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### PROGRAMME BUDGET FOR THE BIENNIUM 1982-1983

#### Programme budget performance of the United Nations for the biennium 1982-1983

#### Report of the Advisory Committee on Administrative and Budgetary Questions

1. The Advisory Committee on Administrative and Budgetary Questions has considered the report of the Secretary-General on the programme budget performance of the United Nations for the biennium 1982-1983 (A/C.5/38/49 and Add.1-33). The Secretary-General indicates in paragraph 2 that the report (which is essentially financial) will be supplemented by a report on programme implementation to be submitted to the Committee for Programme and Co-ordination (CPC) at its twenty-fourth session and to the General Assembly at its thirty-ninth session.
2. The Secretary-General estimates net requirements for the biennium at \$1,211,827,800 which is \$4,074,000 or 0.33 per cent less than the net amount voted by the General Assembly at its thirty-seventh session. As shown in paragraph 3, the decrease of \$4,448,200 under expenditure requirements is slightly offset by a reduction of \$374,200 in income.

#### Expenditure sections

3. As shown in paragraph 7, the changes in requirements for the expenditure sections as a whole can be summarized as follows:

(Thousands of United States dollars)

Inflation	(5 006.0)
Rates of exchange	1 556.8
Decisions of policy-making organs	579.8
Other changes	<u>(1 578.8)</u>
Total	<u>(4 448.2)</u>

Rates of exchange and inflation

4. In paragraph 8, the Secretary-General states that, except for Geneva where there was no change in the rate of inflation and for Nairobi where the rate increased, "a marginal reduction [in the rate of inflation] has been experienced for most duty stations", giving rise to a net savings of \$5,006,000 under this heading. The rates of inflation used in the present report as compared with those assumed in the first performance report in the programme budget for 1982-1983 (A/C.5/37/65), are provided in schedule 1 of the Secretary-General's report.

5. The net additional requirements under "rates of exchange" total \$1,556,800, as can be seen from annex I of the report of the Secretary-General (A/C.5/38/49). In this connection, the Advisory Committee notes that there has been a strengthening of the Swiss franc and the Austrian schilling against the United States dollar during 1983; by contrast, several other currencies have depreciated in relation to the dollar (*Ibid.*, para. 9). The Advisory Committee also notes from footnote d/ to schedule 2 that the rates of exchange used for this report represent the average of the United Nations operational rates for January to November 1983 and the November rate projected for December 1983. In respect of a number of currencies, the actual December 1983 rates differed slightly from the projected rates. However, as can be seen from schedule 2, the difference between the actual year's averages and those used in preparing the report are minimal.

Decisions of policy-making organs

6. The additional requirements arising out of decisions of policy-making organs total \$1,432,900, as summarized in annex III of the report of the Secretary-General. However, this amount is partly offset by decreases in the amount of \$853,100 under this heading in sections 3 and 4. The net additional requirements attributable to policy-making organs therefore total \$579,800 as reflected in annex I.

7. The amount of \$1,432,900 may be broken down as follows:

	<u>US dollars</u>
Commitments entered into with the prior concurrence of the Advisory Committee under the terms of General Assembly resolution 36/241 on unforeseen and extraordinary expenses for the biennium 1982-1983	828 200
Commitments entered into under the terms of paragraph 1 (a) of General Assembly resolution 36/241	505 000
Other commitments	99 700
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	1 432 900
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Other changes

8. The entries under "other changes" reflect a number of factors, such as variances between the actual and standard salary and common staff costs rates and the actual and assumed vacancy rates. As shown in paragraph 3 above, total net savings in the amount of \$1,578,800 arise under this heading. The Advisory Committee notes from annex I to the Secretary-General's report that of the 34 expenditure sections, 18 show decreases, 15 show increases and one remains unchanged in respect of "other changes". In this connection, the Advisory Committee also notes that the amounts shown in respect of each section in annex I are in themselves net figures, the breakdown of which can be found in the addenda to the report.

9. The largest increases under "other changes" occur (in descending order of magnitude) under sections 28, Administration and management (\$4,189,800); 17, United Nations Industrial Development Organization (\$2,842,400); 14, Economic Commission for Western Asia (\$1,337,700); and 12, Economic Commission for Latin America (\$1,069,500).

10. The increase of \$4,189,800 under section 28 (Administration and management) is a net figure; however, as seen in table 28.2 of A/C.5/38/49/Add.28, the greatest increase under "other changes" is shown in respect of sub-section 28D, Office of General Services (\$5,628,700). From the breakdown of this amount in table 28.8, the Advisory Committee notes that significant increases occur in respect of rental and maintenance of premises (\$1,508,300), utilities (\$1,585,600) and communications (\$1,291,600). Further information concerning these increases is contained in paragraphs 28.26 to 28.30 of A/C.5/38/49/Add.28.

11. The increase of \$2,842,400 due to "other changes" under section 17 (United Nations Industrial Development Organization) is largely attributable to increases under salaries and common staff costs. These increases are primarily accounted for by a higher than anticipated incumbency rate and the variance of actual salaries and common staff costs from the standard salary costs and common staff costs (see A/C.5/38/49/Add.17, paras. 17.4-17.6).

12. As mentioned above, the increase attributable to "other changes" under section 14 (Economic Commission for Western Asia) totals \$1,337,700, the bulk of which is accounted for by increases under salaries and common staff costs. According to the Secretary-General, the extraordinary expenditures under common staff costs which arose in connection with the transfer of the Commission secretariat to its new headquarters were only partly offset by lower costs under established posts resulting from a vacancy rate higher than the assumed vacancy rate (A/C.5/38/49/Add.14, para. 14.7).

13. In this connection, the Committee notes that "while an additional appropriation of \$1,458,000 was granted under common staff costs to cover additional non-recurrent costs arising from the relocation of ECWA staff to Baghdad, actual expenditure experience indicates that further requirements arose, particularly related to termination indemnities of locally recruited General Service staff who did not relocate to Baghdad as well as the extended period of transitional arrangements at the new location involving payment of non-residents allowance to internationally recruited General Service staff". (*Ibid.*, para. 14.7).

14. Of the \$1,069,500 increase for "other changes" under section 12 (Economic Commission for Latin America), approximately 68 per cent relates to the net increase for common staff costs, 20 per cent to general operating expenses and 12 per cent to supplies (see A/C.5/38/49/Add.12, paras. 12.5-12.7 and 12.15-12.16).

15. The largest decreases in respect of "other changes" occur (in descending order of magnitude) under sections 29, Conference and Library Services (\$6,942,400); 27, Public information (\$2,146,400); 15, United Nations Conference on Trade and Development (\$1,325,900); 31, Staff assessment (\$1,095,900); and 19, United Nations Centre for Human Settlements (Habitat) (\$1,022,700).

16. The Advisory Committee notes that except for section 15, the bulk of the decreases due to "other changes" under sections 29, 27 and 19, can be attributed to a higher than anticipated vacancy rate. As explained by the Secretary-General (A/C.5/38/49/Add.15, (para. 15.8), the decrease of \$1,325,900 in respect of section 15, (United Nations Conference on Trade and Development), includes "the unused balances of the appropriations for the meetings of the Preparatory Committee and International Jute Council (\$104,000) and for the Common Fund (\$942,000)". These decreases are offset by decreases in income section 2. The decrease of \$1,095,900 under section 31 "is mainly consequential to an overall decrease in staff-related expenditures" (A/C.5/38/49/Add.31, para. 31.2), and is largely offset by a decrease in income section 1.

#### Income sections

17. As can be seen from table 2 of annex 1 to the Secretary-General's report, income is now estimated at \$256,685,700, which is \$374,200 less than the estimate of \$257,059,900 approved by the General Assembly. An increase of \$3,464,400 is estimated under general income; however, this is more than offset by reductions of \$978,700 and \$2,859,900 under income from staff assessment and revenue-producing activities, respectively.

18. The various factors responsible for the net increase in general income are described in table IS2.1 and paragraphs IS2.1 to IS2.6 of A/C.5/38/49/Add.33. In this connection, the Advisory Committee notes that the largest decrease relates to the reimbursement for services provided to specialized agencies and others. However, this is more than offset by increases under other sources, in particular bank interest (\$1,039,200) and miscellaneous income (\$2,931,800).

19. The decrease of \$2,859,900 under income generated by revenue-producing activities is summarized in table IS.3.2. With the exception of the garage operation and the sale of publications, all of the revenue-producing activities show net decreases in income, in particular, the Souvenir Shop (Headquarters) (\$1,082,300). In addition, the Advisory Committee notes that a net deficit of \$1,313,600 is projected in respect of catering services.

#### Conclusion

20. The Advisory Committee recommends that the General Assembly should approve the revised estimates for the biennium 1982-1983 in the amounts shown under the revised estimates columns in tables 1 and 2 of annex I to the Secretary-General's report (A/C.5/38/49).

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