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### Proposed programme budget for 2022

## Financial performance report on the programme budget for 2020

### Report of the Secretary-General

#### *Summary*

The present report provides the financial performance during the budget period 2020 and is submitted in accordance with General Assembly resolution [72/266](#) A, in which the Assembly endorsed the recommendation of the Advisory Committee on Administrative and Budgetary Questions to request the Secretary-General to issue a separate budget performance report following the completion of a budget period ([A/72/7/Add.24](#), para. 58).

The implementation of the programme budget for 2020 was affected by the coronavirus disease (COVID-19) pandemic and the liquidity constraints that the Organization faced, which were difficult to plan for in advance and affected the pattern of expenditure of the Organization. In 2020, as a result of the pandemic, the Organization adapted to new ways of working, including by supporting virtual or hybrid meetings of intergovernmental bodies and working remotely, and incurred additional expenditure on medical evacuations, support through United Nations system clinics (first line of defence) and COVID-19 vaccinations. The global pandemic also caused an abnormally low level of consumption under travel, experts, hospitality and supplies and materials owing to all the constraints affecting the normal functioning of the Organization across duty stations and locations. To manage liquidity, budget expenditure was aligned with forecasted collections of assessments, which forced the postponement of some non-post expenditure and the introduction of a hiring freeze from April 2020 onwards. The pattern of expenditure experienced in 2020 is not expected to persist and is not to be construed as a predictor of future expenditure.

The final expenditure in 2020 amounted to \$3,015.9 million, or \$57.9 million less than the appropriation approved by the General Assembly in its resolutions [74/264](#) A-C. The final expenditure in 2020 includes an amount of \$15.0 million incurred in respect of subventions and commitment authorities, pursuant to General Assembly resolutions [74/264](#) A-C and [74/265](#), for which no appropriations were approved.



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## I. Introduction

1. The General Assembly, by its resolutions 74/264 A–C, approved appropriations totalling \$3,073.8 million for the expenditure sections of the programme budget and income estimates totalling \$295.6 million for 2020. The expenditure recorded under the expenditure sections of the programme budget for 2020 amounted to \$3,015.9 million, \$57.9 million, or 1.9 per cent, less than the appropriation approved by the Assembly, despite additional expenditure of \$15.0 million incurred in respect of commitment authorities (\$5.6 million) and subventions (\$9.4 million) for which no appropriations were approved. The realized income in 2020 amounted to \$282.2 million, \$13.4 million, or 4.5 per cent, less than the approved estimates.

### A. Impact of the pandemic on the implementation of the programme budget for 2020

2. The coronavirus disease (COVID-19) pandemic had a significant impact on the implementation of the programme budget for 2020. The Organization adapted its operations in response to the constraints imposed as a result of the pandemic, including by activating its business continuity plans and switching to remote working across duty stations.

3. With the uncertainties and restrictions imposed as a result of the COVID-19 pandemic, the Organization embraced new working methods, which enabled it to ensure business continuity for its operations and to continue to provide support to Member States. The benefit of the management reform was evident in the Organization's response to the pandemic, as it was able to quickly mobilize its resources and capabilities, through its dedicated structures and the clear division of responsibilities, to rapidly respond to the pandemic, in collaboration with other United Nations system organizations. Through the leveraging of end-to-end supply chain structures, emergency procurement procedures were activated in March 2020, which provided the Director of the Procurement Division with \$10 million in delegated procurement authority to meet urgent global requirements. Personal protective equipment and medical equipment were successfully sourced and supplied to duty stations in need. In the area of human resources management, affected policies and guidance were revised and published quickly in consultation with key stakeholders. Dedicated advisory services on human resources for managers were available at all times. Since the outbreak of the pandemic, while the Secretariat has remained fully operational, it required a tremendous effort from staff and several planned activities had to be either deferred or adjusted.

4. In order to protect the health, safety and security of staff and to ensure that personnel and all dependants deemed eligible by the Organization had access to high-quality and reliable health services during the pandemic in situations where health-care systems were at risk of being overwhelmed, expenditure for medical evacuations, support through United Nations system clinics (first line of defence) and COVID-19 vaccinations was cost-shared with other United Nations system organizations, with the United Nations share amounting to \$43.9 million. Those unanticipated costs were apportioned across budget sections of the programme budget and peacekeeping missions on the basis of the number of personnel, resulting in the regular budget share of \$21.5 million. Furthermore, to provide the necessary operational support as the Organization transitioned to remote working arrangements, additional investments in the amount of \$2.4 million were made to secure software licences and upgrades to the enterprise network to support the communications infrastructure and to facilitate the uninterrupted operations of the Organization and the provision of continuous support for intergovernmental processes and meetings of

Member States. Without those efforts, the Organization would not have been able to deliver on its global mandate.

## **B. Impact of the liquidity constraints on the implementation of the programme budget for 2020**

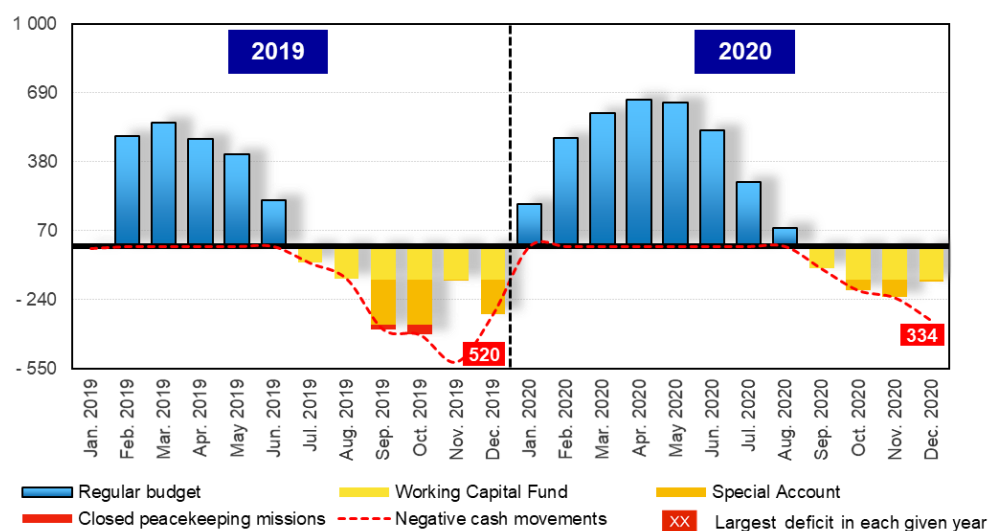
5. The implementation of the programme budget for 2020 was also affected by the ongoing liquidity challenges. The record arrears of \$711 million in contributions at the end of 2019, a 34 per cent increase over 2018, meant that the meagre liquidity reserves were already nearly eroded at the beginning of 2020. In an effort to mitigate the impact of those arrears, cash conservation measures were imposed at the beginning of the year. A sharp decline in collections in the first quarter necessitated additional cash conservation measures, including the suspension of hiring for all vacant regular budget posts and more restrictions on non-post expenditure. While collections picked up in the second quarter, they again fell significantly behind in the third quarter, as well as in October and November. Notwithstanding the significant cash conservation measures, the regular budget liquidity reserves were exhausted in December, forcing borrowing from the closed peacekeeping missions.

6. Collection patterns were unpredictable, which undermined planning and the execution of the budget. Nearly \$330 million was collected in only the last 10 days of 2020. The Organization ended the year with new record arrears of \$807.6 million, as shown in table 1. Not only did Member States collectively pay less in 2020 than the year's assessment, thereby exacerbating an already extraordinary level of arrears, but the Organization also had to grapple with significant uncertainty in the timing and volume of collections as a result of considerable shifts in payment patterns. Nevertheless, the Organization managed to pay salaries and entitlements to its personnel and to settle payments to vendors by controlling hiring and adapting commitments on the basis of collections. Without those cash conservation measures, the Organization would not have been able to meet its obligations to personnel and vendors in the last quarter. Programme delivery was constrained by both the liquidity crisis and the pandemic, and the high number of vacancies resulting from the persistent liquidity crisis put more pressure on existing staff already affected by the pandemic.

7. Figure I shows the cash balance of the regular budget from January 2019 to December 2020. In 2020, the higher cash balances and the lower deficit reflected mainly the impact of spending restrictions, most notably the hiring restrictions.

Figure I  
Regular budget cash balance, 2019–2020

(Millions of United States dollars)



8. Table 1 shows the outstanding contributions as at 31 December 2020.

Table 1  
Outstanding contributions as at 31 December 2020

(Thousands of United States dollars)

	2020
Arrears as at 1 January	711 099.9
Current-year assessment	2 866 775.4
<b>Subtotal</b>	<b>3 577 875.3</b>
Contributions received for prior periods	(670 366.5)
Contributions received for current period	(2 099 913.0)
<b>Arrears at end of period</b>	<b>807 595.8</b>

## II. Budget performance: expenditure sections

### A. Overview

9. In its resolutions 74/264 A–C, the General Assembly approved an appropriation of \$3,073.8 million. Additional spending, without appropriation, was authorized pursuant to Assembly resolutions 74/263 and 74/265. The final budget performance is summarized in table 2.

Table 2  
**Summary of total approved resources and final expenditure for 2020**

(Thousands of United States dollars)

Category	Approved with appropriation (1 (a))	Approved without appropriation (1 (b))	Final expenditure (2)	Balance (3) = (1 - 2)	Implementation rate (percentage) (4) = (2) ÷ (1)	Appropriation surplus/ (deficit) (5) = (1 (a) - 2)
(a) Programme budget appropriation as approved in resolutions <a href="#">74/264</a> A–C	3 073 830.5	–	3 000 917.7	72 912.8	97.6	72 912.8
(b) Unforeseen and extraordinary expenses in accordance with resolution <a href="#">74/265</a>	–	7 812.6	5 612.5	2 200.1	71.8	(5 612.5)
(c) Subventions in accordance with resolution <a href="#">74/263</a>	–	9 537.0	9 410.1	139.7	98.5	(9 397.3)
<b>Total</b>	<b>3 073 830.5</b>	<b>17 349.6</b>	<b>3 015 940.3</b>	<b>75 252.6</b>	<b>97.6</b>	<b>57 903.0</b>

10. The overall underexpenditure (surplus) in the amount of \$57.9 million is driven mainly by underexpenditure under travel of representatives, travel of staff, experts and hospitality, owing primarily to the COVID-19 pandemic, as travel restrictions were imposed globally, meetings were either postponed or cancelled when they could not be held virtually and hospitality events were cancelled, as well as underexpenditure related to delays in the implementation of the flexible workplace project at United Nations Headquarters resulting from the pandemic in 2020. The total expenditure incurred under the flexible workplace project in 2020 amounted to \$0.5 million, or \$6.3 million less than the appropriation of \$6.8 million. Details of the implementation of the flexible workplace project is provided in the progress report of the Secretary-General on the implementation of a flexible workplace at United Nations Headquarters ([A/75/342/Add.1](#) and [A/75/342/Add.1/Corr.1](#)). The pattern of expenditure experienced in 2020 is not expected to persist and is not to be construed as a predictor of future expenditure.

## B. Effect of forward purchasing of currencies and related presentation practices

11. The General Assembly, in section X of its resolution [67/246](#), authorized the Secretary-General to utilize forward purchasing to protect the United Nations against exchange rate fluctuations, taking into account the findings presented in the second performance report of the Secretary-General on the programme budget for the biennium 2010–2011 ([A/66/578](#) and [A/66/578/Corr.1](#)) and keeping the transaction costs as low as possible. In section IX of its resolution [69/274](#) A, the Assembly decided to use forward exchange rates in preparing future budget estimates, commencing with the proposed programme budget for the biennium 2016–2017.

12. The forward purchasing of foreign currency provides budgetary certainty to entities that enter into this type of contract, as it predefines the price of foreign currency to be purchased in the future. These financial instruments entail minimal transactional costs. Currently, forward purchasing of foreign currencies involves the Swiss franc and the euro only.

13. Transactions in foreign currencies are recorded against the entities utilizing the currencies using the United Nations operational rates of exchange. Hedging gains or losses are subsequently apportioned across these entities proportionately on the basis of expenditure incurred in the related foreign currencies, which consequently offsets the impact resulting from differences between the budgeted rates of exchange and the United Nations operational rates of exchange.

14. During 2020, the United Nations purchased at predefined rates of exchange under forward contract arrangements 296.2 million Swiss francs at 0.974 Swiss francs per United States dollar and 88.5 million euros at 0.891 euros per United States dollar to hedge against fluctuations in exchange rates between the Swiss franc and the United States dollar and between the euro and the United States dollar, respectively.

15. The weakening of the United States dollar against the Swiss franc and the euro in 2020 (see figures II and III) resulted in a positive difference between the contracted forward rates and the United Nations operational rates of exchange, with total positive differences of \$13.2 million (\$11.5 million for the Swiss franc and \$1.7 million for the euro) from the forward purchasing of Swiss francs and euros for the period from January to December 2020. Figures II and III are graphical representations of the rates of exchange between the Swiss franc and the United States dollar and between the euro and the United States dollar from January to December 2020.

Figure II

**Performance of the Swiss franc against the United States dollar in 2020**

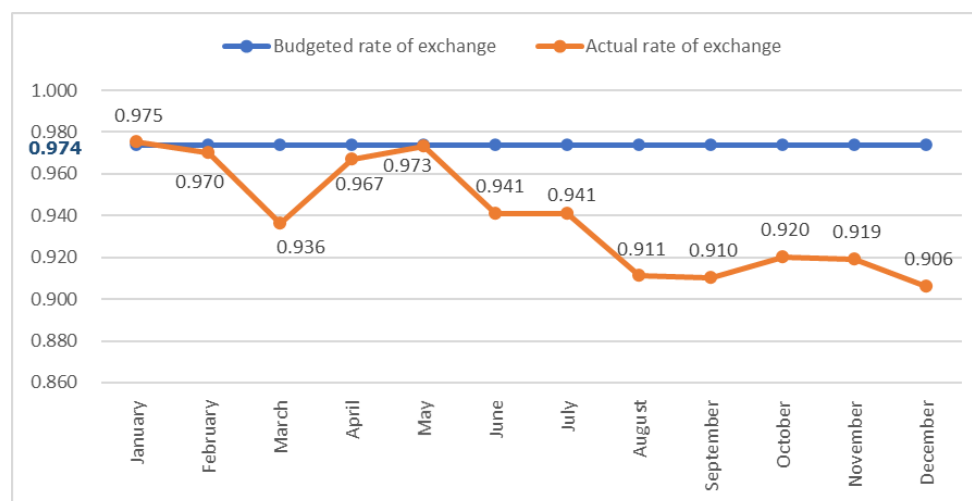
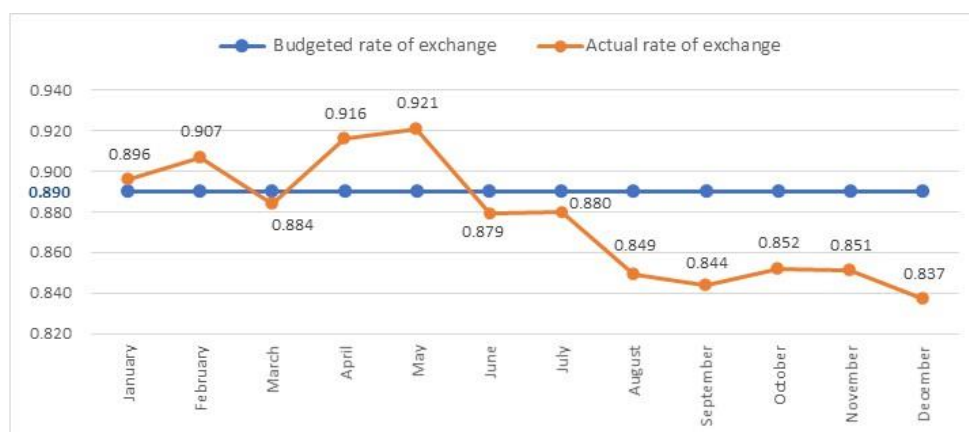


Figure III  
Performance of the euro against the United States dollar in 2020



### C. Expenditure incurred in 2020 (expenditure sections)

16. The final expenditure in 2020 amounted to \$3,015.9 million and comprised \$3,000.9 million incurred pursuant to resolutions 74/264 A–C, \$5.6 million under unforeseen and extraordinary expenses (resolution 74/265) and \$9.4 million in respect to subventions to the Extraordinary Chambers in the Courts of Cambodia and to the Residual Special Court for Sierra Leone (resolution 74/263), as described in paragraphs 21–27 below.

17. The total expenditure of \$3,015.9 million includes unliquidated commitments amounting to \$222.3 million, or 7.2 per cent of the appropriation, at the end of 2020. Cancellations in 2020 of commitments for the biennium 2018–2019 amounted to \$31.2 million. Table 3 provides the level of commitments at the end of each budget period.

Table 3  
Level of commitments at the end of each budget period

(Thousands of United States dollars)

Budget period	Appropriation (a)	Open commitments at the end of the period	
		Amount (b)	Percentage (c)=(b)/(a)
2012–2013	5 565 067.80	148 765.80	2.7
2014–2015	5 808 565.50	164 856.50	2.8
2016–2017	5 682 779.00	135 944.90	2.4
2018–2019	5 873 652.30	172 421.20	2.9
2020	3 073 830.50	222 260.30	7.2

18. The level of commitments in 2020 was affected by the late availability of cash. The record arrears at the end of 2019 were compounded by significant intra-year fluctuations in the payment patterns of Member States in 2020. At the end of the first quarter, Member States' payments fell short of estimates by \$173 million. After a brief reversal at the end of the second quarter, the situation deteriorated again by August and continued to deteriorate dramatically, with deficits reaching \$183 million at the end of September, \$268 million at the end of October and \$402 million at the end of



November. In December, Member States' payments exceeded estimates by \$235 million, resulting in a final cash deficit of \$167 million for the year. However, about \$330 million of the \$434 million paid in December was received only in the last 10 days of that month, including \$104 million on the last day.

19. With significant intra-year fluctuations in payment patterns and a continually deteriorating financial situation that exhausted the liquidity reserves, the Organization was forced repeatedly during 2020 to delay the release of funds to ensure that it would be in a position to meet its legal commitments to staff and vendors and to avoid defaulting on payments or disruptions to critical operations. In an effort to mitigate the impact of the delayed release of funds on mandate implementation, programme managers were allowed more flexibility in committing funds towards the end of the budget period.

20. The current regulatory framework is predicated on the budget being consumed within the year for which it was approved and unspent funds being returned to Member States as credits against future assessments even if a Member State has not paid its assessment in full. However, with insufficient liquidity to back up the budget, the Organization is compelled to take measures each year to align the cash outflows with cash inflows, and thus programme delivery is now driven by liquidity rather than the programme of work alone. Funds that cannot be spent because they are released too late lead to more cash shortages in a future budget period because credits for unspent funds are deducted against future assessments, thus creating a vicious cycle of liquidity problems that compromise mandate delivery and planned programmatic activities.

#### **1. Expenditure incurred pursuant to resolutions 74/264 A–C**

21. Expenditure amounting to \$3,000.9 million was incurred in 2020, contributing to underexpenditure of \$72.9 million.

22. The underexpenditure of \$72.9 million reflects the impact of the liquidity constraints experienced during the period and the COVID-19 pandemic, resulting in higher-than-budgeted vacancy rates and lower non-post expenditure. Variances by budget section and by object of expenditure are described in section II.D and annex II, respectively.

#### **2. Expenditure incurred pursuant to resolution 74/265**

23. As reflected in tables 4 and 5, the Secretary-General incurred expenditure totalling \$5.6 million in respect of unforeseen and extraordinary expenses during the year.

Table 4

**Unforeseen and extraordinary expenses: commitments with the concurrence of the Advisory Committee on Administrative and Budgetary Questions (\$3.5 million)**

(Thousands of United States dollars)

	<i>Commitments with the concurrence of the Advisory Committee on Administrative and Budgetary Questions</i>	<i>Expenditure</i>	<i>Balance</i>
<b>Section 3, Political affairs</b>			
Support for the establishment of the United Nations Integrated Transition Assistance Mission in the Sudan	1 702.1	1 062.1	640.0
<b>Section 24, Human rights</b>			
Human rights situation in the Syrian Arab Republic	1 700.0	1 495.4	204.5
Situation of human rights in South Sudan	900.0	900.0	–
<b>Section 36, Staff assessment</b>			
Support for the establishment of the United Nations Integrated Transition Assistance Mission in the Sudan	116.5	60.8	55.7
<b>Subtotal</b>	<b>4 418.6</b>	<b>3 518.3</b>	<b>900.3</b>

Table 5

**Unforeseen and extraordinary expenses: commitments certified by the Secretary-General as related to the maintenance of international peace and security (\$2.1 million)**

(Thousands of United States dollars)

	<i>Authorized</i>	<i>Expenditure</i>	<i>Balance</i>
<b>Section 3, Political affairs</b>			
Independent International Commission of Inquiry on the Syrian Arab Republic	224.5	197.4	27.1
Independent assessment by the Office of Counter- Terrorism to review the five-year programme of the United Nations Counter-Terrorism Centre	191.9	191.8	0.1
Follow-on mechanism on the critical security incident resulting in the deaths of two members of the Group of Experts in Kananga, Democratic Republic of the Congo	955.4	854.6	100.8
Special Adviser of the Secretary-General on the Sudan	376.8	348.3	28.5
Personal Envoy of the Secretary-General for Bolivia	90.2	53.3	36.9
Special Adviser of the Secretary-General for Southern Africa	92.4	81.8	10.6
Personal Envoy of the Secretary-General for Western Sahara	329.7	–	329.7
2020 review of the peacebuilding architecture	50.0	–	50.0
Consultation related to Cyprus	97.4	–	97.4
Support for the establishment of the United Nations Integrated Transition Assistance Mission in the Sudan	933.3	365.8	567.5
<b>Section 36, Staff assessment</b>			
Support for the establishment of the United Nations Integrated Transition Assistance Mission in the Sudan	52.4	1.1	51.3
<b>Subtotal</b>	<b>3 394.0</b>	<b>2 094.2</b>	<b>1 299.8</b>
<b>Total, tables 4 and 5</b>	<b>7 812.6</b>	<b>5 612.5</b>	<b>2 200.1</b>

### 3. Expenditure incurred pursuant to General Assembly resolution [74/263](#)

#### (a) Subvention to the Extraordinary Chambers in the Courts of Cambodia Section 8, Legal affairs (\$7.0 million)

24. In section V of its resolution [74/263](#), the General Assembly authorized the Secretary-General to enter into commitments in an amount not to exceed \$7,000,000 to supplement the voluntary financial resources of the international component of the Extraordinary Chambers in the Courts of Cambodia for the period from 1 January to 31 December 2020, and requested the Secretary-General to report on the use of the commitment authority in the context of his next report.

25. On the basis of the expenditure for 2020, and taking into account the voluntary financial resources received, the full amount of the subvention was utilized and reflected in the audited financial statements for 2020. The utilization of the \$7,000,000 was covered from the approved appropriation under the regular budget for 2020 reflected in resolutions [74/264](#) A–C. Detailed information on the use of the subventions is provided in the report of the Secretary-General entitled “Report on the use of the commitment authority and request for a subvention to the Extraordinary Chambers in the Courts of Cambodia” ([A/76/331](#)).

#### (b) Subvention to the Residual Special Court for Sierra Leone Section 8, Legal affairs (\$2.4 million)

26. In section VI of its resolution [74/263](#), the General Assembly authorized the Secretary-General to enter into commitments in an amount not to exceed \$2,537,000 to supplement the voluntary financial resources of the Residual Special Court for Sierra Leone for the period from 1 January to 31 December 2020 as a bridging financing mechanism.

27. On the basis of the final expenditure for 2020, and after taking into account the voluntary financial resources received, the Secretary-General utilized an amount of \$2,410,114 from the approved subvention to supplement the voluntary financial resources. The expenditure of \$2,410,114 was reported in the context of the audited financial statements and was covered from the approved appropriation under the regular budget for 2020 reflected in resolutions [74/264](#) A–C. Detailed information on the use of the subventions is provided in the report of the Secretary-General entitled “Report on the use of the commitment authority and request for a subvention to the Residual Special Court for Sierra Leone” ([A/76/329](#)).

## D. Explanation of variances by budget section

28. Consistent with past practices and in line with the International Public Sector Accounting Standards, an explanation of material variances between the final budget and actual expenditure of at least 5 per cent by section of the programme budget is provided below.

### Section 1, Overall policymaking, direction and coordination

*(Surplus: \$5.2 million, or 6.8 per cent of the appropriation under section 1)*

29. The surplus under this section results primarily from the cancellation and postponement of travel of representatives (\$2.4 million) and travel of staff (\$1.4 million); underexpenditure under other staff costs (\$0.2 million) resulting from lower-than-anticipated requirements for replacement of staff on sick leave or parental leave and for overtime; and the cancellation of hospitality events (\$0.2 million) owing to the COVID-19 pandemic. In addition, the post class was underspent (\$0.7 million), owing mainly to a higher-than-budgeted average vacancy rate (an actual vacancy rate

of 10.5 per cent versus a budgeted vacancy rate of 6.1 per cent for staff in the Professional and higher categories and an actual vacancy rate of 7.1 per cent versus a budgeted vacancy rate of 4.3 per cent for staff in the General Service and related categories) resulting from the hiring freeze established in April 2020.

#### **Section 4, Disarmament**

*(Surplus: \$0.8 million, or 6.2 per cent of the appropriation under section 4)*

30. The surplus under this section relates primarily to underexpenditure under experts (\$1.2 million), owing to the postponement from 2020 to 2021 of two sessions of the Group of Governmental Experts on problems arising from the accumulation of conventional ammunition stockpiles in surplus and one session of the Group of Governmental Experts on Advancing Responsible State Behaviour in Cyberspace in the Context of International Security, and underexpenditure under travel of staff (\$0.2 million) resulting from the COVID-19 pandemic, partially offset by overexpenditure under posts (\$0.5 million), owing mainly to the net effect of: (a) a lower actual vacancy rate of 7.1 per cent compared to the budgeted vacancy rate of 23.7 per cent for staff in the General Service and related categories; and (b) a higher actual vacancy rate of 10.4 per cent compared to the budgeted vacancy rate of 9.6 per cent for staff in the Professional and higher categories.

#### **Section 5, Peacekeeping operations**

*(Surplus of \$2.8 million, or 5.4 per cent of the appropriation under section 5)*

31. The surplus under this section is due mainly to underexpenditure under other staff costs (\$1.0 million), primarily in the United Nations Truce Supervision Organization owing to lower-than-projected mission subsistence allowance, which was expensed mostly at rates applicable after 30 days, as military personnel rotated less frequently than anticipated owing to travel restrictions imposed as a result of the COVID-19 pandemic; underexpenditure under travel of staff (\$0.5 million) owing to the COVID-19 pandemic; and lower-than-budgeted post costs (\$1.4 million) owing mainly to higher-than-budgeted average vacancy rates in the Department of Peace Operations and the United Nations Military Observer Group in India and Pakistan (UNMOGIP). The actual vacancy rates versus the budgeted vacancy rates were as follows:

(a) In the Department of Peace Operations, an actual vacancy rate of 9.9 per cent versus a budgeted vacancy rate of 4.0 per cent for staff in the Professional and higher categories and an actual vacancy rate of 17.2 per cent versus a budgeted vacancy rate of 6.5 per cent for staff in the General Service and related categories;

(b) In UNMOGIP, an actual vacancy rate of 3.1 per cent versus a budgeted vacancy rate of 1.0 per cent for staff in the Professional and higher categories and an actual vacancy rate of 7.4 per cent versus a budgeted vacancy rate of 4.6 per cent for staff in the General Service and related categories.

#### **Section 7, International Court of Justice**

*(Surplus of \$2.4 million, or 8.5 per cent of the appropriation under section 7)*

32. The underexpenditure is primarily attributable to lower-than-budgeted post costs (\$1.6 million) stemming from lower-than-projected common staff costs for the posts located in The Hague. The projected common staff costs for 2020 were based on nearly two years of actual expenditure experience. Variances between actual and projected common staff costs were noted for home leave, appointment travel and education grants.

33. In addition, non-staff compensation was \$0.5 million lower than budgeted owing mainly to lower expenditure for travel to court sessions by non-resident judges

and the non-utilization of home leave travel entitlements by resident judges, owing to the COVID-19 pandemic, as well as a lower-than-projected utilization of ad hoc judges, which depends on whether a State that has a case under consideration by the Court has a judge of its nationality on the Bench and, if not, whether the State chooses to have a judge ad hoc on the Bench for the case. Expenditure for ad hoc judges is also affected by other factors, such as the substantive complexity and length of the case, the location from which an ad hoc judge is travelling and the frequency of travel to The Hague in connection with the case.

#### **Section 14, Environment**

*(Surplus of \$1.5 million, or 6.5 per cent of the appropriation under section 14)*

34. The surplus under this section is due primarily to lower-than-budgeted post costs (\$1.5 million), owing primarily to higher-than-budgeted average vacancy rates (an actual vacancy rate of 7.6 per cent versus a budgeted vacancy rate of 5.8 per cent for staff in the Professional and higher categories and an actual vacancy rate of 1.6 per cent versus a budgeted vacancy rate of 1.0 per cent for staff in the General Service and related categories), travel of staff (\$0.2 million) owing to the COVID-19 pandemic and grants and contributions (\$0.3 million) owing to the COVID-19 pandemic, as expert group meetings were held virtually in lieu of in-person attendance, which reduced the travel of meeting participants, offset in part by overexpenditure under general operating expenses (\$0.6 million), owing to additional resources required to support new working arrangements resulting from the COVID-19 pandemic, including the purchase of protection equipment, hand sanitizers and teleconferencing services and the enhancement/partitioning of office spaces to ensure social distancing.

#### **Section 24, Human rights**

*(Surplus of \$8.8 million, or 7.7 per cent of the appropriation under section 24)*

35. The surplus under this section mainly relates to underexpenditure under travel of representatives (\$10.3 million) and travel of staff (\$3.0 million) owing to the lower travel of mandate holders and staff to undertake field missions and to attend meetings of the Human Rights Council as a result of the COVID-19 pandemic. The sessions of the Human Rights Council and other bodies were largely held virtually, and planned mission travel was either cancelled entirely or postponed as a result. The underexpenditure was offset in part by overexpenditure under posts (\$3.1 million) and other staff costs (\$0.7 million) owing mainly to higher-than-budgeted post adjustment payments in Geneva (76.1 per cent versus 67.3 per cent).

#### **Section 26, Palestine refugees**

*(Surplus of \$1.9 million, or 6.0 per cent of the appropriation under section 26)*

36. The surplus under this section primarily relates to post costs (\$1.9 million) owing to lower-than-anticipated common staff costs.

#### **Section 30, Internal oversight**

*(Surplus of \$1.6 million, or 8.0 per cent of the appropriation under section 30)*

37. The surplus under this section is primarily attributable to lower-than-budgeted post costs (\$0.4 million) resulting from higher-than-budgeted vacancy rates (an actual vacancy rate of 21.9 per cent versus a budgeted vacancy rate of 14.8 per cent for staff in the Professional and higher categories and an actual vacancy rate of 11.6 per cent versus a budgeted vacancy rate of 7.7 per cent for staff in the General Service and related categories), as well as lower-than-budgeted expenditure under other staff costs (\$0.5 million), owing to a lower utilization of temporary staff as a result of the hiring freeze caused by the liquidity crisis, and under travel of staff (\$0.7 million) due to the

COVID-19 pandemic. Owing to the combined effect of liquidity constraints and the COVID-19 pandemic, a number of audit and evaluation assignments were cancelled or postponed and oversight activities were implemented virtually instead of in person.

### III. Budget performance: income sections

38. In its resolutions 74/264 A–C, the General Assembly approved income estimates for 2020 amounting to \$295.6 million. The actual income in 2020 amounted to \$282.2 million, \$13.4 million, or 4.5 per cent, less than the approved estimates, as summarized in table 6.

Table 6

#### Summary of income estimates and actual income

(Thousands of United States dollars)

	Approved estimates	Actual	Variance	
			Amount	Percentage
1. Income from staff assessment	273 171.4	263 692.9	(9 478.5)	(3.5)
2. General income	21 744.0	26 620.6	4 876.6	22.4
3. Services to the public	675.3	(8 116.3)	(8 791.6)	(1 301.9)
<b>Total</b>	<b>295 590.7</b>	<b>282 197.2</b>	<b>(13 393.5)</b>	<b>(4.5)</b>

#### Income section 1, Income from staff assessment

39. Total income from staff assessment in 2020 amounted to \$263.7 million, \$9.5 million, or 3.5 per cent, less than estimated. The lower-than-projected income from staff assessment reflects the lower post expenditure, which is mainly due to the hiring freeze.

#### Income section 2, General income

40. The increase of \$4.9 million under income section 2 comprises primarily:

(a) Bank interest amounting to \$6.1 million. No income from bank interest was projected;

(b) The refund of previous years' expenditure (increase of \$2.1 million) owing to higher actual refunded amounts than anticipated;

(c) Miscellaneous income (decrease of \$2.0 million) owing to a lower share of non-regular budget entities for the costs of the administration of justice, based on headcount statistics;

(d) Income from the rental of premises (decrease of \$1.6 million) owing primarily to lower income at the United Nations Office at Nairobi, resulting from the combined effect of a reduction in the rental rate following a rental study in late 2019 and a portion of rent being retained for urgent maintenance and renovation projects, and a decrease in rented space at the premises of the Economic and Social Commission for Asia and the Pacific.

#### Income section 3, Services to the public

41. The decrease in net revenue of \$8.8 million under income section 3, Services to the public, results from the combined effect of a net decrease in gross revenue

(\$11.1 million) and a net decrease in total expenditure (\$2.3 million), owing mainly to disruptions imposed by the COVID-19 pandemic, as explained below.

42. The lower gross revenue of \$11.1 million primarily relates to:

(a) A decrease in revenue from services to visitors (\$6.0 million), as in-person tours were largely suspended at all duty stations from March to December 2020 owing to the COVID-19 pandemic, with the exception of Geneva, where occasional in-person group tours were offered starting in late summer 2020. In order to continue to fulfil the mandate of visitors' services, a range of virtual products was developed and offered in all four locations for a fee, which generated only a fraction of the initially projected revenue;

(b) A decrease in revenue from the sale of philatelic items at both Headquarters and at the United Nations Office at Vienna (\$0.9 million) owing to the suspension of planned stamp exhibitions in 2020, the closure of stamp counters and the postponement or cancellation of major world events, such as the Olympic Games, the fifteenth meeting of the Conference of the Parties to the Convention on Biological Diversity and Expo 2020, as a result of the COVID-19 pandemic;

(c) A decrease in revenue from the sale of United Nations publications (\$1.9 million), resulting from the closure of the United Nations Bookshop since March 2020 and a slowdown in purchases from universities during the year owing to the COVID-19 pandemic;

(d) A decrease in revenue from the sale of gift items (\$0.7 million), owing to the closure of the gift shop at Headquarters as a result of the COVID-19 pandemic;

(e) Lower-than-estimated revenue from garage operations (\$0.5 million) across duty stations, since garages were mostly vacant in 2020 as the Organization shifted to remote working arrangements owing to the COVID-19 pandemic;

(f) A reduction in revenue from other commercial operations and catering operations (\$1.0 million) owing to the COVID-19 pandemic.

43. The decreases in expenditure of \$2.3 million relate mainly to:

(a) Lower-than-estimated expenditure related to services to visitors (\$0.7 million) owing to the suspension of in-person tours because of the COVID-19 pandemic, resulting in a reduction in the related running operating costs;

(b) Lower-than-estimated expenditure related to the sale of United Nations publications (\$1.1 million), owing to the closure of the United Nations Bookshop because of the COVID-19 pandemic, resulting in a reduction in the related running costs;

(c) Lower-than-estimated expenditure under the United Nations Postal Administration operations (\$0.5 million), resulting from a lower level of activity during the year owing to the COVID-19 pandemic;

(d) Lower-than-estimated expenditure related to garage operations and other commercial operations (\$0.5 million), offset in part by higher-than-estimated expenditure under catering operations resulting from the payment of a subsidy to the catering vendor owing to the closure of the cafes as a result of the COVID-19 pandemic.

#### **IV. Enterprise resource planning project**

44. The cumulative total expenditure incurred for the enterprise resource planning project from 2008 to 2020 amounted to \$554.9 million out of the cumulative total

approved resources of \$565.3 million for the same period. The unused balance, after considering the resources approved for business support activities for 2021 by the General Assembly in its resolution 75/253 A, is proposed for return to Member States in line with the cost-sharing ratio for the Umoja project, as decided by the General Assembly in its resolution 74/263.

45. Table 7 provides a summary of the cumulative approved resources and the total expenditure incurred from 2008 to 2020, as well as the balance to be returned to Member States.

Table 7

**Cumulative resources and expenditure incurred for the period 2008–2020**

(Thousands of United States dollars)

	2008–2020
Approved budget (a)	565 324.3
Total expenditure (b)	554 853.1
Unused balance (c) = (a) – (b)	10 471.2
Approved by the General Assembly in sect. V, para. 9, of its resolution 75/253 A for business support activities for 2021 (d)	3 695.4
<b>Net savings (e) = (c) – (d)</b>	<b>6 775.8</b>
<b>Distribution of net savings</b>	
Support account for peacekeeping operations (62 per cent)	4 201.0
Extrabudgetary resources (23 per cent)	1 558.4
Programme budget (15 per cent) <sup>a</sup>	1 016.4
<b>Total</b>	<b>6 775.8</b>

<sup>a</sup> The programme budget share (\$1,016,400) of the net savings is to be returned to Member States in the context of the present report.

46. The final expenditure for the business support activities will be known only at the end of 2021 but it is not expected to exceed the approved amount, since not all posts were filled immediately or for the full duration of the project, and any unused balance is to be returned in the context of the financial performance report on the programme budget for 2021.

## V. Action requested of the General Assembly

47. The General Assembly is requested to take note of the present report, including the final expenditure for 2020 in the amount of \$3,015,940,300 and the actual income for 2020 in the amount of \$282,197,200.

48. The General Assembly is requested to approve the return of a net surplus of \$77,094,200 in 2020 as a credit against assessments to Member States for 2022, resulting from:

(a) Underexpenditure in the amount of \$57,890,200 under the expenditure sections of the programme budget for 2020;

(b) The cancellation of commitments pertaining to the biennium 2018–2019 in the amount of \$32,231,000, as reported in volume I of the financial reports and audited financial statements for the year ended 31 December 2020;



(c) The programme budget share of the unused balance of the resources provided for the enterprise resource planning project in the amount of \$1,016,400, in accordance with General Assembly resolution 74/263;

(d) An amount of \$13,393,500 offsetting in part the amounts in subparagraphs (a)–(c) above, being the difference between the approved income estimates of \$295,590,700 that were offset against the assessments on Member States in the context of General Assembly resolution 74/264 C and the actual income of \$282,197,200;

(e) An amount of \$649,900 offsetting in part the amounts in subparagraphs (a)–(c) above from the unencumbered balance of the subvention to the Extraordinary Chambers in the Courts of Cambodia in 2019, which had already been returned to Member States in the context of General Assembly resolution 75/254 C and is reflected under income section 2, General income, in the present report and in volume I of the financial reports and audited financial statements for the year ended 31 December 2020.

## Annex I

## Appropriation and expenditure for 2020 by budget section

(Thousands of United States dollars)

Budget section	Appropriation approved in resolutions 74/264 A–C (a)	Transfers <sup>a</sup> (b)	Appropriation after transfers (c)=(a)+(b)	Expenditure (d)	Surplus/(deficit)	
					Amount (e)	Percentage (f)=(e)/(c)
1. Overall policymaking, direction and coordination	77 087.6	–	77 087.6	71 850.3	5 237.3	6.8
2. General Assembly and Economic and Social Council affairs and conference management	326 641.8	–	326 641.8	321 577.0	5 064.8	1.6
3. Political affairs	773 224.1	(6 319.5)	766 904.6	761 067.1	5 837.5	0.8
4. Disarmament	13 245.0	–	13 245.0	12 428.7	816.3	6.2
5. Peacekeeping operations	52 602.8	–	52 602.8	49 757.0	2 845.8	5.4
6. Peaceful uses of outer space	3 921.3	–	3 921.3	3 876.6	44.7	1.1
7. International Court of Justice	28 145.5	–	28 145.5	25 742.3	2 403.2	8.5
8. Legal affairs	58 453.7	–	58 453.7	58 290.2	163.5	0.3
9. Economic and social affairs	83 293.4	–	83 293.4	81 412.5	1 880.9	2.3
10. Least developed countries, landlocked developing countries and small island developing States	5 886.2	–	5 886.2	5 619.2	267.0	4.5
11. United Nations support for the New Partnership for Africa's Development	7 985.9	–	7 985.9	7 984.8	1.1	0.0
12. Trade and development	68 087.9	–	68 087.9	67 874.4	213.5	0.3
13. International Trade Centre	18 861.8	–	18 861.8	18 861.8	–	–
14. Environment	23 364.3	–	23 364.3	21 841.5	1 522.8	6.5
15. Human settlements	12 508.4	–	12 508.4	12 167.3	341.1	2.7
16. International drug control, crime and terrorism prevention and criminal justice	21 627.1	–	21 627.1	21 616.5	10.6	0.0
17. UN-Women	9 741.4	–	9 741.4	9 692.1	49.3	0.5
18. Economic and social development in Africa	81 888.1	–	81 888.1	78 248.4	3 639.7	4.4
19. Economic and social development in Asia and the Pacific	55 526.8	(436.2)	55 090.6	54 527.1	563.5	1.0
20. Economic development in Europe	33 290.0	436.2	33 726.2	33 726.2	–	–
21. Economic and social development in Latin America and the Caribbean	57 591.8	–	57 591.8	57 374.9	216.9	0.4
22. Economic and social development in Western Asia	36 518.0	–	36 518.0	36 290.4	227.6	0.6
23. Regular programme of technical cooperation	35 577.6	–	35 577.6	34 980.5	597.1	1.7
24. Human rights	115 119.3	(11.7)	115 107.6	106 266.0	8 841.6	7.7
25. International protection, durable solutions and assistance to refugees	40 098.9	11.7	40 110.6	40 110.6	–	–
26. Palestine refugees	32 365.5	–	32 365.5	30 434.2	1 931.3	6.0
27. Humanitarian assistance	25 124.0	–	25 124.0	24 220.8	903.2	3.6
28. Global communications	94 692.4	–	94 692.4	92 797.6	1 894.8	2.0

<i>Budget section</i>	<i>Appropriation approved in resolutions 74/264 A–C (a)</i>	<i>Transfers<sup>a</sup> (b)</i>	<i>Appropriation after transfers (c)=(a)+(b)</i>	<i>Expenditure (d)</i>	<i>Surplus/(deficit)</i>	
					<i>Amount (e)</i>	<i>Percentage (f)=(e)/(c)</i>
29A. Department of Management Strategy, Policy and Compliance	52 921.4	1 380.4	54 301.8	54 301.8	–	–
29B. Department of Operational Support	93 025.6	(4 937.3)	88 088.3	85 742.1	2 346.2	2.7
29C. Office of Information and Communications Technology	49 959.8	1 724.7	51 684.5	51 684.5	–	–
29E. Administration, Geneva	69 736.4	740.4	70 476.8	70 476.8	–	–
29F. Administration, Vienna	18 088.4	–	18 088.4	18 042.1	46.3	0.3
29G. Administration, Nairobi	18 048.8	1 091.8	19 140.6	19 140.6	–	–
30. Internal oversight	20 509.9	–	20 509.9	18 867.0	1 642.9	8.0
31. Jointly financed administrative activities	6 245.8	178.3	6 424.1	6 424.1	–	–
32. Special expenses	76 163.6	4 493.6	80 657.2	80 657.2	–	–
33. Construction, alteration, improvement and major maintenance	71 046.1	1 647.5	72 693.6	72 693.6	–	–
34. Safety and security	124 181.7	–	124 181.7	121 247.7	2 934.0	2.4
35. Development Account	14 199.4	–	14 199.4	14 199.4	–	–
36. Staff assessment	267 233.0	–	267 233.0	261 827.2	5 405.8	2.0
<b>Total</b>	<b>3 073 830.5</b>	<b>–</b>	<b>3 073 830.5</b>	<b>3 015 940.3</b>	<b>57 890.2</b>	<b>1.9</b>

<sup>a</sup> Reflects transfers between sections of the programme budget for which the concurrence of the Advisory Committee on Administrative and Budgetary Questions was sought and obtained, in accordance with paragraph 2 of General Assembly resolution 74/264 A.

## Annex II

## Appropriation and expenditure for 2020 by object of expenditure

(Thousands of United States dollars)

Object of expenditure	Appropriation approved in resolutions 74/264 A–C (a)	Appropriation after transfers between sections (b)	Expenditure (c)	Surplus/(deficit)	
				Amount (d)=(b)–(c)	Percentage <sup>a</sup> (e)=(d)/(b)
Post	1 324 138.3	1 329 441.2	1 309 887.0	19 554.2	1.5
Other staff costs	619 080.7	623 951.7	600 817.4	23 134.2	3.7
Non-staff compensation	10 469.0	10 329.5	9 591.9	737.6	7.1
Hospitality	1 055.9	1 041.2	86.5	954.7	91.7
Consultants	21 706.5	22 673.3	27 472.1	(4 798.8)	(21.2)
Experts	19 584.5	19 544.2	11 744.9	7 799.3	39.9
Travel of representatives	23 116.3	23 116.3	5 056.7	18 059.6	78.1
Travel of staff	41 611.9	34 018.8	9 997.6	24 021.2	70.6
Contractual services	91 830.7	91 210.7	123 273.7	(32 063.0)	(35.2)
General operating expenses	314 521.0	315 718.9	309 334.1	6 384.8	2.0
Supplies and materials	25 179.4	24 936.8	19 904.3	5 032.5	20.2
Furniture and equipment	35 160.2	36 737.9	48 697.0	(11 959.1)	(32.6)
Grants and contributions	249 207.4	246 774.5	250 418.6	(3 644.0)	(1.5)
Improvement of premises	9 826.4	6 332.3	6 060.1	272.2	4.3
Other	287 342.3	288 003.0	283 598.4	4 404.7	1.5
<b>Total</b>	<b>3 073 830.5</b>	<b>3 073 830.5</b>	<b>3 015 940.3</b>	<b>57 890.2</b>	<b>1.9</b>

<sup>a</sup> Material variances of at least 5 per cent between the approved appropriation and expenditure by object of expenditure are explained below.

**Non-staff compensation**

1. The total expenditure under non-staff compensation in 2020 amounted to \$9.6 million, or \$0.7 million (7.1 per cent) less than the approved resources of \$10.3 million. The underexpenditure is mainly under the Office of Administration of Justice (section 1) and the International Court of Justice (section 7) and results from fewer trips to court sessions by non-resident judges and the non-utilization of home leave travel entitlements by resident judges, owing to the coronavirus disease (COVID-19) pandemic.

**Hospitality**

2. The total expenditure under hospitality in 2020 amounted to \$0.1 million, or \$1.0 million (91.7 per cent) less than the approved resources of \$1.1 million, owing to the COVID-19 pandemic, as hospitality events were cancelled during the period.

**Consultants**

3. The total expenditure under consultants in 2020 amounted to \$27.5 million, or \$4.8 million (21.2 per cent) more than the approved resources of \$22.7 million. As a result of the COVID-19 pandemic and the associated travel restrictions that ensued during the period, entities increased the use of local consultants as part of efforts to adjust programme delivery where staff travel to the field was impractical and to

respond to requests from Member States for assistance, primarily under section 23, Regular programme of technical cooperation, and section 18, Economic and social development in Africa. In addition, since the majority of expert group meetings could not be held owing to the COVID-19 pandemic, the Department of Economic and Social Affairs (section 9) had to resort to the use of additional consultants in lieu of experts for some aspects of programme delivery.

### **Experts**

4. The total expenditure under experts in 2020 amounted to \$11.7 million, or \$7.8 million (39.9 per cent) less than the approved resources of \$19.5 million, as meetings were either postponed, cancelled or held virtually, owing mainly to the COVID-19 pandemic.

### **Travel of representatives**

5. The total expenditure under travel of representatives in 2020 amounted to \$5.1 million, or \$18.1 million (78.1 per cent) less than the approved resources of \$23.1 million, owing mainly to governing bodies holding fewer in-person meetings as a result of the COVID-19 pandemic.

### **Travel of staff**

6. The total expenditure under travel of staff in 2020 amounted to \$10.0 million, or \$24.0 million (70.6 per cent) less than the approved resources of \$34.0 million, owing mainly to fewer trips being undertaken as a result of the COVID-19 pandemic.

### **Contractual services**

7. The total expenditure under contractual services in 2020 amounted to \$123.3 million, or \$32.1 million (35.2 per cent) more than the approved resources of \$91.2 million. The overexpenditure is primarily attributable to: (a) additional expenditure incurred for business continuity to support intergovernmental bodies in multiple duty stations and for upgrading the enterprise network to support the communications infrastructure in order to ensure the uninterrupted operations of the Organization following the outbreak of the COVID-19 pandemic (\$28.8 million); (b) commitments raised at the end of 2020 on the basis of an assessment of meetings postponed from 2020 to 2021 conducted by the Department for General Assembly and Conference Management (section 2), mainly under contractual services, for the servicing of those meetings and processing of the related documentation, for which no provision was made in the programme budget for 2021 (\$13.0 million); (c) increased expenditure under section 28, Global communications, related to the global communications strategy, including critical work to counter COVID-19 misinformation through the Verified campaign, and upgrades to the United Nations website and migration to an updated web development platform (Drupal 8/9) (\$2.0 million); and (d) the repair work at United Nations House in Beirut in the aftermath of the explosion at the port of Beirut. These additional expenditures were partially offset by savings from other sections.

### **Supplies and materials**

8. The total expenditure under supplies and materials in 2020 amounted to \$19.9 million, or \$5.0 million (20.2 per cent) less than the approved resources of \$24.9 million. The underexpenditure is due mainly to the lower utilization of office supplies and stationery, as the Organization shifted to remote working arrangements and meetings were held virtually owing to the COVID-19 pandemic.

**Furniture and equipment**

9. The total expenditure under furniture and equipment in 2020 amounted to \$48.7 million, or \$12.0 million (32.6 per cent) more than the approved resources of \$36.7 million. In order to support remote working methods following the outbreak of the COVID-19 pandemic by ensuring that staff members were adequately equipped to work remotely, entities across the Organization invested in information technology equipment, including computers and routers, as well fuel containers and small power generators for business continuity purposes at duty stations with inconsistent electricity supply to facilitate remote working arrangements. Additional investment was made to replace damaged equipment at the Economic and Social Commission for Western Asia owing to the explosion at the port of Beirut, and to upgrade the electronic countermeasure equipment for the detection of explosives from 3230 (3G) to 3330 (4G) in order for the United Nations Assistance Mission in Afghanistan to meet the required security standards.

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