criminal law and sentencing, as well as minimal rules on matters of judicial procedure. Unless more cohesive regional strategies are adopted, success in one part of the region will be displaced or have negative knock-on effects in others.

97. With few exceptions, the region as a whole is experiencing socio-economic and security problems of unprecedented severity, restricting the capacity of governments to deliver even basic conditions for sustainable development. Although Latin America and Caribbean countries differ markedly in the nature and structure of problems, most have in common the tremendously negative effects of the drug trade and related criminal activities, including the arms trade, money-laundering, corruption and violence. The economic threat is serious. If not confronted, criminal organizations will use their coercive power, financial resources and technology to diversify their activities and contaminate legal businesses, promoting further production distortions and capital flight. Crime-related violence endangers the Caribbean and other countries highly dependent on tourism.

98. Meeting such challenges requires sustained institution-building in the area of criminal justice, in order to ensure that anti-social behaviours can be effectively tackled. Most countries have appropriate legislation but need infrastructures to enforce it. Projects to counter the most visible implications of organized criminal activity—most notably kidnapping, corruption and trafficking of human beings—are badly needed, together with efforts to fight corruption. In addition, there is an urgent need to invest more effectively in reforming the institutions of governance, beyond those concerned just with law enforcement.

99. The health risks associated with drugs are increasing throughout the region. Colombia, once a regional leader in drug abuse monitoring systems, has not

conducted a national survey since 1996, although partial studies suggest a serious and rising drug abuse problem. In most other countries, the share of the population aged 15 and over abusing cocaine is growing, and in some cases surpasses similar groups in developed countries. The spread of drugs-related HIV/AIDS is challenging the public health sector in Argentina, Colombia, Venezuela and the Caribbean. Response measures must prioritize education on drugs and HIV for youth and other vulnerable groups, and develop data systems to assess the actual demand for treatment and rehabilitation by drug-dependent people.

E. Global developments

100. In April 2003, five years after the twentieth special session of the General Assembly, on countering the world drug problem together, the representatives of over 100 countries met in Vienna to conduct a mid-term review of progress made towards reducing illicit drug production, trafficking and abuse worldwide within a 10-year time frame. What follows is the assessment made by the United Nations Office on Drugs and Crime of the trends that remain of special concern, and of the challenges ahead.

1. Drug abuse

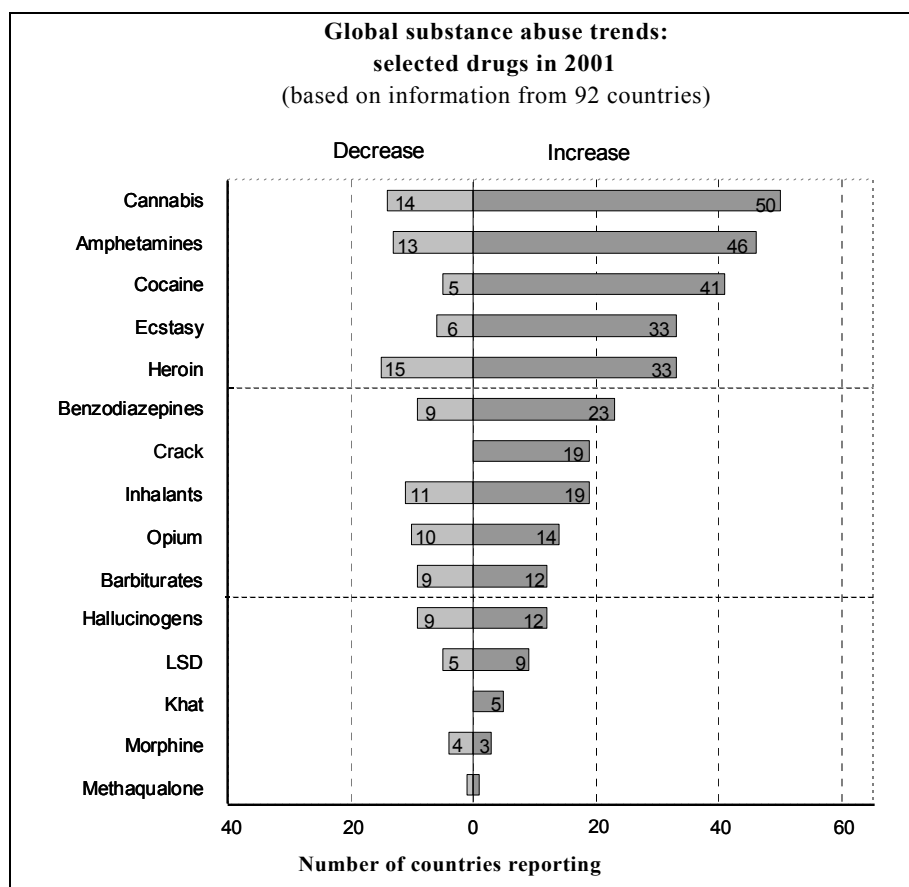
101. The prevalence of drug abuse, although declining in some regions, is increasing in others (see table 9). If the availability of one particular drug declines, it is substituted with another or with others. In particular, polydrug abuse, with all its worrying health implications, appears to be growing (see figure XIII).

Table 9

Extent of drug abuse (annual prevalence), estimates 2000-2001

Item	<i>Illicit drugs</i>	<i>Cannabis</i>	<i>Amphetamine-type stimulants</i>		<i>Cocaine</i>	<i>Opiates</i>	<i>Heroin</i>
			<i>Amphetamines</i>	<i>Ecstasy</i>			
Global (million people)	200.0	162.8	34.3	7.7	14.1	14.9	9.5
Percentage of the global population	3.4	2.7	0.6	0.1	0.2	0.3	0.16
Percentage of global population aged 15 and above	4.7	3.9	0.8	0.2	0.3	0.4	0.22

Figure XIII
Global substance abuse trends, selected drugs 2001



Source: United Nations Office on Drugs and Crime annual reports questionnaire data.

2. Heroin, cocaine and cannabis

102. Illicit heroin use has the most severe health consequences for drug abusers. Although global illicit production has remained stable, there have been regional shifts in abuse. Some improvements were recorded in Europe, but the rapid growth of opium production in Afghanistan has fuelled the heroin market in Central Asia, Eastern Europe and the Russian Federation. The increasing intravenous heroin abuse in those countries and regions has in turn produced an HIV/AIDS epidemic expanding at an alarming rate. Cocaine comes behind heroin in terms of treatment demand. There has been some progress in reducing coca production in the Andean region in recent years (with a 22 per cent decline from 1999 to 2002), but consolidating such gains remains a major challenge. Whereas cocaine abuse has stabilized in the United States of America, it has increased in Europe and in Latin America and the Caribbean. Cannabis continues to be the most widely abused drug. Rising levels of cannabis seizures suggest that production continues to increase. Recent data indicates that cannabis consumption has declined in the United States and Australia.

3. Ecstasy, amphetamines and other synthetic drugs

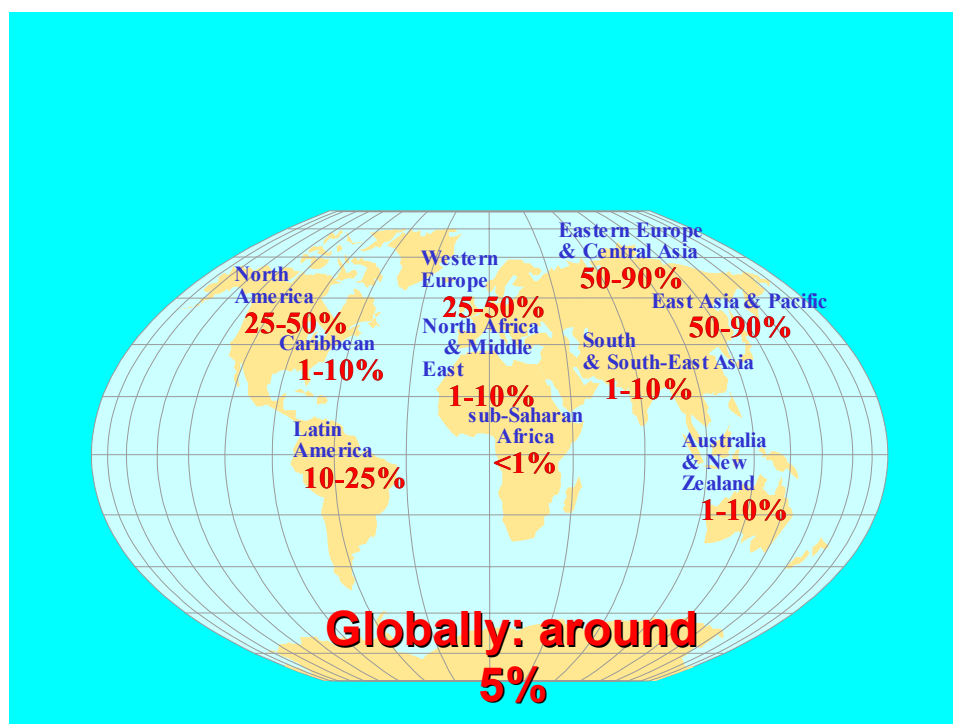
103. Synthetic drugs, in particular amphetamine-type stimulants, boomed during the 1990s. It may be an entirely new market, drawing new users, or it could be replacing the traditional market for botanical narcotic drugs. There is enough evidence to support both propositions, but not enough to assess the relative extent of the problems. The principal threats are that synthetic drugs draw in younger consumers, and offer large profit margins to producers and traffickers. This could well become the world's most severe drug problem in the years ahead, as it already is in many parts of East and South-East Asia and Europe.

4. HIV and other infections

104. In several regions, drug injection has caused a dramatic spread of blood-borne infections, from HIV/AIDS to hepatitis C—adding the tragedy of terminal illness to the suffering of chronic abuse (see figure XIV). Once the infection reaches beyond the circle of injecting drug users, the whole population faces the risk of an HIV/AIDS pandemic.

Figure XIV

Adults living with HIV/AIDS who acquired HIV through injecting drug use



5. Drug supply and demand

105. In a typical business response to persistent pressure of market demand, illicit crop cultivation and production have not always declined, but were simply displaced. They have sometimes just moved within regions and across borders to locations where the rule of law is tenuous. Development incentives in favour of crop

diversification and licit activity have not been supported as needed. The plea of Africa, Asia and Latin America to development institutions and multilateral banks remains strong: as rural communities seriously affected by illicit crops move out of illegality, their moves into legal income-generating activities need to be piloted and sustained.

6. Undermining sustainable development

106. Drug-trafficking patterns have become intertwined with other illicit forms of commerce, including the trafficking in arms, human beings and counterfeited and smuggled goods. The very stability of some societies has been threatened, undermining hard-won development progress and political stability. Drug trafficking and crime, both interfering with peacekeeping and conflict resolution, have exacerbated humanitarian crises. The proceeds of organized crime, at times so huge as to reach macroeconomic dimensions, have developed roots deep in the legal economy, affording hard-to-beat incentives to promote their cause among corrupted officials. Perhaps in no other area has corruption had a greater impact than in frustrating successful crime prevention and drug interdiction efforts.

7. Drugs, crime and terrorism

107. During the past half century organized crime has extended control over illicit drug markets. Over the past decade, evidence of involvement by terrorist groups has also emerged. At first, such groups offered protection to cultivation, production and trafficking in exchange for resources needed to buy arms and pay for services. Soon after, they became involved in the business itself. The struggle against drug trafficking and money-laundering frequently overlaps with the war on terrorism, and vice versa.

IV. Budget performance: Fund of the United Nations International Drug Control Programme

108. The final budget for the biennium 2002-2003 is expected to amount to about \$144 million, which is a decrease of about \$22 million (or 13 per cent) compared with the revised budget as approved by the Commission at its session in April 2003 (see table 10 below). The decrease consists of two parts, namely a volume decrease of about \$28 million (17 per cent) and costing changes of about \$6 million (4 per cent). The volume decrease is in the normal order of magnitude, as project and programme cycles do not coincide with the biennial budget calendar resulting in about 20 per cent of the budgeted resources being carried forward to the next biennium.

Table 10
Fund of the United Nations International Drug Control Programme: total resources, 2002-2003

(Thousands of United States dollars)

<i>Item</i>	<i>Revised budget 2002-2003</i>	<i>Volume changes</i>	<i>Costing changes</i>	<i>Final budget 2002-2003</i>
A. Programme budget				
Core programme	9 979.0	110.0	166.4	10 255.4
Technical cooperation programme	122 003.1	(28 512.8)	2 559.2	96 049.5
Total programme budget	131 982.1	(28 402.8)	2 725.6	106 304.9
B. Support budget	32 431.4	(485.3)	3 435.3	35 381.4
C. Agency support costs	2 020.4	511.5	-	2 531.9
Total	166 433.9	(28 376.6)	6 160.9	144 218.2

A. Financial overview

1. General-purpose funds

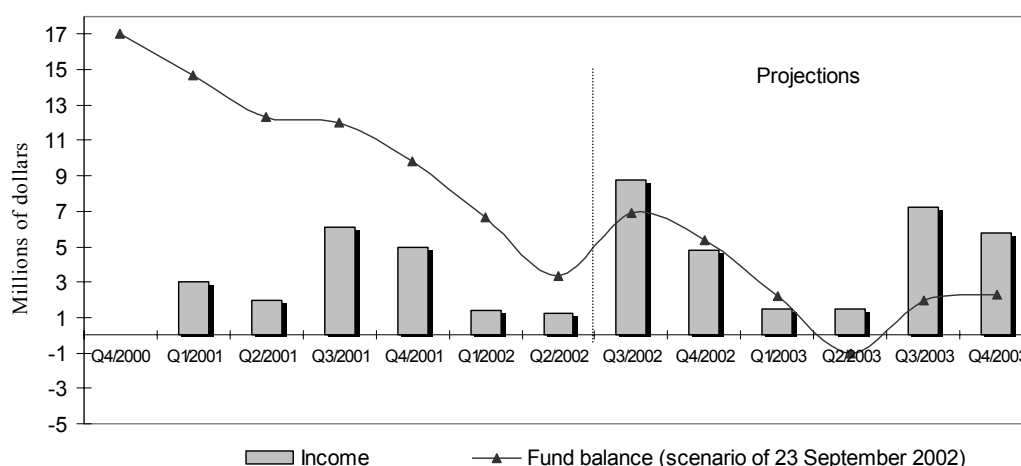
109. General-purpose funds are untied voluntary contributions required to fund the support budget and to provide programme flexibility by financing those priority areas not attracting special-purpose (earmarked) contributions. A fund balance of around \$15 million is necessary to meet expenditures in the first half of each year, as most contributions come in during the second half of the year.

110. The general-purpose fund balance, which stood at \$17 million at the start of 2001, declined sharply through 2001 and the first two quarters of 2002 as expenditure exceeded income. By mid-2002 the fund balance had declined to below \$5 million and projections into 2003 showed that this fund was in danger of bankruptcy as reflected in figure XV.

111. With the assistance of Member States that were alerted to this danger in August 2002, a number of immediate actions were undertaken to avert such a financial crisis. By December 2002, the general-purpose fund balance was restored to \$9.1 million as opposed to a forecast of only \$2.6 million—a turnaround of \$6.5 million in six months resulting from the following:

- (a) Savings of \$3.8 million by replacing general-purpose funds with additional earmarked funds, closing projects and controlling expenditure;
- (b) Additional general-purpose contributions of \$1.2 million;
- (c) Increase of \$0.7 million over forecast in support cost recovery;
- (d) Savings of \$0.4 million by freezing general-purpose funded posts;
- (e) Savings of \$0.4 million from exchange rate gains and lower inflation.

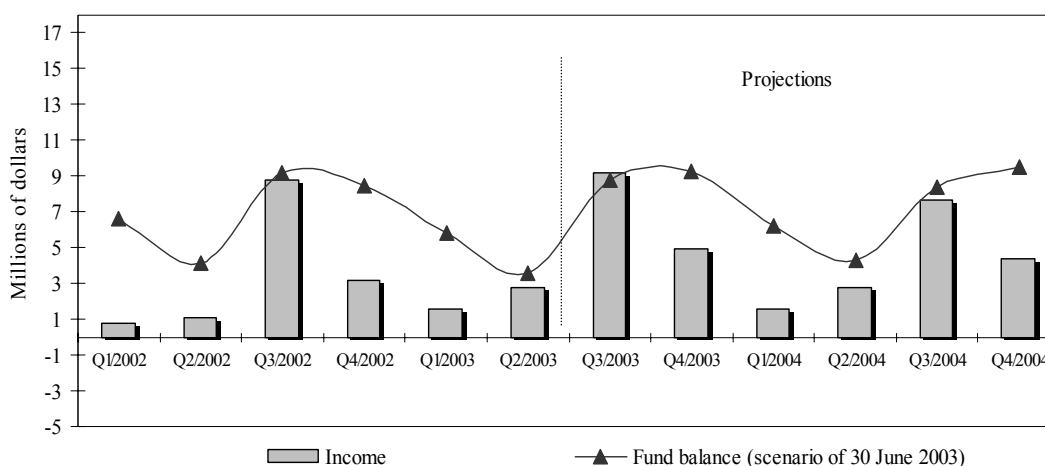
Figure XV
General-purpose fund balance projection, 2001-2003^a
 (Millions of United States dollars)



^a Scenario of 23 September 2002.

112. As a result of the continuing efforts at good governance already referred to in previous sections, the growing confidence of Member States resulted in general-purpose income increasing from \$15 million in 2002 to \$18.5 million in 2003—a 23 per cent improvement. Based on this positive income trend, the stabilization of the fund balance and the adoption of Commission on Narcotic Drugs resolution 46/9 on securing assured and predictable funding, it is anticipated that sufficient general-purpose funds should be available in 2004 to allow extending staff and other contractual commitments on an annual basis. Figure XVI shows the actual and projected trend of the general-purpose income and fund balance.

Figure XVI
Revised general-purpose fund balance projections, 2002-2004^a
 (Millions of United States dollars)



^a Scenario of 30 June 2003.

113. In compliance with guidelines on reporting on the use of general-purpose funds established by the Commission, table 11 summarizes their utilization.

Table 11

Fund of the United Nations International Drug Control Programme: use of general-purpose funds, 2002-2003

(Thousands of United States dollars)

<i>Item</i>	<i>Initial budget</i>	<i>Final expenditure estimates</i>	<i>Balance</i>
A. Programme			
1. By sector			
Policy support, legislation, advocacy	1 962.1	1 771.5	190.6
Prevention and reduction of drug abuse	944.3	590.0	354.3
Alternative development and illicit crop monitoring	1 050.0	558.7	491.3
Suppression of illicit drug trafficking	3 008.5	2 989.1	19.4
Total, by sector	6 964.9	5 909.3	1 055.6
2. By region			
Africa	576.0	512.5	63.5
Central and Eastern Europe, West and Central Asia, Middle East	906.2	985.6	(79.4)
South and East Asia and the Pacific	854.3	775.1	79.2
Latin America and the Caribbean	2 016.7	952.1	1 064.6
Global	2 611.7	2 684.0	(72.3)
Total, by region	6 964.9	5 909.3	1 055.6
B. Support			
Programme support			
- Field offices	12 683.5	12 742.1	(58.6)
- Headquarters	5 049.5	5 210.5	(161.0)
- Agencies	169.5	35.2	134.3
	17 902.5	17 987.8	(85.3)
Management and administration	10 281.6	10 318.4	(36.8)
Total, support	28 184.1	28 306.2	(122.1)
Grand total, A and B	35 149.0	34 215.5	933.5

114. The figures given in table 11 reflect the close budgetary control maintained over the use of the funds, with overall \$0.9 million budget savings being achieved to stabilize the general-purpose fund.

2. Special-purpose funds

115. Special-purpose funds are funds earmarked to specific projects and activities. The earmarking is either “soft” relative to a region or theme or “hard” relative to a specific project or even down to a budget line. Currently, only a few donors provide soft earmarked funding which constrains programming flexibility. This, combined

with other operational and political factors, has contributed to lower delivery. To illustrate, programme expenditure has declined from \$61.5 million in 2000 to \$48.7 million in 2001 and to \$47.5 million in 2002. On the other hand, special-purpose income, with most of it hard-earmarked, increased from \$49.2 million in 2000 to \$52.2 million in 2001 and to \$59.1 million in 2002. In 2003, with the initiation of management reforms, there are encouraging signs that the Office enjoys the increasing confidence of Member States. It is expected that special-purpose income will decrease to \$53 million and programme expenditure, 95 per cent of which is covered by special-purpose funds, will improve to \$59 million, resulting in a reversal of the past trend of accumulating special-purpose funds.

B. Support budget

1. Overview

116. The final support budget for the biennium 2002-2003 amounts to \$35.4 million, representing a nominal increase of \$3.0 million (9.2 per cent) over the revised support budget for the biennium 2002-2003, as shown in table 12 below. There is a volume decrease of \$485,300, or 1.5 per cent, as compared to the revised budget, and costing changes of \$3.4 million, or 10.5 per cent. The budget supported programme budget activities that are estimated at \$106 million, as outlined above.

Table 12

Fund of the United Nations International Drug Control Programme: support budget resource requirements, 2002-2003

(Thousands of United States dollars)

<i>Item</i>	<i>Revised 2002-2003</i>	<i>Volume changes</i>	<i>Cost changes</i>	<i>Final 2002-2003</i>
A. Field office network				
Africa and the Middle East	3 877.3	42.4	43.3	3 963.0
Central and Eastern Europe, West and Central Asia	3 703.6	47.3	34.4	3 785.3
South Asia	729.0	(10.0)	(92.5)	626.5
East Asia and the Pacific	3 923.5	36.5	200.5	4 160.5
Latin America and the Caribbean	5 535.5	(4.1)	8.2	5 539.6
Total, field offices	17 768.9	112.1	193.9	18 074.9
B. Programme support, headquarters	5 933.2	(323.2)	1 378.1	6 988.1
Total, programme support	23 702.1	(211.1)	1 572.0	25 063.0
C. Management and administration	8 729.3	(274.2)	1 863.3	10 318.4
Grand total	32 431.4	(485.3)	3 435.3	35 381.4

2. Volume changes

117. As a result of careful cost control, volume decreases or savings at headquarters are shown in particular for consultants (\$119,800), travel (\$277,800), communication charges (\$44,900) and equipment (\$100,200). At the field level, major savings were for travel (\$30,900) and equipment (\$24,600), as well as for

rental and maintenance of office space (\$131,100) due to the provision of free or low-rate premises by some governments.

118. In paragraph 30 of the submission of the revised support budget for the biennium 2002-2003 (E/CN.7/2003/15), the Commission was informed that the Executive Director had decided to freeze recruitment against eight vacant posts and that the extensions of contracts for staff on posts funded through general-purpose contributions would be limited to six months. The Commission was also informed that, should the financial situation improve during 2003, the Executive Director would reverse those decisions, either partially or in full. With the stabilization of the general-purpose fund balance, as explained above, the Executive Director, in May 2003, decided to revert to one-year extensions for staff funded by general-purpose funds and to fill the posts of the Chief, Partnership in Development Branch, and the Chief, Policy Analysis and Research Branch. This results in a volume increase of \$374,500. In view of the upcoming replacements of the Representative posts in Barbados, Egypt, the Lao People's Democratic Republic, Peru, Senegal and Uzbekistan, in line with rotation policy, a provision of \$200,000 is made for relocation expenses. In addition, unforeseen security of \$64,000 for the offices in Colombia and Uzbekistan have had to be provided for.

119. As indicated below, 13 posts, budgeted at \$1.8 million, have been transferred from the support budget to the core programme because on further review the functions of these posts are considered to be more appropriately classified as such. The support budget figures in the above table have been adjusted for this rationalization.

3. Costing changes

120. Since most of the expenditure at headquarters is made in euros, a currency which has recently been strengthening against the United States dollar, a costing increase of about \$394,000 is considered necessary. Furthermore, the revised salary scales for both the Professional Level and the General Service level resulted in a costing increase of \$2.3 million at headquarters and \$0.3 million at the field level. The revised scales came into effect after the revised budget for the Fund was prepared. The balance cost increase of \$0.7 million is the result of revised inflation rates.

C. Programme budget by sectors and regions

1. Overview

121. The operational achievements for the biennium 2002-2003 are explained in section III above. The final programme budget, as shown in tables 13 (by theme) and 14 (by region), consists of actual expenditure for 18 months and estimates for the remaining six months of 2003. It, therefore, represents a programme delivery of 80.5 per cent against the revised budget, which is an improvement over the biennium 2000-2001, when the implementation rate was 74 per cent.

Table 13
Fund of the United Nations International Drug Control Programme: resource requirements by theme, 2002-2003

(Thousands of United States dollars)

<i>Item</i>	<i>Revised 2002-2003</i>	<i>Volume changes</i>	<i>Cost changes</i>	<i>Final 2002-2003</i>
A. Core programme				
Policy support, legislation and advocacy	4 759.0	(2 074.1)	79.4	2 764.3
Prevention and reduction of drug abuse	1 561.0	173.7	26.0	1 760.7
Illicit crop monitoring	370.0	219.3	6.2	595.5
Suppression of illicit drug trafficking	3 289.0	1 791.1	54.8	5 134.9
Total, core	9 979.0	110.0	166.4	10 255.4
B. Technical cooperation programme				
Policy support, legislation and advocacy	11 281.3	(5 071.7)	154.7	6 364.3
Prevention and reduction of drug abuse	40 321.4	(10 563.7)	802.7	30 560.4
Illicit crop monitoring	80.0	434.1	22.8	536.9
Alternative development	33 314.7	(10 113.4)	610.5	23 811.8
Suppression of illicit drug trafficking	37 005.7	(3 198.1)	968.5	34 776.1
Total, technical cooperation	122 003.1	(28 512.8)	2 559.2	96 049.5
Total, programme budget	131 982.1	(28 402.8)	2 725.6	106 304.9

Table 14
Fund of the United Nations International Drug Control Programme: programme resource requirements by region, 2002-2003

(Thousands of United States dollars)

<i>Item</i>	<i>Revised 2002-2003</i>	<i>Volume changes</i>	<i>Cost changes</i>	<i>Final 2002-2003</i>
A. Core programme				
Global	9 979.0	110.0	166.4	10 255.4
Total, core	9 979.0	110.0	166.4	10 255.4
B. Technical cooperation programme				
Global	3 515.9	(494.6)	49.8	3 071.1
Africa and the Middle East	15 341.5	(7 207.4)	523.2	8 657.3
Central and Eastern Europe	3 272.3	881.9	267.2	4 421.4
West and Central Asia	22 807.8	(7 856.4)	331.3	15 282.7
South Asia, East Asia and the Pacific	26 026.4	(6 845.6)	8.9	19 189.7
Latin America and the Caribbean	51 039.2	(6 990.7)	1 378.8	45 427.3
Total, technical cooperation	122 003.1	(28 512.8)	2 559.2	96 049.5
Total, programme budget	131 982.1	(28 402.8)	2 725.6	106 304.9

2. Core programme

122. In accordance with suggestions made by the Advisory Committee on Administrative and Budgetary Questions (ACABQ) as well as by the United Nations Board of Auditors, the programme budget is divided into a core programme and a technical cooperation programme. Under the core programme, those activities that were mandated by legislative bodies, and that are of an ongoing nature are shown. Under the technical cooperation programme, activities at the global, regional, subregional and national level, and which are not of an ongoing nature, are shown. This distinction is important for two reasons. First, posts carrying out mainly substantive functions are more accurately reclassified from support to programme. Secondly, ongoing activities are not bundled into time-bound projects, but into a biennial budget cycle—like the support budget—for approval by the Commission on Narcotic Drugs.

123. The core programme budget under the Fund of UNDCP amounts to \$10.2 million. Out of total post requirements for the core programme of 67 posts (32 at the Professional level and 35 at the General Service level), 21 posts (14 at the Professional level and 7 at the General Service level) are included in the regular budget. A total number of 13 posts (4 at the Professional level and 9 at the General Service level) are transferred from the support budget, and 33 positions (14 at the Professional level and 19 at the General Service level) from the programme budget. To allow comparison, the approved revised budget of the Fund is adapted, on the same basis as the final budget, to include the core programme. Table 15 summarizes adjustments between budget classifications.

Table 15

Fund of the United Nations International Drug Control Programme: core programme resource requirements, 2002-2003

(Thousands of United States dollars)

<i>Item</i>	<i>Final 2002-2003</i>
A. By source	
Transferred from the support budget	
Staffing	1 812.1
Operational expenditure	-
Transferred from the programme budget	
Staffing	4 131.1
Operational expenditure	4 312.2
Total, A	10 255.4
B. By object of expenditure	
Staffing	5 943.2
Operational expenditure	4 312.2
Total, B	10 255.4

V. Budget performance: United Nations Crime Prevention and Criminal Justice Fund

A. Financial overview

124. In March 2001, as detailed in document A/56/6, section 14, the 2002-2003 regular budget resource requirements were estimated at \$5.4 million. This amount was revised to \$6.3 million in 2003 to provide for additional posts in the Terrorism Prevention Branch. Extrabudgetary resources were estimated at \$5.4 million. As a result of the criminal justice programme launched in Afghanistan in 2003, the 2002-2003 extrabudgetary resource requirements have been adjusted upwards to \$6.9 million. It is expected that approximately 60 per cent of the resources required to support the implementation of the programme will be collected by the end of 2003, while the remaining balance will be collected in the next biennium.

General-purpose and special-purpose funds

125. The general-purpose/special-purpose fund balance, which stood at \$8.0 million at the start of 2002, is expected to increase to \$12.9 million by the end of 2003. Based on the income ratio trend of general-purpose vis-à-vis special-purpose funds, 95 per cent of this amount (\$12.3 million) is for special-purpose and \$0.6 million for general-purpose funds. The general-purpose fund balance is considered adequate to meet relatively smaller budget commitments, while the special-purpose balance consists of funds earmarked for future project budgets. A contingency reserve of \$0.2 million is also set aside from voluntary contributions.

B. Budget

126. Under the revised biennium estimates, extrabudgetary resources of approximately \$6.9 million from the United Nations Crime Prevention and Criminal Justice Fund are to provide for substantive and technical cooperation activities to supplement those of two interregional advisers provided under section 21 of the regular budget (regular programme of technical cooperation). The activities financed from the Fund complement those funded by the regular budget. The estimated resource requirement are shown in table 16.

Table 16

Crime control: resource requirements, 2002-2003

(Thousands of United States dollars)

Component	1998-1999 expenditure	2000-2001 appropri- ations	Resource growth		Total before recosting	Recosting	2002-2003 estimate
			Amount	Percentage			
Regular budget							
Policy-making organs	261.7	472.6	(332.9)	(70.4)	139.7	7.7	147.4
Programme of work	4 536.3	4 348.7	826.2	18.9	5 174.9	108.8	5 283.7
Total	4 798.0	4 821.3	493.3	10.2	5 314.6	116.5	5 431.1
Revised regular budget						908.7	908.7
Total, section 14	4 798.0	4 821.3					6 339.8

Component	1998-1999 expenditure	2000-2001 appropri- ations	Resource growth		Total before recosting	Recosting	2002-2003 estimate
			Amount	Percentage			
<i>Section 21, Technical cooperation</i>	1 082.5	886.9					949.3
Total, regular budget	5 880.5	5 708.2					7 289.1
<i>Crime Prevention and Criminal Justice Fund</i>							
Programme of work	2 526.8	5 397.6					6 900.0
Total, Crime Prevention and Criminal Justice Fund	2 526.8	5 397.6					6 900.0
Total, crime control	8 407.3	11 105.8					14 189.1

VI. Regular budget of the United Nations Office on Drugs and Crime for the biennium 2002-2003

A. Drug Programme

127. As detailed in document A/56/6, section 15, the resources required for the biennium 2002-2003 under that section amount to \$14,367,000, reflecting an increase of \$648,800 (or 4.7 per cent at 2000-2001 rates). The increase is the result of a range of adjustments in the activities and related resources proposed for this section, which are summarized in table 17.

Table 17

Regular budget, drug control: resource requirements by component

(Thousands of United States dollars)

Component	1998-1999 expenditure	2000-2001 appropri- ations	Resource growth		Total before recosting	Recosting	2002-2003 estimate
			Amount	Percentage			
A. Policy-making organs	781.6	1 126.7	-	-	1 126.7	56.9	1 183.6
B. Executive direction and management	1 645.5	1 501.0	(177.3)	(11.8)	1 323.7	21.1	1 344.8
C. Programme of work	11 657.2	11 090.5	826.1	7.4	11 916.6	265.0	12 181.6
Subtotal	14 084.3	13 718.2	648.8	4.7	14 367.0	343.0	14 710.0

B. Crime Programme

128. As detailed in document A/56/6, section 14, the resource requirements under that section for the biennium 2002-2003 amount to \$5,314,600, reflecting an increase of \$493,300 (or 10.2 per cent at 2000-2001 rates) (see table 18). The resource growth, which is the net result of additional requirements of \$826,200 and the reduction of non-recurrent resources, amounting to \$332,900 for the Tenth United Nations Congress on the Prevention of Crime and the Treatment of Offenders, relates to the carrying out of the mandates on the promotion of the ratification and implementation of the United Nations Convention against Transnational Organized Crime. The increase in resources is the result of a range of

adjustments in the activities and related resources proposed for the section, including the establishment of seven new posts (1 P-5, 1 P-4, 1 P-2 and 4 General Service, Other level) and an increase in non-post resources for consultants and experts, travel of staff, contractual services, general operating expenses and furniture and equipment.

Table 18

Regular budget, crime control: resource requirements by component

(Thousands of United States dollars)

<i>Component</i>	<i>1998-1999 expenditure</i>	<i>2000-2001 appropri- ations</i>	<i>Resource growth</i>		<i>Total before recosting</i>	<i>Recosting</i>	<i>2002-2003 estimate</i>
			<i>Amount</i>	<i>Percentage</i>			
Policy-making organs	261.7	472.6	(332.9)	(70.4)	139.7	7.7	147.4
Programme of work	4 536.3	4 348.7	826.2	18.9	5 174.9	108.8	5 283.7
Subtotal	4 798.0	4 821.3	493.3	10.2	5 314.6	116.5	5 431.1

Part three
Programme budget for the
biennium 2004-2005

Part three

Programme budget for the biennium 2004-2005

VII. The way forward

129. The programme budget for the biennium 2004-2005 reflects the commitment to enhance performance and results through strategic priority-setting involving all stakeholders, better planning of activities and more effective field delivery. The chief aims are the integration of the drugs and crime programmes and the implementation of cautious growth under strict budget discipline. What follows is an overview of reforms set in motion since mid-2002 to promote the efficient use of limited resources as the United Nations Office on Drugs and Crime implements its priorities.

A. Preparing the ground for stability and growth

130. During the biennium 2002-2003, several initiatives were launched which have had important consequences for the operations of the Office. In May 2002, Member States and staff welcomed a plan to improve the following: governance; funding; operations; staff-management relations; and communication. Central to the plan was a task force review of the operational priorities of the Office, which took half a year of work. The document "Operational priorities: guidelines for the medium term" was published in January 2003, following extensive consultation with Member States, civil society organizations and staff.

131. Simultaneously, management reforms were launched in the first half of 2003, aimed at laying the groundwork for the implementation of the operational priorities. The focus was on streamlining the functions of the Office, reprofiling the field office network, securing a stable and predictable income base and strengthening human resources management, financial controls and information technology. Essential planning tools were introduced, such as country profiles and strategic programme frameworks, to justify and contextualize the future operational activities portfolio. The main goals driving management reform were as follows:

- (a) Upgrading operational, normative and analytical functions;
- (b) Creating synergies and savings through integration of drugs and crime functions;
- (c) Improving project delivery through reallocation of resources to the field office network;
- (d) Establishing new functions in areas of research and institutional development;
- (e) Separating project design, approval, execution and evaluation;
- (f) Integrating human resource and financial management and information technology;

(g) Staff development and opportunities for rotation between functions and duty stations;

(h) Promoting cross-learning between staff in field offices and at headquarters.

132. The operational priorities and the overall management reform process are meant as mutually supportive triggers for change. There was a need to bring the Office into line with the United Nations Millennium Development Goals, and to better assist Member States in their fight against the evolving global threats posed by drugs, crime and terrorism. The Office is committed to demonstrating that it can deliver value for money.

133. Despite the clear vision of the Office regarding the importance of enhanced performance, the new biennium 2004-2005 will still constitute a period of transition in two crucial respects. While the integration of drugs and crime activities will be fully implemented at the operational level, such integration will take longer to materialize at the financial and policy-making levels. Accordingly, the United Nations International Drug Control Programme and the Centre for International Crime Prevention will maintain their individual identity as regards the management of their respective funds and the provision of support to their separate governing bodies.

B. Medium-term operational priorities

134. In late 2002, following extensive consultation with Member States, civil society representatives and staff, the Office published "Operational priorities: guidelines for the medium term". The document lists six priorities, designed to enhance the relevance, impact, cost-efficiency and funding prospects of the operational activities of the Office. Pursuing an integrated approach to counter drugs, crime and terrorism constitutes a key institutional goal.

135. In December 2002, and again in January 2003, the permanent representatives to the United Nations in Vienna discussed and endorsed the operational priorities. Further strong support was given by Member States at the forty-sixth session of the Commission on Narcotic Drugs (April 2003) and the twelfth session of the Commission on Crime Prevention and Criminal Justice (May 2003). On both occasions, the Office was invited to translate the proposed integration of operations on drugs, crime and terrorism into a similarly integrated institutional structure.

136. The operational priorities are meant to be interpreted flexibly, as guidelines for the medium term. Their relative importance in the planning of operational activities will vary according to the stages of development and social needs of assisted countries. Achieving the right blend of activities in each country is a crucial task that requires management vision, understanding of needs and appropriate use of means. The operational priorities, as guidelines for the medium term, involve a commitment to the following:

(a) To pursue an integrated approach to drug and crime issues;

(b) To place drug and crime issues in the context of sustainable development;

- (c) To balance prevention and enforcement activities;
- (d) To select operations on the basis of knowledge and a strategic vision;
- (e) To help establish institutions that promote international best practices;
- (f) To leverage resources to exploit the power of partnership.

137. But clarity as to priorities is not sufficient. Their context also needs to be strengthened. A number of guiding principles will keep operations focused. First, operations will address especially issues with cross-border implications. Secondly, activities will make use of the strength of the United Nations and the multilateral framework it offers for consultation and actions. Thirdly, operations will take into account gender-mainstreaming requirements.

138. A set of enabling conditions must exist for the effective application of the operational priorities. At the top of the list is the requirement for sound, predictable and stable financing. Staff with the appropriate skills are also needed, supported by an efficient management system. The field offices of the United Nations Office on Drugs and Crime need adequate integration and communication with headquarters.

139. The smooth implementation of operational priorities is contingent on the capacity of the Office to enhance its accountability. Credibility and transparency, the essence of improved relations with stakeholders, are also being promoted vigorously at the operational level. An independent evaluation function, online access to financial information and other management measures will help ensure that future operations represent good value for money.

140. Information on the structure of the proposed programme budget for the biennium 2004-2005 by operational priorities is presented below in section XII.

C. Progress report on management reform

141. Following the change of management in May 2002, Member States and the staff at large welcomed the implementation of an action plan centred around the five priority areas of governance, funding, operations, human resources and communications.

1. Restructuring

142. The review of the operational priorities described above was followed in early 2003 by an examination of the work programme of each division and a review of the structure of the United Nations Office on Drugs and Crime and its field office network. Based on the findings of those reviews, a new organizational structure was drawn up which will facilitate an integrated approach to activities addressing the threats of drugs, crime and terrorism. The consolidated organizational structure, and a matrix on the interaction among units concerned with operational activities, are presented in annex II.

2. Four-pillar approach

143. The structure is composed of four pillars: (a) an operational division to manage capacity-building technical assistance programmes; (b) a division for treaty

affairs concerned with servicing the policy-making organs, the stewardship of the existing conventions and the delivery of legal expertise in treaty implementation; (c) a division for policy analysis and public affairs to build up the intellectual leadership of the Office and its cooperation with other partners (international and non-governmental organizations); and (d) a management pillar to provide human resources, information technology and financial management services. The terms of reference of each pillar are presented in annex II.

3. Evaluation and financial information reporting

144. An important element of the new organizational structure is an independent evaluation function, whose findings will be reported to senior management and Member States. Online access to the United Nations Office on Drugs and Crime financial information management system (ProFi) is already available to Member States. ProFi is a flexible and transparent system capable of delivering most of the resource management requirements of the Office in the short and long term. The system will be expanded in 2004 (ProFi phase 2) for real-time access to substantive information on project activities.

4. Human resources management

145. The restructuring of headquarters and the reprofiling of the field office network entailed the redeployment of posts to cover new functions and to strengthen the work units engaged in operational activities. Following consultations with staff representatives, a policy of staff rotation was adopted, designed to ensure that all staff acquire the highest level of professional experience across functions and duty stations. This policy is in line with the policy of the Secretary-General on mobility. Other improvements include a focus on meeting gender equality targets, a new work-life policy offering flexible working arrangements to staff and the establishment at the United Nations Office on Drugs and Crime/United Nations Office at Vienna of an outpost of the Office of the United Nations Ombudsman.

5. Stable and predictable income base

146. Considerable efforts were made, and will continue to be made, to ensure a stable and predictable resource base in future to support the infrastructure and activities funded through voluntary contributions. In that connection, Commission on Narcotic Drugs resolution 46/9 contains a number of options towards securing that aim. In addition to initiatives to maximize the income from its traditional donors, the Office is seeking to expand co-financing through cost-sharing and government cash counterpart contributions from assisted countries. Great importance is attached also to mobilizing additional resources from foundations and the corporate sector, and to forging innovative partnerships with non-governmental organizations, volunteers and mentors. The Office continued to reach out to international financial institutions, specialized agencies within the United Nations system and bilateral development organizations to build strategic alliances at both the planning and operational levels.

6. Project planning tools

147. The bulk of the operational activities of the Office will be increasingly grounded in country and regional strategic programme frameworks developed with

relevant stakeholders throughout 2003. Those programming frameworks, anchored in detailed country and regional profiles prepared by the Office, describe the rationale for and the setting of the operational activities of the Office, and are available on the web site of the Office.

7. Project approval mechanism

148. The terms of reference of the Programme and Project Committee, responsible for the approval of all operational activities, are being brought into line with management reform. The Committee ensures that project proposals meet the requirements of the operational priorities, are responsive to the precise needs of countries and clients, and commit themselves to project quality, a results-based approach and strict cost controls as paramount objectives. The Programme and Project Committee reviews not only individual projects, but monitors the quality, responsiveness and efficiency of the entire operational activities portfolio.

8. Transparency

149. Openness and transparency have been emphasized throughout the management reform process. The Executive Committee was established in May 2002 and functions as a steering body to support the policy-setting and decision-making of the Executive Director. It includes all directors of the United Nations Office on Drugs and Crime and the United Nations Office at Vienna. Further, the Executive Director and senior staff meet frequently with representatives of Member States and with staff to keep them abreast of developments. Information on the work and decisions of the Office is routinely made available online. A summary of management reforms undertaken during the biennium 2002-2003 is given below.

Management reforms during the biennium 2002-2003

Implementation effective as of 1 January 2004

- Establishment of the Executive Committee of the United Nations Office on Drugs and Crime
- Definition of operational priorities
- Review of divisional work programmes
- New organizational structure (new ST/SGB/Org)
- Reprofiting of field offices
- Redeployment of posts within headquarters and between headquarters and the field
- Adoption of rotation policy
- Reform of the Programme and Project Committee
- New country profiles and strategic programme frameworks
- Establishment of independent evaluation function
- Financial information available online (through ProFi)

- Management of the Crime Prevention and Criminal Justice Fund transferred to Vienna
- Consultations with stakeholders—Member States, staff and United Nations Headquarters
- Work-life policies—flexible working arrangements
- Establishment of the Office of the Vienna Ombudsman

Implementation in progress

- New approaches for broader co-financing and partnerships
- Substantive project information online (ProFi phase 2)

D. Catching up with the real world

150. The Millennium Declaration made achieving sustainable development an aim of the United Nations. Sustainable development has many aspects. It commands that the resources of the planet be shared so as to promote human dignity. It further requires good stewardship of resources, to pass on to future generations a world better than the one inherited by those now living. However, sustainable development also entails the enhancement of human security, including a life free from fear of uncivil behaviour. This aspect is crucial to the United Nations Office on Drugs and Crime, which is mandated to assist Member States in their fight against drugs, crime and terrorism.

151. Drugs, crime and terrorism are transnational problems with profound local repercussions. Drug abuse and related HIV/AIDS now pose a major health threat in the majority of countries. In poor countries, the health and economic costs can be staggering. The criminal justice community worldwide faces formidable challenges arising from transnational organized crime groups enriched by the illicit proceeds of drugs, human trafficking, money-laundering and various manifestations of high-technology cybercrime. In an increasing number of countries, urban security is in crisis. Terrorist attacks worldwide continue to expose the roots and scope of international violence.

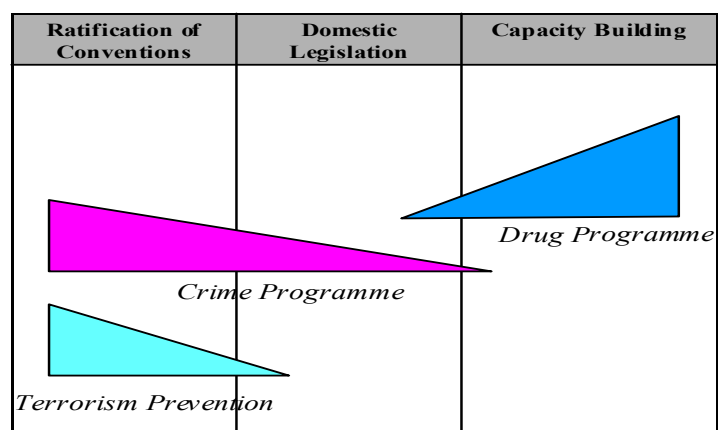
152. The globalization of economic activity has created an environment where not only public goods but also public evils, such as drugs, crime and terrorism, can flow within and across borders. The globalization of public evils poses a major threat to the safety and security of citizens in all parts of the world, increasing the costs of international trade and obstructing the full development of a global liberal economy essential for broader human welfare.

153. Catching up with the real world also means acknowledging that there has been uneven progress in the fight against uncivil society, as reflected in figure XVII. For half a century, the world has organized itself to deal with the drug problem on the basis of international conventions, domestic legislation and anti-drugs capacities. Measured against the goal set at the twentieth special session of the General Assembly, on countering the world drug problem together, the international community can report encouraging results. Progress against organized crime in

general has been slower, as the United Nations Convention against Transnational Organized Crime and the protocols thereto, as well as the United Nations Convention against Corruption, have not yet come into effect. Domestic legislation and global capacity for international law enforcement and judicial cooperation is growing, but remains weak. Even further behind is counter-terrorism. Important instruments are being ratified, but national laws are mostly absent, and international cooperation has been limited to a few high-profile situations.

Figure XVII

Uncivil society: global response capacities



154. Achieving more substantive results in future will be contingent also on the capacity of the United Nations Office on Drugs and Crime to build strategic partnerships with other organizations, in particular international financial institutions, United Nations specialized agencies and bilateral development organizations. But building alliances requires commitment on all sides. The case will continue to be made that the operational priorities of the Office are coterminous with many of the institutional objectives of development organizations. In a great number of countries, achieving results in sustainable development inevitably requires incorporating drugs, crime and terrorism problems into strategic planning. It requires mainstreaming anti-drugs and crime responses into broader development-oriented projects. Although there will be variations from country to country, drugs and crime issues need to figure more prominently in the programmes of international and regional organizations concerned with rural development, public education and health, justice reform, good governance and anti-corruption measures, as well as banking and financial sector reform.

155. The relevance of the Office in future years will be measured by its capacity to meet the demands of Member States and other international organizations for the following:

- (a) Unrivalled normative functions to assist with the ratification of conventions and the development of domestic legislation against drugs, crime and terrorism;
- (b) State-of-the-art research and analysis;

(c) Field-based operational activities for capacity-building against uncivil society.

156. The proposed consolidated programme budget for the biennium 2004-2005 is concerned with capacity-building, production of data and knowledge, best practice advice, pilot interventions and solving specific problems under stand-alone projects. Although operational activities provide essential inputs for the normative, research and analytical work of the Office, the reverse is equally true. The new organizational structure of the Office, aimed at better synergy among substantive functions, is expected to facilitate internal cross-learning, joint planning and monitoring. The role of the normative work is presented in section XI.

VIII. Overview of the programme budget for the biennium 2004-2005

157. The programme budget for the biennium 2004-2005 sets the tone for cautious growth. The United Nations Office on Drugs and Crime will focus on the consolidation of management reform and on enhanced productivity and performance, rather than on a path of rapid expansion.

158. The programme budget of the Office for the biennium 2004-2005 (base scenario) was established at \$180.4 million, consisting of \$164.4 million from the drug programme and \$16 million from the crime programme. This represents an increase of 12.7 per cent over the biennial budget for 2002-2003. The proposed programme of work will be funded by voluntary contributions (86 per cent) and by the regular budget (14 per cent) (see table 19).

Table 19

Consolidated programme budget, 2004-2005

(Millions of United States dollars)

<i>Item</i>	<i>Programme budget</i>		<i>Funding</i>			
	<i>Volume</i>	<i>Percentage increase</i>	<i>Voluntary contributions</i>	<i>Percentage share</i>	<i>Regular budget</i>	<i>Percentage share</i>
Budget 2002-2003	160.1	--	139.4	87.1	20.7	12.9
Budget 2004-2005 (base scenario)	180.4	12.7	155.2	86.0	25.2	14.0
Budget 2004-2005 (high scenario)	191.1	19.4	165.9	86.8	25.2	13.2

159. A high scenario was also developed, setting the biennial budget for the biennium 2004-2005 at \$191.1 million, of which \$173.4 million would be covered from the drug programme and \$17.7 million from the crime programme. The high scenario entails a 19.4 per cent increase over the biennial budget for 2002-2003. The high scenario would materialize if income for projects, in particular from assisted countries, exceeds projections made in 2003.

160. The following assumptions were made for the biennium 2004-2005 (both scenarios):

(a) The Office can implement the proposed programme of work with efficient management of its resources;

(b) The voluntary contributions from traditional donors will remain on trend, although the quality and conditionality of these resources will allow for minimal flexibility to bridge seasonal cash-flow gaps affecting project delivery and to initiate urgent new activities in anticipation of pledges;

(c) The voluntary contributions from non-traditional donors will grow moderately, as the Office gains experience in negotiating new co-financing arrangements with a greater number of assisted countries, international organizations and the private sector;

(d) The regular budget income will remain constant.

161. The structure of the proposed programme budget for the biennium 2004-2005 (base scenario) is reflected in table 20.

Table 20

Structure of the programme budget for the biennium 2004-2005

(Millions of United States dollars)

<i>Item</i>	<i>Amount</i>
Field-based projects (voluntary contributions)	138.1
Core programmes (voluntary contributions)	17.1
Core programmes (regular budget)	10.3
Normative work	14.9
Total	180.4

162. The field-based operational activities proposed for the biennium 2004-2005 are grounded in the 23 strategic programme frameworks produced by the Office during 2003 in cooperation with relevant stakeholders. More such documents are under preparation. As in previous years, the proposed biennial programme of work is presented by thematic area and geographic location. However, as a result of the integration of the drugs and crime programmes at the operational level, there are changes in presentation and nomenclature compared to previous budget submissions that are explained in the relevant sections. Such changes do not affect the capacity to maintain the identities of the drugs programme and the crime programme as regards the management of their respective funds and the provision of support to their separate governing bodies.

163. The programme of work for the biennium 2004-2005 follows the requirement for results-based budgeting, and is in line with the medium-term plan for 2002-2005. It presents broad objectives and verifiable achievement indicators at the thematic and regional levels, in order to measure general organizational performance and results over time.

164. Basic data on the overall geographic location and thematic distribution of the proposed budget for the biennium 2004-2005 is presented in tables 21 and 22. The numbers reflect the aggregate costs of field-based operations and core programmes (\$165.5 million), but exclude the normative work of the Office (\$14.9 million) that supports the entire operations portfolio.

Table 21
Programme budget by region, 2004-2005
(Millions of United States dollars)

<i>Region</i>	<i>Amount</i>	<i>Percentage share</i>
Africa and the Middle East	16.1	9.7
South and East Asia and the Pacific	27.0	16.3
West and Central Asia	38.1	23.0
Central and Eastern Europe	4.2	2.5
Latin America and the Caribbean	52.7	31.9
All core programmes (cutting across regions)	27.4	16.6
Subtotal	165.5	100.0
Normative work	14.9	-
Total	180.4	-

Table 22
Programme budget by theme, 2004-2005
(Millions of United States dollars)

<i>Thematic sector</i>	<i>Amount</i>	<i>Percentage share</i>
Global challenges	91.2	55.2
Anti-trafficking	54.2	32.7
Rule of law	8.6	5.2
Terrorism prevention	1.9	1.1
Core programmes cutting across themes ^a	9.6	5.8
Subtotal	165.5	100.0
Normative work	14.9	-
Total	180.4	-

^a Core programmes on research and analysis, laboratory and scientific services, legal advice, advocacy and information technology.

IX. Programme budget by thematic sector

165. The programme of work by theme for the biennium 2004-2005 described in this section specifies broad objectives, results expected and verifiable achievement indicators. This will in future enable the submission to Member States of reports measuring general organizational performance and results over time. The presentation is in line with the United Nations results-based format and with the medium-term plan for 2002-2005. Information supplied in this section on thematic objectives, results and achievement indicators is at the programme level and is not specific to countries or regions. Detailed data on objectives, results and achievement indicators at the country and regional levels is presented in annex XIV (E/CN.7/2003/20/Add.1) and in the individual project documents signed by the United Nations Office on Drugs and Crime with cooperating governments and institutions.

166. In line with the operational priorities for the medium term and the integration of the drugs and crime programmes at the operational level, the proposed programme of work for the biennium 2004-2005 is organized under renamed thematic sectors. The three main thematic sectors are global challenges, anti-trafficking and rule of law, each comprising a cluster of thematic activities, as outlined in table 23. Substantive and operational responsibility for work under these three thematic sectors lies in the Human Security Branch and the Partnership in Development Branch of the Division for Operations. Terrorism prevention work is carried out in the Terrorism Prevention Branch of the Division for Treaty Affairs. In addition, essential knowledge for operational activities is provided under core programmes and by offices concerned with normative work. Many of these substantive support services cut across the three main thematic sectors, including those carried out in the Division for Treaty Affairs (legal advisory services), the Division for Policy Analysis and Public Affairs (laboratory and scientific services, research and analysis, advocacy) and the Division for Management (information technology). Cross-cutting core programmes are also described in the present section in terms of main objectives, results expected and verifiable achievement indicators. Normative work is presented in section XI. The new thematic approach is designed to increase significantly the relevance, coordination and efficiency of the functions of the Office at the operational, knowledge, normative and administrative levels.

Table 23

Programme budget, by thematic sector, for the biennium 2004-2005

(Millions of United States dollars)

<i>Activities by thematic sector</i>	<i>2004</i>		<i>2005</i>		<i>Total 2004-2005</i>	
	<i>Resource level (million dollars)</i>	<i>Percentage share</i>	<i>Resource level (million dollars)</i>	<i>Percentage share</i>	<i>Resource level (million dollars)</i>	<i>Percentage share</i>
Global challenges	44.8	54.8	46.4	55.4	91.2	55.2
1. HIV-AIDS	7.5	16.8	7.6	16.4	15.1	16.6
2. Prevention, treatment and rehabilitation	17.4	38.8	15.7	33.8	33.1	36.3
3. Sustainable livelihoods	19.9	44.4	23.1	49.8	43.0	47.1
Anti-trafficking	27.1	33.1	27.1	32.4	54.2	32.7
4. Counter-narcotics enforcement	23.7	87.4	23.4	86.3	47.1	86.9
5. Anti-organized-crime	1.9	7.0	2.1	7.8	4.0	7.4
6. Anti-human-trafficking	1.5	5.6	1.6	5.9	3.1	5.7
Rule of law	4.3	5.3	4.3	5.1	8.6	5.2
7. Anti-corruption	0.3	7.0	0.3	7.0	0.6	7.0
8. Anti-money-laundering	2.2	51.1	2.2	51.1	4.4	51.1
9. Criminal justice reform	1.8	41.9	1.8	41.9	3.6	41.9
Core programmes cutting across themes ^a	4.7	5.7	4.9	5.9	9.6	5.8
Terrorism prevention work	0.9	1.1	1.0	1.2	1.9	1.1
Subtotal	81.8	100	83.7	100	165.5	100
Normative work	7.4	--	7.5	--	14.9	--
Grand total	89.2	--	91.2	--	180.4	--

^a Core programmes on research and analysis, laboratory and scientific services, legal advice, advocacy and information technology.

167. In the process of migration from the old to the new thematic division of work, there have been changes regarding the terminology used under the Fund of UNDCP and the Crime Prevention and Criminal Justice Fund.

168. A major change has been the disappearance by name of the UNDCP thematic area entitled “policy support, legislation and advocacy”. Multisector activities that relate to core ongoing functions and are cross-cutting in nature are classified under other “cross-cutting work”. Projects classified in previous years under “policy support, legislation and advocacy” that now fit any of the new thematic sectors have been classified accordingly.

169. What follows is a description of the proposed programme of work of the Office for the biennium 2004-2005 along thematic lines. Emphasis is placed on describing the common features of the substantive services that the Office is planning to provide to Member States during the biennium 2004-2005. The changes in nomenclature and the adjustments resulting from the thematic reorganization are described where applicable. The programme of work at the country and regional levels, including thematic makeup, is presented separately in section X.

A. Global challenges

170. The global challenges thematic sector brings under one roof those aspects of the work of the Office in promoting sustainable development. Specifically, this sector deals with activities of the Office that contribute to reducing public health problems, improving individual health and education, promoting social and economic integration, reinforcing family systems and making communities safer, including in post-conflict situations. Crime prevention, urban security, juvenile delinquency, domestic violence and victim support schemes have been clustered with drug prevention measures to reflect the strong interlinkages that exist with drug demand reduction and treatment and rehabilitation. The constituent components of the global challenges sector are projects aimed at: (a) HIV/AIDS prevention and containment; (b) crime and drug prevention, treatment and rehabilitation; and (c) the provision of sustainable livelihoods for farmers currently engaged in illicit drug crop cultivation.

171. As a result of the integration of drugs and crime activities at the operational level, the present budget introduces new nomenclature. In the global challenges sector, there is close substantive correlation with the corresponding thematic areas used under the Fund of UNDCP and the Centre for International Crime Prevention. What the Fund of UNDCP terms “drug demand reduction” is now split into: HIV/AIDS; and prevention, treatment and rehabilitation. The crime prevention, treatment and rehabilitation work of the Centre is also included in the new thematic area. The sustainable livelihoods thematic area replaces the previous “alternative development” thematic area used by UNDCP. As in the past, the various field-based projects building national capacities for illicit crop monitoring are included in the newly denominated thematic areas. In the process of migration from the old to the new nomenclature and thematic division of labour, no substantive activities were added or subtracted. The main criteria guiding planning and operations in the global challenges sector are outlined below by thematic area.

Global challenges: main criteria guiding planning and operations

HIV/AIDS

- ***Reliable national and global HIV/AIDS information systems focusing on drugs-related HIV infection are essential prerequisites for sound analysis, policy-making and preventive action.*** Priority is assigned to projects that build information capacity on the nature, scope and trends of drugs-related HIV/AIDS, including the role of trafficking as a source of HIV/AIDS, and that help develop or update national HIV/AIDS plans and projects.
- ***Preventing drug abusers from contracting and transmitting infections such as HIV and hepatitis are essential elements of sound public health policy.*** Priority is assigned to activities promoting education, counselling and referral services, in association with public health services and/or non-governmental organizations.

Prevention, treatment and rehabilitation

- ***Reliable national and global drug abuse information systems are essential prerequisites for sound analysis, policy-making and preventive action.*** Priority is assigned to projects that build information capacity on the scope and trends of drug abuse, and that help develop or update national demand reduction plans and projects.
- ***Education and prevention are the most effective long-term strategies to protect people from drug dependence, in particular the young.*** Priority is assigned to projects producing best practice advice to communicate drug abuse risks and to enlist civil society in prevention initiatives. Essential partners include community-based organizations, schools, parents, public health services, employers' organizations and the media.
- ***People who have developed drug dependence have a right to treatment and rehabilitation, and must be helped to regain control of their lives.*** Priority is assigned to projects aimed at measuring the demand for treatment and rehabilitation services, and to building capacity for early intervention, counselling, treatment, rehabilitation, relapse prevention, aftercare and social reintegration.

Crime prevention

- ***Preventive measures addressing the causes of crime can reduce offending behaviour and recidivism.*** Priority is assigned to projects and best practices aimed at reducing the risk of crimes occurring and their potential harmful effects on individuals and society.

- ***Urban criminality hampers economic growth and weakens State institutions.*** Priority is assigned to projects that promote a balanced and integrated approach to fighting urban crime, including activities addressing root causes such as poverty, social marginalization and lack of opportunities for young people
- **Sustainable livelihoods**
- ***In areas seriously affected by illicit crops, achieving long-term elimination requires provision of sustainable lawful livelihoods for farmers as a complement to drug law enforcement.*** Priority is assigned to projects grounded in demonstrated governmental commitment to drug control, aimed at producing best practice advice to help farmers with the planning, management and marketing of legal income-generating activities.
- ***Sustainable livelihood interventions are most effective when they are grounded in broader national rural development programmes.*** Priority is assigned to model projects catalysing or complementing broader rural development programmes of governments and development-oriented international organizations.

1. Programme on HIV/AIDS

(a) Objective

172. The Office supports countries in their efforts to prevent and reduce HIV/AIDS caused by injecting drug abuse, through the development and strengthening of policies, strategies and projects (see table 24 for the HIV/AIDS programme budget for the biennium 2004-2005). Specifically, the programme will support and implement activities to assess the drugs-related HIV/AIDS situation globally and in priority countries and regions. The programme will assemble evidence of best practices to deal effectively with the situation, validate them, and assess their appropriateness for replication in a variety of geographical and cultural settings. The role of human trafficking as a source of HIV will be researched. The programme will also produce practical guides and tools for policy makers and practitioners, to facilitate knowledge transfer through advocacy, training and capacity-building. Working with governments, relevant international bodies and civil society organizations, assistance will be offered to develop, co-finance and support demonstration projects that build empirical evidence for effective prevention of drugs-related HIV/AIDS.

Table 24

HIV/AIDS: budget for the biennium 2004-2005

(United States dollars)

Thematic area	Budget		Resources			Total
	2004	2005	Special-purpose	General-purpose	Regular budget	
HIV/AIDS	7 500 000	7 600 000	15 100 000	--	--	15 100 000

(b) Results

173. Focusing on priority countries and regions where the HIV infection is driven by injecting drug abuse, the programme increases the capacity of countries to plan, implement and evaluate HIV/AIDS prevention activities. The diversification of HIV prevention services to injecting drug users will be increased, and the institutional capacity of criminal justice systems to support drug abuse and HIV prevention will be strengthened. Support will be given in particular to civil society organizations concerned with HIV/AIDS prevention among high-risk groups. Partnerships will also be developed with governments, non-governmental organizations and the media to foster a broader response to the problem of drugs-related HIV/AIDS.

(c) Verifiable achievement indicators

174. The verifiable achievement indicators for the programme on HIV/AIDS are indicated below.

- Increase in the number of projects and activities on HIV/AIDS supported by the Office
- Increase in the number and quality of available diversified services for injecting drug users
- HIV/AIDS prevention activities implemented by civil society and assisted by the Office
- Practical guides and tools to advocate the linkage between drug abuse and HIV/AIDS
- Data on the scope, patterns and trends of drugs-related HIV/AIDS
- Studies documenting best practice implementation in project demonstration sites

2. Programme on prevention, treatment and rehabilitation**(a) Objectives**

175. The Office assists governments and civil society organizations in formulating effective best practice prevention policies, strategies and programmes against drug abuse (see table 25 for the prevention, treatment and rehabilitation programme budget for the biennium 2004-2005). Emphasis is placed on providing individuals, young people in particular, with the tools for choosing and maintaining a healthy lifestyle. This is achieved through information, education and the development of life skills and parenting skills, as well as opportunities to engage the free time of young people in challenging and innovative ways. The programme will focus on the production of best practice advice to plan and implement such activities. Guidelines will be developed to involve the media in drug abuse prevention, placing emphasis also on synthetic drugs. Projects will assess the merits of alternative activities for the prevention of drug abuse among high-risk groups.

Table 25

Prevention, treatment and rehabilitation: budget for the biennium 2004-2005

(United States dollars)

<i>Thematic area</i>	<i>Budget</i>		<i>Resources</i>			<i>Total</i>
	<i>2004</i>	<i>2005</i>	<i>Special-purpose</i>	<i>General-purpose</i>	<i>Regular budget</i>	
Prevention, treatment and rehabilitation	17 386 600	15 668 600	31 086 500	873 700	1 095 000	33 055 200

176. Treatment and rehabilitation activities promote effective methods for drug-dependent people to regain control of their lives and to become positive and productive members of society. This includes early interventions, counselling, treatment, rehabilitation, relapse prevention, aftercare and social reintegration. The focus of the programme in the coming years will be on strengthening the evidence base of all its treatment and rehabilitation activities. Work will include developing best practice material dealing with: (a) assessment tools for individual treatment planning and monitoring; (b) standards of care for treatment and rehabilitation services; and (c) treatment for women, young people, stimulant abusers and drug-abusing offenders. The development of best practice materials will dovetail with the practical demonstration in the field of model programmes that will adapt evidence-based treatment approaches to different sociocultural situations. The programme will also strengthen national capacities for the application of effective treatment and rehabilitation models and approaches.

(b) Results

177. Promising new drug abuse prevention approaches and best practices developed under projects implemented by the Office will be shared with national counterparts and relevant international organizations. The technical, planning, training and managerial capacities of policy makers and practitioners will be upgraded. Prevention messages will reach more people through increased partnership with the media. Specific projects with the media will focus on synthetic drugs and the need for prevention, and their impact will be evaluated.

178. Regarding treatment and rehabilitation, projects implemented by the Office will promote a better understanding of the number and characteristics of people in need of treatment, and of the merits of different treatment interventions. Projects will enhance the knowledge and use of best practices through the dissemination of lessons learned. The quality of treatment services in demonstration sites will be improved.

(c) Verifiable achievement indicators

179. The verifiable achievement indicators for the programme on prevention, treatment and rehabilitation are indicated below.

- Guides and training modules for media-based drug abuse prevention campaigns developed

- Guides and training modules to prevent synthetic drug abuse focusing on youth developed
- Model projects under implementation on prevention of synthetic drug abuse
- Guides on the subject of alternative activities for drug abuse and crime prevention
- Model projects under implementation on the use of alternative activities for drug abuse and crime prevention
- Assessment tools for individual treatment planning and monitoring
- Best practice material on standards of care and accreditation practices for treatment and rehabilitation services
- Best practice material on treatment and rehabilitation of women, youth, stimulant abusers and drug-abusing offenders
- Number of countries adopting national treatment strategies and protocols
- Number of countries enacting relevant legislation and regulations
- Studies documenting best practice implementation in demonstration sites

3. Programme on sustainable livelihoods

(a) Objectives

180. The Office assists countries where cultivation of illicit drug crops is a serious problem with the development of national and regional strategies for the reduction and elimination of illicit crops (see table 26 for the sustainable livelihoods budget for the biennium 2004-2005). In line with its catalytic function, the Office builds technical and data-collection capacities and assists in drawing up and implementing specific pilot projects. Projects help identify commercially viable alternative livelihood options for drug-growing communities, and strengthen farmers' associations and local government administration. In isolated or conflict areas, where the Government has no real presence, assistance includes minimal social services, such as feeder roads, water and basic rural health.

Table 26

Sustainable livelihoods: budget for the biennium 2004-2005

(United States dollars)

<i>Thematic area</i>	<i>Budget</i>		<i>Resources</i>			<i>Total</i>
	<i>2004</i>	<i>2005</i>	<i>Special-purpose</i>	<i>General-purpose</i>	<i>Regular budget</i>	
Sustainable livelihoods	19 873 500	23 077 900	40 770 400	2 000 000	181 000	42 951 400

181. The sustainable reduction of illicit drug cultivation requires long-term measures and the involvement of mainstream development agencies to expand and replicate successful demonstration projects piloted by the Office and other entities. The Office will assist governments and local communities by mobilizing

international political and financial support for sustainable livelihood strategies and projects. Emphasis will be placed on incorporating sustainable livelihood strategies for illicit drug farmers into the broader sustainable and rural development programmes of multilateral development banks and bilateral donors. Current methods to assess the long-term impact of alternative livelihood projects will be reviewed and enhanced. This is essential also to promote a better understanding of how such activities contribute to sustainable development and the fight against drugs and crime.

(b) Results

182. Sustainable livelihood projects, complementing national drug law enforcement, will reduce the dependence of farmers on illicit crops by increasing the legal income opportunities of communities. This will be achieved through improved food security, crop diversification, improved marketing, off-farm employment opportunities, improved infrastructure and social services, credit facilities and strengthened community organizations. Illicit crop cultivation areas will be absorbed into the wider life of the nation, not just physically through the provision of roads, but culturally and linguistically through the provision of education and the application of civil law. UNDCP will develop best practice advice to involve communities in the planning and management of legal income-generating activities, with due regard to gender-sensitive programme planning and implementation. A further result is the provision to Member States of more systematic information on lessons learned in the field of sustainable livelihoods for better inter-agency policy planning and collaboration.

(c) Verifiable achievement indicators

183. The verifiable achievement indicators for the programme on sustainable livelihoods are indicated below.

- Number of national and local offices equipped to plan, monitor and evaluate sustainable livelihood activities
- Number of governments and multilateral/bilateral agencies incorporating sustainable livelihood strategies as an important element in national social and economic development plans, where relevant
- Increased funding for sustainable livelihood projects and/or complementary development measures in illicit crop cultivation regions
- Reduction in the surface devoted globally to the coca bush and illicit opium poppy
- Best practice material on methods to involve former illicit crop growers in the planning, management and marketing of legal income-generating activities
- Studies documenting how sustainable livelihood projects improve the living conditions of illicit-crop-growing communities, as measured by improved food security, increased value of household licit production, increased non-agricultural incomes and improved access to credit and land

B. Anti-trafficking

184. The anti-trafficking thematic sector brings together those components of the work of the United Nations Office on Drugs and Crime that address illicit trafficking across the globe. The focus is on the trafficking of narcotics and human beings, as well as firearms. Attention is also attached to the role of organized crime in war-torn and post-conflict societies, as well as in kidnapping and extortion. The criminal justice community worldwide faces formidable challenges arising from transnational organized crime groups enriched by trafficking of illicit commodities. Trafficking contributes significantly to the urban security crises in many countries. The globalization of economic activity makes possible the flow within and across borders of illicit commodities. Traffickers abuse commercial container and other cargo movements to transport their illegal shipments. This poses a major threat to the safety and security of citizens in all parts of the world, and increases the costs of legitimate international trade.

185. The anti-trafficking activities of the Office will concentrate on the training of criminal justice practitioners and on promoting the exchange of information and operational cooperation among law enforcement authorities at both the national and cross-border levels. Successful techniques in the fight against trafficking and organized crime will be introduced, focusing on intelligence-led operations at major ports and border crossings affected by transnational crime. Trafficking data and analyses of emerging trends will continue to be prepared for Member States. The Office will continue to support the ratification and implementation of relevant international legal instruments.

186. As a result of the integration of drugs and crime activities at the operational level, the present budget introduces new nomenclature. In the anti-trafficking sector, there is close substantive correlation with the corresponding thematic areas used under the Fund of UNDCP and the United Nations Crime Prevention and Criminal Justice Fund. What the Fund of UNDCP terms “suppression of illicit drug trafficking” is now called counter-narcotics enforcement. The other two thematic areas, anti-organized-crime and anti-human-trafficking, correspond to previous global programmes of the Centre. No substantive activities were added or subtracted in the process of migration from the old to the new nomenclature and thematic division of work. The main criteria guiding planning and operations in the anti-trafficking sector are outlined below by thematic area.

Anti-trafficking: main criteria guiding planning and operations

Counter-narcotics enforcement

- *Knowledge of drug-trafficking patterns and trends is an essential prerequisite for effective national and regional strategies.* Priority is assigned to projects aimed at reliable drug law enforcement data collection and analysis.

- ***Effective action against illicit drug trafficking requires sound enforcement agencies capable of improved port and border controls and better cross-border cooperation.*** Priority is assigned to capacity-building projects and best practice advice to develop drug law enforcement agencies that are well run, trained and equipped, as well as to projects promoting international cooperation.

Anti-organized-crime

- ***The United Nations Millennium Declaration entails the enhancement of human security and a life free from fear of uncivil behaviour.*** Priority is assigned to projects aimed at implementing the United Nations Convention against Transnational Organized Crime, including the provision of training and best practice advice on the establishment of specialized anti-organized-crime task forces and seizure and confiscation units.
- ***Effective prosecution of transnational organized crime groups requires extensive cross-border cooperation and exchange of information and experiences.*** Priority is assigned to projects providing training and direct support to law enforcement officials, judges and prosecutors on effective investigation and prosecution techniques, international cooperation and analysis of organized crime trends, also using proven mock-trial methods and mentorship programmes.

Anti-human-trafficking

- ***Reliable information on the nature, scope and trends of human trafficking is an essential precondition for sound policies and action against such crimes.*** Priority is assigned to model projects producing best practice advice for national and international data collection and analysis, including assessing the involvement of transnational organized crime groups in human trafficking.
- ***Preventing and combating human trafficking requires coordinated action within and across borders, involving officials concerned with law enforcement, the judiciary, immigration, social affairs, foreign affairs, and other disciplines.*** Priority is assigned to projects strengthening criminal justice responses, improving cooperation among law enforcement, the judiciary and other relevant institutions, and enhancing protection and support systems for victims and witnesses.

1. Programme on counter-narcotics enforcement

(a) Objectives

187. The Office works with governments to strengthen the performance of national agencies mandated to combating illicit drug trafficking and cross-border crime (see table 27 for the counter-narcotics enforcement budget for the biennium 2004-2005). The chief objectives are the promotion of inter-agency, cross-border and regional cooperation. The Office will promote an intelligence-led approach to law enforcement, provide technical equipment in support of operations, support forensic laboratory testing for illicit drugs, train officers in best practice procedures, and introduce modern interdiction techniques and management systems into law enforcement operations. A major new initiative of the Office is the container control programme aimed at piloting in three continents the creation of new enforcement structures, intelligence and interdiction capacities.

Table 27

Counter-narcotics enforcement: budget for the biennium 2004-2005

(United States dollars)

Thematic area	Budget		Resources			Total
	2004	2005	Special-purpose	General-purpose	Regular budget	
Counter-narcotics enforcement	23 713 300	23 379 100	45 049 700	1 442 700	600 000	47 092 400

188. The Office will continue to provide governments with the latest global trends in illicit drug trafficking through the collection, collation and analysis of data on illicit drug seizures reported to the United Nations in part III of the annual reports questionnaire. The results of such analyses are disseminated to governments and interested parties in the form of an annual global trends report, four region-specific trend papers, and a biannual report on current and significant drug seizures.

(b) Results

189. Law enforcement agencies will be better equipped and more effective in their operational responses against illicit trafficking and organized crime groups. Modern training methodologies, including proven techniques of electronic learning (known as e-learning) developed by the Office, will be complemented by specialist law enforcement training courses. Such activities will help governments in establishing benchmark standards in training for their operational staff. Proven and new approaches to agency management will be introduced to increase the effectiveness of agencies to respond and deploy staff and resources in a timely manner to counter the threat from criminal enterprise. The introduction of systems for the gathering and analysis of intelligence and the establishment of an intelligence-led approach to law enforcement operations will result in more efficient and effective deployment of resources. Governments will have available to them analyses on illicit drug trafficking and transnational organized crime for the development of effective national and cross-border strategies and operational responses.

(c) Verifiable achievement indicators

190. The verifiable achievement indicators for the programme on counter-narcotics enforcement are indicated below.

- Increase in number of well-resourced interdiction agencies
- Increase in number and quality of formalized commitments for new inter-agency and cross-border cooperation measures
- Number of modernized law enforcement agency structures to support anti-trafficking operations, including newly created port control units
- Increase in number and quality of joint law enforcement investigations between source, transit and destination countries
- Application of modern management techniques and proven law enforcement operating procedures
- Introduction of e-learning within agencies
- Application of intelligence-led policing techniques
- Quality of evidence-gathering and case file preparation in support of prosecution and sentencing
- Application of sound procedures for accurate reporting and recording of drugs-related crime statistics

2. Anti-organized-crime programme**(a) Objectives**

191. The Office supports countries in their efforts to implement the provisions of the United Nations Convention against Transnational Organized Crime, and assists law enforcement agencies in the development and implementation of effective practices to counter organized criminal activity (see table 28 for the anti-organized-crime budget for the biennium 2004-2005). This includes law enforcement capacity-building and the training of police investigators, prosecutors, judges, intelligence analysts and customs officials.

Table 28

Anti-organized-crime: budget for the biennium 2004-2005

(United States dollars)

<i>Thematic area</i>	<i>Budget</i>		<i>Resources</i>			<i>Total</i>
	<i>2004</i>	<i>2005</i>	<i>Special-purpose</i>	<i>General-purpose</i>	<i>Regular budget</i>	
Anti-organized-crime	1 933 000	2 113 000	2 380 000	--	1 666 000	4 046 000

192. In line with the Convention, the Office promotes cross-border information exchange on the nature, patterns and trends of organized crime. Activities focus also on the identification and development of best practice advice to fight criminal groups. Stand-alone national projects and longer-term advisory services are

delivered in countries where the problems of organized crime are severe, or have the potential to become so.

(b) Results

193. Provisions of the Convention will begin to be implemented. Specifically, law enforcement officials around the world will be trained in the provisions of the Convention and the best practices and procedures available to counter organized criminal activity. Cross-border and international exchanges of information will promote a better understanding of the nature, development and future trends in organized crime, leading to more effective anti-crime responses.

(c) Verifiable achievement indicators

194. The verifiable achievement indicators for the anti-organized-crime programme are indicated below.

- Number of States becoming parties to the United Nations Convention against Transnational Organized Crime
- Number of countries implementing best practices for law enforcement officials
- Number of law enforcement officials trained
- Publications on best practices, trends and typologies of organized crime
- Global network of law enforcement personnel who exchange information, cooperate in specific cases, and compare experiences in the fight against organized crime

3. Anti-human-trafficking programme

(a) Objectives

195. The Office helps governments draft and revise legislation to prevent and reduce trafficking in human beings (see table 29 for the anti-human-trafficking budget for the biennium 2004-2005). Assistance is provided to establish and strengthen anti-trafficking offices and units in requesting countries. This includes the training of law enforcement officers, prosecutors and judges and the strengthening of victim and witness support. A related major objective is the production of reliable information on the status, scope and trends of this criminal activity, as well as related public awareness.

Table 29

Anti-human-trafficking: budget for the biennium 2004-2005

(United States dollars)

<i>Thematic area</i>	<i>Budget</i>		<i>Resources</i>			<i>Total</i>
	<i>2004</i>	<i>2005</i>	<i>Special-purpose</i>	<i>General-purpose</i>	<i>Regular budget</i>	
Anti-human-trafficking	1 494 000	1 604 200	2 510 200	--	588 000	3 098 200

(b) Results

196. Projects will be implemented in countries highly vulnerable to human trafficking. The Office will establish a database to track global trafficking trends, cross-national trafficking routes and the volume of trafficked persons. The database, compiled from multiple sources, provides information on victims and offenders and an inventory of responses of criminal justice systems to human trafficking. The analysis of the data is published in yearly reports. The Office will prepare a toolkit to provide examples of promising practices in efforts against human trafficking. This material will be relevant in the context of broader efforts at legislative and criminal justice reform, and will assist programmes for victim protection and support, as well as international cooperation. Training material will be available for use in existing technical cooperation projects.

(c) Verifiable achievement indicators

197. The verifiable achievement indicators for the anti-human-trafficking programme are indicated below.

- Number and quality of human trafficking assessment reports drafted and databases established
- Number of inter-agency anti-human-trafficking plans formulated and anti-trafficking units established
- Number and quality of information-sharing networks established
- Number and quality of national action plans and strategies designed
- Number and quality of rehabilitation centres established
- Number of countries acceding to the Protocol to Prevent, Suppress and Punish Trafficking in Persons, Especially Women and Children, supplementing the United Nations Convention against Transnational Organized Crime
- New legislation related to anti-trafficking drafted
- Number of successful investigations and prosecutions conducted
- Computer-based anti-trafficking training programme established and used

C. Rule of law

198. The rule of law sector brings together the work of the Office in anti-corruption, money-laundering and criminal justice reform. The programme seeks to improve laws and structures to curb corruption and money-laundering, and to bring to justice the perpetrators of economic and violent crimes. United Nations standards and norms, best practices, toolkits, manuals and legal databases will be utilized to control and prevent crime in vulnerable developed countries, countries in transition and developing countries.

199. The programme will also concentrate on restoring criminal justice systems in post-conflict countries and on integrated law reform, juvenile justice, correctional services, restorative justice and victim support schemes. This will require the

rehabilitation of infrastructure and the training of judiciary officials, prosecutors, police, correctional officers, defence lawyers and welfare officers. Best practices and effective alternatives will be promoted in the areas of custodial sentences, efficient management of limited resources, use of criminal justice statistics and crime reduction methods. The Office will encourage technical cooperation among countries.

200. As a result of the integration of drugs and crime activities at the operational level, the present budget introduces new nomenclature. In the rule of law sector, there is close substantive correlation with the corresponding thematic areas used under the Fund of UNDCP and the Crime Prevention and Criminal Justice Fund. Specifically, what the Fund of UNDCP terms “global programme against money-laundering” is now referred to as anti-money-laundering. However, the name “global programme against money-laundering” will continue to be used externally due to name recognition. The other two thematic areas, anti-corruption and criminal justice reform, correspond to previous programmes of activity of the Centre for International Crime Prevention. The main criteria guiding planning and operations in the rule of law sector are indicated below by thematic area.

Rule of law: main criteria guiding planning and operations

Anti-corruption

- ***Corruption hinders political, social and economic development. It robs developing and transition countries of their national assets, and undermines the rule of law.*** Priority is assigned to model projects strengthening judicial capacity and integrity as a pillar of national anti-corruption reform, especially in the criminal justice system.
- ***Reliable information on corruption and on successful anti-corruption measures is scarce.*** Priority is assigned to assessments of corruption, and the development of toolkits on effective anti-corruption policies and programmes.
- ***International anti-corruption initiatives lack coordination.*** Priority is assigned to national and international coordination among agencies concerned with the fight against corruption and the promotion of asset recovery.

Anti-money-laundering

- ***The fight against money-laundering and the financing of terrorism requires effective national institutions and international cooperation to detect, seize and confiscate illicit assets.*** Priority is assigned to activities supporting the enacting and implementation of appropriate national

and international countermeasures, including drafting of legislation, training of officials in the financial and judicial sectors and building key institutions such as financial intelligence units.

Criminal justice reform

- ***Ensuring the rights of youth, women, the poor and other vulnerable groups within the criminal justice system serves humanitarian as well as crime control purposes.*** Priority is assigned to model projects aimed at reforming juvenile justice, ameliorating prison conditions and developing victim support schemes. These are essential tools for a fair and open system of justice and for crime reduction.
- ***Re-establishing the rule of law in post-conflict and transition countries provides the basis for socio-economic reconstruction.*** Priority is assigned to projects and best practice advice aimed at reforming criminal legislation and strengthening the operational capacity of police, the judiciary and correctional services. These are prerequisites to building public confidence in the criminal justice system.

1. Programme on anti-corruption

(a) Objectives

201. The Office develops and pilots anti-corruption activities to assist countries in the establishment of legal and institutional frameworks to prevent and control corruption (see table 30 for the anti-corruption budget for the biennium 2004-2005). Work is carried out in line with existing international legal instruments and best practices. The programme of work during the biennium 2004-2005 aims at: (a) stand-alone anti-corruption model projects; (b) support to an international group of chief justices on strengthening judicial integrity; (c) development and dissemination of anti-corruption toolkits and best practices in collaboration with other relevant international agencies; and (d) assisting countries in fighting corruption through the International Group on Anti-Corruption Coordination. The activities of the Office focus on the promotion of judicial integrity and institutional capacities essential to enhance access to justice, improve the timeliness and quality of justice delivery, strengthen the public trust in the courts, and improve the effectiveness of the complaints system, as well as the coordination across criminal justice institutions.

Table 30

Anti-corruption: budget for the biennium 2004-2005^a

(United States dollars)

<i>Thematic area</i>	<i>Budget</i>		<i>Resources</i>			<i>Total</i>
	<i>2004</i>	<i>2005</i>	<i>Special-purpose</i>	<i>General-purpose</i>	<i>Regular budget</i>	
Anti-corruption	296 000	376 000	280 000	--	392 000	672 000

^a Projects worth an additional \$1.2 million elaborated but subject to concrete funding prospects at time of budget preparation.

(b) Results

202. Action plans to strengthen anti-corruption institutional and legal frameworks will have been developed and implemented at the pilot level in selected countries, involving a broad group of stakeholders inside and outside the criminal justice system. An implementation framework consisting of several committees with the task of addressing various areas of reform will have been institutionalized. Staff in key institutions supporting anti-corruption reform will have received on-the-job training in reform management in order to ensure sustainability. On the basis of regular project progress reviews, best practice measures will have been developed and disseminated for replication.

(c) Verifiable achievement indicators

203. The verifiable achievement indicators for the anti-corruption programme are indicated below.

- Increase in the number of national anti-corruption laws enacted
- Increase in the number of anti-corruption action plans adopted and implemented
- Application of computerized databases to track the number of disciplinary and criminal procedures, the level of public trust and access to justice, the reduction of delays in the adjudication of offences, the increased consistency in sentencing and the improved coordination across criminal justice institutions

2. Anti-money-laundering programme**(a) Objectives**

204. Under the global programme against money-laundering, the Office assists governments in their fight against money-laundering and the financing of terrorism (see table 31 for the anti-money-laundering budget for the biennium 2004-2005). Projects provide expert advice and technical assistance to ratify, legislate and implement the relevant requirements of United Nations instruments as well as other relevant international standards. Specific objectives include the following:

- (a) Raising awareness among governments of the need to implement measures to combat money-laundering and to counter the financing of terrorism;

(b) Assisting governments in drafting and amending legislation, including the preparation of model laws;

(c) Providing training and technical assistance to the financial, regulatory, law enforcement and prosecutorial and judicial sectors;

(d) Helping to set up financial intelligence units at the national level to receive and analyse reports of financial transactions linked to illicit activity;

(e) Developing computer-based training programmes for law enforcement officials, prosecutors and bank personnel to combat money-laundering and the financing of terrorism.

Table 31

Anti-money-laundering: budget for the biennium 2004-2005

(United States dollars)

<i>Thematic area</i>	<i>Budget</i>		<i>Resources</i>			<i>Total</i>
	<i>2004</i>	<i>2005</i>	<i>Special-purpose</i>	<i>General-purpose</i>	<i>Regular budget</i>	
Anti-money-laundering	2 231 700	2 231 700	4 141 400	103 000	219 000	4 463 400

205. Longer-term technical assistance will continue to be provided to requesting countries under a mentorship programme. Experienced prosecutors and law enforcement officials work for periods of several months with their counterparts in requesting countries and regions on specific anti-money-laundering cases or capacity-building assignments.

(b) Results

206. Governments will be provided with the policy advice, legislative tools, training and institutional frameworks to enable them to trace, seize, freeze and confiscate proceeds of crime and terrorist property, and to protect their financial systems against the infiltration of illicit capital. They also will be provided with the skills to detect, investigate and effectively prosecute cases of money-laundering and terrorist financing. Effective financial intelligence units will promote the rapid exchange of information and intelligence across countries. Governments will participate as partners in regional and subregional groupings devoted to anti-money-laundering and countering the financing of terrorism. Working jointly with legal, financial and law enforcement authorities, existing legislation will be analysed to evaluate compliance with international instruments. Requesting governments will establish, develop and maintain financial intelligence units. The Office will continue to maintain the largest available online legal library of national legislation on the subjects of anti-money-laundering and countering the financing of terrorism.

(c) Verifiable achievement indicators

207. The verifiable achievement indicators for the anti-money-laundering programme are indicated below.

- Number of countries implementing, with the assistance of the Office, anti-money-laundering actions under established Financial Action Task Force and International Monetary Fund procedures
- Number of countries enacting new legislation
- Number of countries establishing institutions to fight money-laundering and to counter the financing of terrorism
- Number of practitioners using the anti-money-laundering information network of the Office, including the anti-money-laundering information database
- Number of cross-border investigations, prosecutions and asset seizures, measured in terms of instances of cooperation, convictions and frozen and confiscated assets

3. Programme on criminal justice reform

(a) Objectives

208. The Office assists countries in building capacities to administer criminal law and reduce crime, in accordance with international standards and best practices (see table 32 for the criminal justice reform budget for the biennium 2004-2005). This includes projects focusing on juvenile justice reform, prison reform, victim support schemes, combating domestic violence and increasing urban security. The Office also promotes alternatives to imprisonment, restorative justice schemes, community policing and neighbourhood justice models.

Table 32

Criminal justice reform: budget for the biennium 2004-2005

(United States dollars)

<i>Thematic area</i>	<i>Budget</i>		<i>Resources</i>			<i>Total</i>
	<i>2004</i>	<i>2005</i>	<i>Special-purpose</i>	<i>General-purpose</i>	<i>Regular budget</i>	
Criminal justice	1 764 500	1 815 800	2 551 300	--	1 029 000	3 580 300

209. The Office helps to develop comprehensive programmes for criminal justice reconstruction in countries facing post-conflict situations or in transition. This includes balanced support to the diverse criminal justice actors, including the judiciary, law enforcement authorities, prosecutors, specialized units, officials of ministries of justice, correction facility staff, probation services, social welfare agencies and entities promoting the empowerment of women. Assessing equipment and infrastructure requirements is always matched by examining human resources and training needs.

(b) Results

210. National legislation to effect criminal justice reform will be brought into line with international standards and norms. New techniques and best practices will be conveyed to national counterparts. Criminal justice actors will be provided with both a strengthened human resource base and with rehabilitated physical

infrastructure. The delivery of quality services by all criminal justice actors will be increased through capacity-building, including training and computerized tracking systems. Important results include more effective adjudication of offences and the reduction of impunity and delays in the criminal justice system. Improvements are expected in the handling of vulnerable groups, such as juveniles, women and victims generally, as well as in the conditions in prisons, detention centres or deprived neighbourhoods.

(c) Verifiable achievement indicators

211. The verifiable achievement indicators for the programme on criminal justice reform are indicated below.

- Number of new laws enacted on criminal justice reform
- Number of national plans aimed at reform or establishment of special units for victim assistance
- Computerized court management systems
- Computerized systems to track prisoners and sentences
- Number of rehabilitated infrastructure services (prisons, courtrooms) in countries of activity
- Number of non-custodial sentences in countries of activity
- Numbers of victims receiving protection, compensation and support in countries of activity

4. Programme on terrorism prevention

Table 33

Terrorism prevention: budget for the biennium 2004-2005^a

(United States dollars)

<i>Thematic area</i>	<i>Budget</i>		<i>Resources</i>			<i>Total</i>
	<i>2004</i>	<i>2005</i>	<i>Special-purpose</i>	<i>General-purpose</i>	<i>Regular budget</i>	
Terrorism prevention	962 500	966 500	704 000	--	1 225 000	1 929 000

^a Projects worth an additional \$2.5 million elaborated but subject to concrete funding prospects at time of budget preparation.

(a) Objectives

212. The Terrorism Prevention Branch of the United Nations Office on Drugs and Crime, within the Division for Treaty Affairs, will play a significant and complementary role in United Nations efforts to promote the implementation of Security Council resolution 1373 (2001) and, in particular, the relevant international legal instruments related to the prevention and suppression of international terrorism. The Branch has taken the lead within the United Nations system in assisting States, upon request, in strengthening their legal frameworks and institutional capacities for the prevention and combating of international terrorism.

The Branch will continue to perform that task through the delivery of technical assistance to countries for the ratification and implementation of the universal instruments against terrorism. It will work in close coordination with the Counter-Terrorism Committee established pursuant to Council resolution 1373 (2001), as well as with other relevant United Nations entities and international organizations, including at the regional and subregional levels. In doing so, the following programme activities will be undertaken:

- (a) To promote the implementation of conventions and legislative processes:
 - (i) Providing legal advisory services;
 - (ii) Facilitating technical assistance through a mentorship programme;
- (b) To promote the effectiveness of national administrative structures:
 - (i) Increasing institutional capacities to prevent and counter terrorism;
 - (ii) Improving training for international cooperation;
- (c) To promote advocacy and prevention:
 - (i) Facilitating cost-effective access to information;
 - (ii) Mobilizing civil society and raising awareness.

(b) Results

213. In carrying out its objectives, the Office is committed to delivering timely responses to assistance requests. After reviewing the domestic legislation of countries, the Branch will provide advice on the implementation of laws, and facilitate and provide training to national administrations with regard to new legislation and international cooperation. To facilitate the delivery of technical assistance activities on the ground, regional advisers will, funding permitting, be strategically based in the field. The terrorism prevention efforts of the Office will also use innovative tools to assist countries in their efforts to prevent and combat terrorism. For example, a United Nations legislative guide to the anti-terrorism conventions and protocols has already been developed (available in all official languages of the United Nations), and has been supplemented by a checklist to support legislators in the process of implementing the 12 anti-terrorism conventions and protocols. In addition, guidelines will be prepared on technical assistance to promote the ratification and implementation of the conventions and protocols relating to terrorism. The Office will also provide expertise and information to, and engage in joint activities with, regional and other organizations, as well as national institutions.

(c) Verifiable achievement indicators

214. The verifiable achievement indicators for the terrorism prevention programme are indicated below.

- Number of countries receiving legislative and technical assistance for the ratification of the universal instruments relating to the prevention and suppression of international terrorism

- Number of countries adopting or amending their national legislation in line with the universal instruments relating to the prevention and suppression of international terrorism
- Number of public officials trained in the implementation of the new legislation and in international cooperation
- Number of joint activities being carried out with partner organizations and entities in order to facilitate terrorism prevention activities

D. Core programmes

215. A number of core programmes, many organized along thematic lines, are closely related to the operational activities of the Office. The budget of those programmes for the biennium 2004-2005 is set at \$27.4 million, of which \$17.1 million (62 per cent) as covered by voluntary contributions, and \$10.3 million (38 per cent) by the regular budget. The cost of all core programmes during the biennium 2004-2005 are presented in table 34.

216. The services delivered under core programmes listed in table 34 under headings A, B, C and E have been described above and do not require further elaboration. What follows is a description of the core programmes listed in table 34 under heading D. They have not been fully accounted for so far in the present section because they cut across two or more thematic activities.

1. Research and trend analysis

(a) Illicit drugs and crime

(i) Objectives

217. The objective of the research and trend analysis core programme is to assist the international community in the identification of drug control priorities by providing comprehensive statistical and analytical information on the global drug problem. The programme uses cross-sectoral and multidisciplinary approaches that correlate data on the production, trafficking and consumption of drugs with socio-economic data and aims at developing new methods and tools to strengthen the analysis of the drug situation and of drug policy. To those ends, the programme focuses on the following three components: analysis of trends; the analysis of policy; and the publication and dissemination of statistics and analytical work. Priority is assigned to collecting, analysing and publishing reliable data, on both the supply of, and demand for, illicit drugs, as well as establishing best practices in data collection and analysis. The core programme is aimed also at expanding the global knowledge base on crime prevention and criminal justice issues. In order to achieve this, the programme provides comprehensive assessments of the nature and extent of crime and trends in criminal justice worldwide. It also maintains all such data and information in a publicly accessible format and publishes and disseminates assessments and analytical studies.

Table 34
Structure and cost of core programmes (base scenario)
(Millions of United States dollars)

Theme and programme	Drug programme				Crime programme			United Nations Office on Drugs and Crime			
	General-purpose	Special-purpose	Regular budget	Total	Special-purpose	Regular budget	Total	General-purpose	Special-purpose	Regular budget	Total
A. Global challenges											
1. Prevention and reduction of drug abuse	0.3	2.5	1.1	3.9	--	--	--	0.3	2.5	1.1	3.9
2. Illicit drugs crop monitoring	--	1.1	0.2	1.3	--	--	--	--	1.1	0.2	1.3
Total A	0.3	3.6	1.3	5.2	--	--	--	0.3	3.6	1.3	5.2
B. Anti-trafficking											
1. Illicit drug supply reduction	0.1	0.6	0.6	1.3	--	--	--	0.1	0.6	0.6	1.3
2. Anti-organized-crime	--	--	--	--	0.8	1.7	2.5	--	0.8	1.7	2.5
3. Anti-human-trafficking	--	--	--	--	1.0	0.6	1.6	--	1.0	0.6	1.6
Total B	0.1	0.6	0.6	1.3	1.8	2.3	4.1	0.1	2.4	2.9	5.4
C. Rule of law											
1. Anti-money-laundering	0.1	4.1	0.2	4.4	--	--	--	0.1	4.1	0.2	4.4
2. Anti-corruption	--	--	--	--	--	0.4	0.4	--	--	0.4	0.4
3. Criminal justice reform	--	--	--	--	--	1.0	1.0	--	--	1.0	1.0
Total C	0.1	4.1	0.2	4.4	--	1.4	1.4	0.1	4.1	1.6	5.8
D. Cross-cutting core programmes											
1. Research and trend analysis	1.2	0.6	0.9	2.7	--	--	--	1.2	0.6	0.9	2.7
2. Laboratory and scientific services	0.4	0.1	1.4	1.9	--	--	--	0.4	0.1	1.4	1.9
3. Legal advisory services	--	1.2	0.4	1.6	--	--	--	--	1.2	0.4	1.6
4. Advocacy	0.6	0.8	0.4	1.8	--	--	--	0.6	0.8	0.4	1.8
5. Information technology to Member States	1.4	--	0.2	1.6	--	--	--	1.4	--	0.2	1.6
Total D	3.6	2.7	3.3	9.6	--	--	--	3.6	2.7	3.3	9.6
E. Terrorism prevention											
Terrorism prevention	--	--	--	--	0.2	1.2	1.4	--	0.2	1.2	1.4
Total E	--	--	--	--	0.2	1.2	1.4	--	0.2	1.2	1.4
Grand total	4.1	11.0	5.4	20.5	2.0	4.9	6.9	4.1	13.0	10.3	27.4

(ii) *Results*

218. The programme will contribute to the development of effective drug control policies and instruments at international, regional and national levels, by integrating knowledge of patterns and trends in both the supply of and the demand for drugs. It will act as a global clearing house for information on global illicit drug trends. The Office has a comparative advantage in producing globally aggregated data on illicit drug trends because it is the repository of the most complete data set on the subject in the world: the annual reports questionnaires submitted by parties to the international drug control treaties. The programme will maintain, update and use the integrated database on the supply of and demand for illicit drugs (or database for estimates and long-term trend analysis) to establish annual estimates of the Office on the extent of illicit drug cultivation, production, trafficking and consumption, as well as to feed a range of statistical and analytical publications. The programme will conduct biennial surveys of crime trends and criminal justice systems.

(iii) *Verifiable achievement indicators*

219. The verifiable achievement indicators of the illicit drugs and crime component of the research and trend analysis programme are indicated below.

- Annual estimates of illicit drugs production, trafficking and consumption
- Preparation of pre-publication draft of the *Global Illicit Drug Trends* during the annual (March/April) session of the Commission on Narcotic Drugs, which is sent to all Member States for comment
- Publication of the final version of *Global Illicit Drug Trends*, incorporating the comments of Member States in June every year
- Publication of the *World Drug Report* every two years
- Publication of two issues of the *Bulletin on Narcotics* every year.
- Number and character of references to *Global Illicit Drug Trends*, the *World Drug Report* and the *Bulletin on Narcotics* in the media, in the scientific literature and in other international forums, as well as the number of hits on the relevant part of the web site of the United Nations Office on Drugs and Crime
- Biennial United Nations surveys of crime trends and criminal justice systems
- International crime victim survey

(b) Illicit crop monitoring

(i) *Objectives*

220. The objective of the illicit crop monitoring programme is to assist countries in developing national monitoring systems and producing internationally comparable estimates of illicit crop cultivation in the context of the strategy of elimination adopted by the General Assembly at its twentieth special session.

(ii) Results

221. Establishment of a national capacity for illicit crop monitoring in seven countries: Afghanistan, Bolivia, Colombia, the Lao People's Democratic Republic, Morocco, Myanmar and Peru. The illicit crop monitoring programme supports annual national surveys of illicit cultivation, ensuring transparency of survey activities and conformity with international methodological standards and with the information requirements of the international community. The programme ensures the continual improvement of drug crop survey methodology by using advances in remote sensing technology and geographical information systems, as well as methods to collect information on yield, price, addiction and socio-economic aspects. The programme contributes to international drug control by providing internationally comparable estimates of illicit crop cultivation and its trends over time.

(iii) Verifiable achievement indicators

222. The verifiable achievement indicators of the illicit crop monitoring component of the research and trend analysis programme are indicated below.

- Annual illicit crop surveys in the three main opium-producing countries (Afghanistan, the Lao People's Democratic Republic and Myanmar), the three main coca-producing countries (Bolivia, Colombia and Peru) and the one principal cannabis-resin-producing country (Morocco)
- Timely release of the annual survey reports

2. Legal advisory services**(a) Objectives**

223. Operating from the headquarters of the United Nations Office on Drugs and Crime and from field offices in Colombia, South Africa and Uzbekistan, the Legal Advisory Section aims at improving the effective implementation of relevant international conventions by the following means:

- (a) Strengthening national regulatory and justice system infrastructure (upgrading essential legislation, specialized training and improved judicial cooperation);
- (b) Providing direct on-site mentor support in ongoing prosecution and asset forfeiture casework;
- (c) Helping to stop ongoing recidivism by high-cost drug-abusing offenders, through drug treatment court programmes;
- (d) Developing and disseminating model legislation, guides and practical best practice products to improve the impact of law-related measures taken by States under the conventions.

224. By similar means, the programme also helps speed up accession to international drug control treaties by remaining non-parties.

(b) Results

225. More major drug traffickers and money launderers are sentenced, drug-related crime profits confiscated and returned to public use, and illicit drugs, precursors and laboratories seized or dismantled than under old domestic laws and practice. The programme will result in better prosecution, sentencing and asset forfeiture outcomes in casework related to international drugs crime and terrorism. The programme will also promote more use, and fewer refusals, of casework requests relating to mutual legal assistance, asset forfeiture and extradition under the conventions. Another result will be less criminal recidivism and ongoing drug abuse by drug-abusing offenders committing property and other serious crimes.

(c) Verifiable achievement indicators

226. The verifiable achievement indicators for the legal advisory services programme are indicated below.

- New and upgraded laws in line with the conventions are drafted, adopted and enter into force
- Remaining non-parties ratify or accede to all the drug control conventions
- Feedback from assisted States attributes, in whole or in part, significant regulatory, prosecution, sentencing, asset forfeiture and drug abuse reduction outcomes to the use of legislation development, legal advice, products or other expertise delivered under the legal advisory programme
- Comprehensive model legislation, interpretation manuals, best practice guidance and high-impact practical working tools for the justice system (such as computer software) are developed, approved, made available and widely used by practitioners to implement relevant domestic laws

3. Laboratory and scientific services**(a) Objectives**

227. The Office provides scientific and technical support services to Member States to help ensure that drugs can be identified and analysed, and that national forensic laboratories and other scientific institutions can provide the required expert services to support domestic drug control efforts. The Office assigns priority to the following: setting scientific norms and standards; identifying and developing best practices for drug testing and analysis; and ensuring that laboratory services and scientific expertise are fully integrated into national drug control frameworks. Emphasis is placed on reference standards, methods and materials, technical guidelines, information and training, a quality assurance programme and expert advice and guidance. The laboratory and scientific activities will continue to support the implementation of the three international drug control conventions by providing scientific advice and expertise also to national regulatory and competent authorities, the Commission on Narcotic Drugs, the International Narcotics Control Board and other relevant regional and international bodies. Objectives are met through global core programme activities at Office headquarters and projects implemented at national and regional levels. The Office also develops and implements global projects related to specific scientific and technological advances with relevance to drug control.

(b) Results

228. Services provided will ensure that laboratories have access to recommended methods for drug analysis, technical guidelines and reference standards and materials, and are able to work more effectively, meet internationally accepted performance standards, and provide reliable evidence in court. Through complementary technical support to national and regional projects, laboratories will also be better equipped and more efficient. They will be able to monitor and improve their performance by active participation in the international quality assurance programme of the Office and collaborative (drug-testing) exercises. Basic and advanced training programmes for drug analysis, complemented by specialized laboratory training, especially for drug signature analysis, will enhance the professional competence of analysts. Law enforcement agencies will have access to drug and precursor test kits, developed and made available by the Office, allowing them to detect drugs and precursors more easily at vulnerable borders. They will have access to reliable court data to support intelligence-led approaches to law enforcement, and to improve the knowledge base on illicit drug manufacture, trafficking and abuse, for research, strategic and policy purposes. Member States and organizations will have a reliable focal point for advice and technical expertise related to a wide range of scientific and technical matters.

(c) Verifiable achievement indicators

229. The verifiable achievement indicators for the laboratory and scientific services programme are indicated below.

- Number of national plans and projects incorporating scientific support components
- Number of governments, with the assistance of the Office, establishing or strengthening operational capacity to enable forensic laboratories to provide scientific support to national drug control activities, including regulatory and health authorities
- Number of laboratories actively participating in the international quality assurance programme of the Office and performing at internationally accepted standards, as evidenced by results from the related international collaborative testing exercises
- Number of drug and precursor field test kits requested and provided
- Number of laboratories using technical information and reference materials prepared and distributed by the Office for drug and precursor analysis
- Number of national and regional networks coordinating data and information exchange
- Number of countries reporting reliable information on drug trends

4. Advocacy

(a) Objectives

230. The Office works with governments, international organizations and civil society groups to promote and enhance efforts to reduce drug abuse and crime worldwide. Activities include the production of engaging and informative public information material, such as a quarterly newsletter (*UPDATE*), prevention postcards, posters and four-colour brochures to communicate the mission and objectives of the Office among decision and opinion makers. The advocacy programme maintains a regularly updated and user-friendly web site, as well as individual subsites for field offices of the United Nations Office on Drugs and Crime to communicate a broad range of programmatic information in several languages. Further, the programme aims to develop and distribute global multimedia products featuring radio and television spots that target free media with messages on drug abuse, HIV/AIDS, human trafficking and corruption. To promote its anti-drug and crime prevention work, the programme partners with governments, non-governmental organizations and other international organizations to plan and coordinate special events and conferences, including the International Day against Drug Abuse, the United Nations/Vienna Civil Society Award, inter-parliamentary conferences and Football without Borders.

(b) Results

231. Increased awareness and support are generated for the Office and its drug control and crime prevention mandates and initiatives. The public information materials provide young people and adults with clear and concise information on drug-related issues to help them make the right decisions. Parliamentarians from all parts of the world are kept informed on the latest developments in international drug control through an annual meeting. Non-governmental organizations are recognized for their work in community-based drug and crime prevention programmes. Partnerships are formed with non-governmental organizations, governments and private organizations to develop appropriate messages and broaden the effectiveness of public information materials. The multimedia campaign on drug and crime issues reaches millions through free airtime and the web site of the Office.

(c) Verifiable achievement indicators

232. The verifiable achievement indicators for the advocacy programme are indicated below.

- Number of visitors, pages viewed and survey respondents on the web site of the Office
- Number of television and radio networks providing free airtime for the video and radio public service announcements of the programme
- Non-governmental organizations, schools, governments and other international organizations requesting video materials of the programme for educational purposes
- Annual printing and distribution totals of all public information material, including *UPDATE*

- Number of events and conferences supported with exhibits and informational handouts
- Parliamentarians and senior government officials attending the inter-parliamentary conferences

5. Information technology

(a) Objectives

233. The information technology capacity of the Office supports programme activities by focusing on the following:

(a) Information dissemination to provide Member States, international organizations and the general public with timely, accurate and secure information on drug control issues. This covers also ProFi, the Legal Library of the Office and statistical and research information;

(b) Information collection to facilitate and implement consolidated, effective, coherent and secure information mechanisms, such as online submissions of annual reports questionnaires and national laws for the governing bodies;

(c) Information management to strengthen substantive databases and to develop a knowledge-based system for policy formulation and decision-making, through the consolidation of isolated information within the Office; and

(d) Knowledge management to facilitate a corporate information-sharing culture that spans organizational entities and occupational borders to improve capitalization on existing information.

(b) Results

234. With an organization-wide and cross-functional approach, the programme facilitates a coherent and integrated information management approach among the various entities within the organization. This enables the Office to provide information to Member States in a more timely and streamlined manner as required by the Commission on Narcotic Drugs. Within this general context, the programme will lead to enhanced information flows to Member States through restricted-access web sites offering tailored information on demand, and from Member States via electronic forms and automated submissions from competent authorities.

(c) Verifiable achievement indicators

235. The verifiable achievement indicators for the information technology programme are indicated below.

- Number of electronic requests from Member States for data from the secure information services of the Office for Member States
- Usage of electronic and online questionnaires like the annual reports questionnaire by Member States and other parties as a means of providing information to the Office
- Enhanced ability for applications to receive, upload and analyse collected data and synthesize the data into usable information

- Number of competent authorities using the national drug control system and submitting information to the Office electronically
- Quality and timeliness of data published by the Office on competent authorities, on the status of the system of control for estimates and assessments, and on the tracking of precursor chemicals
- Reviews conducted by competent authorities assessing both the quantitative and the qualitative impact of services
- Number and completeness of workflow applications and information-sharing systems in use by the Office
- Number of visitors to the public web site and other information areas, such as the legal library

X. Programme budget by region

236. The consolidated programme budget proposed by the United Nations Office on Drugs and Crime for the biennium 2004-2005 (base scenario) is described below by geographic location. The programme of work is presented specifying the thematic focus, main programme objectives and broad verifiable achievement indicators. This will facilitate in future the submission to Member States of reports on organizational performance and results over time, and is in line with the United Nations requirements for result-based budgeting and with the medium-term plan for 2002-2005 of the regular budget. Information is supplied at the country and regional level. The results and achievement indicators tied to the great number of individual projects are available in the project documents signed by the Office with cooperating governments and institutions, and are the subject of periodic project progress reports.

237. The proposed 2004-2005 budget (base scenario) for operational activities in all regions is set at \$165.5 million compared to the budget of \$147.7 million for the biennium 2002-2003 (see figure XVIII). This represents a 12 per cent biennium-to-biennium increase at the budget level. The steepest rise is in West and Central Asia, where the budget is expected to double on the basis of income projections made in 2003. Further budget increases are very likely throughout the biennium 2004-2005, and this is factored into the high scenario of the proposed budget for 2004-2005.

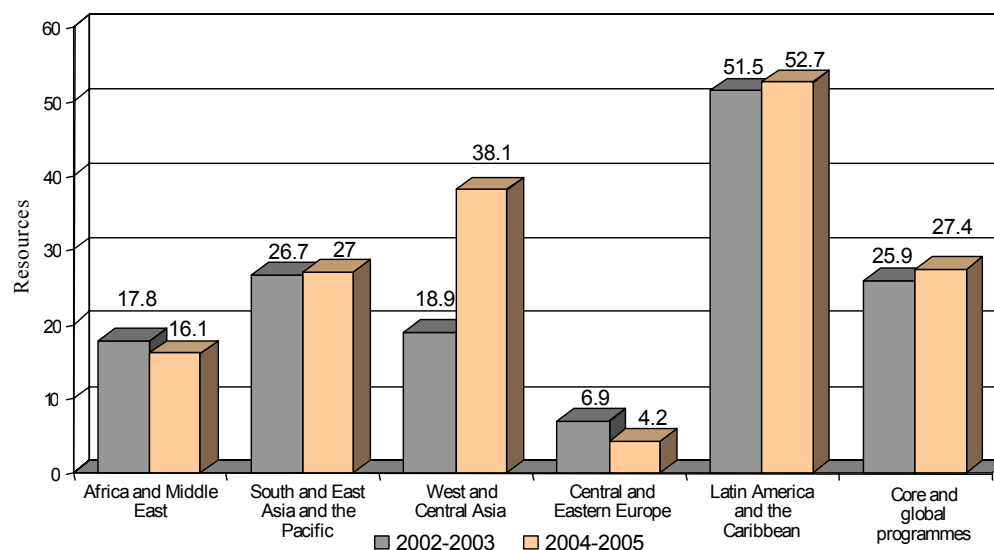
238. Modest rises are planned in Asia (South and East Asia and the Pacific), Latin America and the Caribbean, and under core programmes. On the basis of income projections in late 2003, budget declines are expected in Africa and the Middle East and in Central and Eastern Europe. Regarding Europe, the budget is poised to decrease by 39 per cent, from \$6.9 to \$4.2. However, several programme consultations were under way at the time of budget preparation with the Russian Federation and other countries, aimed at programme expansion in the fields of drugs-related HIV/AIDS prevention and drugs and crime law enforcement. New projects are expected to come on-stream in early 2004, thus reversing the 39 per cent budget decline that was foreseen at the time of budget preparation. Projected increases are incorporated in the "high scenario" of the 2004-2005 budget.

239. The situation in Africa (but not the Middle East) is more problematic. The Office cannot accept that a region that has been given priority by the governing bodies of UNDCP and the Centre for International Crime Prevention should post a decline in the biennium 2004-2005. In fact, since 2002, the overall delivery rate of Office operations in Africa has improved considerably, except in the conflict-embroiled region of West and Central Africa. Great efforts will be made in the new biennium to strengthen the project delivery capacity of the regional offices of the United Nations Office on Drugs and Crime in Africa through the increases in staffing; to channel project resources to institution-building in national and regional drugs and crime departments in order to improve local delivery capacities in law enforcement and prevention; and to mainstream drugs and crime issues into broader development programmes, in line with the objectives of the New Partnership for Africa's Development.

Figure XVIII

Comparison of programme budgets for all regions, 2002-2003 and 2004-2005

(Millions of United States dollars)



240. The field-based country and regional programmes proposed for the biennium 2004-2005 are grounded in 23 strategic programme frameworks produced by the Office during 2003, in collaboration with relevant governments and stakeholders (see table 35). More such frameworks are under preparation. Most strategic programme frameworks are linked to country and regional profiles prepared by the Office, starting in late 2002. These documents are available on the Office web site. The strategic programme frameworks, by definition, adapt to existing national and regional planning instruments and have different time horizons. Specifically, as regards the biennium 2004-2005, the strategic programme frameworks account for field-based activities worth \$138.1 million, as outlined below. Items of expenditure essential for the delivery of operational activities but cross-cutting in nature (core programmes and normative work) are not integrated into strategic programme frameworks. More detailed information about operational

activities proposed for 2004-2005 (base scenario) are contained in annex XIV (E/CN.7/2003/20/Add.1).

Table 35

Country and regional profiles and strategic programme frameworks with budgets for the biennium 2004-2005

(Millions of United States dollars)

<i>Country and regional programmes</i>	<i>Country and regional profile^a</i>	<i>Strategic programme framework^a</i>	<i>Budget 2004-2005</i>
Africa and the Middle East			
Egypt	X		0.6
Kenya	X		^b
Morocco	X		0.4
Nigeria	X		0.6
Senegal	X		^b
South Africa	X		1.0
Africa region		X	2.4
North Africa region		X	2.0
East Africa region		X	2.4
West and Central Africa region		X	3.2
Southern Africa region		X	3.0
Middle East region		X	0.5
Subtotal	6 items	6 items	16.1
South and East Asia and the Pacific			
India	X		1.1
Lao People's Democratic Republic	X	X	8.4
Myanmar	X	X	2.5
Viet Nam	X	X	2.8
East Asia and the Pacific region	X	X	7.6
South Asia region	X	X	4.6
Subtotal	6 items	5 items	27.0
West and Central Asia			
Afghanistan	X	X	13.1
Iran (Islamic Republic of)	X	X	4.7
Kazakhstan	X		^b
Kyrgyzstan	X		^b
Tajikistan	X		^b
Turkmenistan	X		^b
Uzbekistan	X		^b
Pakistan	X	X	1.8
Central Asia region		X	18.5
Subtotal	8 items	4 items	38.1
Central and Eastern Europe			
Russian Federation	X	X	1.7
Regional South-East Europe		X	2.5
Subtotal	1 item	2 items	4.2

<i>Country and regional programmes</i>	<i>Country and regional profile^a</i>	<i>Strategic programme framework^a</i>	<i>Budget 2004-2005</i>
Latin America and the Caribbean			
Bolivia	X	X	9.7
Brazil	X	X	19.5
Colombia	X	X	12.4
Peru	X	X	7.5
Mexico and Central America region	X	X	2.6
Caribbean region		X	1.0
Subtotal	5 items	6 items	52.7
Subtotal, all regions (effective 1 January 2004)	26 items	23 items	138.1
Core programmes (voluntary contributions, regular budget)			27.4
Normative work (regular budget)			14.9
Grand total			180.4

^a An X indicates that the item referred to has been prepared.

^b Part of the regional strategic programme framework and programme.

XI. Normative work

241. The normative functions carried out by the United Nations Office on Drugs and Crime are handled primarily by the Division for Treaty Affairs, although the functions of many of the operational units also include activities directly related to normative functions, such as providing reporting and expertise to the governing bodies (see table 36). The treaty and legal affairs pillar is concerned with the stewardship of already established conventions in the drug abuse control area and the development, promotion and implementation of new conventions in the crime control area, such as the United Nations Convention against Transnational Organized Crime, which entered into force in September 2003, and the three Protocols to that Convention, as well as the United Nations Convention against Corruption, to be adopted in late 2003 by the General Assembly and signed at a high-level political conference to be held in Mexico in December 2003.

Table 36

Structure and cost of normative work for the biennium 2004-2005

(Millions of United States dollars)

<i>Subprogramme</i>	<i>Drugs</i>	<i>Crime</i>	<i>United Nations Office on Drugs and Crime</i>
Commission Secretariat Section	--	2.8	2.8
Coordination and Promotion of International Drug Control	1.0	--	1.0
International Drug Control Monitoring and Policy-making	9.1	--	9.1
Supply Reduction: Illicit Drugs	2.0	--	2.0
Total	12.1	2.8	14.9

242. The Division for Treaty Affairs also provides direct assistance to Member States that seek assistance in implementing the legal aspects of the crime control and drug treaties. Such technical cooperation activities, of an ongoing nature, represent an important contribution of the Division to the operational programme. This support, undertaken especially by the Legal Advisory Section within the Treaty and Legal Affairs Branch of the Division, is in the form of expert legal advice to Member States in how to bring national laws and regulations into compliance with the drug and crime conventions. Legal experts in the Division develop legislative guides, model laws and legislation, best practices toolkits, software packages to assist investigators and prosecutors in developing treaty-related cases, training to legal practitioners and needs assessments. In addition, they provide training to judges and prosecutors on the drug and crime conventions and on the legislative provisions adopted to implement the conventions.

243. The Crime Conventions Section within the Treaty and Legal Affairs Branch of the Division provides technical and substantive services to the Conference of States Parties for the United Nations Convention against Transnational Organized Crime and the Conference of Parties for the United Nations Convention against Corruption. It also promotes the ratification of those conventions through targeted special measures and the provision of technical assistance to requesting countries, in close coordination and cooperation with the Legal Advisory Section. The Terrorism Prevention Branch of the Division works in close coordination with the Counter-Terrorism Committee of the Security Council and focuses on the provision of substantive input for the work of the Committee and technical assistance to requesting countries for the ratification and implementation of the terrorism conventions and protocols, as well as related Security Council resolutions. Anti-money-laundering aspects of the drugs, crime and terrorism conventions are especially important elements of the work done by the Division and the structure of the Division capitalizes on synergies among drug law, anti-terrorism and crime prevention experts. The Division includes the secretariats of the Commission on Narcotic Drugs and the Commission on Crime Prevention and Criminal Justice and of the International Narcotics Control Board. Those secretariats provide technical and substantive support to the commissions and to the United Nations congresses on crime prevention and criminal justice as well as to the Board, all of which decide or recommend policies and norms. The secretariat of the Board manages the control system for licit controlled drugs and precursors, providing expert advice to Board members and to Member States. The Board also manages three special programmes that coordinate government efforts to combat diversions of the precursor chemicals used in the production of heroin, cocaine and synthetic drugs.

244. Normative programme activities are also carried out in the Division for Operations and the Division for Policy Analysis and Public Affairs. For example, the Laboratory and Scientific Section has an important normative function in the scientific and technical field. Scientific expertise, advice and guidance are provided, upon request, to the regulatory and competent authorities of Member States, as well as to governing bodies, the Board and other relevant regional and international bodies. Also upon request, the Section provides direct technical assistance, on an ongoing basis, to Member States to ensure that national laboratories and other scientific institutions can reliably provide the forensic services required by national and international drug control frameworks and treaties.

245. The normative programme is an essential part of the structure of the Office and comprises the bulk of the crime control and drug policy support and coordination functions mandated by the treaties and the General Assembly and its subsidiary organs.

XII. Programme budget by operational priorities

246. Central to the management reforms carried out in 2002 and 2003 was the development of the document "Operational priorities: guidelines for the medium term" that was published in January 2003 following extensive consultation with Member States, civil society organizations and staff. The implementation of the six operational priorities started in early 2003, affecting all new projects and project revisions submitted for approval to the Programme and Project Committee of the United Nations Office on Drugs and Crime. However, the full implementation of the priorities will take more time, as operations that started work before 2003 come to an end and new projects come on-stream. The impact of the operational priorities on operations planning are summarized below.

247. Pursuing an integrated approach to counter drugs, crime and terrorism constitutes a key institutional goal, essential to achieving the consolidation of the drugs, crime and terrorism prevention activities at the operational level.

248. Placing drugs and crime issues in the context of sustainable development will enable the Office to work closer with development-oriented entities (national, multilateral and bilateral). Doing so enables the Office to become part of, and in some cases trigger, common efforts by Member States to promote sustainable development.

249. Balancing prevention and enforcement activities will accord due importance to preventive action in the fight against drugs, crime and terrorism. However, there is no intention of assigning equal budget shares to each, since enforcement measures tend to be more capital-intensive than preventive activities.

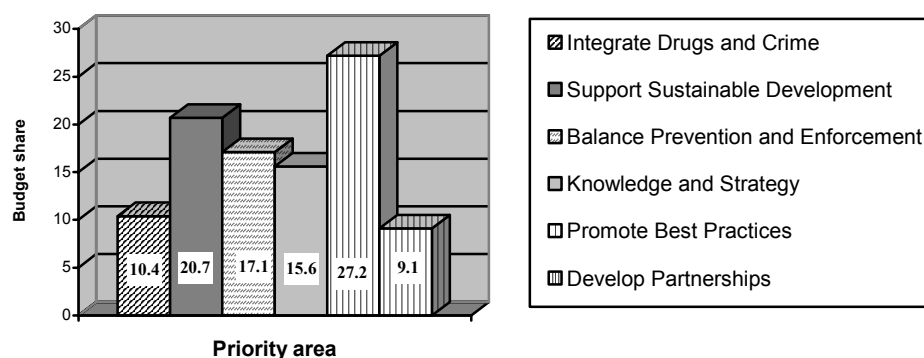
250. Selecting operations on the basis of knowledge and strategic vision will improve the quality and relevance of project activities of the Office. It will also contribute substantively to policy work of the separate governing bodies of UNDCP and the Centre for International Crime Prevention, and to general public knowledge on the global threats arising from drugs, crime and terrorism.

251. Helping to establish institutions that promote international best practices will underline the catalytic role and relevance of the Office in the context of broader capacity-building projects involving governments and other partners.

252. Leveraging resources to exploit the power of partnership will amplify the impact of the scarce resources of the Office when negotiating joint activities with assisted countries, multilateral and bilateral development institutions and the private sector.

253. Figure XIX presents the structure of the proposed consolidated programme budget of the Office for the biennium 2004-2005 (base scenario) in terms of operational priorities, taking into account all country and regional programmes and core programmes.

Figure XIX
Structure of programme budget by operational priorities, 2004-2005
 (Percentage shares)



XIII. Sensitivity analysis and financial risk

254. The consolidated budget for the biennium 2004-2005 is represented in terms of a base scenario that is considered achievable in terms of income and delivery and a high scenario that is basically subject to obtaining additional income. Those scenarios are built on the two key variables of income, which is 90 per cent voluntary and therefore subject to volatility, and implementation capacity, which is to a great extent limited by the size of the support infrastructure.

255. The sensitivity of the budget to income changes needs to be considered in terms of general-purpose, special-purpose and regular budget sources. The regular budget source is the most stable one and has already been proposed for the biennium 2004-2005. Therefore, little change can now be expected to impact on the consolidated budget. Since almost all special-purpose funding is earmarked to projects, the impact of changes in this funding source will result in corresponding changes in the programme budget, which can be adjusted accordingly. Pipeline projects cannot start without at least 50 per cent of the funds being secured, while future budgets of ongoing projects can be revised in line with funding availability. Therefore, the financial risk from changes in this source can be managed. Financial risk to changes in the general-purpose source are the greatest because the support infrastructure is most heavily dependent on it and programme flexibility is determined by what is available after the support budget is funded by general-purpose sources. As most of the crime programme is funded by regular budget and special-purpose sources, the impact of changes in general-purpose funding is considered for UNDCP alone in table 37.

Table 37

General-purpose funds, income and expenditure; changes, 2003, 2004 and 2005

(Millions of United States dollars)

<i>Item</i>	<i>2003</i>	<i>2004</i>	<i>2005</i>
A. Income increases			
1. Budget surplus	0.6	0.3	0.3
2. Additional contributions	1.5	1.9	2.1
3. Revised surplus (1+2)	2.1	2.2	2.4
4. Fund balance—1 January	8.5	10.6	12.8
5. Fund balance—31 December (3+4)	10.6	12.8	15.2
B. Expenditure increases			
1. Budgeted surplus	0.6	0.3	0.3
2. Additional expenditure on priority projects	0.0	(2.2)	(2.4)
3. Unforeseen support costs	(0.5)	(1.0)	(1.0)
4. Revised surplus/(deficit) (1+2+3)	0.1	(2.9)	(3.1)
5. Fund balance—1 January	8.5	8.6	5.7
6. Fund balance—31 December (4+5)	8.6	5.7	2.6

256. Under scenario A in table 37, increased income is shown in line with the high income scenario presented in the present document. If it is assumed that expenditure will remain as budgeted but income can be increased, then the rebuilding of the fund balance to a more optimal level of \$15 million from the minimum \$8 million is feasible. However, the probability of such increased income is not high, and therefore the proposed budget is not based on this scenario.

257. Scenario B in table 35 looks at the downside financial risk, as this scenario shows the following:

(a) Without additional general-purpose income, expenditure will not be possible on some priority projects not attracting earmarked funds, because it would risk a substantial erosion of the fund balance below the minimum \$8 million without which annual commitments cannot be entered into in advance;

(b) There is the smaller risk of unforeseen costs which could arise from adverse exchange rates and inflation, salary increases or other contingencies. However, the operational reserve of \$12 million, of which \$3-4 million is for such contingencies, is considered sufficient to cover such risk.

258. In conclusion, the base scenario consolidated budget is put forward as the proposed budget, taking into account the above sensitivity analysis.

Part four

Drug programme

Part four

Drug programme

XIV. Fund of the United Nations International Drug Control Programme

259. The initial budget for the biennium 2004-2005 amounts to \$187.4 million, representing a nominal increase of \$21 million, or 12.6 per cent, over the revised budget for the biennium 2002-2003, as shown in table 38. There is a total volume increase of \$9 million, or 5.3 per cent, and costing changes of \$12.0 million, or 7.2 per cent, as compared to the revised budget for 2002-2003, approved by the Commission on Narcotic Drugs in April 2003.

Table 38

Fund of UNDCP: resource requirements for the biennium 2004-2005

(Thousands of United States dollars)

<i>Item</i>	<i>Budget 2002-2003</i>	<i>Volume changes</i>	<i>Costing changes</i>	<i>Budget 2004-2005</i>
A. Programme budget				
Core programme	9 979.0	4 728.6	398.8	15 106.4
Technical cooperation programme	122 003.1	3 867.0	5 897.9	131 768.0
Total programme budget	131 982.1	8 595.6	6 296.7	146 874.4
B. Support budget	32 431.4	(2 175.8)	5 653.8	35 909.4
Agency support costs	2 020.4	2 619.3	-	4 639.7
Total	166 433.9	9 039.1	11 950.5	187 423.5

A. Financial forecast for the biennium 2004-2005

1. Overview

260. The resource plan is found in annex VI (E/CN.7/2003/20/Add.1). Some key features of the proposed plan are as follows:

(a) For the biennium 2004-2005 a total budget of \$187.4 million is planned within projected resources of \$196 million. Given the voluntary nature of these resources, it is not considered prudent to plan a 100 per cent utilization of projected resources. However, in terms of capacity, with the same support structure a higher programme budget could be set, as shown above under the high budget scenario, if additional resources were to become available principally through increased co-financing by assisted Member States;

(b) The plan distinguishes for the first time between normative and core programme resources and technical cooperation projects. This is an important distinction, as normative and core programme activities, as elaborated above, are of an ongoing nature with specific mandates, as opposed to time-bound projects under the technical cooperation framework. These activities require stable funding and,

therefore, normative activities are currently financed 100 per cent from the regular budget. However, the regular budget only finances about 26 per cent of other core activities mandated by legislation. For the balance of core activities, 54 per cent are financed from voluntary special-purpose funds and 20 per cent from voluntary general-purpose funds. The Commission, in paragraphs 7 and 8 of its resolution 46/9, calls for a review of whether regular budget resources are commensurate with normative and other mandated requirements of the programme, the clear implication being that the regular budget resources are insufficient for the core mandates of the Office;

(c) In terms of resource utilization, it is planned to maintain a programme-to-support ratio of 78:22 for the biennium 2004-2005, which means that for each available dollar, 78 cents are allocated directly to programme activities. Of the 22 cents planned for support, only 4 cents go into overheads (management and administration) and 18 cents into programme support activities such as project backstopping, technical advice and advocacy.

261. The resource plan is complemented by a financial summary (annex VII). Whereas the resource plan reflects planned budgets in the utilization of resources, the financial summary includes estimated expenditure which, in the case of technical cooperation projects, averages 80 per cent of budgeted amounts, that is, in order to achieve realistic expenditure targets, higher amounts need to be budgeted and allotted under available implementation modalities. An 80 per cent project implementation rate compares very favourably with other United Nations funds and programmes involved in technical cooperation. The current and forecast financial positions shown are elaborated below.

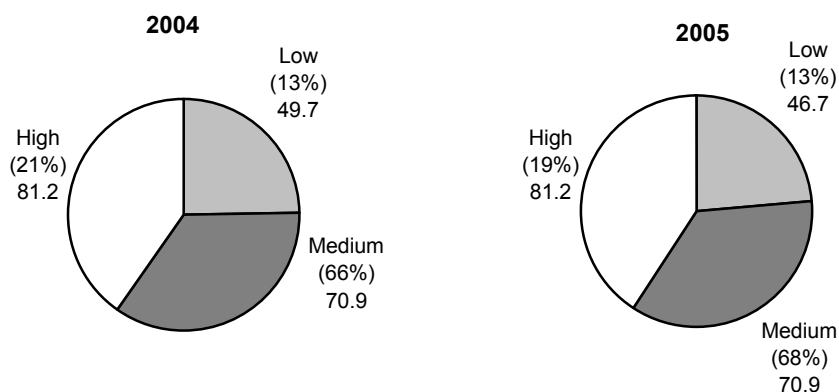
2. Income

262. The level of the programme budget for the biennium 2004-2005 is determined by what is considered to be a reasonable projection of likely income. While that cannot be a wholly scientific exercise because of the voluntary nature of all contributions to the Fund, it is possible to analyse current and recent trends and to benefit from the ongoing dialogue with donors to make a plausible assumption of the likelihood of funding. In an attempt to further refine the forecasting, income projections are made under three scenarios with the probabilities reflected in figure XX assigned to each.

Figure XX

Fund of UNDCP, income projections from all voluntary sources,^a 2004 and 2005

(Millions of United States dollars)



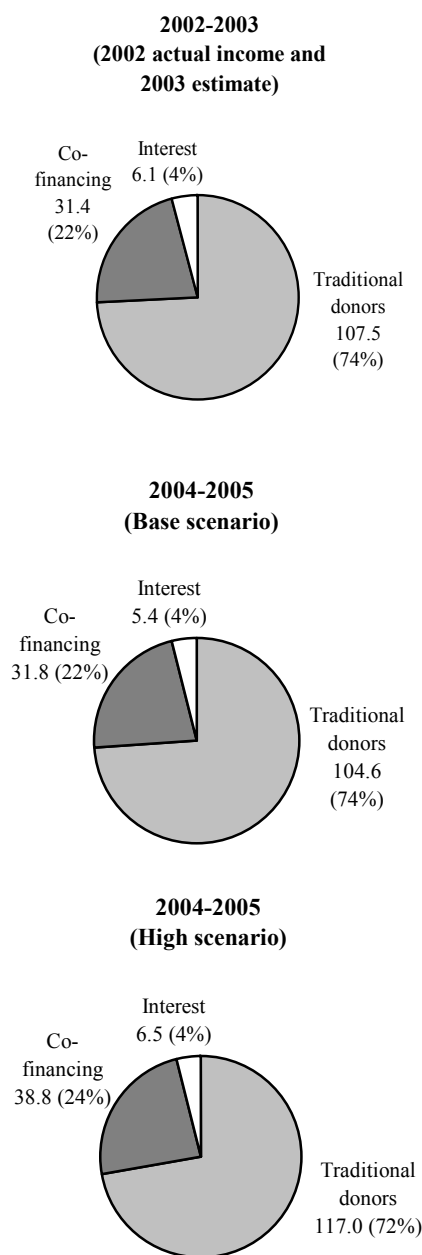
^a Percentage represents probability of obtaining projected income under each scenario.

263. Most donors have annual budgets for the drug programme, which makes forecasting for a biennium in advance somewhat precarious. Still, the projected amounts and assigned probabilities are based on a detailed review, donor by donor, of past trends and current and future priorities. Therefore, a probability spread is considered useful in taking into account factors such as changes in donor priorities or changes in government which, for example, could mean changes in the volume of resources available for the Fund. Given the small probability of the low scenario occurring and in order to remain prudent, the proposed Fund budget is built on the most likely medium or base scenario which is shown as the projected income.

264. Fund-raising priorities will be to secure at least the current level of contributions from traditional government sources, to broaden the base of government funding, to expand cost-sharing arrangements involving the international financial institutions and bilateral loan programmes and to identify private sector and United Nations inter-agency funding sources. Success has already been achieved in mobilizing resources under cost-sharing arrangements with Latin American and some African countries. Brazil is contributing \$18.2 million in 2002-2003 and a further \$18.5 million is projected for the biennium 2004-2005. Contributions are also expected from Bolivia, Mexico and Peru. The Libyan Arab Jamahiriya is contributing the full cost of a multisectoral drug control assistance project of the Office worth \$2.9 million. Nigeria is contributing \$2 million in 2002-2003. Egypt and Thailand are also expected to contribute \$0.5 million in 2004-2005. Important new cost-sharing agreements are currently under negotiation with China, Mexico and the Russian Federation. The possible impact of these potential sources is shown under the high scenario. The Fund of the Organization of Petroleum Exporting Countries has made an initial contribution in 2003 of \$0.2 million. Inter-agency cooperation between UNDCP and UNAIDS is growing, with the signing of agreements on funding in the area of HIV/AIDS and drug control. Income from different voluntary sources is summarized in figure XXI.

Figure XXI
**Fund of UNDCP, income projections by different voluntary sources, 2002-2003
 and 2004-2005**

(Millions of United States dollars)



Traditional donors		Co-financing						Interest		Total	
		Cost-sharing		Public donations		Private sector					
\$m	%	\$m	%	\$m	%	\$m	%	\$m	%	\$m	%
107.5	74	29.6	20	1.8	1	-	-	6.1	4	145.0	100

Traditional donors		Co-financing						Interest		Total	
		Cost-sharing		Public donations		Private sector					
\$m	%	\$m	%	\$m	%	\$m	%	\$m	%	\$m	%
104.6	74	29.9	21	1.9	1	-	-	5.4	4	141.8	100
-3%		1%		6%				-11%		-2%	

Traditional donors		Co-financing								Interest		Total	
		Cost-sharing		Public donations		Private sector							
\$m	%	\$m	%	\$m	%	\$m	%	\$m	%	\$m	%		
117.0	72	36.2	22	2.6	2	-	-	6.5	4	162.3	100		
9%		22%		44%				7%		12%			

Notes: \$m signifies millions of dollars.

Figures below the table show the percentage changes during the biennium 2004-2005 from the levels of the biennium 2002-2003.

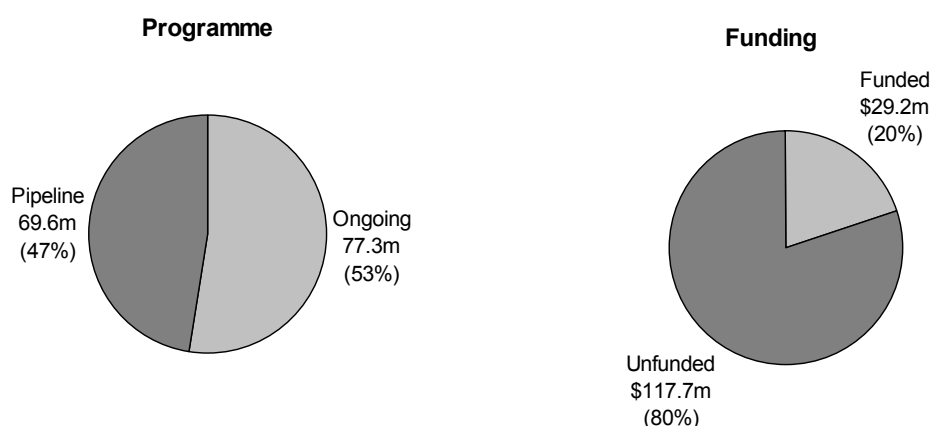
3. Budgets

265. The programme budget for the biennium 2004-2005 is proposed at \$146.9 million, compared with \$132 million for 2002-2003, representing an increase of 11.3 per cent over two years. This proposal is based upon a careful project-by-project review of operational priorities and funding prospects of the entire portfolio of ongoing and pipeline projects. From a total portfolio of \$211.4 million, a list A based on operational priorities, implementation feasibilities and reasonable funding prospects was arrived at, amounting to the proposed budget of \$146.9 million. Figure XXII provides a summary analysis of this proposed or base scenario programme budget.

Figure XXII

Fund of UNDCP, programme budget summary, 2004-2005^a

(Millions of United States dollars)

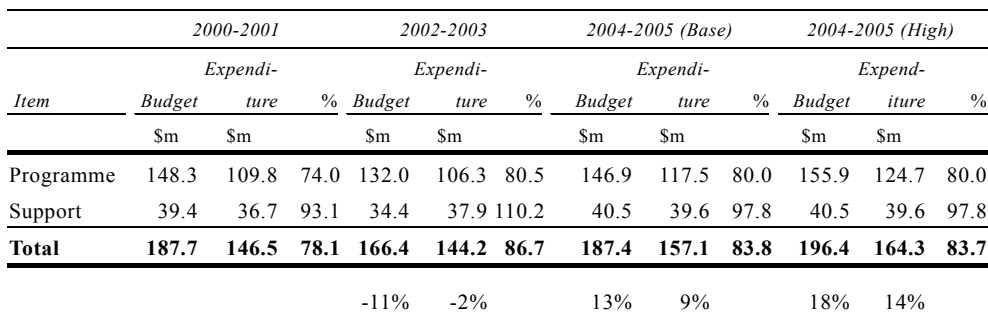


^a Volume of \$146.9 million.

266. The unfunded gap of \$117.7 million will be met from total special-purpose income of \$108.8 million and the balance of \$8.9 million from total general-purpose income of \$33 million projected for the biennium 2004-2005.

267. A further review of the total project portfolio showed pipeline projects worth \$41.8 million also meeting some important operational criteria but with current uncertain funding prospects. These were included in a reserve list, or a list B, while the balance portfolio of \$22.7 million—representing unfeasible pipeline project ideas—was excluded. However, given past trends and current implementation capacity, only an additional \$9 million of the reserve list is projected under the high scenario should additional funding materialize. Thus, a maximum increase of some 18 per cent over the biennium 2002-2003 is considered possible without having to increase the support budget. Details on the proposed support budget for 2004-2005 of \$35.9 million, representing a nominal increase of less than 0.1 per cent over 2002-2003, are presented below.

268. Figure XXIII shows biennial trends by main budget and expenditure categories.



Figures below the table show the percentage changes from the levels of the previous biennium.

270. The impact of both income and expenditure forecasts on the Fund position is considered below.

4. General-purpose funds

271. For the biennium 2004-2005, it is planned to maintain a balanced budget by keeping expenditure within income projected at \$33 million. Due to the return of confidence in the management of the Office, some traditional donors, who had stopped making general-purpose contributions in the past, have resumed contributing while some others are contributing more, resulting in general-purpose contributions increasing from \$12.7 million in 2002 to \$16.7 million in 2003. For 2004 and 2005 there is a reasonable probability of maintaining this level, resulting in a projected biennial increase of \$0.7 million or 2 per cent in general-purpose contributions. However, this increase will be offset by a projected \$1.3 million decrease in interest income due to lower interest rates and a smaller general-purpose fund balance. This accounts for the net \$0.6 million decrease in general-purpose income forecast for 2004-2005.

272. On the expenditure side, the following measures to contain and defray general-purpose outflows are contemplated:

(a) The support budget is proposed with a volume or real decrease of 1.5 per cent for the biennium 2002-2003 and 6.7 per cent for the biennium 2004-2005. Further details are provided in section VII above on management measures being undertaken to achieve more synergies and efficiencies through structural and other management reforms;

(b) General-purpose expenditure under the programme budget for the biennium 2004-2005 is restricted to an increase of \$0.9 million over 2002-2003. Since the Commission on Narcotic Drugs guidelines on general-purpose funds require the support budget to be financed first out of general-purpose funds, only \$6.8 million of the balance of general-purpose income would remain to fund programme expenditure. This means that some 94 per cent of programme expenditure for 2004-2005 will remain dependent upon earmarked funds allowing little flexibility in programming;

(c) Programme support recovery from special-purpose income is expected to increase by \$1.9 million, or nearly 25 per cent, during the biennium 2004-2005 as compared to 2002-2003 as a result of both higher programme delivery and increased Office project execution from 50 per cent of the total project portfolio for 2002-2003 to nearly 63 per cent for 2004-2005. Annex X provides further comparative details of execution modalities and support cost recoveries.

273. As a result of all these factors it is projected that the general-purpose fund balance will be restored to around \$10 million, which is only sufficient to cover one year of support costs. As the sensitivity analysis in section XIII demonstrates, additional general-purpose income will need to be raised to reach a more optimal fund balance of around \$15 million, which would also allow general-purpose advances to cover cash-flow gaps in project funding. Some possible ways of achieving this could be the following:

(a) Pursuant to paragraph 8 (e) of Commission resolution 46/9 on securing assured and predictable funding, further time/work analysis is being undertaken to reduce the financial burden on the support budget by a more rational charging of direct and indirect project costs in line with common policy being developed by the Office of the Controller;

(b) Regular budget funding for core programmes could be increased by reviewing funding shares as mentioned above;

(c) In line with paragraph 8 (g) of Commission resolution 46/9, it may be more useful to have separate support and general programme (including core) budget funds in order to allow donors unable to contribute general-purpose funds to be able to contribute special-purpose funds earmarked to these separate budgets. Guidelines on the use of general-purpose funds could be revised accordingly.

5. Special-purpose funds

274. Special-purpose income, which is mostly earmarked to projects, is estimated at \$108.8 million for the biennium 2004-2005, as compared to \$111.4 million for the biennium 2002-2003. While the level of annual pledges varies each year with donor priorities and the launching of new projects, income is recognized on a collection basis as it is more prudent to do so. Also, a number of donors are starting to pay their pledges in line with project requirements in order to avoid accumulation of unspent funds and interest. On this basis, contribution income for 2004-2005 is forecast to decline slightly by 4.6 per cent as sufficient fund balances will be brought forward from 2002-2003 to fund ongoing projects. Total special-purpose income is forecast to decline by only 0.8 per cent in 2004-2005 as the small decline in contributions is offset mainly by an increase in the special-purpose share of total interest income because of less interest accruing to the general-purpose account.

275. Special-purpose expenditure for the biennium 2004-2005 is forecast to increase by 13.5 per cent over 2002-2003 due to the increased programme budget and improving programme delivery as explained above. This will result in the special-purpose fund balance declining from \$45.0 million to \$29.1 million in the biennium 2004-2005, reflecting improved funds utilization.

B. Support budget

1. Overview

276. The initial support budget for the biennium 2004-2005 amounts to \$35.9 million, representing a nominal increase of \$0.5 million over the final support budget for 2002-2003. There is a volume decrease of \$2.2 million, or 6.7 per cent, as compared to the previous biennium, and costing changes of \$5.7 million, or 17.4 per cent. The budget will support programme budget activities that, for the biennium 2004-2005, are estimated at \$146.9 million, as outlined in part three of the present document. Proposed changes include a streamlined organizational structure of the Office.

277. With regard to financial resource requirements and changes, as compared to the final biennial support budget for the biennium 2002-2003, there is at headquarters a volume decrease of \$3.0 million in management and administration and an increase of \$0.4 million for programme support, for a total decrease at headquarters of \$2.6 million. There is an increase of \$0.9 million in the volume of support at the country level, resulting in a total volume decrease of \$1.7 million for the support budget. Table 39 provides summary information by organizational unit and expenditure category.

Table 39

Fund of UNDCP: support budget resource requirements for the biennium 2004-2005

(Thousands of United States dollars)

<i>Item</i>	<i>Revised 2002-2003</i>	<i>Final 2002-2003</i>	<i>Initial 2004-2005</i>
Field office network	17 768.9	18 074.9	19 789.0
Programme support, headquarters	5 933.2	6 988.1	7 847.8
Total	23 702.1	25 063.0	27 636.8
Management and administration	8 929.3	10 318.4	8 272.6
Grand total	32 431.4	35 381.4	35 909.4

278. Some of the main resource requirements by item are elaborated below.

(a) Post requirements

279. The changes in post requirements flow from the restructuring exercise, which is referred to earlier in paragraph 145. In addition, the Office has established a mentoring programme, expanded staff development programmes and is leveraging technology to simplify and streamline various processes. There will be an increased field presence and efforts have been made to streamline and standardize the field office configuration.

280. The total number of posts under the support budget is 196 for the biennium (see annex IV (E/CN.7/2003/20/Add.1) and table 40 below). With regard to the professional positions, the total number remains at 72. The staffing table reflects four additional positions in the field offices and three additional positions for programme support at headquarters. These additions are realized through redeployment of seven positions from management and administration. In addition, five positions are downgraded. The staffing table also includes the creation of one national programme officer and three local level posts in the field offices, as well as the upgrade of a GS/OL position to GS/PL. The staffing distribution is based on the guiding principles contained in the "Operational priorities: guidelines for the medium term", that is, with regard to the regional context, the multilateral approach and gender sensitivity. In budgetary terms, the reorganization of the staffing structure results in a volume decrease of \$0.8 million.

281. At the field level, the number of posts is increased from 115 in the biennium 2002-2003 to 123 in the biennium 2004-2005. At headquarters, the total post requirements at the programme support level are increased from 36 to 45. For management and administration, post requirements are decreased from 41 to 28.

Table 40

Fund of UNDCP: summary of post requirements for the biennium 2004-2005

<i>Item</i>	<i>Number of posts</i>		
	<i>Revised 2002-2003</i>	<i>Final 2002-2003</i>	<i>Initial 2004-2005</i>
Programme support			
Field level	115	115	123
Headquarters	41	36	45
Total	156	151	168
Management and administration	49	41	28
Grand total (support budget)	205	192	196

(i) Field offices

282. Through rationalization and reorganization of the headquarters structure, it is possible to implement the streamlining of field office staffing through redeployment of positions previously allocated to headquarters as well as to redeploy positions between field offices.

283. As part of the reprofiling exercise, the post of the Representative for East Asia and the Pacific (located in Bangkok) is downgraded from D-2 to D-1. Naturally, and should circumstances so warrant, a reversal of this downgrading might be proposed in the future. The Representative position of the Regional Office in Uzbekistan is upgraded to D-1 (through redeployment from the New York Liaison Office), in view of the increasing importance of the region with regard to both drugs and crime, and taking into account the expected high volume increase in the project portfolio. The Representative position of the office in Pakistan is upgraded to P-5 (through redeployment from the Regional Office in Uzbekistan). The Commission will recall that with the split of the Regional Office, responsible for both Afghanistan and Pakistan, into an office for Afghanistan and an office for Pakistan, the Representative position for Afghanistan was upgraded to D-1. The Deputy Representative of the former Regional Office, at the P-4 level, was appointed as Representative for Pakistan. The current upgrade is included to reinstate its level to P-5 in view of the reorganization of the field office configuration and the emerging growth of the programme portfolio. The Representative position of the Regional Office in Mexico is upgraded to P-5 (through redeployment from the Policy Analysis and Research Branch (PARB)), in view of the expected expanding volume of the programme portfolio and the alignment resulting from the field office reprofiling.

284. Following the expected portfolio growth in the region, and in the light of recent developments in Iraq, the post of Programme Management Officer in the Regional Office in Egypt is upgraded from P-3 to P-4 (through redeployment and downgrading of a P-5 position from the Public Affairs and Inter-Agency Branch (PAIAB)). In line with the reorganization of the field office structure and the change in programme portfolio, a Programme Management Officer position at the P-4 level is transferred from the Country Office in the Lao People's Democratic Republic to the Country Office in Viet Nam. For the same reason, and with a view to assist the offices in programme development, the staffing level of the offices in Kenya, Mexico and Nigeria are increased by a Programme Management Officer position at

the P-3 level (respectively through redeployment and downgrading of a P-4 position from Pakistan, redeployment of a P-3 position from the Office of the Executive Director and downgrading of the P-4 position in Mexico). Finally, an Associate Programme Management Officer position at the P-2 level is added to the Regional Office in the Russian Federation (through redeployment from the Human Security Branch (HSB)).

285. With regard to support staff at the field offices, a local level position will be upgraded to National Programme Officer at the Country Office in the Lao People's Democratic Republic, who will take over the responsibilities for programme management. An additional local level position will be added to the offices in Kenya, Nigeria, Pakistan, the Russian Federation and South Africa, bringing the total level of local staff in those offices to one National Programme Officer and three local level positions. On the basis of a review of the adequacy of the revised staff component at the office in Barbados, it is proposed to reinstate a local level position that was abolished during the biennium 2002-2003. An additional local level position is created at the Regional Office in India. There will be a reduction of one local level position at the offices in Bolivia, Brazil and Thailand.

(ii) *Programme support at headquarters*

286. With a view to strengthening the programme management capacity at headquarters, two P-4 positions are redeployed from the Financial Resources Management Service (FRMS), one to the Office of the Director, Division for Policy Analysis and Public Affairs (DPA), and the second to the Partnership in Development Branch (PDB). Two P3 positions and one P-2 position are redeployed from PAIAB to PDB, and the P-3 from the office in Egypt is moved to PARB. Through redeployment from management and administration, one GS/OL is added each to DPA and HSB, and two each are added to PDB and PARB.

(iii) *Management and administration*

287. With the consolidation of all management support functions in the Division for Management, significant economies are being achieved. Specifically, the merger of the Finance Support Service of the United Nations Office on Drugs and Crime and the Finance and Budget Section of the United Nations Office at Vienna released two P-4 posts and three GS/OL posts from administration to programme activities. Reflecting the enhanced responsibilities of the newly established Financial Resources Management Service, the functions of its Chief have been classified at the D-1 level. In realization of further economies, it is proposed to downgrade to the D-1 level for this purpose an existing D-2 post (approved for the Division of External Relations which in the new structure, has been made redundant). However, one GS/OL post will be upgraded to the GS/PL to accommodate the team leader of the Funds Accounts Unit. In addition, and following the introduction of flexible working arrangements (ST/SGB/2003/4), the contracts of two part-time GS/OL, sharing one position in FRMS, will be converted to 80 per cent contracts.

288. Table 41 summarizes the various redeployments described above. Annex V shows the variances in the support budget staffing table for the biennium 2004-2005 as compared to 2002-2003.

(b) Training

289. Resources have been included in the support budget (\$173,000) to maintain and enhance the skills of staff, in particular in the fields of international drug control, crime prevention and programme management. That investment is important in a results-based culture and the increased delegation of authority and related accountability to programme managers. The training provided will be aimed at building core and managerial competencies. It will, inter alia, address managerial capacity in the field of results-based management as well as programme implementation capacity, with a view to ensuring the specialized competency needed to carry out the substantive work of the Programme (\$49,000). Provision is made for the training of the staff of the Information Technology Service in order to acquaint them with the latest developments in information technology (\$124,000).

290. Staff is encouraged to enrol in the training activities offered through the United Nations Office at Vienna, including, but not limited to, training in regular software applications and language training.

Table 41

Fund of UNDCP, support budget; Professional level staff movements for the biennium 2004-2005

<i>Level</i>	<i>Title</i>	<i>Transfer</i>	
		<i>From</i>	<i>To</i>
D-1 ^a	Representative	Thailand	Thailand
D-1 ^a	Chief, FRMS	DPA	FRMS
D-1	Representative	NYLO	Uzbekistan
D-1	Chief of Branch	HSB	PARB
P-5	Representative	PARB	Mexico
P-5	Representative	Uzbekistan	Pakistan
P-4 ^b	Programme Management Officer	PAIAB	Egypt
P-4	Programme Management Officer	FRMS	DPA
P-4	Programme Management Officer	FRMS	PDB
P-4	Programme Management Officer	Lao People's Democratic Republic	Viet Nam
P-3 ^c	Programme Management Officer	Pakistan	Kenya
P-3 ^c	Programme Management Officer	Mexico	Mexico
P-3	Programme Management Officer	OED	Nigeria
P-3	Programme Management Officer	PAIAB	PDB
P-3	Programme Management Officer	PAIAB	PDB
P-3	Programme Management Officer	Egypt	PARB
P-2	Associate Programme Management Officer	HSB	Russian Federation
P-2	Associate Programme Management Officer	PAIAB	PDB

Note: Division for Policy Analysis and Public Affairs (DPA), Financial Resources Management Service (FRMS), New York Liaison Office (NYLO), Human Security Branch (HSB), Policy Analysis and Research Branch (PARB), Public Affairs and Inter-Agency Branch (PAIAB), Division for Policy Analysis and Public Affairs (DPA), Partnership in Development Branch (PDB), Office of the Executive Director (OED).

^a Posts downgraded from D-2 to D-1.

^b Post downgraded from P-5 to P-4.

^c Posts downgraded from P-4 to P-3.

(c) Strategic planning and evaluation

291. The objectives of strategic planning are as follows:

(a) To determine areas of policy and operational intervention by the United Nations Office on Drugs and Crime. This process is based upon analysis of the evolution of the global drug and crime problems, and the policies of Member States to deal with them, and upon translating the resolutions and decisions of intergovernmental bodies into specific tasks for work units of the Office;

(b) To ensure that programmes and projects are in line with both established United Nations programme planning policies and priorities of the Office.

292. The objectives of the independent evaluation function are to provide a transparent basis for good management and governance, to assess effectiveness and efficiency and to promote a self-critical, learning culture in the Organization. The independent evaluation function also serves the following purposes:

(a) To improve performance, it provides managers of the Office and its programme and project partners with critical and honest feedback;

(b) To ensure accountability, it provides Member States and programme beneficiaries with clear assessments of use of funds and adherence to policies, rules and standards;

(c) To benefit from lessons learned, it provides the Office, Member States, non-governmental organizations and expert agencies with evidence of best practice in drug and crime control;

(d) To enable policy development, it provides the governing bodies of the Office, its management, and its Member States with critical assessments of the impact of drug and crime control interventions.

(d) Information technology

293. The Information Technology Section of the Division for Management continues to provide substantive information management services for all information owners in the Office. This includes strategic information management, system design, development and maintenance and operation of all substantive information repositories of the Office, thus ensuring secure and optimal availability of information to the Office and the Member States, as well as the broader international community.

294. In addition to the information management staff and financial resources dedicated to substantive information management, a workstation support fee for normal office automation systems and infrastructure services is charged to the Fund. The fee is set at \$1,100 per workstation per year and totals \$352,000 for the biennium.

295. Provision has been made for the ProFi requirements as indicated below. The staffing in the support budget is reduced from five to three (one Professional at the P-4 level and two General Service). Provision is made of \$112,500 for the maintenance of Borland J Builder, Report, Verisign Security, Helix Server, Web Trends and other minor software packages. A total of 110 user PCs as well as some network printers will be replaced under the three-years' replacement strategy, budgeted at \$150,000.

(e) Programme and Financial Management Information System (ProFi)

296. Member States and the Office management rely more and more on information available via ProFi. Evidence of this is the receipt of a high volume of requests from Member States to design new web reports presenting relevant data extracted from the system. The senior management of the Office is recognizing the importance of having readily available data to make informed decisions. Annex XII provides an overview of the activities undertaken during the biennium 2002-2003.

297. During 2004-2005, high priority will be given to the development of phase 2 of ProFi. Member States have requested on several occasions that ProFi should also include integrated substantive information on the project life cycles. A planning exercise to structure the information to be made available via the system is currently being undertaken.

298. It is envisaged that the standards of international development agencies will be taken into consideration and applied to project entity definitions and structuring of the Office in view of possible requirements for the exchange of information with those bodies and uniform information presentation to the Member States.

(f) Funding of ProFi

299. ProFi is a flexible system capable of delivering most of the enterprise resource management requirements of the Office in the short and long term. It is a transparent system and is directly interfaced with the Web so that any concerned party can obtain information about substantive activities of the Office. It provides ongoing benefits and carries ongoing operating costs for its maintenance and support.

300. With a view to providing ProFi with predictable and appropriate funding, it is proposed to charge each project allocation with 1 per cent for the purpose of ensuring permanent updates, maintenance and support and to equally divide the charge for maintaining ProFi to both donor and receiving countries.

301. A consolidated budget, outlined in table 42, is for budgeting purposes included in the support budget of the Fund. The Commission will, of course, be apprised of the implementation of this proposal in future reports.

Table 42

Fund of UNDCP: requirements for ProFi for the biennium 2004-2005

(Thousands of United States dollars)

<i>Item</i>	<i>Budget 2004-2005</i>
Staffing	
Coordinator at the P-3 level	
System Administrator at the GS/PL level	
Database Administrator at the GS/OL level	
Financial ProFi Liaison Assistant at the GS/OL level	557.4
Consultants, upgrade from version 7 to version 8 of PeopleTools	470.0
Training and other costs of technical staff	94.0
Regional travels to field offices of the United Nations	
Office on Drugs and Crime	40.0

<i>Item</i>	<i>Budget 2004-2005</i>
Licence fees	130.0
Equipment, 2 application servers, 2 database servers and 2 web servers	84.0
Total	1 375.4

(g) Provision for services at headquarters

302. The Division for Management provides a range of services to activities of the Fund, including financial and human resource management, information technology, communications and general support services.

303. For the biennium 2004-2005, the level has been determined at \$711,550 per annum, representing an increase of \$46,700 or 3.4 per cent as compared to the biennium 2002-2003. That amount was reached by applying the marginal cost accruing to the Division for Management to meet the workload demands of the Fund of UNDCP. This amount was included in the regular budget proposal of the United Nations Office at Vienna as requested by the Advisory Committee. The apportionment of this amount is outlined in table 43 below:

Table 43

Fund of UNDCP: provision for services at Headquarters for the biennium 2004-2005

(United States dollars)

<i>Item</i>	<i>Final 2002-2003</i>	<i>Initial 2004-2005</i>
Financial Resources Management Service	451 600	514 700
Human Resources Management Service	414 200	268 200
General Support Section	442 000	457 900
Information Technology Section (telecommunications)	68 600	182 300
Total	1 376 400	1 423 100

304. The support budget is further explained below by main appropriation lines and offices.

2. Programme support

(a) Country offices (budget: \$19,789,000)

305. Country and regional offices will experience a volume increase of \$0.9 million (4.7 per cent), consisting of a volume increase of \$1.7 million for staffing requirements and a volume decrease of \$0.8 for the other components. Volume decreases by regions are explained below. Since some field offices experience an increasingly difficult security situation, in particular in the Latin America region, they were relocated to other, more secure, premises. Savings are mainly due to a standardized budgeting of field offices in line with the reprofiling study undertaken during the biennium 2002-2003 and taking into account the expected portfolio of operational activities. The building-up of a global connection between field offices and headquarters, inter alia for ProFi, will require appropriate equipment and

connectivity of the offices. The Information Technology Service is in the process of reviewing the requirements for each office that is not yet connected. Connection of all offices will be finalized in 2004. Furthermore, as far as possible, headquarters will provide to the field offices the required personal computers, thus realizing an economy of scale and guaranteeing that appropriate software is available. As outlined in table 44 below, total staffing requirements for the field offices is 123 (35 at the Professional level and 88 at the local level), an increase of 8 posts as compared to the biennium 2002-2003.

Table 44

Fund of UNDCP: post requirements at the field level for the bienniums 2002-2003 and 2004-2005

<i>Region</i>	<i>Final 2002-2003</i>	<i>Initial 2004-2005</i>
Africa and the Middle East	23	28
Eastern Europe and West and Central Asia	26	29
South and East Asia and the Pacific	32	32
Latin America and the Caribbean	34	34
Total	115	123

306. The budget reflects the support to a projected programme delivery of \$146.9 million. In pursuance of the United Nations Office on Drugs and Crime policy of decentralization and accountability, representatives at the country level have been vested with full authority and responsibility for programmes, including programme development; elaboration and revision of projects; monitoring programme delivery; and reporting on programme implementation. Headquarters maintains overall policy control and managerial oversight through, inter alia, the Programme and Project Committee as well as the independent evaluation function. Field offices function as repositories and focal points for drug control and crime-related information and expertise, and as advisers to governments on drug control and crime issues. In addition to their main function of supporting technical cooperation activities at the regional or country levels, field offices undertake resource mobilization activities, inter alia through the Mini-Dublin Group mechanism, as well as advocacy activities to promote awareness among the public, the media and the business community. They cooperate with bilateral aid programmes and non-governmental organizations, as well as with United Nations agencies and programmes represented in the country or, as applicable, in the region.

307. Table 45 below shows the relationship within regions between programme and support expenditures in the field. Expenditure estimates for the biennium 2002-2003 are based on 18 months of actual expenditure and an estimate for the remaining six months. For 2004-2005, programme expenditure is estimated at an average of 80 per cent implementation of the programme budget and at 100 per cent of the support budget. These rates are based on past and current trends. While table 45 shows the broad relationship between programme volume and field support, the level of the latter is determined also by the need to maintain a stable presence to cope with fluctuating volumes and changing priorities. The rationale for determining the level of field support is based on a recent field reprofiling exercise.

Table 45

Fund of UNDCP: relationship with the programme budget for the biennium 2004-2005

(Thousands of United States dollars)

Region	Expenditure estimates 2002-2003			Expenditure estimate 2004-2005		
	Programme	Field	Percentage	Programme	Field	Percentage
Africa and the Middle East	8 657.3	3 963.0	45.8	11 804.3	4 965.8	42.1
Eastern Europe	4 421.4	711.8	16.1	3 178.7	900.6	28.3
West and Central Asia	15 282.7	3 073.5	20.1	30 453.0	3 669.6	12.1
South/East Asia and the Pacific	19 189.7	4 787.0	24.9	20 285.9	4 885.1	24.1
Latin America and the Caribbean	45 427.3	5 539.6	12.2	39 692.5	5 367.9	13.5
Total	92 978.4	18 074.9	19.4	105 414.4	19 789.0	18.8

(i) Reimbursement to the United Nations Development Programme

308. In accordance with UNDCP financial rules, and in line with the United Nations Office on Drugs and Crime policy of concentrating its efforts on its core mandates and outsourcing other non-core activities such as administration to the extent feasible, the United Nations Development Programme (UNDP) acts as the United Nations Office on Drugs and Crime administration at the country level. The United Nations Office on Drugs and Crime is currently negotiating with UNDP a revised working arrangement covering both the drug and the crime programme, which will take into account lessons learned, comments received from the field offices as well as from the Office of Internal Oversight Services. UNDP informed the United Nations Office on Drugs and Crime that it would transfer its administrative system to a PeopleSoft application (the same platform as that used for ProFi) with effect from January 2004. The United Nations Office on Drugs and Crime is in close contact with UNDP headquarters with a view to incorporating its requirements into the new system as well as enabling it to obtain online data required for the management expenditure. Furthermore, it is the intention of UNDP to replace local office agreements regarding reimbursement for services by a universal price list that would be activity-based. This proposal is now being reviewed by all agencies of the United Nations system. The revised working arrangement, which is expected to be concluded by the end of 2003, will cover all activities of the Office, including the Fund of UNDCP as well as the Crime Prevention and Criminal Justice Fund. In accordance with the current working arrangement, UNDP will be reimbursed the amount of \$400,000 during the biennium for administrative services provided by UNDP headquarters to the Office. With regard to field offices, where UNDP provides services such as recruitment and administration of local staff, procurement and general services, the budget is currently set at the maintenance level. Any revision resulting from the new working arrangement will be reported to the Commission in the context of the submission of the revised budget.

(ii) *Africa and the Middle East (budget: \$4,965,800)*

309. In Africa, the projected programme volume will increase from \$7.7 million during the biennium 2002-2003 to \$13.2 million in 2004-2005. In the Middle East, the projected programme volume will increase from \$1.0 million in 2002-2003 to \$1.6 million in 2004-2005.

310. The cost of the field office structure accounts for 42.1 per cent of the estimated programme expenditure, a decrease from 45.8 per cent reported during the biennium 2002-2003.

311. For the support budget, a volume increase of \$0.8 million is anticipated, consisting of a volume increase of \$1.2 million for post requirements, and a decrease of \$0.4 million for other components. Cost increases are \$0.1 million related to posts, \$0.1 million related to inflation, and \$14,600 related to the exchange rate. Volume changes are explained below for each office.

312. Non-staffing volume changes (before recosting). The budgets for the Regional Office in Egypt (\$1,253,700) and the Regional Office in Senegal (\$834,700) are at the maintenance level.

313. For the Regional Office in Kenya (budget \$913,800), there is a decrease of \$34,400, in particular related to rental and maintenance of space (\$42,800) and equipment (\$26,900), partly offset through increases in supplies (\$9,500) and reimbursement at the local level for services provided by UNDP (\$27,900).

314. With regard to the Country Office in Nigeria (budget: \$896,600), at the time of the preparation of the budget, the move of the United Nations agencies from Lagos to Abuja had not yet taken place. However, the local staff benefits budgeted for in the biennium 2002-2003 were already accounted for. The current budget includes a provision for an initial investment of \$10,000 for the new premises. There is an overall decrease of \$42,800 for the office, mainly due to the fact that the new premises in Abuja are provided free of charge.

315. For the Regional Office in South Africa (budget: \$1,067,000), there is an increase of \$12,300 mainly related to the replacement of the car (estimated at \$28,000 less trade-in value of \$10,000), which was purchased in 1998 and driven over 250,000 km. The increase related to this purchase is partly offset by minor savings under the other budget items.

(iii) *Eastern Europe and West and Central Asia (budget: \$4,570,200)*

316. In Eastern Europe, the projected programme volume will decrease from \$4.4 million during the biennium 2002-2003 to \$4.0 million in 2004-2005. In West and Central Asia, the projected programme volume will increase from \$15.3 million in 2002-2003 to \$38.1 million in 2004-2005.

317. The cost of the field office structure accounts for 13.6 per cent of the estimated programme expenditure, a decrease from 19.2 per cent reported during the biennium 2002-2003.

318. For the support budget, a volume increase of \$0.5 million is anticipated, consisting of a volume increase of \$0.8 million for post requirements and a decrease of \$0.4 million for other components. Cost decreases relating to posts amount to \$106,900. Increases of \$209,500 related to inflation are partly offset by a decrease

of \$9,000 related to the exchange rate. Volume changes are explained below for each office.

319. Non-staffing volume changes (before recosting). For the Country Office for Afghanistan (budget: \$1,126,600), there will be a decrease of \$172,800. The office for Afghanistan was relocated from Islamabad to Kabul during the biennium 2002-2003. The budget for that office was increased on a non-recurrent basis to meet the installation requirements. The proposed budget for 2004-2005 is now reduced to the maintenance level, with the exception of the provision (\$20,000) for purchasing of an office car. The office used, up to now, the cars made available from projects.

320. For the Country Office in the Islamic Republic of Iran (budget: \$675,200), a non-recurrent provision is made for replacement of the office vehicle (\$25,000 less expected \$6,000 for trade-in), procured in 1999 and already run over 100,000 km. Furthermore, replacement of the copier and the air coolers is foreseen. Other components are budgeted at maintenance level.

321. For the Regional Office in Pakistan (budget: \$757,800) there will be a decrease of \$12,300 related to rental and maintenance of premises (\$11,500), travel (\$2,000) and supplies (\$2,600), offset by the provision (\$30,000 minus \$20,000 for trade-in) for replacement of the car that was purchased in 1997.

322. With regard to the Regional Office in the Russian Federation (budget: \$900,600), the United Nations Office on Drugs and Crime is currently negotiating with the Government of the Russian Federation on a possible cost-sharing agreement for the maintenance of the Regional Office. At the time of the preparation of the budget, the results of the negotiations were not yet known and the budget is proposed at the maintenance level. The Commission will be apprised of the results of the negotiations and the resulting budgetary implications in the context of the submission of the revised budget for the Fund. There is a volume increase of \$41,400 mainly related to rental and maintenance of premises (\$48,900), because the rent will be increased by 21 per cent in 2004. This increase is partly offset by small savings under the other objects of expenditure.

323. A major decrease of \$205,800 is foreseen for the Regional Office for Central Asia in Uzbekistan (budget: \$1,110,000), mainly connected to the principle of cost-sharing of projects implemented by the United Nations Office on Drugs and Crime. These decreases in the support budget consists of travel (\$26,000), maintenance of premises (\$76,200), supplies (\$8,500) and equipment (\$71,800). Furthermore, the non-recurrent upgrade of security (\$24,000) reported for 2002-2003 is reduced from the current budget provisions.

(iv) *South and East Asia and the Pacific (budget: \$4,885,100)*

324. In South Asia, the projected programme volume will increase from \$1.9 million during the biennium 2002-2003 to \$4.8 million in 2004-2005. In East Asia and the Pacific, the projected programme volume will increase from \$17.3 million in 2002-2003 to \$20.5 million in 2004-2005.

325. The cost of the field office structure accounts for 24.1 per cent of the estimated programme expenditure, a decrease from 24.9 per cent reported during the biennium 2002-2003.

326. For the support budget, a volume decrease of \$71,300 is anticipated, consisting of a volume decrease of \$16,700 for post requirements and a decrease of \$54,600 for other components. Cost decreases relating to posts amount to \$72,700. An increase of \$114,300 related to inflation is partly offset by a decrease of \$17,600 related to the exchange rate. Volume changes are explained below for each office.

327. Non-staffing volume changes (before recosting). The budgets for the Regional Office for South-East Asia in Thailand (\$1,290,700) and the Country Office in Viet Nam (\$957,400) are at the maintenance level.

328. The Regional Office for South Asia in India (budget: \$809,100) will experience a decrease of \$23,400 distributed over all objects of expenditure, the major one against rental and maintenance of premises (\$18,300).

329. The Country Office in the Lao People's Democratic Republic (budget: \$1,035,500) shows a volume increase of \$17,000 mainly for reimbursement for services locally provided by UNDP (\$23,100), for which no budgetary provision was made during 2002-2003, and equipment (\$9,100). The latter increase relates to the procurement and installation of the equipment required to ensure permanent connectivity with headquarters. The related existing arrangement with UNDP will cease at the end of 2004. On the other hand, savings are reported for travel (\$3,200) and rental and maintenance of premises (\$11,400).

330. The Country Office in Myanmar (budget: \$792,400) will experience a volume decrease of \$16,100 related to a reduction in requirements for operating expenses.

(v) *Latin America and the Caribbean (budget: \$5,367,900)*

331. For Latin America and the Caribbean, the projected programme volume will increase from \$45.4 million during the biennium 2002-2003 to \$49.6 million in 2004-2005. The cost of the field office structure accounts for 13.5 per cent of the estimated programme expenditure, an increase from 12.2 per cent reported in 2002-2003.

332. For the support budget, a volume decrease of \$339,400 is anticipated, consisting of a volume decrease of \$255,100 for post requirements and a decrease of \$84,300 for other components. Cost increases relating to posts amount to \$82,900. Increases of \$142,400 related to inflation are partly offset by a decrease of \$57,600 related to the exchange rate. Volume changes are explained below for each office.

333. Non-staffing volume changes (before recosting). The budget for the Country Office in Peru (\$953,600) is at the maintenance level.

334. The Regional Office for the Caribbean in Barbados (budget: \$647,000) shows a decrease of \$28,500, including a decrease for maintenance of premises (\$14,000), travel (\$10,000) and reimbursement for services provided locally by UNDP (\$8,400). In view of the very important role that the United Nation Office on Drugs and Crime plays in advocacy and public awareness, an increase is reported for supplies (\$10,000) to enable the purchase of public information supplies.

335. For the Country Office in Bolivia (budget: \$862,900), there is an increase of \$20,600 related to the replacement of the car purchased in 1997 and of the laptop computer purchased in 1996. The other components are budgeted at maintenance level.

336. The Regional Office in Brazil (budget: \$841,000) shows a volume increase of \$5,600, related to increased maintenance of office space (\$16,100), the replacement of the high-speed printer and the purchase of a PowerPoint projector. This increase is to a large extent offset by savings under the other operational components.

337. The Country Office in Colombia (budget: \$1,125,200) will show a volume decrease of \$58,700, mainly in rental and maintenance of office space (\$13,800) and equipment (\$39,000). The reduction for office space maintenance is related to efficiency measures. The one for equipment is mainly due to the fact that the non-recurrent upgrade and installation of security measures was approved in the prior biennium. The other components are budgeted at the maintenance level.

338. For the Regional Office for Central America and Mexico in Mexico (budget: \$938,200), there is a decrease of \$24,400 due to efficiency measures. The photocopier, purchased in 1994, needs to be replaced, and some of the furniture borrowed from the Government needs to be replaced as well. The other components are budgeted at maintenance level.

(b) Headquarters (budget: \$7,847,800)

339. Headquarters programme support is used mainly to fund the Division for Operations, the Director of the Division for Policy Analysis and Public Affairs as well as the Policy Analysis and Research Branch—including the Evaluation Section. The functions for each of the units are outlined in annex II.

340. The total budget for programme support at headquarters amounts to \$7.8 million. A volume increase of \$0.4 million is anticipated, consisting of a volume increase of \$0.6 million for post requirements and a decrease of \$0.2 million for other components. Cost decreases of \$342,900 are related to posts, \$28,300 to inflation and \$77,000 to the exchange rate. The budgets for contractual services and replacement of electronic equipment are now centralized mainly under the Information Technology Section as outlined below. Volume changes are explained below for each office.

341. Staffing requirements for programme support at headquarters are 45 posts (25 at the Professional level and 20 at the General Service level), an increase of 9 posts as compared to the biennium 2002-2003.

342. Non-staffing volume changes (before recosting). The budget for programme support at headquarters contains minor volume adjustments and is generally kept at maintenance level. Slight increases are proposed for travel as follows: Division for Operations (\$60,000) and the Division for Policy Analysis and Public Affairs (\$12,500). Furthermore, provision of \$30,000 per annum is made for the rental of and supplies for a colour photocopier to produce in-house the studies and reports provided to Member States, as well as limited public information material. The colour production of these publications was up to now subcontracted to external companies or arranged using colour printers, which has proven to be extremely expensive. A cost-benefit analysis has shown that the rental of a colour photocopier would save up to \$20,000 for the biennium. The budgets are as follows: Division for Operations (\$881,800), Division for Policy Analysis and Public Affairs (\$737,200), Human Security Branch (\$694,600), Partnership in Development Branch (\$4,435,800) and Policy Planning and Research Branch (\$1,098,400).

3. Management and administration (budget: \$8,272,600)

343. Management and administration consists of the Office of the Executive Director, the Public Affairs and Inter-Agency Branch of the Division for Policy Analysis and Public Affairs, the Division for Management and the New York Liaison Office. In addition, the Treaty and Legal Affairs Branch of the Division for Treaty Affairs carries out some activities in support of the Fund of UNDCP, such as the review of the legal aspects of project documents and agreements.

344. The total budget for management and administration amounts to \$8.3 million, which represents a decrease of \$3.0 million, resulting from a decrease of \$3.1 million for staffing, an increase of \$46,700 for reimbursement to the United Nations Office at Vienna and an increase of \$97,600 for other components. Cost increases of \$335,000 relate to posts, \$152,600 to inflation and \$428,000 to the exchange rate. Volume changes are explained below for each element.

345. Staffing requirements for management and administration are 27 posts (12 at the Professional level and 15 at the General Service level), which represents a significant decrease of 13 posts as compared to the biennium 2002-2003.

346. Non-staffing volume changes (before recosting). The budget for the Office of the Executive Director (\$930,700) sees a major decrease for travel (\$30,000) partly offset by an increase for communication costs (\$15,700).

347. The budgets for the Financial Resources Management Service (\$3,562,300), the Human Resources Management Service (\$465,000), the Public Affairs and Inter-Agency Branch (\$747,400) and the New York Liaison Office (\$591,100) are kept at the maintenance level.

348. Increases mainly related to the ProFi budget (see above), for replacement of equipment (\$92,800) and for training of staff (\$94,000) are reported under the budget for the Information Technology Section (\$1,872,500).

Provision for services at headquarters (budget: \$1,823,100)

349. As explained above, there is a volume increase of \$46,700 for the services provided by the Division for Management, which is now set at \$1,423,100 for the biennium. No change is proposed for the reimbursement to the Office of Internal Oversight Services, which is set at \$400,000. UNDCP uses the Office of Internal Oversight Services to conduct audits of its headquarters and field operations and project activities. The Division for Management provides services to activities of the Fund of UNDCP, for which provision needs to be made in the support budget. The services include: personnel services (recruitment and administration of the staff rules for headquarters staff and international staff in the field); financial services (budgets, payroll, general accounting, treasury and expenditure approval); and general services (office space, buildings management, communications, mail and messenger service, issuance of official documents, travel and transportation assistance, support to central local area network computer services and electronic mail and Internet access).

C. Programme budget

1. Core programme

350. In its report on the revised programme budget and performance report for the biennium 1994-1995 and proposed budget for the biennium 1996-1997 (E/CN.7/1995/22), ACABQ recommended that the project funding mechanism not be used for headquarters posts that were not directly of a technical cooperation nature. It may be recalled that on the basis of the ACABQ recommendation, some project-funded posts were converted to established posts in the support budget for 1998-1999, and another seven in the support budget for 2002-2003.

351. As suggested by the Commission on Narcotic Drugs and the United Nations Board of Auditors, as well as ACABQ, a clear and full distinction is now being made within the programme budget between technical cooperation activities, realized through time-bound projects and ongoing mandated core activities implemented mainly at headquarters. Annex VIII, contained in addendum 1 to the present document, provides an outline including the required human and other resources for these activities, as well as their proposed funding source. Most of the core activities receive support partly from the regular budget of the United Nations, but these resources need to be complemented through voluntary contributions. In the past, the Commission did not specifically approve these activities. The Executive Director now proposes that the Commission, after review by ACABQ, endorse the core programme activities as summarized below.

352. The total number of posts required for the implementation of these activities is 84 (42 at the Professional level and 42 at the General Service level), as detailed in annex VIII. A total of 26 posts (17 at the Professional level and 9 at the General Service level) are included in the regular budget component as proposed by the Secretary-General. With regard to the Fund of UNDCP, and as compared to the revised budget for the biennium 2002-2003 approved by the Commission in April 2003, 14 posts (4 at the Professional level and 10 at the General Service level), until now included in the support budget, will now be shown under the core programme budget. Likewise, 44 posts (21 at the Professional level and 23 at the General Service level), until now included in the programme budget, are now being shown in the core programme. After the approval of the core programme by the Commission, the contractual status of the relevant staff will be adjusted to the same type of contract as is currently awarded to the staff under the support budget, as functions under both categories are of an ongoing nature.

353. The resource requirements for the core programme are outlined in table 46.

Table 46

Fund of UNDCP: core programme resource requirements for the biennium 2004-2005

(Thousands of United States dollars)

<i>Item</i>	<i>Estimated expenditure 2002-2003</i>	<i>Volume changes</i>	<i>Cost changes</i>	<i>Proposed budget 2004-2005</i>
A. Global challenges				
Prevention and reduction of drug abuse	1 760.7	956.5	86.8	2 804.0
Illicit crop monitoring	595.5	434.6	32.9	1 063.0
B. Anti-trafficking				
Suppression of illicit drug trafficking	2 717.2	(2 060.5)	34.3	691.0
C. Rule of law				
Anti-money-laundering	2 417.7	1 726.7	100.0	4 244.4
Other core work (cross-cutting) ^a	2 764.3	3 394.9	144.8	6 304.0
Total	10 255.4	4 452.2	398.8	15 106.4

^a Core programmes on research and analysis, laboratory and scientific services, legal advice, advocacy and information technology.

2. Technical cooperation programme

354. The total technical cooperation budget amounts to \$131.8 million, representing an increase over the expenditure estimates for 2002-2003 of \$35.7 million, or 37.2 per cent. The operational priorities related to this budget were explained in part three above. There is a total volume increase of \$29.8 million, or 31.0 per cent, and costing increases of \$5.9 million or 6.1 per cent, as outlined in table 47.

Table 47

Fund of UNDCP: technical cooperation programme resource requirements for the biennium 2004-2005

(Thousands of United States dollars)

<i>Item</i>	<i>Estimated expenditure 2002-2003</i>	<i>Volume changes</i>	<i>Cost changes</i>	<i>Proposed budget 2004-2005</i>
A. By sector				
1. Global challenges				
Prevention and reduction of drug abuse	31 149.3	10 951.2	2 055.7	44 156.2
Illicit crop monitoring	536.9	746.0	35.5	1 318.4
Alternative development	23 811.8	14 907.6	1 669.7	40 389.1
2. Anti-trafficking				
Suppression of illicit drug trafficking	40 551.5	3 215.8	2 137.0	45 904.3
Total, technical cooperation	96 049.5	29 820.6	5 897.9	131 768.0

<i>Item</i>	<i>Estimated expenditure 2002-2003</i>	<i>Volume changes</i>	<i>Cost changes</i>	<i>Proposed budget 2004-2005</i>
B. By region				
Global ^a	3 071.1	(3 071.1)	--	--
Africa and the Middle East	8 657.3	5 052.1	1 046.0	14 755.4
Central and Eastern Europe	4 421.4	(680.5)	232.5	3 973.4
West and Central Asia	15 282.7	21 433.5	1 350.0	38 066.2
East Asia and the Pacific	17 323.3	2 531.5	666.9	20 521.7
South Asia	1 866.4	2 812.1	157.2	4 835.7
Latin America and the Caribbean	45 427.3	1 742.9	2 445.4	49 615.6
Total, technical cooperation	96 049.5	29 820.6	5 897.9	131 768.0

^a Reclassified during the biennium 2004-2005 under appropriate core and field areas.

XV. Regular programme budget

355. The main expected accomplishments and indicators of achievement of the programme for the biennium 2004-2005 are detailed in document A/58/6, section 17, together with the required resources, under the programme of work, as well as under executive direction and management. The overall framework of these expected accomplishments and indicators of achievement by component is detailed in the above-mentioned document.

356. The resources proposed for the biennium 2004-2005 under section 17 amount to \$17,224,400, reflecting an increase of \$930,700 (or 5.7 per cent at 2002-2003 rates). The increase is the result of a range of adjustments in the activities and related resources proposed for section 17 are shown in table 48.

Table 48

Drug programme: regular budget resource requirements for the biennium 2004-2005

(Thousands of United States dollars)

<i>Component</i>	<i>2000-2001 expenditure</i>	<i>2002-2003 appropriation</i>	<i>Resource growth</i>		<i>Total before recosting</i>	<i>Recosting</i>	<i>2004-2005 estimate</i>
			<i>Amount</i>	<i>Percent- age</i>			
A. Section 17							
Policy-making organs	874.4	1 129.1	(43.1)	(3.8)	1 086.0	48.3	1 134.3
Executive direction and management	1 556.1	1 518.0	(555.9)	(36.6)	962.1	56.8	1 018.9
Programme of work	11 596.0	13 646.6	1 529.7	11.2	15 176.3	749.1	15 925.4
Total, section 17	14 026.5	16 293.7	930.7	5.7	17 224.4	854.2	18 078.6
B. Section 21							
Programme of work		374.7					387.4
Total, section 21		374.7					387.4
Total, regular budget		16 668.4					18 466.0

Part five
Crime programme

Part five

Crime programme

XVI. Crime Prevention and Criminal Justice Fund

A. Financial forecast for the biennium 2004-2005

1. Regular budget and extrabudgetary funds

357. As detailed in A/58/6, section 16, the 2004-2005 regular budget resource requirements were estimated at \$8.4 million and extrabudgetary requirements at \$6.8 million. The updated extrabudgetary \$9.6 million resource requirements for the biennium 2002-2003 are mainly due to the criminal justice programme launched in Afghanistan in 2003 and other initiatives.

2. General- and special-purpose funds

358. The general- and special-purpose fund balance, estimated to stand at \$12.9 million at the start of 2004, is expected to increase to \$16.6 million by end of 2005. Based on the income ratio trend of general-purpose vis-à-vis special-purpose funds, 95 per cent of this amount, or \$15.8 million, is for special-purpose funds and \$0.8 million for general-purpose funds. The general-purpose fund balance is considered to meet relatively smaller budget commitments, while the special-purpose balance consists of funds earmarked for future project budgets. A contingency reserve of \$0.2 million is also set aside from voluntary contributions.

359. The United Nations Office on Drugs and Crime is in the process of strengthening its operational and implementation capacity to be in a position to reverse the current trend of income exceeding expenditures.

B. Programme

360. Under the revised biennium estimates, extrabudgetary resources of approximately \$9.6 million from the Crime Prevention and Criminal Justice Fund would provide for substantive and technical cooperation activities to supplement those implemented by two interregional advisers provided under section 23 (Regular programme of technical cooperation). The activities financed from extrabudgetary resources would contribute to increased expertise and knowledge in priority areas such as transnational organized crime, trafficking in human beings, corruption and terrorism, and would finance the continued field presence of the programme and the implementation of an increased number of country projects and global initiatives in the priority areas. The activities financed from the Fund complement those funded by the regular budget (see table 49).

Table 49

Crime programme: resource requirements by component for the biennium 2004-2005

(Thousands of United States dollars)

<i>Component</i>	<i>2000-2001 expenditure</i>	<i>2002-2003 appropriation</i>	<i>Resource growth</i>		<i>Total before recosting</i>	<i>Recosting</i>	<i>2004-2005 estimate</i>
			<i>Amount</i>	<i>Percentage</i>			
A. Regular budget							
Policy-making organs	274.6	145.9	287.0	196.7	432.9	16.6	449.5
Programme of work	4 550.5	6 193.9	1 332.6	21.5	7 526.5	399.6	7 926.1
Total	4 825.1	6 339.8	1 619.6	25.5	7 959.4	416.2	8 375.6
B. Section 21	886.9	949.3					981.3
Total, regular budget	5 712.0	7 289.1					9 356.9
Crime Prevention and Criminal Justice Fund							
Programme of work	5 321.4	6 564.2					9 599.5
Total, crime control	11 033.4	13 853.3					18 956.4

XVII. Regular programme budget

361. The main expected accomplishments and indicators of achievement of the programme for the biennium 2004-2005 are detailed in document A/58/6, section 16, together with the required resources, under the programme of work, as well as under executive direction and management. The overall framework of these expected accomplishments and indicators of achievement by component is also shown in the above-mentioned document.

362. The resource requirements under this section for the biennium 2004-2005 amount to \$7,959,400, reflecting an increase of \$1,619,600 (or 25.5 per cent at 2002-2003 rates). The increase is the result of a range of adjustments in the activities and related resources proposed for this section are shown in table 50.

Table 50

Crime programme: regular budget resource requirements for the biennium 2004-2005

(Thousands of United States dollars)

<i>Component</i>	<i>2000-2001 expenditure</i>	<i>2002-2003 appropriation</i>	<i>Resource growth</i>		<i>Total before recosting</i>	<i>Recosting</i>	<i>2004-2005 estimate</i>
			<i>Amount</i>	<i>Percentage</i>			
Policy-making organs	274.6	145.9	287.0	196.7	432.9	16.6	449.5
Programme of work	4 550.5	6 193.9	1 332.6	21.5	7 526.5	399.6	7 926.1
Total	4 825.1	6 339.8	1 619.6	25.5	7 959.4	416.2	8 375.6