



Economic and Social Council

Distr.: Limited
11 March 2005

Original: English

Commission on Narcotic Drugs

Forty-eighth session
Vienna, 7-14 March 2005

Draft report

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Addendum

Administrative and budgetary questions

A. Structure of the debate

1. At its 1256th and 1257th meetings, on 10 and 11 March, the Commission considered agenda item 10, entitled “Administrative and budgetary questions”. For its consideration of the item, the Commission had before it:

(a) Report of the Executive Director on the consolidated budget outline for 2006-2007 for the United Nations Office on Drugs and Crime (E/CN.7/2005/8);

(b) Report of the Advisory Committee on Administrative and Budgetary Questions on the consolidated budget outline for 2006-2007 for the United Nations Office on Drugs and Crime (E/CN.7/2005/9);

(c) Note by the Secretary-General on the draft programme of work for 2006-2007 for the United Nations Office on Drugs and Crime (E/CN.7/2005/CRP.5).

2. An introductory statement was made by the Deputy Director-General, United Nations Office at Vienna, and Director, Division for Management. A statement was made by the observer for Luxembourg (on behalf of the members of the European Union (the candidate countries Bulgaria, Croatia, Romania and Turkey, as well as the Countries of the Stabilization and Association Process and potential candidates Albania, Bosnia and Herzegovina, Serbia and Montenegro and the former Yugoslav Republic of Macedonia (and the EFTA members Iceland and Norway, members of the European Economic Area), associated themselves with that statement)). Statements were also made by the representatives of the Russian Federation, Japan,



Cuba and the United States. Statements were also made by the observers for Canada and Bolivia (on behalf of the Group of Latin American and Caribbean States).

B. Deliberations

3. The Director of the Division for Management explained that the main purpose of the consolidated budget outline was to enable the formulation of a budget for 2006-2007 and that it had been based on the strategic framework for the period 2006-2007 (A/59/6 (Prog. 13)). He referred, in particular, to the maintenance of a ratio of programme to support at around 80:20. He recalled that, at the intersessional meeting of the Commission held on 19 January 2005, Member States had raised many valuable points when considering the proposed budget outline and that the Secretariat had provided its response in a paper dated 18 February 2005. In its report (E/CN.7/2005/9), the Advisory Committee on Administrative and Budgetary Questions had commended the overall quality, format and clarity of the document. That confirmed the success of efforts by the Secretariat to take into account previous recommendations in which the Commission had called for brevity and conciseness in presenting budget documents. He gave assurances that such economy and clarity in presentation would also be reflected in the proposed budget for 2006-2007, to be submitted to the Commission in the third quarter of 2005.

4. The Commission took note with appreciation of the report of the Executive Director on the consolidated budget outline for 2006-2007, in particular the clarity and conciseness of the report, and the additional information provided by the Secretariat. It was noted that the outline would be elaborated upon in the second half of 2005. The improved project implementation rates and the efforts by the Office to reduce fund balances were welcomed. In that regard, the Office was encouraged to complete its survey on the status of project implementation, which might also assist in providing a more accurate picture of fund balances. It was also noted that the proposed programme budget outline for 2006-2007 reflected the programmatic orientation of the strategic programme framework. One representative remarked that the priorities of the drug programme of UNODC should be based on all its mandates, in particular those emanating from the twentieth special session of the General Assembly. It was also noted that, given the distribution of regular budget and extrabudgetary resources, the projections for the 2006-2007 budget should be realistic and based on a thorough assessment of the likelihood of securing funding. One representative referred to the fact that there should be a balanced distribution of funds between the crime and drug programmes of UNODC. While the presentation of a consolidated and integrated budget format was welcomed, it was also stressed that it should not lead to a merger of the Commission on Narcotic Drugs and the Commission on Crime Prevention and Criminal Justice, given their different mandates and distinct functions.

5. Representatives stressed the need for basing the budget for 2006-2007 on realistic income estimates. An adequate level of contributions to the general-purpose fund was considered to be essential, and the introduction of a resolution on securing adequate and predictable voluntary funding was welcomed. It was stated that efforts to leverage financing through cooperation with international financial institutions should continue. Improvement in the rate of implementation of programmes for 2004 was acknowledged and further reduction of the surplus fund balance was

encouraged. Representatives expressed their support for the recommendations of the Advisory Committee on Administrative and Budgetary Questions on the need to monitor the ratio between the programme and support components of the budget and to avoid as much as possible duplication of activities with other United Nations agencies. Some representatives welcomed the increased involvement of UNODC in activities dealing with HIV/AIDS, but noted that projected decreases in the areas of creating alternative livelihoods and drug abuse prevention and treatment, especially in Latin America and the Caribbean, should be re-examined when formulating the budget. Projected decreases in the share of the budget allotted to Central and Eastern Europe should be corrected. A fully result-based budget should be presented for 2006-2007.

6. The Director of the Division for Management thanked the representatives for their valuable suggestions and guidance on the budget. He drew their attention to the bleak position of the general-purpose funds of the drug programme of UNODC. Current projections showed that there was an urgent need to close in 2005 a multi-million dollar gap between income and expenditure. Expenditure had gone up mainly because of salary increases authorized by the General Assembly after the budget for 2004-2005 had been established and also because of the adverse cost impact of the United States dollar depreciating vis-à-vis the euro. Voluntary contributions to the general-purpose funds, which were mostly from a handful of donors, could decline by some \$6 million in 2005 compared with 2004. Such a decline could undermine the essential infrastructure both at UNODC headquarters and in the field, hampering the ability of the programme to execute and deliver projects. The Secretariat had already initiated measures to avoid such a crisis. The Director also explained that a more comprehensive picture of the fund balance position would be given in future reports. Snapshots of the balance at any particular point in time did not properly reflect the full picture of multi-year project requirements. The Director for Operations of UNODC pointed out that there was a serious funding shortfall in the demand reduction area of the drug programme. He thanked Member States for their increased contributions to other areas, especially to the programme in Afghanistan. It was noted that, while UNODC had not planned any decreases in alternative development programmes in the Andean subregion, maintaining a stable programme volume depended on the availability of funds.
