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## PROGRAMME BUDGET FOR THE BIENNIUM 1988-1989

Programme budget performance of the United Nations  
for the biennium 1988-1989Report 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 1988-1989 (A/C.5/44/35). The report is supported by addendums 1 to 7 and 9 to 32, which contain individual chapters for each of the expenditure sections of the programme budget for the biennium 1988-1989; and by addendums 33 to 35, which contain the individual chapters for each of the three income sections. The Advisory Committee notes that the scope of the report of the Secretary-General is purely financial and will be supplemented by a report on programme implementation, which will be submitted to the Committee for Programme and Co-ordination at its thirtieth session, to the Advisory Committee, and to the General Assembly at its forty-fifth session.
2. As presented in the table contained in paragraph 2 of the Secretary-General's report (A/C.5/44/35), the projected expenditure for the biennium 1988-1989 is \$1,447,468,200 on a net basis (\$1,772,313,700 gross). This compares with the net amount of \$1,444,303,000 (\$1,788,746,300 gross) voted by the General Assembly in its resolution 43/218 A and B of 21 December 1988. On that basis, there would be a net increase of \$3,165,200, resulting from a reduction of \$19,597,800 in the estimates of income, partially offset by reduced expenditure of \$16,432,600.
3. However, the Advisory Committee notes that for reasons explained in footnote a/ to the table contained in paragraph 2 of his report (A/C.5/44/35), the Secretary-General is, in fact, not requesting additional appropriations; rather, he is ultimately reporting a net decrease of \$12,834,800 in expenditure requirements

for the biennium 1988-1989. In the circumstances, the Advisory Committee observes that, while the presentation of the table and footnote in paragraph 2 of the Secretary-General's report is technically correct, it could give rise to confusion and could be re-cast, as follows:

(Thousands of United States dollars)

|                  | <u>Revised<br/>appropriation/<br/>approved<br/>estimate</u> | <u>Revised<br/>estimates</u> | <u>Increase<br/>(decrease)</u> | <u>Percentage</u> |
|------------------|---|------------------------------|--------------------------------|-------------------|
| Expenditure      | 1 788 746.3   | 1 772 313.7                  | (16 432.6)                     | (0.92)            |
| Income           | <u>328 443.3</u> a/   | <u>324 845.5</u> b/          | <u>(3 597.8)</u>               | (1.10)            |
| Net requirements | <u>1 460 303.0</u>  | <u>1 447 468.2</u>           | <u>(12 834.8)</u>              | (0.88)            |

a/ In order to take account of the special arrangements made by the General Assembly in resolutions 42/226 C of 21 December 1987 and 43/218 C of 21 December 1988, the amount of \$328,443.3 in total income for 1988-1989 shown under the column "revised appropriation" includes the reduction of \$16 million under Income section 2 (General income), in respect of the repayment by the United Nations Industrial Development Organization (UNIDO) of the loan obtained from the United Nations in 1986. However, the actual income estimate of \$344,443,300 for 1988-1989 approved by the General Assembly in its resolution 43/218 B did not take account of these special arrangements.

b/ The Secretary-General's revised estimate of total income in 1988-1989 already takes into account the reduction of \$16 million arising from the special arrangements referred to in footnote a/ above.

4. On that basis (see para. 3 above), the summary breakdown of the estimates of the income sections shown in paragraph 4 of the Secretary-General's report (A/C.5/44/35) would also need to be modified, as follows:

(Thousands of United States dollars)

|                                 | <u>Approved estimates</u> | <u>Final estimates</u> | <u>Increase (decrease)</u> | <u>Percentage</u> |
|---------------------------------|---------------------------|------------------------|----------------------------|-------------------|
| 1. Income from staff assessment | 267 581.5                 | 259 809.0              | (7 772.5)                  | (2.90)            |
| 2. General income               | 47 035.2                  | 55 235.0               | 8 199.8                    | 17.43             |
| 3. Revenue-producing activities | <u>13 826.6</u>           | <u>9 801.5</u>         | <u>(4 025.1)</u>           | <u>(29.11)</u>    |
| Total income                    | <u>328 443.3</u>          | <u>324 845.5</u>       | <u>(3 597.8)</u>           | <u>(1.10)</u>     |

5. The Advisory Committee notes that the projected net decrease of \$12,834,800 in overall requirements (see para. 3 above) is the result of changes as summarized below:

|   | <u>Increase/(decrease)</u> |
|---|----------------------------|
|   | \$                         |
| (a) <u>Appropriations</u>   |                            |
| Inflation   | 7 954 200                  |
| Rates of exchange   | (31 639 700)               |
| Decisions of policy-making organs   | 3 599 600                  |
| Other changes   | <u>3 653 300</u>           |
| Subtotal  | (16 432 600)               |
| (b) <u>Income</u>   |                            |
| The projected reductions under income sections 1, 2 and 3 amounting to \$3,597,800 (see para. 4 above) are individually explained in the supporting fascicles (A/C.5/44/35/Add.33-35). The explanations are not directly comparable with the main factors used to explain changes under appropriations. | <u>(3 597 800)</u>         |
| Total   | <u>(12 834 800)</u>        |

6. An analysis for each expenditure section of the programme budget for the biennium 1988-1989 and for each major duty station is provided in annex I of the Secretary-General's report (A/C.5/44/35); annex II shows the variances by

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expenditure section and by main object of expenditure. Additional information explaining these changes is contained in the supporting fascicles (see A/C.5/44/35/Add.1-7 and Add.9-32).

7. Projected additional requirements attributable to inflation (\$7,954,200), as well as reduced requirements shown under rates of exchange (\$31,639,700), represent net amounts resulting from increases and decreases required under various objects of expenditure and for different duty stations. Schedule I of the Secretary-General's report (see A/C.5/44/35) provides a comparison between the rates of exchange and average annual rates of inflation used in the document (on objects of expenditure other than staff costs), as compared with those assumed in the first performance report on the programme budget for the biennium 1988-1989 (A/C.5/43/30). More complete information on the rates of exchange is provided in schedule 2 of the report of the Secretary-General (A/C.5/44/35); schedule 3 deals with the rates of exchange and inflation applicable to staff costs at the Professional and higher categories, as these rates affect post adjustment indices; and schedule 4 deals with rates of inflation as they affect General Service salaries (in local currency).

8. Additional requirements arising out of decisions of policy-making organs are estimated at \$3,599,600, as summarized in annex III of the Secretary-General's report (A/C.5/44/35).

9. The projected increase of \$3,653,300 shown under other changes is the net result of additional requirements under a number of budget sections, offset by reductions under other sections. These modified requirements are summarized in annex I of the Secretary-General's report (A/C.5/44/35) and explained in the supporting fascicles (see A/C.5/44/35/Add.1-7 and Add.9-32).

10. Bearing in mind its explanations in paragraphs 3 and 4 above, the Advisory Committee recommends that the General Assembly should approve the revised estimates of expenditure and income for the biennium 1988-1989, as shown under the column "revised estimates" in the table contained in paragraph 2 of the Secretary-General's report (A/C.5/44/35), and the General Assembly should also approve the transfer of credits between sections of the programme budget for the biennium 1988-1989 as contained in annex I of the Secretary-General's report.

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