



PROPOSED PROGRAMME BUDGET OUTLINE FOR THE BIENNIUM 2008-2009

**FIFTH COMMITTEE OF THE GENERAL ASSEMBLY
AT ITS SIXTY-FIRST SESSION**

**STATEMENT BY
ASSISTANT SECRETARY-GENERAL, CONTROLLER**

13 DECEMBER 2006

Mr. Chairman,

I have the honour to introduce the Secretary-General's proposed programme budget outline for the biennium 2008-2009, as contained in document A/61/576. The outline has been prepared in accordance with the process set out in General Assembly resolution 41/213 and, after consideration and decision by the General Assembly, will be a guide to the Secretary-General when he prepares the proposed programme budget for 2008-2009 early next year.

In line with the provisions of resolution 41/213, the outline provides an indication of 4 elements:

- A preliminary estimate of resources to accommodate the proposed programme of activities during the biennium;
- Priorities, reflecting general trends of a broad sectoral nature;
- Real growth, positive or negative, compared with the previous budget;
- Size of the contingency fund expressed as a percentage of the overall level of resources.

Before dealing with these elements individually, allow me to recall that the budget outline is not a preliminary programme budget. It is a preliminary estimate of resources and can only be general in nature, attempting to establish broad resource projections developed at a high

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level of aggregation. On the other hand, the budget, later in the process, will reflect detailed programming and establishment of requirements at a detailed level.

I will now deal with each of the elements of the outline separately, starting with **the 1st element: the preliminary estimate of resources.**

In establishing a preliminary estimate of resources we begin with the initial appropriation for 2006-2007 of **\$3,798.9 million**. The initial appropriation is increased for the resource requirements subsequently approved by the General Assembly and detailed in paragraph 2 of the report:

- \$31.0 million for the funding of special political missions and the implementation of reform proposals as appropriated in General Assembly resolutions 60/281 and 60/283
- \$9.6 million for commitments approved for the Human Rights Council and the related additional office accommodation in Geneva for the Office of the United Nations High Commissioner for Human Rights.

In total, \$40.6 million has been added by the General Assembly to the initial 2006-2007 appropriation, thus arriving at a new starting point of **\$3,839.5 million** for the biennium 2008-2009.

This starting point is then adjusted by a number of factors, namely (a) the full provision for the continuation of the new posts that were approved for the current biennium, (b) the removal of one-time costs in 2006-2007, (c) the provision for programme changes in the biennium 2008-2009, and (d) requirements for special political missions.

The full biennial provision in 2008-2009 for posts, which were newly established in the biennium 2006-2007, would require an additional \$31.5 million in the biennium 2008-2009. As explained in paragraph 3 of the report, this additional provision is required to maintain the regular budget established post staffing table at the same level of posts as has been already approved for the biennium 2006-2007.

One-time costs in 2006-2007 amounting to \$46.3 million have been removed, as they would no longer be required for 2008-2009. These one-time costs include amounts for construction, alteration and improvement costs associated with security projects, technological improvements to the printing plant at the United Nations Office at Geneva, and the establishment of infrastructure for the United Nations enterprise network.

Mr. Chairman,

Provision has been made for anticipated programme changes in the biennium 2008-2009 amounting to \$29.2 million as detailed in paragraph 5 of the budget outline. This amount provides for the continued reinforcement of existing programmes as well as for new activities and events foreseen and/or specifically mandated for the biennium 2008-2009. Provisions include the continued strengthening of human rights and humanitarian assistance, the economic and social sector, and the United Nations Office at Nairobi. Provisions have also been made for the implementation of the International Public Sector Accounting Standards (IPSAS); the establishment of a crisis management capacity within the Department of Safety and Security; the

holding of UNCTAD XII; preparatory work related to the Twelfth United Nations Congress on Crime Prevention and Criminal Justice; and for public information support related to the holding of other conferences and meetings in the next biennium.

As highlighted in paragraph 6 of the report before you, **the present estimates do not take yet into account** adjustments to requirements which may arise following forthcoming decisions taken by General Assembly on a number of critical reports to be considered during the course of its 61st session. These areas notably include United Nations oversight and governance, enhancing the role of the Subregional Offices of the Economic Commission for Africa, and the addition of resources to the Development Account. Decisions on these issues, as well as on reform proposals for the expansion of training, and any related implications for the budget outline provisions for 2008-2009, will be taken by the General Assembly at its current session in accordance with established procedures – namely, **the adjustment of the overall outline amount** to take into account parallel decisions on these issues and on the first performance report.

Accordingly, the Secretariat will later in the session inform the Advisory Committee of such adjustments as relate to these procedures, so that this Committee may adopt an outline figure which fully reflects all the substantive decisions to be made by this Committee in the next few days.

Mr. Chairman,

Provisions for special political missions are included in the budget outline in accordance with the earlier recommendations of the Advisory Committee, that – inasmuch as the requirements for special political missions are of a continuing nature - the estimates should continue to be included in the budget outline. In accordance with this guidance, as endorsed by the General Assembly at its fifty-seventh session, the proposed budget outline includes an estimate of requirements for special political missions.

As regards the specifics of this preliminary estimate, you will recall that the General Assembly initially authorized \$356 million to be available in the biennium 2006-2007 to provide funding for such special political missions as might be authorized by the Assembly and by the Security Council. Additional resources amounting to \$17.4 million were approved under revised appropriations considered at the second part of the resumed sixtieth session (in resolutions 60/255 and 60/281). Therefore, to date, the combined revised provision is \$373.4 million for special political missions. At the time of preparation of the Budget Outline for 2008-2009, it was estimated that the full biennial provision in 2008-2009 for special political missions currently existing in the biennium 2006-2007 would amount to \$658 million. While some shifts in the composition and resource allocation between special political missions are to be expected, the amount still represents a valid overall estimate of requirements at a realistic level for 2008-2009. This is reflected in the outline as an increase to the current provision by \$284.6 million.

Mr. Chairman,

Turning to the 2nd element : **Priorities reflecting trends of a broad sectoral nature**, as specified in resolution 41/213, you will note that the priorities proposed are identical to those

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proposed for the strategic framework for the period 2008-2009. It is proposed that the programme budget for the biennium 2008-2009 should also reflect these priorities. The proposed distribution of resources by parts of the budget is shown in the annex.

As regards the **3rd element: Real growth, positive or negative, compared with the previous budget**, the preliminary estimate (\$3,480.5 million), before inclusion of special political missions, **represents an increase of \$14.4 million, or 0.4 per cent, compared with the approved appropriations and related provisions for the biennium 2006-2007**. Once account is taken of the full inclusion of required provisions for special political missions, the total preliminary estimate of \$4,138.5 million would represent an increase of \$299.0 million, or 7.8 per cent, compared with existing provisions for the biennium 2006-2007. The proposed distribution of resources by parts of the budget is shown in the annex.

Mr. Chairman,

Particular consideration has been given to the **fourth outline element: Size of the contingency fund expressed as a percentage of the overall level of resources**, as specified in resolution 41/213. Recent experience reflects the increasing occurrence of situations where potential charges **substantially** exceed the balance available within the contingency fund. In looking to the forthcoming biennium, a careful balance should be maintained between the level of real growth included in the budget outline and the size of the contingency fund. The budget outline, and all its elements, should incorporate the level of predictability sought by Member States in resolution 41/213. Given new mandates that have arisen in the course of the current biennium, this Committee has appropriated significant amounts in excess of the available balance in the contingency fund for the implementation of such mandates (\$48 million for implementation of the 2005 World Summit Outcome). At the same time, decisions taken in the context of the Budget Outline should aim to achieve at the outset the level of predictability originally sought by Member States in resolution 41/213.

The General Assembly, in its resolution 60/283, recently authorized a limited discretion in the implementation of budgets – however, as specified in the same resolution, this authorization does not imply a change in the provisions guiding the use of the contingency fund. The level of the contingency fund should be established at a level that would provide for those additional expenditures which the fund would be expected to bear during the forthcoming period. Potential situations in which the fund may be exhausted, prior to the start of the biennium to which it relates, should be avoided. **Accordingly, it is proposed that the level of the contingency fund be adjusted upwards by 0.6 per cent from 0.75 per cent to a level of 1.35 per cent, or \$55.9 million, for the biennium 2008-2009.**

In conclusion, I would like to recall, that the outline is presented at the same rates as the current 2006-2007 budget and it does not contain any provision for inflation for 2008-2009 or for currency fluctuations. These will be dealt with when the proposed programme budget is prepared. Let me further say that experience has shown that it is not possible to reliably predict exchange rates for the time periods involved. However, as concerns inflation adjustments, these may be more closely approximated at this time and the Committee may wish to note that our preliminary calculations indicate that inflationary adjustments equal to about \$235 million would be required on the assumption of cumulative annual inflation rates of 2.8 per cent prevailing

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through 2009. Based on this assumption, the total preliminary requirements for the biennium 2008-2009 adjusted for inflation, but not yet for exchange rates, would amount to \$4,373.5 million.

As always, my colleagues and I stand ready to assist the Committee in its deliberations.

I thank you, Mr. Chairman.

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