

**Economic and Social Council**

Distr.: Limited
15 March 2007

Original: English

Commission on Narcotic Drugs**Fiftieth session**

Vienna, 12-16 March 2007

Draft report

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Addendum**Administrative and budgetary questions****A. Structure of the debate**

1. At its 1280th meeting, on 15 March, the Commission considered agenda item 10, entitled “Administrative and budgetary questions”. For its consideration of the item, the Commission had before it the following documents:

(a) Report of the Executive Director on the consolidated budget outline for the biennium 2008-2009 for the United Nations Office on Drugs and Crime (E/CN.7/2007/12–E/CN.15/2007/15);

(b) Report of the Advisory Committee on Administrative and Budgetary Questions on the consolidated budget outline for the biennium 2008-2009 for the United Nations Office on Drugs and Crime (E/CN.7/2007/13–E/CN.15/2007/13).

2. An introductory statement was made by the Director of the Division for Management of the United Nations Office at Vienna and UNODC. The Chairman of the Commission also made a statement. Statements were also made by the representatives of Germany (on behalf of the European Union), Peru (on behalf of the Group of Latin America and Caribbean States), Australia, Lebanon and the United States.

B. Deliberations

3. Representatives welcomed the increase in the projected programme budget, which was seen as a mark of trust in the work of UNODC. The observer for the



European Union suggested that the budget for the biennium 2008-2009 should be based on realistic income estimates and the capacity of UNODC to implement projected increases. While welcoming a reduction in surplus fund balances and a broadening of the donor base, he encouraged UNODC to consider basing part of its budget in euros in order to improve its financial management. He also strongly stressed the need to base the consolidated budget for the biennium 2008-2009 on the medium-term strategy and thereby present a more result-based budget. One representative expressed the concern of her Government that the increase in the projected programme for the region of Asia and the Pacific was much lower than the increases projected for the other regions. The representative of Peru, speaking on behalf of the Group of Latin American and Caribbean States, welcomed the projected increase in the programme budget and noted that a high portion of that increase was related to cost-sharing arrangements funded by States in Latin America and the Caribbean. He also emphasized the need to base the budget on the medium-term strategy.

4. With regard to funding, all speakers noted the growing imbalance between earmarked and general-purpose voluntary funding and the continued small share of regular budget funding. One representative requested the Secretariat to prepare, together with the UNODC budget for the biennium 2008-2009, details on the mandates that did not receive adequate regular budget funding. He also requested that details on the use of general-purpose funds would continue to be provided to Member States in a transparent manner. Another representative commended those States that had provided in-kind contributions to the offices of UNODC, but also expressed the view that the use of the phrase “subject to the availability of extrabudgetary resources” in resolutions adopted by the Commission restricted the proper implementation of the resolutions. The representative of the United States expressed strong support for management initiatives initiated by UNODC and stated that her Government would maintain the level of its general-purpose contribution for 2007. She also commended the appropriate charging of direct costs to projects as a way of improving financial management and stressed that UNODC should continue to ensure the highest efficiency and integrity for Member States to get the most benefit from their investment in the institution.

5. The Chairman of the Commission appealed to all representatives of Member States to convince their colleagues in their capital cities and their permanent missions at United Nations Headquarters of the importance that the Commission attached to the work of UNODC. He stressed that the work of UNODC was a high priority of the United Nations, though UNODC received less than 1 per cent of its total resources from the regular budget of the United Nations. He also appealed to Member States to find new and better ways to finance UNODC activities.

6. The Director of the Division for Management noted with satisfaction that the Advisory Committee on Administrative and Budgetary Questions had recognized improvements in the budget presentation and that, overall, the comments made by Member States on the outline of the consolidated budget for the biennium 2008-2009 were of a positive nature. In replying to the concerns raised by Member States, he highlighted efficiency savings made, especially on the use of general-purpose funds, but pointed out that the limit of further cost reductions was about to be reached. He noted that the Advisory Committee on Administrative and Budgetary Questions, in its report on the outline of the UNODC consolidated budget for the

biennium 2008-2009 (E/CN.7/2007/13–E/CN.15/2007/13), had cautioned that further measures, such as freezing posts or restricting travel, would be detrimental to programme implementation. The continuing gap between general-purpose income and expenditure could be closed through additional forced savings in the field office network, but such savings could be counterproductive operationally and politically. With regard to setting programme priorities, he explained that that was largely determined by the high level of earmarked funds, as well as the need to base the programme budget on currently known income projections. He also explained that, since a larger portion of funds were spent in United States dollars outside of Vienna compared with euros spent mostly in Vienna, significant savings might not result through budgeting partly in euros. Unlike the specialized Vienna-based agencies, UNODC was required by the General Assembly to budget in United States dollars.
