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PROGRAMME BUDGET FOR THE BIENNIUM 1980-1981

First performance report

Thirty-second report of the Advisory Committee on Administrative
and Budgetary Questions

1. The Advisory Committee on Administrative and Budgetary Questions has considered the first performance report of the Secretary-General on the programme budget for the biennium 1980-1981 (A/C.5/35/100).

2. In his report, the Secretary-General seeks additional appropriations totalling \$47,822,800. This amount represents the net result of the following proposed adjustments:

	<u>Expenditures</u>		<u>Income</u>		<u>Net</u>	
	\$	%	\$	%	\$	%
(a) Effects of changes in the rates of exchange	17,603,300	33.1	1,875,400	29.4	15,727,900	33.6
(b) Effects of changes in the rates of inflation	73,558,400	138.3	10,475,600	164.2	63,082,800	134.8
(c) Implementation of decisions of policy-making organs	1,440,400	2.7	75,800	1.2	1,364,600	2.9

	Expenditures		Income		Net	
	\$	%	\$	%	\$	%
(d) Other changes and savings	(39,427,200)	(74.1)	(6,048,700)	(94.8)	(33,378,500)	(71.3)
Total additional requirements	53,174,900	100	6,378,100	100	46,796,800 ^{a/}	100

^{a/} In addition, a further adjustment in an amount of \$1,026,000 would be required to bring the revised estimates for accommodation in the Vienna International Centre (see A/C.5/35/81) in line with the rates of exchange for 1980 and 1981 as reflected in table 1 of document A/C.5/35/100, bringing the total requested by the Secretary-General to \$47,822,800 net.

3. The annex to document A/C.5/35/100 provides a breakdown of the figures indicated in the table above, by section. Tables 1 and 2 of the document give relevant information on the movements of rates of exchange and of inflation.

4. The Secretary-General's total request for \$53,174,900 under the expenditure sections would add approximately 4.3 per cent to the gross appropriations of \$1,247,793,200 approved by the General Assembly in its resolution 34/230 A of 20 December 1979. The Secretary-General estimates that inflation (5.9 per cent) and exchange fluctuations (1.4 per cent) would add 7.3 per cent to the appropriations, and decisions of policy-making organs would add 0.1 per cent. These increases would be partly offset, however, by a reduction equal to 3.2 per cent of the appropriations attributable to savings and other changes (see A/C.5/35/100, annex). The Advisory Committee understands that the savings are attributable largely to a vacancy rate in established posts higher than originally assumed and to an adjustment in the initial appropriation related to the construction project in Nairobi (A/C.5/35/100, para. 8).

5. The representatives of the Secretary-General informed the Advisory Committee that savings due to vacancies were estimated at over \$29 million. In that connexion, information provided to the Committee indicates that the monthly vacancy rate in established Professional posts at Headquarters for the first nine months of 1980 averaged 13.9 per cent. As at 30 September 1980, there were 273 vacant Professional posts (out of a total of 1,928 authorized posts), of which 126 related to the Department of Conference Services, 42 to the Department of Administration, Finance and Management, 27 to the Department of International Economic and Social Affairs, 15 to the Department of Public Information and 13 to the Department of Technical Co-operation for Development. In offices away from Headquarters, there were 290 vacant Professional posts (out of a total of 2,303 authorized posts), of which 61 were in Conference Services, Geneva.

6. The standard staff costs for Professional posts assume a vacancy rate of 5 per cent. The data furnished by the representatives of the Secretary-General on the vacancy status of Professional posts in August 1980 show that the rate of 5 per cent was exceeded in the following organizational units outside Headquarters:

<u>Organizational unit</u>	<u>Vacancy rates</u>
Office of the United Nations High Commissioner for Refugees and the World Food Council	5-10 per cent
United Nations Conference on Trade and Development, the Economic Commission for Latin America and the International Court of Justice	10-15 per cent
United Nations Office at Geneva, the Economic and Social Commission for Asia and the Pacific and the Economic Commission for Africa	15-20 per cent
Economic Commission for Western Asia and the United Nations Environmental Programme	20-25 per cent
United Nations Centre for Human Settlements (Habitat)	over 30 per cent

7. The Advisory Committee notes from table 1 of document A/C.5/35/100 that for 1980 the Secretary-General has used average rates of exchange based on the actual monthly United Nations operational rates from January to November and on the assumption that the November rates would also be true for December. The Committee notes from table 2 that, except for Vienna, the December operational rates are indeed equal or very close to the November rates. For 1981, the Secretary-General has applied the rates of exchange for November 1980. As regards rates of inflation, the table shows average annual rates for 1980 much higher than those used in the initial appropriations. On the other hand, the Committee notes that the rates of inflation assumed for 1981 are lower than actual rates in 1980. In that connexion, the representatives of the Secretary-General informed the Committee that the Secretary-General's approach was conservative and may understate the additional requirements.

8. In paragraph 10 of document A/C.5/35/100, a request is made for an additional appropriation of \$108,000 as a contribution to jointly financed administrative activities under section 28. According to the Secretary-General, this amount represents the United Nations share of an interagency fund to provide for measures to be taken in the event of security emergencies in countries other than those in which United Nations organizations have their headquarters. The Secretary-General's report states that the Administrative Committee on Co-ordination has agreed to the establishment of that fund, effective 1 January 1981, and that the fund would be administered by the Secretary-General's Co-ordinator for Security Matters. 1/ In this connexion, the Advisory Committee points out that no proposal has been submitted to the General Assembly for the establishment of such a fund. In the absence of a decision by the Assembly, the Committee recommends that the request for \$108,000 should be denied. The Committee further recommends that the Secretary-General should submit proposals on this question in the context of his programme budget for 1982-1983.

9. In the footnote to the table in paragraph 2 above, reference is made to the Secretary-General's request for an additional amount of \$1,026,000 in order to adjust the revised estimates for accommodation in the Vienna International Centre (A/C.5/35/81) in line with the rates of exchange for 1980 and 1981 reflected in table 1 of the performance report (A/C.5/35/100). The Advisory Committee was informed that the amount in question consists of \$9,900 under section 17, \$924,100 under section 28M and \$92,000 under section 29. In its related report, 2/ the Committee has recommended reductions in the estimates in document A/C.5/35/81 which, if approved by the General Assembly, would entail consequential reductions totalling \$144,700 (\$56,700 under section 28M and \$88,000 under section 29) in the additional requirements referred to in the footnote to the table in paragraph 2 above.

1/ The representatives of the Secretary-General informed the Advisory Committee that the Co-ordinator would be the Assistant Secretary-General of the Office of General Services.

2/ A/35/7/Add.28.

10. The Advisory Committee's recommendations in paragraphs 8 and 9 above would reduce the total revised expenditure estimates from \$54,200,900 to \$53,948,200, i.e., by \$252,700. The Committee accepts the Secretary-General's revised estimates for income sections 1 to 3 in a total amount of \$6,378,100. On this basis, the net revised requirements will amount to \$47,570,100.
