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Strengthening the drug programme of the United Nations Office on Drugs and Crime and the role of the Commission as its governing body

Strengthening the drug programme of the United Nations Office on Drugs and Crime, the role of the Commission on Narcotic Drugs as its governing body and securing assured and predictable voluntary funding

Report of the Executive Director**

Summary

The present report has been prepared pursuant to Commission on Narcotic Drugs resolutions 48/2 and 48/3. It presents an overview of activities undertaken to facilitate the work of the Commission in the exercise of its role as the governing body of the drug programme of the United Nations Office on Drugs and Crime and the continued process of reform of the Office, and describes the status of implementation on securing assured and predictable voluntary funding.

* E/CN.7/2006/1.

** The present report takes into account recent consultations.



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I. Introduction

1. In its resolution 48/2, entitled “Strengthening the drug programme of the United Nations Office on Drugs and Crime and the role of the Commission on Narcotic Drugs as its governing body”, the Commission on Narcotic Drugs requested the Executive Director to report to it, at its forty-ninth session, on progress made in implementing management and budgetary reform. In its resolution 48/3, entitled “Securing assured and predictable voluntary funding for the Fund of the United Nations International Drug Control Programme”, the Commission requested the Executive Director to report on further progress made in securing assured and predictable voluntary funding.

II. Facilitating dialogue between Member States and the drug programme of the United Nations Office on Drugs and Crime

2. In its resolution 48/2, the Commission reaffirmed its resolutions 44/16, 45/17, 46/8 and 47/3, in which it had called for continued improvement in management and a strengthened dialogue with Member States, in order to contribute to enhanced and sustainable programme delivery.

Action taken

3. Initiatives to maintain and strengthen dialogue with Member States continued, aimed at facilitating provision by the Commission of guidance concerning priorities and management to the United Nations Office on Drugs and Crime (UNODC) on its drug programme. Since the conclusion of the forty-eighth session of the Commission and pursuant to Economic and Social Council decision 2005/250 of 22 July 2005, three intersessional meetings of the Commission and six meetings of its extended bureau have been held. At the intersessional meetings, the Commission provided follow-up to its forty-eighth session, in particular in relation to the resolutions it had adopted and the consideration of its report by the Council.

4. In preparation for its forty-ninth session, at the intersessional meetings the Commission reviewed the operational and normative segments of the provisional agenda, its draft programme of work, other organizational arrangements, including the selection of the topics for the thematic debate at the forty-ninth session, and the provision of policy guidance to the drug programme of the Office.

5. Special attention was devoted to the process of preparation of the consolidated budget of the Office for the biennium 2006-2007, in preparation for the reconvened forty-eighth session. At the intersessional meetings, the Secretariat made an advance presentation of the consolidated budget outline for 2006-2007, which took an integrated approach to illicit drugs, crime and terrorism prevention, and introduced the report of the Executive Director on the consolidated budget for the biennium 2006-2007 (E/CN.7/2005/12 and Add.1).

6. At its reconvened forty-eighth session, the Commission approved the consolidated budget for the biennium 2006-2007 for UNODC and elected the officers for the forty-ninth session.

7. In compliance with the United Nations rules governing the issuance of documents for intergovernmental meetings, the documents for the forty-eighth session of the Commission were made available to Member States six weeks prior to the meeting, as well as on the Internet at the website of the Office.

III. Operations and management

8. In its resolution 48/2, the Commission took note of the reports of the Independent Evaluation Unit, and encouraged the Executive Director to implement the recommendations contained therein; requested him to ensure that evaluation became an integral part of the design, monitoring and implementation of all projects of UNODC; welcomed the establishment of the Strategic Planning Unit in UNODC and looked forward to a medium-term strategy that gave focus and direction to programme formulation and overall service delivery; and encouraged the ongoing review of financial management with a view to introducing result-based budgeting and management.

Action taken

9. In August 2005, the Independent Evaluation Unit published its annual evaluation report for 2004. Management took note of its recommendations and reported its response to Member States under three clusters: strategic direction, the project cycle and resources. The first two clusters, covering operations and management, are dealt with in the present section of the report and the third cluster, on resources, is covered in section IV.

10. The first phase of the review of the UNODC operational priorities: guidelines for the medium term in January 2003, which assessed the implementation of the operational priorities over the last three years, has been completed. The assessment was a participatory process, involving retreats of each of the four divisions of UNODC, a seminar of field representatives, face-to-face interviews with senior managers and 37 written responses to a questionnaire on the subject. Its analytical component was based upon a thorough review of relevant documentation. The findings of the review, which will be reported to Member States in due course, include the conclusion that the operational priorities are still valid as organizational principles, but have been implemented only in part. There is a need to translate the principles into strategy and priorities as well as to ensure the monitoring of their implementation. More alignment of result-oriented agendas and calendars among different UNODC governing bodies should be pursued. UNODC should further develop its professional identity and mission and knowledge base in order to deliver expertise in prioritized areas of competence as well as in emerging themes related to global threats and challenges. Funding and budgeting must be aligned with and reflect UNODC strategy and priorities.

11. The second phase of the exercise, starting as the present report is being finalized, will focus on refining the operational priorities in specific thematic and geographical areas and ensure the monitoring of their implementation. It will continue to be based upon consultations with internal and external stakeholders. By March 2006, UNODC will have a draft strategy and priorities.

12. The review of the operational priorities is part and parcel of the longer-term project to introduce result-based management in the Office. Many Governments and international organizations have used result-based management as a strategy to achieve results and increase accountability. Based on a strategic vision of the organization's development, result-based management is an instrument for promoting change in the culture and style of organizational management and provides a benchmarking framework for the improvement of organizational performance.

13. The other dimension of management reform in UNODC is the project cycle management skills development programme, initiated in 2004. The aim of the project is to develop and enhance programme and project cycle management capacity and skills with a view to improving the quality of programme and project design, monitoring and management so that UNODC works more efficiently. The project is divided into four phases: diagnostic, normative, training and computer-based training. This project is not a stand-alone activity, but is part of a broader range of ongoing initiatives for change such as result-based management, review of organization priorities and the development of an organizational strategy, as described above.

14. The diagnostic phase has now been completed. It is a product of open interviews, discussions, a survey of field offices and an analysis of UNODC documents. All the staff involved in the diagnostic phase showed a strong willingness and commitment to embark on a process of change leading to a reform of the way UNODC goes about its work. The diagnostic report is at present under the consideration of UNODC management. It makes recommendations on improving several different parts of the project cycle as well as its management. Once these recommendations are accepted, the project will move into its normative phase.

15. The key deliverables of the normative phase are an analysis of gaps in skills; a road map for a new project cycle; the formats and templates deemed necessary as a result of the diagnostic phase (i.e. the project idea, project document, etc.); guidelines on how to develop projects using the logical framework as a design tool; a format for operationalizing the project document, which will incorporate a monitoring system that will be used as one of the management tools; the incorporation of evaluation as an integral part of project development; and training materials for headquarters and field staff to enable them to put into practice the outputs and deliverables of the normative phase.

IV. Funding of the drug programme of the United Nations Office on Drugs and Crime

16. In its resolution 48/3, the Commission requested the Executive Director to continue his efforts to broaden the donor base and to increase voluntary contributions to the Fund of the United Nations International Drug Control Programme, including, in particular, general-purpose funds as well as funds earmarked for the support budget; requested the Executive Director to keep Member States informed on the use of general-purpose funds as set out in the guidelines for the use of general-purpose funds (Commission resolution 44/20, annex) and in

particular the core functions/positions that were financed by such funds; invited States that were beneficiaries of technical assistance provided by UNODC, if they were in a position to do so, to contribute through the provision of necessary infrastructure, through agreed cost-sharing mechanisms or by allotting national funds to projects implemented in partnership with the Office; encouraged States to provide for a fixed and significant percentage of general-purpose funds in their overall voluntary contribution or to earmark a percentage of their overall voluntary contributions to the support budget; encouraged the Executive Director to make efficiency savings that might reduce administrative costs for the Office; and requested him to monitor the ratio between earmarked funds and general-purpose funds. In its resolution 48/3, the Commission also requested the Executive Director to report to it at its forty-ninth session on his efforts to implement the provisions of resolution 46/9, in which the Commission had invited the Executive Director to examine the impact of a possible funding of field offices in the framework of projects rather than through general-purpose funds and to explore ways and means of obtaining financial donations from the private sector and non-governmental organizations and had encouraged the Executive Director to continue to explore other innovative means of increasing the resources for drug control programmes.

17. The report of the Executive Director on the consolidated budget for the biennium 2006-2007 for UNODC (E/CN.7/2005/12 and Add.1) contained information on the use of general-purpose funds as well as on efficiency measures to reduce the administrative costs of the Office. In addition, the Executive Director provided information on the current status of Member States that are beneficiaries of technical assistance provided by the Office and that contribute to the infrastructure costs, as well as on proposals to shift expenditure away from general-purpose funds.

18. Implementation of cost-saving measures during 2005 included contract extensions for not more than one year for United Nations Office at Vienna (UNOV)/UNODC staff, effective 1 August 2005; freezing of outside recruitment for all UNOV/UNODC vacancies under advertisement or in the pipeline, with any exceptions to be approved by the Executive Committee; suspension of recruitment of consultants against general-purpose funds; redeployment of staff to project-funded posts, keeping in mind merit and qualifications; and a review of posts vacated by retiring staff of UNOV/UNODC, to make room for staff from abolished positions funded from general-purpose funds. In addition, UNODC is examining the possibility of redeploying affected field office staff against project or other vacant posts, merit and performance criteria having been met, and is reviewing the mobility policy, with a possible moratorium to be applied when the policy has budgetary implications.

19. With regard to shifting expenditure away from general-purpose funds, the following measures have been implemented: of the costs for field office premises (\$1.5 million annually), \$0.6 million arise in middle-income countries, namely in Brazil, Colombia, Egypt, Iran (Islamic Republic of), Mexico, the Russian Federation, South Africa and Thailand. Discussions have been initiated with those countries with a view to obtaining national funding for that purpose. Colombia, Mexico and the Russian Federation have already agreed and provided funds or rent-free premises as their contribution towards the 2006 operational costs of the offices in their respective countries. In all field offices, the share of crime control activities

in the portfolio is increasing. In the consolidated budget for 2006-2007, based on workload statistics, the share of crime control activities is 13 per cent of the field offices' infrastructure budget. The resulting costs will be paid from crime project-related programme support charges and from the general-purpose funds of the crime programme. About \$1.3 million of crime general-purpose funds was allocated to the field office infrastructure budget for 2004-2005, and for the drug programme general-purpose funds in the same amount were used to shore up the dwindling reserves. At headquarters, global programmes attracting sufficient earmarked funding will use that funding for general-purpose funded positions, within the authorized staffing table.

20. In line with footnote 4 of resolution 48/14, adopted by the Commission at its forty-eighth reconvened session, on charging project allotments with 6 per cent for field office infrastructure costs, the Executive Director wishes to draw the attention of the Commission to the fact that it is standard practice in United Nations technical assistance programmes for local field office costs, such as salaries of locally recruited staff, rental of premises (including associated operating costs), vehicle and generator fuel, supplies, spare parts, maintenance fees and equipment to be charged directly to the projects executed by the field office concerned. Up to now, UNODC field offices charged some but not all such direct costs to projects. Local practices have evolved, which are not only inconsistent but also require the transfer from headquarters to field offices of around \$2.5 million of unearmarked resources to support project infrastructure. As an alternative, or complementary, to the indicative contributions model proposed on 24 June 2005 in an informal major donor meeting, the consistent application of a need-based formula is proposed to charge field office infrastructure to the specific projects supported by each field office and thus to reduce the annual deficit in the field office infrastructure costs by approximately \$2.5 million. In the past, that deficit was covered by general-purpose fund subsidies. The decline in general-purpose fund contributions and the concomitant increase in earmarked contributions have necessitated the replacement of such ad hoc arrangements by more systematic and transparent ones, intended to achieve a full cost recovery of field office infrastructure expenditure by charging direct as well as variable indirect costs to all project budgets.

21. The projected field office infrastructure deficit of \$2.5 million for 2006 is equivalent to approximately 6 per cent of the earmarked funds for projects executed by UNODC field offices. It is therefore proposed that the deficit be recovered by applying that percentage to all net project budget allotments (i.e. excluding the 13 per cent programme support charge). Alternatively, an equal amount could be factored into each relevant project budget line to recover field office infrastructure costs. The latter method is used for projects funded by the European Commission, although it is administratively more cumbersome.

22. The 13 per cent programme support charge covers the variable indirect costs of projects, for example, international field staff and headquarters units that direct, monitor and support project activities. The proposed annual recovery of \$2.5 million in local field infrastructure costs is directly related to projects executed by UNODC, as explained above. As the two charges are levied to recover separate direct and variable indirect project costs, it cannot be viewed as an addition to the 13 per cent programme support charge.