Chapter II

United Nations financing and programming

The overall financial situation of the United Nations during 2002 continued to show positive improvements, as reflected by higher aggregate cash balances, lower unpaid assessments and reduced debt owed by the Organization to Member States. Unpaid assessments were at their lowest in seven years at $1,684 million, compared with $2,106 million in 2001. Likewise, amounts due to Member States for troops and contingent-owned equipment were reduced to $703 million from $748 million at the end of 2001.

The General Assembly adopted revised budget appropriations for the 2002-2003 biennium of $2,890,818,700, an upward adjustment of $191,550,900 to the original appropriation of $2,699,267,800. The Assembly also noted with concern the measures announced by the Secretary-General concerning budget constraints and support service reductions, especially of services provided to Member States. It invited the Secretary-General to prepare his proposed 2004-2005 programme budget on the basis of the preliminary estimate of $2,876 million, revised at 2002-2003 rates, as indicated in his programme budget outline for the 2004-2005 biennium. The Assembly endorsed the Secretary-General’s proposals for improving the planning and budget system.

The Committee on Contributions continued to review the methodology for preparing scales of assessments of Member States’ contributions to the UN budget, including measures to encourage the timely payment of contributions, requests from Member States for exemptions under Article 19 of the Charter of the United Nations and assessment of new Member States, and requests for change of assessments. It also considered the Secretary-General’s proposals for encouraging the payment of arrears of assessed contributions and for resolving the issue of the outstanding assessed contributions of the former Yugoslavia. The Assembly endorsed the Committee’s recommendations concerning multi-year payment plans for eliminating arrears.

The Assembly accepted the audited financial statements of the Board of Auditors on UN peacekeeping operations and the United Nations and its funds and programmes for the 2000-2001 biennium, adopted the proposed revisions to the UN Financial Regulations, to take effect from 1 January 2003, and adopted revisions to the 2002-2005 medium-term plan.

Financial situation

The year 2002 saw sustained progress in the overall financial situation of the United Nations. According to the Secretary-General’s October report [A/57/498], the improved situation was due to the decrease in aggregate assessments in 2002 to just over $3.4 billion as at 30 September, from a high of over $4 billion in 1995; a regular budget that was at the same level as that of the 1994-1995 biennium ($2,632 million), largely due to favourable exchange rates; and peacekeeping assessment levels that had decreased from $3 billion in 2001 to $2.1 billion in 2002. Moreover, actions taken by the United States in September had the potential for further strengthening the Organization’s financial situation: the recent authorization of the third tranche payment ($30 million) of peacekeeping arrears under the Helms-Biden legislation, which, along with the first and second tranches, brought that country’s arrears payments to $712 million; the lifting of the 25 per cent cap on its peacekeeping contributions for 2001-2004 under that legislation; and a process to be initiated to synchronize its assessment payments with the UN financial year.

As at 30 September, unpaid assessments for the regular budget, peacekeeping and the two international tribunals totalled $2.4 billion, compared to $3.9 billion in 2001. That figure included $576 million for the regular budget, $1,776 million for peacekeeping (compared to $3,281 million in 2001), and $52 million for the tribunals (compared to $71 million in 2001). Member States paying their regular budget assessments in full for 2002 and prior years numbered 105 at the end of September, down from 122 at the same date in 2001.

In his end-of-year review of the financial situation [A/57/487/Add.1], the Secretary-General said that the performance of the three indicators of the Organization’s financial health reflected what was, on balance, a good year: aggregate cash was higher at $1,397 million, the highest year-end
total in seven years; unpaid assessed contributions were significantly lower, at $1,684 million; and amounts due to Member States for troops and contingent-owned equipment were reduced to $703 million, the lowest in seven years. That, however, did not obviate the need to cross-borrow from peacekeeping accounts during the year as the number of Member States paying their regular budget assessments in full and on time decreased to 117 in 2002 as against 135 in 2001. In addition, tribunal cash balances were negative at the end of the year.

By decision 56/482 of 6 September, the General Assembly included in the draft agenda of its fifty-seventh (2002) session the item entitled “Improving the financial situation of the United Nations”.

On 20 December, the Assembly decided that the item would remain for consideration at its resumed fifty-seventh (2003) session (decision 57/585) and that the Fifth (Administrative and Budgetary) Committee should continue to consider the item at that session (decision 57/556).

**UN budget**

**Simplifying the process**

The Secretary-General, in his September report on strengthening of the United Nations: an agenda for further change [A/57/387 & Corr.1], said that, to ensure that the work of the United Nations reflected the priorities of the United Nations Millennium Declaration [YUN 2000, p. 49], an efficient and flexible system for allocating adequate resources to the Organization’s priorities had to be applied. That required a planning and budgeting process that was responsive to the dynamic environment in which the Organization operated and was results oriented.

The Secretary-General’s recommendations for improvement included a shorter, more strategic medium-term plan covering two years rather than four, and submitted closer to the period to which it related; combining the budget outline with the medium-term plan; a shorter, more strategic budget with supplementary detail provided separately; flexibility to reallocate resources between programmes and between allocations for personnel and other allocations by up to 10 per cent within a single budgetary period; and a strengthened evaluation and monitoring system that would better measure the impact of the Organization’s work. Other recommendations called for the absorption by the Fifth Committee of the intergovernmental review of plans and budgets currently performed by it and the Committee for Programme and Co-ordination (CPC); presenting future peacekeeping budgets in a new format to reflect a more strategic approach to the resource allocation process; and consolidating and reducing the number of trust funds, harmonizing the rules and requirements relating to their management and reporting, revising the system of support-cost charges and streamlining procedures for accessing trust fund monies.

**Results-based budgeting**

**OIOS report.** In October [A/57/474], the Secretary-General transmitted the report of the Office of Internal Oversight Services (OIOS) on the implementation of all provisions of General Assembly resolution 55/231 [YUN 2000, p. 1295] on results-based budgeting.

OIOS concluded that results-based budgeting was being implemented in the Organization consistent with the provisions of resolution 55/231. It confirmed that, since its introduction, improvements had been made to establish logical links between the formulation of objectives and expected accomplishments and indicators, and links had been established between the medium-term plan and the programme budget. Results-based budgeting had been undertaken in accordance with the provisions of Regulations and Rules Governing Programme Planning, the Programme Aspects of the Budget, the Monitoring of Implementation and the Methods of Evaluation. Programme managers had the flexibility to redeploy resources within limits to ensure programme implementation. Throughout the budget preparation process, the Programme Planning and Budget Division conducted training and briefings to enhance the skills of staff involved in the formulation of the results-based budget.

OIOS also identified particular challenges to the implementation of results-based budgeting: an ongoing culture change due to the shift in focus from input/output to results orientation; the length and complexity of the planning, budgeting, monitoring and evaluation cycle and the need to adapt those components to the results paradigm; the difficulties inherent in quantifying and measuring many of the Organization’s expected achievements; and the need for staff at all levels to become familiar with the terms and concepts of results-based budgeting.

To take the implementation of results-based budgeting to the next level, OIOS recommended...
that: the 2006-2009 medium-term plan should be developed through detailed consultations within substantive departments and offices before being submitted to the Office of Programme Planning, Budget and Accounts (OPPBA), bearing in mind the importance of including a clear strategy for implementing its objectives across two biennia; the respective roles and responsibilities of programme managers, OPPBA and OIOS vis-à-vis the results-based paradigm should be clearly defined; self-evaluation and self-monitoring on the part of programme managers needed to become part of the management culture and practice; the format of the programme performance report should reflect the measurement of results, while maintaining the link to the provision of mandated outputs; and information systems, specifically the Integrated Monitoring and Documentation Information System, should provide methods for capturing qualitative information and links to other budgetary and financial systems. OIOS further recommended a better linkage between evaluation and planning in evaluation methodologies, clearer guidelines for programme managers, collaboration with external bodies on the inclusion of external factors in the logical framework, and that programme managers take ownership of the objectives, expected accomplishments and indicators of achievement used to measure the results of their programmes.

**Report of Secretary-General.** Also in October [A/57/478], the Secretary-General submitted his interim report on results-based budgeting for the 2002-2003 biennium, pursuant to Assembly resolution 56/253 [YUN 2001, p. 1297]. He stated that results-based budgeting was applied for the first time in connection with the programme budget for the 2002-2003 biennium, during the first year of which much progress had been made in increasing an understanding of the concepts. However, a major concern was the difficulty of attributing results or change solely to the work of the United Nations, since in many cases other actors within and outside the UN system, including the private sector, were involved. A closer scrutiny of the outputs would thus be necessary.

In preparing the proposed 2004-2005 programme budget in line with results-based budgeting, programme managers would be critically scrutinizing their activities and associated resources to focus on expected accomplishments, and programme outputs would be subjected to an item-by-item examination to ensure their contribution to the achievement of expected accomplishments. In view of the inherent difficulties associated with the measurement of results of some “less quantifiable” aspects of the work of the United Nations, ways would have to be found to improve the response rate from end-users on the quality of outputs, particularly through the participation of Member States, the primary end-users.

The lessons learned in the first year of the current biennium had pointed to a need for: improved formulation of objectives at the right level to reflect more accurately the raison d’être of the programmes and subprogrammes and of expected accomplishments that could be achieved as a consequence of the contribution of the outputs and services delivered; the establishment of key or strategic indicators for measuring expected accomplishments; a clear linkage between outputs and expected accomplishments; systematic data collection for establishing baselines and targets against which to measure expected accomplishments; links between expected results and the approved level of resources, and between results-based budgeting and implementation of the ongoing work; involvement of all levels of staff responsible for implementing subprogrammes in the preparation of the medium-term plan and the programme budgets; and development of skills and capacity to collect and analyse data.

**ACABQ report.** The Advisory Committee on Administrative and Budgetary Questions (ACABQ), in its October comments [A/57/7/Add.14] on the reports of OIOS and the Secretary-General, said it would present its views on the implementation of results-based budgeting in the context of its consideration of the 2004-2005 programme budget and recommended that the Assembly take note of the Secretary-General’s report.

By decision 57/575 of 20 December, the Assembly took note of the Secretary-General’s interim report on results-based budgeting for the 2002-2003 biennium with the related comments of ACABQ and endorsed the approach for its improvement. It also took note of the OIOS report on the implementation of resolution 55/231, supported the approach it recommended to be followed by the Secretary-General and noted his efforts to date in implementing that resolution. The Assembly further noted the relevance of the issues addressed in both reports to some of the measures outlined in the Secretary-General’s report on strengthening of the United Nations: an agenda for further change (see p. 1368).

**JIU report.** The Joint Inspection Unit, in a report on the results approach in the United Nations in implementing the United Nations Millennium Declaration, transmitted to the Assembly in September [A/57/572], recommended that the results-based budgeting techniques should be kept under review in order to adapt
them to the specific nature of the United Nations and the Member States’ need to observe change (see p. 136).

Budget for 2000-2001

Final appropriation

In his March report [A/56/866] on final appropriation for the 2000-2001 biennium, the Secretary-General proposed that, on the basis of actual expenditures, the combined revised appropriation and commitment authority of $2,561,578,000 for that biennium, as approved in 2001 by General Assembly resolution 56/240 A [YUN 2001, p. 1294], be decreased to $2,561,186,900.

ACABQ recommended in March [A/56/868] that the Assembly approve the Secretary-General’s proposal.

GENERAL ASSEMBLY ACTION

On 27 March [meeting 97], the General Assembly, on the recommendation of the Fifth Committee [A/56/735/Add.1], adopted resolutions 56/240 C-E without vote [agenda item 122].

Programme budget for the biennium 2000-2001

C

Final budget appropriations for the biennium 2000-2001

1. Takes note of the report of the Secretary-General on the final appropriation for the biennium 2000-2001 and the related report of the Advisory Committee on Administrative and Budgetary Questions;

2. Requests the Board of Auditors, when auditing the accounts of the United Nations for the biennium 2000-2001, to pay particular attention to expenditure sections with overexpenditures which were approved in General Assembly resolution 56/240 A of 24 December 2001 as well as sections with large amounts of unliquidated obligations to ensure their validity;

3. Resolves that for the biennium 2000-2001, the revised appropriation and commitment authority totaling 2,561,578,000 United States dollars approved in its resolution 56/240 A shall be decreased by 391,100 dollars as follows, resulting in a final appropriation of 2,561,186,900 dollars:

<table>
<thead>
<tr>
<th>Section</th>
<th>Revised appropriation and the commitment authority approved in General Assembly resolution 56/240 A (United States dollars)</th>
<th>Increase/ (decrease)</th>
<th>Final appropriation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Part I. Overall policy-making, direction and coordination</td>
<td>401,338,500</td>
<td>1,156,300</td>
<td>402,494,800</td>
</tr>
<tr>
<td>1. Overall policy-making direction and coordination</td>
<td>45,469,800</td>
<td>257,500</td>
<td>45,727,300</td>
</tr>
<tr>
<td>2. General Assembly affairs and conference services</td>
<td>245,868,700</td>
<td>998,900</td>
<td>246,867,600</td>
</tr>
<tr>
<td>Total, part I</td>
<td>491,338,500</td>
<td>1,156,300</td>
<td>492,494,800</td>
</tr>
<tr>
<td>Part II. Political affairs</td>
<td>158,563,300</td>
<td>161,749,000</td>
<td>3,185,700</td>
</tr>
<tr>
<td>3. Political affairs</td>
<td>14,165,900</td>
<td>(378,600)</td>
<td>13,787,300</td>
</tr>
<tr>
<td>4. Disarmament</td>
<td>70,816,400</td>
<td>(916,800)</td>
<td>69,899,600</td>
</tr>
<tr>
<td>5. Peacekeeping operations</td>
<td>3,449,900</td>
<td>(79,900)</td>
<td>3,370,000</td>
</tr>
<tr>
<td>6. Peaceful uses of outer space</td>
<td>250,181,200</td>
<td>(4,561,000)</td>
<td>245,620,200</td>
</tr>
<tr>
<td>Total, part II</td>
<td>250,181,200</td>
<td>(4,561,000)</td>
<td>245,620,200</td>
</tr>
<tr>
<td>Part III. International justice and law</td>
<td>55,489,400</td>
<td>55,786,100</td>
<td>(296,700)</td>
</tr>
<tr>
<td>7. International Court of Justice</td>
<td>22,248,700</td>
<td>(62,300)</td>
<td>22,186,400</td>
</tr>
<tr>
<td>8. Legal affairs</td>
<td>33,537,400</td>
<td>(234,400)</td>
<td>33,303,000</td>
</tr>
<tr>
<td>Total, part III</td>
<td>55,786,100</td>
<td>(296,700)</td>
<td>55,489,400</td>
</tr>
<tr>
<td>Part IV. International cooperation for development</td>
<td>260,816,100</td>
<td>261,480,500</td>
<td>(664,400)</td>
</tr>
<tr>
<td>9. Economic and social affairs</td>
<td>114,288,200</td>
<td>114,150,400</td>
<td>137,800</td>
</tr>
<tr>
<td>10. Africa: New Agenda for Development</td>
<td>5,073,100</td>
<td>5,218,600</td>
<td>(145,500)</td>
</tr>
<tr>
<td>11A. Trade and development</td>
<td>82,437,100</td>
<td>82,499,800</td>
<td>(62,700)</td>
</tr>
<tr>
<td>11B. International Trade Centre UNCTAD/WTO</td>
<td>16,839,500</td>
<td>17,256,800</td>
<td>(417,300)</td>
</tr>
<tr>
<td>12. Environment</td>
<td>8,511,600</td>
<td>8,596,800</td>
<td>(85,200)</td>
</tr>
<tr>
<td>13. Human settlements</td>
<td>14,915,000</td>
<td>14,905,200</td>
<td>(99,800)</td>
</tr>
<tr>
<td>14. Crime prevention and criminal justice</td>
<td>4,825,100</td>
<td>4,825,200</td>
<td>100</td>
</tr>
<tr>
<td>15. International drug control</td>
<td>14,026,500</td>
<td>14,027,700</td>
<td>(1,200)</td>
</tr>
<tr>
<td>Total, part IV</td>
<td>260,816,100</td>
<td>(664,400)</td>
<td>260,151,700</td>
</tr>
<tr>
<td>Part V. Regional cooperation for development</td>
<td>41,073,700</td>
<td>41,210,400</td>
<td>(136,700)</td>
</tr>
<tr>
<td>16. Economic and social development in Africa</td>
<td>72,035,600</td>
<td>71,481,500</td>
<td>554,100</td>
</tr>
<tr>
<td>17. Economic and social development in Asia and the Pacific</td>
<td>53,345,700</td>
<td>53,899,900</td>
<td>(554,200)</td>
</tr>
<tr>
<td>18. Economic development in Europe</td>
<td>39,162,700</td>
<td>39,163,100</td>
<td>(400)</td>
</tr>
<tr>
<td>19. Economic and social development in Latin America and the Caribbean</td>
<td>76,836,100</td>
<td>76,872,000</td>
<td>(35,900)</td>
</tr>
<tr>
<td>20. Economic and social development in Western Asia</td>
<td>45,729,500</td>
<td>45,698,200</td>
<td>31,300</td>
</tr>
<tr>
<td>21. Regular programme of technical cooperation</td>
<td>41,073,700</td>
<td>41,210,400</td>
<td>(136,700)</td>
</tr>
<tr>
<td>Total, part V</td>
<td>328,183,300</td>
<td>(141,800)</td>
<td>328,041,500</td>
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</tbody>
</table>
D

Final income estimates for the biennium 2000-2001

The General Assembly

Resolves that, for the biennium 2000-2001:
(a) The provisional estimates of income of 379,673,500 United States dollars approved by its resolution 56/240 B of 24 December 2001 shall be increased by 3,741,700 dollars as follows:

(b) The income from staff assessment shall be credited to the Tax Equalization Fund in accordance with the provisions of General Assembly resolution 973(X) of 15 December 1955;
(c) Direct expenses of the United Nations Postal Administration, services to visitors, catering and related services, garage operations, television services and the sale of publications, not provided for under the budget appropriations, shall be charged against the income derived from those activities.

<table>
<thead>
<tr>
<th>Section</th>
<th>Income section</th>
<th>Revised appropriation and the commitment authority approved in General Assembly resolution 56/240 A</th>
<th>Increase/ (decrease)</th>
<th>Final appropriation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Part VI. Human rights and humanitarian affairs</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>22. Human rights</td>
<td>38,965,300</td>
<td>(908,900)</td>
<td>38,056,400</td>
<td></td>
</tr>
<tr>
<td>23. Protection of and assistance to refugees</td>
<td>40,385,300</td>
<td>14,600</td>
<td>40,399,900</td>
<td></td>
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<tr>
<td>24. Palestine refugees</td>
<td>24,314,700</td>
<td>(335,400)</td>
<td>23,979,300</td>
<td></td>
</tr>
<tr>
<td>25. Humanitarian assistance</td>
<td>18,394,100</td>
<td>100</td>
<td>18,394,200</td>
<td></td>
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<tr>
<td>Total, part VI</td>
<td>122,059,400</td>
<td>(1,229,800)</td>
<td>120,829,600</td>
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<tr>
<td>Part VII. Public information</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>26. Public information</td>
<td>141,289,100</td>
<td>(145,900)</td>
<td>141,143,200</td>
<td></td>
</tr>
<tr>
<td>Total, part VII</td>
<td>141,289,100</td>
<td>(145,900)</td>
<td>141,143,200</td>
<td></td>
</tr>
<tr>
<td>Part VIII. Common support services</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>27. Management and central support services</td>
<td>437,961,000</td>
<td>1,638,800</td>
<td>439,599,800</td>
<td></td>
</tr>
<tr>
<td>A. Office of the Under-Secretary-General for Management</td>
<td>11,374,100</td>
<td>125,400</td>
<td>11,499,500</td>
<td></td>
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<td>B. Office of Programme Planning, Budget and Accounts</td>
<td>22,762,500</td>
<td>(39,000)</td>
<td>22,723,500</td>
<td></td>
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<tr>
<td>C. Office of Human Resources Management</td>
<td>49,166,600</td>
<td>(74,500)</td>
<td>49,092,100</td>
<td></td>
</tr>
<tr>
<td>D. Office of Central Support Services</td>
<td>230,721,500</td>
<td>1,765,700</td>
<td>232,487,200</td>
<td></td>
</tr>
<tr>
<td>E. Administration, Geneva</td>
<td>84,897,700</td>
<td>(6,900)</td>
<td>84,890,800</td>
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<tr>
<td>F. Administration, Vienna</td>
<td>23,851,900</td>
<td>(115,900)</td>
<td>23,736,000</td>
<td></td>
</tr>
<tr>
<td>G. Administration, Nairobi</td>
<td>15,186,700</td>
<td>(16,000)</td>
<td>15,170,700</td>
<td></td>
</tr>
<tr>
<td>Total, part VIII</td>
<td>437,961,000</td>
<td>1,638,800</td>
<td>439,599,800</td>
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<tr>
<td>Part IX. Internal oversight</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>28. Internal oversight</td>
<td>18,256,800</td>
<td>218,700</td>
<td>18,475,500</td>
<td></td>
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<tr>
<td>Total, part IX</td>
<td>18,256,800</td>
<td>218,700</td>
<td>18,475,500</td>
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<tr>
<td>Part X. Jointly financed administrative activities and special expenses</td>
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<td></td>
<td></td>
<td></td>
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<td>29. Jointly financed administrative activities</td>
<td>7,605,100</td>
<td>(113,200)</td>
<td>7,491,900</td>
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<td>30. Special expenses</td>
<td>53,376,200</td>
<td>896,000</td>
<td>54,272,200</td>
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<td>Total, part X</td>
<td>60,981,300</td>
<td>782,800</td>
<td>61,764,100</td>
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<td>Part XI. Capital expenditures</td>
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<td></td>
</tr>
<tr>
<td>31. Construction, alteration, improvement and major maintenance</td>
<td>49,401,600</td>
<td>(1,533,100)</td>
<td>47,868,500</td>
<td></td>
</tr>
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<td>Total, part XI</td>
<td>49,401,600</td>
<td>(1,533,100)</td>
<td>47,868,500</td>
<td></td>
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<tr>
<td>Part XII. Staff assessment</td>
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<td></td>
<td></td>
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<td>32. Staff assessment</td>
<td>331,459,400</td>
<td>4,385,000</td>
<td>335,844,400</td>
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<td>Total, part XII</td>
<td>331,459,400</td>
<td>4,385,000</td>
<td>335,844,400</td>
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<tr>
<td>Part XIII. Development Account</td>
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<td></td>
</tr>
<tr>
<td>33. Development Account</td>
<td>13,065,000</td>
<td>—</td>
<td>13,065,000</td>
<td></td>
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<tr>
<td>Total, part XIII</td>
<td>13,065,000</td>
<td>—</td>
<td>13,065,000</td>
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</tr>
<tr>
<td>Grand total</td>
<td>2,561,578,000</td>
<td>(391,100)</td>
<td>2,561,186,900</td>
<td></td>
</tr>
</tbody>
</table>
E
Financing of the final appropriations for the biennium 2000-2001

The General Assembly

Decides that for the biennium 2000-2001, the required additional assessment (32,213,600 United States dollars gross, or 25,409,000 dollars net) will be taken into account in the context of determining regular budget assessments for the year 2003 at the fifty-seventh session of the General Assembly, consistent with the provisions of regulation 5.2 (a) and (b) of the Financial Regulations of the United Nations, and invites the Committee on Contributions to proffer its recommendations on the appropriate scale of assessments to be used, in keeping with the provisions of the Financial Regulations of the United Nations.

Budget for 2002-2003

Support service reductions

On 28 February, the Secretary-General, in a note verbale and an information circular [ST/IC/2002/13], outlined proposed cutbacks in support services: staff travel ($2,800,000), contractual services ($6,400,000), general operating expenses ($19,700,000), supplies and materials ($1,400,000), furniture and equipment ($7,200,000), consultants and experts ($2,000,000) and information technology ($10,000,000). The measures were necessary to enable administration of the 2002-2003 programme budget within the initial appropriation level of $2,625,178,700 approved by General Assembly resolutions 56/254 A and B [YUN 2001, p. 1318], following the Assembly’s reductions by $75 million of the proposed $2.7 billion in estimated expenditures.

On 14 March, Cuba, on behalf of the Group of 77 developing countries and China, introduced a draft resolution [A/C.5/56/L.47] in the Fifth Committee by which the Assembly would decide that the proposed measures not be implemented and would request the Secretary-General to restore the services that had been reduced, particularly conference services and Internet support services to permanent missions; it would also request him to present a report to the Assembly containing proposals for implementing resolution 56/254 without adversely affecting the services provided to Member States. The Secretary-General’s statement on the programme budget implications [A/C.5/56/40] of that draft resolution explained that, if the level of the budget appropriations were to be maintained at $2,625,178,700, the measures requested in the draft could not be discontinued.

Following informal consultations on the draft text, Mexico submitted a new draft resolution [A/C.5/56/L.56], which the Committee adopted (resolution 56/254 D below), and the earlier text was withdrawn. The Director of the Programme Planning and Budget Division informed the Committee that the measures affecting Internet services provided to Member States were rescinded; the associated costs would be financed from the savings resulting from changes in the level of honorarium payable to members of UN organs and subsidiary organs (see p. 1402).

GENERAL ASSEMBLY ACTION

On 27 March [meeting 97], the General Assembly, on the recommendation of the Fifth Committee [A/56/736/Add.1], adopted resolution 56/254 D without vote [agenda item 125].

Programme budget for the biennium 2002-2003

The General Assembly,

Reaffirming its resolutions 56/242, 56/253, and 56/254 A to C of 24 December 2001,

Reaffirming also the rules of procedure of the General Assembly, inter alia, rule 47,

1. Notes with concern the implementation of the measures outlined in the note verbale from the Secretary-General dated 28 February 2002 and in the information circular concerning budget constraints and support service reductions in relation to reductions in certain areas that directly affect services provided to Member States;

2. Requests the Secretary-General to implement the aforementioned resolutions in a way that does not adversely affect the services provided to Member States, in accordance with the current budgetary procedures, the Regulations and Rules Governing Programme Planning, the Programme Aspects of the Budget, the Monitoring of Implementation and the Methods of Evaluation and the Financial Regulations and Rules of the United Nations;

3. Stresses the need for the Secretary-General to implement all General Assembly resolutions in a transparent and non-selective manner;

4. Notes the importance of appropriate provision of conference support services to the bodies and committees of the Organization and to regional groups in accordance with General Assembly resolution 56/242, and in this context requests the Secretary-General to minimize the adverse effect of any changes in the existing and established practice with respect to conference services resulting from the implementation of the measures outlined in his note verbale dated 28 February 2002 and outlined in the information circular;

5. Requests the Secretary-General to restore immediately Internet services, including web hosting, e-mail and support services, to permanent missions, utilizing the resources released as a result of resolution 56/272 of 27 March 2002 on the comprehensive study of the question of honorariums payable to members of organs and subsidiary organs of the United Nations, and to reflect the necessary transfers among sections of the budget in the context of the first performance report on the programme budget for the biennium 2002-2003, to be submitted at the fifty-seventh session;
6. Also requests the Secretary-General to submit proposals to implement the provisions of resolution 56/242 within the resources specified in resolution 56/254 A for consideration and action during the second part of the fifty-sixth session;

7. Decides to consider these matters further in the context of the first performance report to be submitted to the General Assembly at its fifty-seventh session.

As requested, the Secretary-General submitted proposals in April [A/56/91] for the implementation of resolution 56/242 [YUN 2001, 1378], and the Assembly took action on them in resolution 56/587 (see p. 1449).

Revised appropriations

In the first performance report [A/57/6/Add.2], submitted in November, the Secretary-General identified adjustments to the level of appropriations as a result of variations in costing parameters assumed at the time of the initial appropriation, unforeseen and extraordinary items and additional mandates.

The adjustments yielded an increase in expenditure of $215.1 million, bringing total revised requirements to $2,914.4 million and an increase in income of $7 million, resulting in a revised income estimate of $417 million. The revised estimates for the 2002-2003 biennium therefore amounted to $2,497.4 million, an increase of $208.2 million over the appropriations approved in General Assembly resolutions 56/254 A and B [YUN 2001, p. 1381], 56/274 B (see p. 1380) and 56/286 (see p. 146), totalling $2,289.2 million.

ACABQ, in November [A/57/7/Add.16], recommended approval of the revised estimates subject to such adjustments as might be necessary as the result of its consideration of the estimates with regard to matters of which the Security Council was seized (see p. 1379), the International Civil Service Commission report (see p. 1396), and the consolidated statement of revised estimates and programme budget implications.

General Assembly action

On 20 December [meeting 78], the General Assembly, on the recommendation of the Fifth Committee [A/57/649], adopted resolutions 57/293 A-C without vote [agenda item 112].

Programme budget for the biennium 2002-2003

A Revised budget appropriations for the biennium 2002-2003

The General Assembly resolves that, for the biennium 2002-2003, the amount of 2,699,267,800 United States dollars appropriated by it in its resolutions 56/254 A of 24 December 2001 and 56/274 B and 56/286 of 27 June 2002 shall be adjusted by 219,550,900 dollars, as follows:

<table>
<thead>
<tr>
<th>Section</th>
<th>Amount approved in resolutions 56/254 A, 56/274 B and 56/286</th>
<th>Increase/ (decrease)</th>
<th>Revised appropriation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Part I. Overall policy-making, direction and coordination</td>
<td>49,365,800</td>
<td>1,263,000</td>
<td>50,628,800</td>
</tr>
<tr>
<td>1. Overall policy-making, direction and coordination</td>
<td>449,775,300</td>
<td>20,817,600</td>
<td>470,592,900</td>
</tr>
<tr>
<td>2. General Assembly affairs and conference services</td>
<td>20,080,600</td>
<td>521,221,700</td>
<td></td>
</tr>
<tr>
<td>Total, part I</td>
<td>258,657,200</td>
<td>91,229,600</td>
<td>2497,386,800</td>
</tr>
<tr>
<td>Part II. Political affairs</td>
<td>165,579,400</td>
<td>85,970,900</td>
<td>251,550,300</td>
</tr>
<tr>
<td>3. Political affairs</td>
<td>15,432,300</td>
<td>388,800</td>
<td>15,821,100</td>
</tr>
<tr>
<td>4. Disarmament</td>
<td>73,600,700</td>
<td>4,599,400</td>
<td>78,200,100</td>
</tr>
<tr>
<td>5. Peacekeeping operations</td>
<td>8,044,900</td>
<td>270,000</td>
<td>8,314,900</td>
</tr>
<tr>
<td>6. Peaceful uses of outer space</td>
<td>2,967,300</td>
<td>139,886,800</td>
<td></td>
</tr>
<tr>
<td>Total, part II</td>
<td>59,103,100</td>
<td>2,967,300</td>
<td>62,070,400</td>
</tr>
<tr>
<td>Part III. International justice and law</td>
<td>23,837,300</td>
<td>2,478,600</td>
<td>26,315,900</td>
</tr>
<tr>
<td>7. International Court of Justice</td>
<td>35,265,800</td>
<td>488,700</td>
<td>35,754,500</td>
</tr>
<tr>
<td>8. Legal affairs</td>
<td>22,080,600</td>
<td>521,221,700</td>
<td></td>
</tr>
<tr>
<td>Total, part III</td>
<td>58,103,100</td>
<td>2,967,300</td>
<td>62,070,400</td>
</tr>
<tr>
<td>Part IV. International cooperation for development</td>
<td>121,043,400</td>
<td>2,608,800</td>
<td>123,652,200</td>
</tr>
<tr>
<td>9. Economic and social affairs</td>
<td>3,055,600</td>
<td>43,900</td>
<td>3,099,500</td>
</tr>
<tr>
<td>9A. Office of the High Representative for the Least Developed Countries</td>
<td>5,932,700</td>
<td>119,600</td>
<td>6,052,300</td>
</tr>
<tr>
<td>11A. Trade and development</td>
<td>18,022,600</td>
<td>1,351,300</td>
<td>19,373,900</td>
</tr>
<tr>
<td>12. Environment</td>
<td>7,660,200</td>
<td>694,900</td>
<td>8,355,100</td>
</tr>
<tr>
<td>13. Human settlements</td>
<td>4,044,900</td>
<td>270,000</td>
<td>4,314,900</td>
</tr>
<tr>
<td>14. Crime prevention and criminal justice</td>
<td>8,314,900</td>
<td>139,886,800</td>
<td></td>
</tr>
<tr>
<td>15. International drug control</td>
<td>15,289,100</td>
<td>1,004,600</td>
<td>16,293,700</td>
</tr>
<tr>
<td>Total, part IV</td>
<td>273,137,600</td>
<td>14,118,900</td>
<td>287,256,500</td>
</tr>
</tbody>
</table>
Revised income estimates for the biennium 2002-2003

The General Assembly

Resolves that, for the biennium 2002-2003, the estimates of income of 410,036,100 United States dollars approved by it in its resolutions 56/254 A of 24 December 2001 and 56/274 B and 56/286 of 27 June 2002 shall be increased by 4,393,500 dollars, as follows:

[See table on next page]

Financing of appropriations for the year 2003

The General Assembly

Resolves that, for the year 2003:

1. Budget appropriations totalling 1,666,290,850 United States dollars and consisting of 1,312,589,350 dollars, being half of the appropriations initially approved for the biennium 2002-2003 in its resolution 56/254 C of 24 December 2001, 14,728,900 dollars and 59,360,200 dollars, being additional appropriations approved for the biennium 2002-2003 in its resolutions 56/274 B and 56/286 of 27 June 2002, 191,550,900 dollars, being the increase approved by the General Assembly in resolution A above, plus 28,061,500 dollars, being the increase in the final appropriations for the biennium 2000-2001 approved in its resolutions 56/240 A of 24 December 2001 and 56/240 C of 27 March 2002, shall be financed in accordance with regulations 5.1 and 5.2 of the Financial Regulations of the United Nations, as follows:

(a) 37,259,284 dollars, consisting of:

(i) 25,878,800 dollars, being half of the estimated income other than income from staff assessment approved for the biennium 2002-2003 by the Assembly in its resolution 56/254 B of 24 December 2001;

(ii) Less 10,376,100 dollars, being the decrease approved by the Assembly in resolution B above;
United Nations financing and programming

(iii) 237,244 dollars, being the unencumbered balance of the final appropriations for the biennium 2000-2001 as at 31 December 2001;
(iv) 26,748,816 dollars, being the savings from liquidations of prior-period obligations as at 31 December 2001;
(v) 5,077 dollars, being the net balance of the contributions of new Member States, offset by other adjustments to fund balances as at 31 December 2001;
(vi) Less 5,234,553 dollars, being the decrease in income other than staff assessment for the biennium 2000-2001 compared with the revised estimates approved by the Assembly in its resolution 55/239 B of 23 December 2000;

(b) 1,569,031,566 dollars, being the assessment on Member States in accordance with its resolutions 55/5 B of 23 December 2000 and 57/4 B of 20 December 2002 on the scale of assessments for the year 2003;
2. There shall be set off against the assessment on Member States, in accordance with the provisions of General Assembly resolution 973(X) of 15 December 1955, their respective share in the Tax Equalization Fund in the total amount of 294,250,264 dollars, consisting of:
(a) 176,368,900 dollars, being half of the estimated staff assessment income approved by the Assembly in its resolution 56/254 B;
(b) 4,165,800 dollars, being the estimated staff assessment income approved by the Assembly in its resolution 56/274 B;
(c) 1,574,900 dollars, being the estimated staff assessment income approved by the Assembly in its resolution 56/286;
(d) 14,769,600 dollars, being the estimated increase in income from staff assessment approved by the Assembly in resolution B above;
(e) 7,431,064 dollars, being the increase in income from staff assessment for the biennium 2000-2001 compared with the revised estimates approved by the Assembly in its resolution 55/239 B of 23 December 2000.

United Nations Institute for Training and Research (see p. 1132), the capital master plan (see p. 1439) and the strengthening of the Terrorism Prevention Branch of the Secretariat (see p. 59).

GENERAL ASSEMBLY ACTION

On 20 December [meeting 78], the General Assembly, on the recommendation of the Fifth Committee [A/57/649], adopted resolution 57/292 without vote [agenda item 112].

Questions relating to the programme budget for the biennium 2002-2003

The General Assembly,

I

Plan to increase the regular budget component of the United Nations Office at Nairobi

Recalling paragraph 163 of its resolution 56/253 of 24 December 2001, by which it requested the Secretary-General to bring the financial arrangements of the United Nations Office at Nairobi into line with those of similar United Nations administrative offices,

1. Takes note of the report of the Secretary-General on the plan to increase the regular budget component of the United Nations Office at Nairobi, and endorses the recommendations of the Advisory Committee on Administrative and Budgetary Questions thereon;
2. Welcomes the intention of the Secretary-General to continue to strengthen the United Nations Office at Nairobi, and urges him to increase the regular budget component of the Office in future bienniums so as to ensure that the Office is able fully to execute programmes and activities within its mandate;
3. Requests the Secretary-General to take into account the provisions of the present resolution in the context of the proposed programme budget for the biennium 2004-2005;

II

Capital master plan


Having considered the report of the Secretary-General on the capital master plan,

Having also considered the related report of the Advisory Committee on Administrative and Budgetary Questions,

1. Takes note with concern of the hazards, risks and deficiencies of the current condition of the United Nations Headquarters complex, and concurs with the Secretary-General that a decision on viable solutions must be made to ameliorate those conditions;
2. Takes note of the report of the Secretary-General on the capital master plan;
3. Also takes note of the related report of the Advisory Committee on Administrative and Budgetary Questions relating to the United Nations Office at Nairobi

The Fifth Committee considered a number of special subjects relating to the 2002-2003 programme budget, among them the plan to increase the regular budget component of the United Nations Office at Nairobi (UNON), estimates in respect of matters of which the Security Council was seized, the first performance report on the programme budget for the 2002-2003 biennium and the contingency fund: consolidated statement of programme budget implications and revised estimates (see sections below).

Other subjects concerned the United Nations Institute for Training and Research (see p. 1132), the capital master plan (see p. 1439) and the strengthening of the Terrorism Prevention Branch of the Secretariat (see p. 59).

### Special subjects relating to the 2002-2003 programme budget

The Fifth Committee considered a number of special subjects relating to the 2002-2003 programme budget, among them the plan to increase the regular budget component of the United Nations Office at Nairobi (UNON), estimates in respect of matters of which the Security Council was seized, the first performance report on the programme budget for the 2002-2003 biennium and the contingency fund: consolidated statement of programme budget implications and revised estimates (see sections below).
Questions, and endorses the observations and recommendations contained therein, subject to the provisions of the present resolution;

4. Welcomes with appreciation the offer of support from the City and State of New York, and acknowledges their efforts to make possible the implementation of the capital master plan;

Scope of the capital master plan

5. Decides to implement the capital master plan on the basis of the baseline scope under the first approach to phasing and swing space, with a projected construction budget of 1,949 million United States dollars, a variance of plus or minus 10 per cent, that is, a range currently estimated at 941.1 million to 1,153.9 million dollars, a proposed construction start date of October 2004 and a construction duration of five years;

6. Notes that the projected budget should be increased by up to 144 million dollars should the Assembly decide to implement any of the scope options referred to in paragraph 11 below;

7. Authorizes the Secretary-General to proceed with the remaining phases of design development and construction documentation, bearing in mind the provisions set out below;

Baseline scope

8. Approves the implementation of the baseline scope as amended by the exclusion of the proposed new large conference room and multi-function hall in the parking garage;

9. Requests the Secretary-General to submit to the General Assembly at its fifty-eighth session plans for the three additional conference rooms foreseen in the baseline scope, including the information used to determine the need for such additional space and the size of each room;

10. Also requests the Secretary-General to include in those plans viable solutions for allowing natural light into the rooms, with a view to ensuring occupationally healthy conditions;

Scope options

11. Approves the inclusion in the design documents of the proposed scope options for security, redundancy and contingency and sustainability within the design work for the capital master plan, without prejudice to the final decision to be made by the General Assembly at its fifty-eighth session with regard to the scope options to be included, and also approves the contingency plans for retaining the proposed new large conference room and multi-function hall in the parking garage of the United Nations Headquarters complex;

Swing space

12. Endorses the proposal of the Secretary-General, in line with the first approach to phasing and swing space, to complete the negotiations with the City of New York for the construction and lease purchase of a new United Nations consolidated building on a section of the Robert Moses Playground, including the cost of providing alternative park amenities for the community to compensate for the loss of part of the playground;

13. Requests the Secretary-General to include a permanent large conference room and a permanent multi-function hall in a design of the new United Nations consolidated building;

14. Also requests the Secretary-General to ensure that, in addressing the design of the United Nations consolidated building, the necessary security and environmental parameters are respected;

15. Approves, in principle, the approach of the Secretary-General that the acquisition of the United Nations consolidated building will be made through a lease-purchase agreement with the United Nations, upon the expiry of which the building and the land on which it stands would be owned by the United Nations;

Parking

16. Takes note with concern of the existing difficulties with regard to the availability of parking at the United Nations;

17. Requests the Secretary-General to study all viable options to ensure sufficient parking spaces so as to meet the existing and future needs of diplomatic missions and Secretariat staff within the projected overall budget of the capital master plan, and to report thereon to the General Assembly at its fifty-eighth session in the context of its consideration of the capital master plan;

Management and oversight

18. Requests the Secretary-General to put in place strict control standards for all phases of the plan prior to and during its implementation, defining the precise refurbishment work to be done and the technical results to be achieved so as to ensure that there are no cost overruns associated with the overall project, that the project is completed successfully within the envisaged time frame and budget and within the agreed technical specifications, that there are financial penalties for contractors in the case of non-respect of deadlines and that there is a guarantee which will ensure the long-term quality of the work undertaken;

19. Concurs with the intention of the Secretary-General to establish an independent and impartial advisory board, as outlined in paragraph 66 of his report, and requests him, in establishing the board, to reflect wide geographical representation;

20. Takes note of the information included in paragraph 75 of the report of the Secretary-General and of the fact that the Board of Auditors, in order to avoid a conflict of interest, did not assume responsibility for the validation of initial project costs;

21. Stresses in this regard the importance, as a matter of transparency, of the Secretary-General reporting to the General Assembly on such situations;

22. Also stresses the importance of oversight with respect to the development and implementation of the capital master plan, and requests the Board of Auditors and all other relevant oversight bodies to initiate immediate oversight activities and to report annually thereon to the General Assembly;

23. Takes note of annexes II and III to the report of the Secretary-General, and requests the Secretary-General to issue a corrigendum that reflects the current organizational structure of the Secretariat for managing the capital master plan, both at present and over the course of its implementation;

Appropriation and funding

24. Decides that a special account for the capital master plan should be established, and requests the Secretary-General to make the necessary arrangements in this regard, in accordance with the provisions

25. Also decides to appropriate 25.5 million dollars to the special account for the capital master plan for the biennium 2002-2003, in accordance with the relevant resolutions on the scale of assessments applicable for the biennium 2002-2003, for design and related project management and management of pre-construction services for the baseline scope and scope options;

26. Authorizes the Secretary-General to enter into commitments of up to 26 million dollars for the biennium 2004-2005 to provide for the remaining work, related project management and management of pre-construction services for the baseline scope and scope options;

27. Welcomes the preparedness of the Secretary-General to initiate a campaign to encourage and secure private donations;

28. Reaffirms the importance of continuing efforts to secure financial resources from the public and private sectors for upgrading facilities and equipment, including the participation of private companies in infrastructural improvements, where such participation has no financial implications for the Organization, and also re-affirms that the acceptance of any donation should conform to the international and intergovernmental character of the Organization and should be in full compliance with the Financial Regulations and Rules of the United Nations;

29. Requests the Secretary-General to report to the General Assembly at its fifty-eighth session on:

(a) The status of possible funding arrangements, including a financial package to be provided by the host country;
(b) Other contributions and his efforts to secure such contributions from public and private sources;
(c) All aspects of the outcome of negotiations with the City and State of New York;
(d) The progress of the design work;

Procurement

30. Requests the Secretary-General, considering the need to continue to explore ways to increase procurement opportunities for vendors from developing countries and countries with economies in transition, to take the provisions of General Assembly resolutions 54/14 of 29 October 1999 and 55/247 of 12 April 2001 on procurement reform fully into consideration in the implementation of the capital master plan;

31. Also requests the Secretary-General to report to it on an annual basis on the awarding of contracts for procurement for the capital master plan;

Final provisions

32. Decides that none of the provisions of the present resolution, with the exception of paragraphs 24 to 26 and all requested design specifications, are binding in the event that the City and State of New York cannot fulfill their commitments to the capital master plan and if the host country does not offer a financing package to cover the project, described in paragraph 5 of the present section;

33. Also decides to revert to the issue of the financing of the capital master plan at its fifty-eighth session;

34. Requests the Secretary-General to submit to it annual progress reports on the implementation of the capital master plan;

III

Estimates in respect of matters of which the Security Council is seized

Having considered the report of the Secretary-General on the estimates in respect of matters of which the Security Council is seized and the related report of the Advisory Committee on Administrative and Budgetary Questions,

1. Takes note of the report of the Secretary-General on the estimates in respect of matters of which the Security Council is seized, and endorses the observations and recommendations of the Advisory Committee on Administrative and Budgetary Questions contained in its report;

2. Approves, under the procedures provided for in paragraph II of annex I to its resolution 41/213 of 19 December 1986, an additional appropriation of 60,039,000 dollars for the nineteen special political missions presented in the report of the Secretary-General under section 3, Political affairs, of the programme budget for the biennium 2002-2003;

3. Also approves an appropriation of 8,183,100 dollars under section 32, Staff assessment, to be offset by a corresponding amount under Income section 1, Income from staff assessment, of the programme budget for the biennium 2002-2003;

IV

Strengthening the Terrorism Prevention Branch of the Secretariat

Recalling paragraph 103 of its resolution 56/253 of 21 December 2001,

Having considered the report of the Secretary-General on strengthening the Terrorism Prevention Branch of the Secretariat and the related report of the Advisory Committee on Administrative and Budgetary Questions,

1. Reaffirms the priorities of the Organization as set out in the medium-term plan for the period 2002-2005, namely:

(a) Maintenance of international peace and security;
(b) Promotion of sustained economic growth and sustainable development in accordance with the relevant resolutions of the General Assembly and recent United Nations conferences;
(c) Development of Africa;
(d) Promotion of human rights;
(e) Effective coordination of humanitarian assistance efforts;
(f) Promotion of justice and international law;
(g) Disarmament;
(h) Drug control, crime prevention and combating international terrorism in all its forms and manifestations;

2. Also reaffirms the role of the Centre for International Crime Prevention of the Office on Drugs and Crime of the Secretariat in contributing to the prevention of international terrorism in all its forms and manifestations, as mandated and reflected in the medium-term plan;

3. Further reaffirms the role of the Centre in providing, at the request of Member States, technical assist-
in the prevention of international terrorism in all its forms and manifestations;
4. Approves, as a charge against the contingency fund, an amount of 230,900 dollars for one D-1, one P-4, one P-3 and two General Service (Other level) posts under section H, Crime prevention and criminal justice, of the programme budget for the biennium 2002-2003 and a related amount of 55,600 dollars under section 32, Staff assessment, offset by the amount of 55,600 dollars under income section 1, Income from staff assessment, and decides that the balance of resource requirements as detailed in the annex to the report of the Secretary-General shall be reflected in the proposed programme budget for the biennium 2004-2005;

V United Nations Institute for Training and Research
Recalling its resolutions 47/227 of 8 April 1993 and 56/208 of 21 December 2001,
Having considered the report of the Secretary-General on the United Nations Institute for Training and Research and the related report of the Advisory Committee on Administrative and Budgetary Questions,
1. Emphasizes the need to find a viable financial solution to ensure the future effective functioning of the United Nations Institute for Training and Research;
2. Notes with concern that the Institute has accumulated a debt to the United Nations and to the Fondation immobilière des organisations internationales owing to lack of payment of rent and maintenance for its liaison offices in New York and Geneva;
3. Requests the Secretary-General, on the basis of consultations with the Executive Director of the United Nations Institute for Training and Research, to report to the General Assembly at its fifty-eighth session on the financial viability of the Institute, including the status of all voluntary contributions and the payment of the accumulated debt of the Institute, as well as on provisions offered to other comparable organizations;
4. Also requests the Secretary-General to address, in the context of the programme budget for the biennium 2004-2005, based on the aforementioned consultations with the Institute, specific proposals and options on how best to address the issue of its past and future maintenance and rental costs, drawing on the provisions made for other organizations associated with the United Nations;

VI First performance report on the programme budget for the biennium 2002-2003
Having considered the first performance report of the Secretary-General on the programme budget for the biennium 2002-2003 and the related report of the Advisory Committee on Administrative and Budgetary Questions,
1. Reaffirms the budgetary process as approved in its resolution 41/213 of 19 December 1986 and as reaffirmed in subsequent resolutions;
2. Also reaffirms its resolutions 56/253 and 56/254 A to C of 24 December 2001 and 56/274 B, 56/286 and 56/287 of 27 June 2002;
3. Takes note of the first performance report of the Secretary-General on the programme budget for the biennium 2002-2003, and endorses the observations and recommendations of the Advisory Committee on Administrative and Budgetary Questions, subject to the provisions of the present resolution;
4. Decides to appropriate an amount of 6,896,100 dollars to support the meeting requirements of the Counter-Terrorism Committee for the period from 1 January 2002 to 31 March 2005 in the programme budget for the biennium 2002-2003 as follows: 6,531,900 dollars under section 2, General Assembly affairs and conference services, and 364,200 dollars under section 27 I, Office of Central Support Services;
5. Notes the continued unpredictability of the service requirements for the activities of the Counter-Terrorism Committee and the scope for absorption of some or all of the costs related to the servicing of the Committee;
6. Reiterates paragraph 2 of its resolution 56/288 of 27 June 2002, in which it requested the Secretary-General to ensure the provision of conference and support services to the Counter-Terrorism Committee without adversely affecting other conference services;
7. Decides to consider further the conference and support servicing of the Counter-Terrorism Committee for 2003 in the light of the review by the Security Council of the activities of the Committee;
8. Decides also to approve 9.9 million dollars for realized vacancy rates in 2002 and to consider the actual realized vacancy rates for 2003 in the context of the second performance report on the programme budget for the biennium 2002-2003;
9. Reiterates paragraphs 133 to 136 of its resolution 56/253;
10. Requests the Secretary-General to continue to provide information on regular budget expenditures on a quarterly basis in the appropriate format;
11. Notes with deep concern the serious and continuing deterioration in the business of the United Nations Postal Administration;
12. Requests the Secretary-General to ensure, as a matter of priority, that the continuing downward trend in the business of the United Nations Postal Administration is reversed, considering all possible courses of action for the future conduct of its business, and to report thereon to the General Assembly in the context of the second performance report;
13. Approves a net increase of 176,866,900 dollars in the appropriation approved for the biennium 2002-2003 and a net increase of 2,807,300 dollars in the estimates of income for the biennium, to be apportioned among expenditure and income sections as indicated in the report of the Secretary-General;

VII Contingency fund: consolidated statement of programme budget implications and revised estimates
Notes that a balance of 31,200 dollars remains in the contingency fund.

On 20 December, the Assembly decided that the item on the programme budget for the 2002-2003 biennium would remain for consideration at its resumed fifty-seventh (2003) session (decision 57/585) and that the Fifth Committee should continue consideration of the item at that session (decision 57/556).
Budget component of UNON

In response to General Assembly resolution 56/253 [YUN 2001, p. 1297], the Secretary-General submitted an Audit report [A/57/362] on his plan for gradually increasing the regular budget component of the United Nations Office at Nairobi. Efforts had been made to strengthen UNON, whose budget increased by 2.5, 15.2 and 9.7 per cent for the 1998-1999, 2000-2001 and 2002-2003 bienniums, respectively. In the Secretary-General’s report on the outline of the budget for 2004-2005 [A/57/85], further resources for strengthening UNON were foreseen, with a view to easing the administrative costs levied on the UNEP and UN-Habitat substantive programmes.

ACABQ, in October [A/57/7/Add.3], recommended that the Assembly endorse the Secretary-General’s proposed approach.

Contingency fund

The contingency fund, established by General Assembly resolution 41/213 [YUN 1986, p. 1024], accommodated additional expenditures relating to categories of which the maximum of efficiency and revised estimates falling under the guidelines for use of the fund. The consolidated amount of new and potential charges of $1,490,200 for the 2002-2003 biennium was within the available balance of the fund.

Perennial activities and use of the contingency fund

By resolution 56/284 of 27 June, the General Assembly, having considered the report of the Secretary-General on the relationship between the treatment of perennial activities in the programme budget and the use of the contingency fund [YUN 1998, p. 1278], together with the related ACABQ report [ibid.], took note of those reports.

Revised estimates in respect of matters of which the Security Council was seized


ACABQ, on 4 March [A/56/7/Add.8], recommended approval of a charge of $41,458,500, inclusive of the of $11,113,400 approved by Assembly resolution 56/255 [YUN 2001, p. 1390], for the 19 special political missions dealt with in the reports of the Secretary-General against the provision for special political missions requested under section 3, Political affairs, of the 2002-2003 programme budget.

GENERAL ASSEMBLY ACTION

On 27 March [meeting 97], the General Assembly, on the recommendation of the Fifth Committee [A/56/7/Add.1], adopted resolution 56/274 A without vote [agenda item 121].

Estimates in respect of matters of which the Security Council is seized

The General Assembly,

Having considered the reports of the Secretary-General on the estimates in respect of matters of which the Security Council is seized and the related reports of the Advisory Committee on Administrative and Budgetary Questions,

Recalling its resolution 56/255 of 24 December 2001, in which it approved a charge totalling 11,113,400 United States dollars against the provision for special political missions under section 3, Political affairs, of the proposed programme budget for the biennium 2002-2003,

1. Takes note of the reports of the Secretary-General on the estimates in respect of matters of which the Security Council is seized, and concurs with the observations and endorses the recommendations of the Advisory Committee on Administrative and Budgetary Questions contained in its report;

2. Approves the charge of 41,458,500 dollars, inclusive of the amount of 11,113,400 dollars approved by the General Assembly in its resolution 56/255 for the 19 special political missions dealt with in the reports of the Secretary-General against the provision for special political missions requested under section 3, Political affairs, of the proposed programme budget for the biennium 2002-2003;

3. Requests the Secretary-General to take all necessary action to ensure that the special political missions are administered with the maximum of efficiency and economy.

In May [A/C.5/56/25/Add.4], following the establishment of the United Nations Assistance Mission in Afghanistan (UNAMA) by Security Council resolution 1401(2002) (see p. 264), the
Secretary-General proposed net resource requirements of $43,010,700 ($46,940,200 gross) for that Mission until March 2003, which took into account existing appropriations of $9,089,800 for the United Nations Special Mission to Afghanistan and for the Office of the Special Representative of the Secretary-General for Afghanistan.

Also in May [A/C.5/56/25/Add.5], the Secretary-General proposed net resource requirements amounting to $1,855,700 ($2,092,000 gross) for the United Nations Tajikistan Office of Peace-building (UNTOP) for 1 June 2002 to 31 May 2003, which took into account the unencumbered balance under the existing appropriation.

On 17 May [A/56/7/Add.10], ACABQ recommended approval of a charge of $34,303,300 for UNAMA against the balance remaining for special political missions appropriated under section 3, Political affairs, of the 2002-2003 programme budget, and additional appropriations of $8,707,400 under the same section and $3,929,500 under section 32, Staff assessment.

At the 23 May Fifth Committee meeting [A/C.5/56/SR.59], ACABQ orally recommended approval of an additional appropriation of up to $2,092,000 gross under section 3 for UNTOP.

3. Also approves, under the procedures provided for in paragraph 11 of annex I to General Assembly resolution 41/213 of 19 December 1986, an additional appropriation of 10,563,100 dollars for the two political missions discussed in the reports of the Secretary-General, comprising 8,707,400 dollars for the United Nations Assistance Mission in Afghanistan and 1,855,700 dollars for the United Nations Tajikistan Office of Peace-building.

As a result of decisions taken by the Security Council in 2002, the Secretary-General submitted in November [A/C.5/57/25] estimated resource requirements of $69,028,100 net ($77,211,200 gross) for 18 political missions, as well as for the Monitoring Mechanism on Sanctions against the União Nacional para a Independência Total de Angola. Those amounts were charged against the $108,901,800 net ($113,067,600 gross) appropriated by the Assembly for political missions by the end of its fifty-sixth session under section 3, Political affairs, of the 2002-2003 programme budget.

ACABQ, on 27 November [A/57/7/Add.17], recommended approval of an additional expenditure amount of $60,039,000, after taking into account the estimated unencumbered balance of $13,736,300 for the current mandate periods.

3. Also approves, under the procedures provided for in paragraph 11 of annex I to General Assembly resolution 41/213 of 19 December 1986, an additional appropriation of 10,563,100 dollars for the two political missions discussed in the reports of the Secretary-General, comprising 8,707,400 dollars for the United Nations Assistance Mission in Afghanistan and 1,855,700 dollars for the United Nations Tajikistan Office of Peace-building.


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rights, of the 2002-2003 programme budget as a charge against the contingency fund for financing activities in respect of Council decision 2002/281; invited the Council to review its decision 2002/281 to ensure that no additional meetings of the Commission on Human Rights were required in connection with its fifty-ninth session; and requested the Secretary-General to provide conference services that might be required consequent to Council decisions 2002/257 and 2002/281, and to report to the Assembly’s fifty-eighth (2003) session on the related expenditures in the context of the second performance report on the 2002-2003 programme budget.

Estimates of staff assessment

The Secretary-General, in response to General Assembly resolution 56/253 [YUN 2001, p. 1297], submitted an 11 October report [A/57/464] in which he reviewed the format for presenting estimates (gross and net) of staff assessment. Under the current UN format, staff assessment was presented in the regular budget as both an expenditure item under section 32 and income under income section 1, which included revenues generated under section 32 and staff assessment derived from expenditure portions under income section 3. The Secretary-General also analysed formats used by other organizations in the UN system.

The Secretary-General concluded that, given the different arrangements in use throughout the UN system, changing the current UN format would not enhance overall comparability. ACABQ, in October [A/57/7/Add.14], shared the Secretary-General’s view.

By decision 57/570 of 20 December, the Assembly took note of the Secretary-General’s report and that of ACABQ. It decided to continue consideration of the question at its fifty-eighth (2003) session and asked the Secretary-General to provide a comparative analysis of the practice followed by other international organizations to deal with such expenditures.

Inflation and currency fluctuations

In response to General Assembly resolution 56/253 [YUN 2001, p. 1297], the Secretary-General submitted an updated report in October [A/57/471] on the problem of additional expenditures deriving from inflation and currency fluctuations. The report recalled earlier reviews on the subject, the latest one in 1997 [YUN 1997, p. 416], proposing two options for dealing with the problem: absorb the resultant increased costs or establish a reserve fund. It stated that absorbing such expenditures was not a practical alternative, and to do so would severely impact programme implementation; thus, a reserve fund remained the only alternative, which would allow budgeting for potential costs of that nature at the outset of a biennium. ACABQ recommended [A/57/7/Add.14] that the Assembly take note of the Secretary-General’s report.

By decision 57/576 of 20 December, the Assembly took note of the Secretary-General’s report and that of ACABQ. It decided to continue consideration of the question at its fifty-eighth (2003) session and asked the Secretary-General to provide a comparative analysis of the practice followed by other international organizations to deal with such expenditures.

Unforeseen and extraordinary expenses

Under specific circumstances, the Secretary-General was authorized by the General Assembly to enter into commitments for activities of an urgent nature, without reverting to it for approval under the terms of resolution 56/256 [YUN 2001, p. 1322].

In his first performance report on the 2002-2003 programme budget [A/57/616], the Secretary-General informed the Assembly that he had entered into commitments in the amount of $12,872,300, of which $4,448,300 was for activities relating to the maintenance of peace and security; $8,086,400 for commitments agreed by ACABQ; $329,300 for commitments certified by the President of the International Court of Justice; and $8,300 for inter-organizational security measures.

Programme budget outline for 2004-2005

Report of Secretary-General. In June, the Secretary-General presented the proposed programme budget outline for 2004-2005 [A/57/85], indicating a preliminary estimate of resources; sectoral priorities; real growth compared with the previous budget; and the size of the contingency fund expressed as a percentage of the overall level of resources. The preliminary estimate for the 2004-2005 biennium, expressed in 2002-2003 prices, amounted to $2,857.9 million.

Recosted for inflation but not for exchange rate changes, the total requirements for 2004-2005 would amount to $3,037.8 million. The 2004-2005 programme budget would reflect the priorities in the medium-term plan approved by General Assembly resolution 55/234 [YUN 2000, p. 1325].

The preliminary estimate before inclusion of special political missions represented an increase of $47.8 million, or 1.8 per cent, compared with the 2002-2003 biennium. Once account was taken of the full inclusion of required provisions for such missions, the total preliminary estimate of $2,857.9 million would represent an increase of
$158 million, or 5.8 per cent, compared with 2002-2003.

The Secretary-General pointed out that special political missions exhibited characteristics that set them apart from other activities financed from the regular budget. He therefore recommended that the Assembly might consider whether special political missions were susceptible to treatment within the current regular procedures for estimating requirements in the budget outline and subsequent programme budgets.

Noting that the size of the contingency fund was set at 0.75 per cent of the overall resource level, the Secretary-General recommended that the fund again be set at the same rate, or at $21.4 million for the 2004-2005 biennium.

CPC report. At its forty-second session (10 June–5 July and 9 July) [A/57/16], CPC recommended that the Assembly consider further all aspects of the outline, taking into account the adequacy of the preliminary estimates for the full implementation of all mandated programmes and activities; the Secretary-General’s reform proposals to be submitted in September (see p. 1532); the Assembly’s endorsement in resolution 53/206 [YUN 1998, p. 1294] of the Secretary-General’s proposal that the outline provide for expenditures for special political missions to be extended or approved during the biennium; the Secretary-General’s review of possible obsolete activities; CPC’s approval of the Secretary-General’s proposed priorities in the 2002-2005 medium-term plan to be manifested in the 2004-2005 programme budget; and its recommendation that the size of the contingency fund remain at 0.75 per cent of the overall resource level.

ACABQ report. ACABQ, in December [A/57/536], recommended that the Assembly adopt a preliminary estimate of $2,920 million for the 2004-2005 biennium at revised 2002-2003 rates, and that provision for special political missions should continue to be included in the budget outline.

GENERAL ASSEMBLY ACTION

On 20 December [meeting 78], the General Assembly, on the recommendation of the Fifth Committee [A/57/648], adopted resolution 57/280 without vote [agenda item 11].

Proposed programme budget outline for the biennium 2004-2005

The General Assembly:

Reaffirming its resolution 41/233 of 19 December 1986, in which it requested the Secretary-General to submit in off-budget years an outline of the proposed programme budget for the following biennium,

Reaffirming also section VI of its resolution 45/248 B of 21 December 1990,

Reaffirming further rule 153 of its rules of procedure,


Having considered the report of the Secretary-General on the proposed programme budget outline for the biennium 2004-2005, the related recommendations of the Committee for Programme and Coordination and the recommendations of the Advisory Committee on Administrative and Budgetary Questions,

1. Endorses the relevant conclusions and recommendations contained in the report of the Committee for Programme and Coordination and the observations and recommendations of the Advisory Committee on Administrative and Budgetary Questions;

2. Reaffirms that the proposed programme budget outline shall contain an indication of the following:

(a) A preliminary estimate of resources needed to accommodate the proposed programme of activities during the biennium;

(b) Priorities reflecting general trends of a broad sectoral nature;

(c) Real growth, positive or negative, compared with the previous budget;

(d) Size of the contingency fund expressed as a percentage of the overall level of resources;

3. Also reaffirms that the budget outline should provide a greater level of predictability of resources required for the following biennium and promote greater involvement of Member States in the budgetary process, thereby facilitating the broadest possible agreement on the programme budget;

4. Further reaffirms that the budget proposals of the Secretary-General should reflect resource levels commensurate with mandates for their full, efficient and effective implementation;

5. Retains its request to the Secretary-General to submit, in the proposed programme budget for the biennium 2004-2005, the total amount of resources that he should have at his disposal, from all sources of financing, in order to implement fully all mandated programmes and activities;

6. Notes that the budget outline is a preliminary estimate of resources;

7. Requests the Secretary-General to continue to include in the proposed budget outlines and in the proposed programme budget provisions for expenditures for special political missions related to peace and security expected to be extended or approved in the course of the biennium;

8. Also requests the Secretary-General to make appropriate provisions in the proposed programme budget for the biennium 2004-2005 to minimize adverse impacts on the provision of adequate conference services and other related services, in accordance with its resolutions 56/254 D and 56/287, drawing, inter alia, on the improvements made in the management of conference services;

9. Invites the Secretary-General to prepare his proposed programme budget for the biennium 2004-2005 on the basis of a preliminary estimate of 2,576 million United States dollars at revised 2002-2003 rates;

10. Requests the Secretary-General to resubmit the proposed information technology strategy in accordance with resolution 56/239 of 24 December 2001 during the resumed fifty-seventh session of the General Assembly;

May 24 2004
11. **Decides** to consider in the proposed programme budget for the biennium 2004-2005, in addition to the preliminary estimate, a provision in the amount of 29.8 million dollars for information technology and common services facility infrastructure, bearing in mind the comments of the Secretary-General in paragraph 5 of his report;

12. **Decides also** that the proposed programme budget for the biennium 2004-2005 shall contain provisions for recosting on the basis of the existing methodology;

13. **Decides further** that the priorities for the biennium 2004-2005 shall be the following:

(a) Maintenance of international peace and security;
(b) Promotion of sustained economic growth and sustainable development, in accordance with the relevant resolutions of the General Assembly and recent United Nations conferences;
(c) Development of Africa;
(d) Promotion of human rights;
(e) Effective coordination of humanitarian assistance efforts;
(f) Promotion of justice and international law;
(g) Disarmament;
(h) Drug control, crime prevention and combating international terrorism in all its forms and manifestations;

14. **Requests** the Secretary-General, in view of his preliminary indicative estimates contained in the proposed budget outline, to reflect the priorities outlined in paragraph 13 above when presenting the proposed programme budget for the biennium 2004-2005;

15. **Decides** that the contingency fund shall be set at the level of 0.75 per cent of the preliminary estimate, namely at 21.6 million dollars, that this amount shall be in addition to the overall level of the preliminary estimate and that it shall be used in accordance with the procedures for the use and operation of the contingency fund.

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**Contributions**

According to the Secretary-General’s report on improving the financial situation of the United Nations [A/57/498/Add.1], unpaid assessed contributions from Member States to the UN regular budget at the end of 2002 totalled $1,684 million (compared with $2,106 million in 2001); outstanding peacekeeping arrears totalled $1,355 million (compared with $1,823 million in 2001); and unpaid assessments for the international tribunals were $43 million (compared with $44 million in 2001).

The number of Member States paying their regular budget assessment in full decreased from 135 in 2001 to 117 at 31 December 2002.

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**Assessments**

**Application of Article 19**

**Report of Secretary-General.** In response to General Assembly resolutions 56/243 A [YUN 2001, p. 1325] and 55/5 A [YUN 2000, p. 1306], the Secretary-General submitted a March report [A/57/60] reviewing the implications of the calculation of assessed contributions in arrears for the purpose of the application of Article 19 of the Charter, whereby a Member State would lose its vote in the Assembly if the amount of its arrears should equal or exceed the amount of contributions due from it for the preceding two full years.

Annex I to the report updated the figures of outstanding assessed contributions in 2001 under the current procedures for the application of Article 19 and, for illustrative purposes, the outcome with a biannual application of Article 19. Annex II A updated figures for gross and net assessments, payments and credits applied, and amounts outstanding from 1 January 1999 to 31 December 2001 for the Member States that fell or would have fallen under the provisions of Article 19 in 2001 under the current or alternative procedures. Annex II B updated the calculation of the minimum amounts payable by the same Member States to avoid the application of Article 19 on 1 January, 1 July and 31 December 2001, using the current approach and variants. The figures did not reflect arrears of the former Yugoslavia (see p. 1387).

**Committee on Contributions.** The Committee on Contributions, at its sixty-second session (New York, 3-21 June) [A/57/11], considered the methodology for preparing future scales of assessments, measures to encourage the timely, full and unconditional payment of assessed contributions, including multi-year payment plans; the application of Article 19 and requests for exemption; appeals by Member States for a change of assessments; assessments of non-member States and of new Member States; and the arrears of the former Yugoslavia. Also considered were matters related to the final budget appropriation for 2000-2001, the collection of contributions, payment of contributions in currencies other than United States dollars and representations from Member States.

With regard to the methodology for the preparation of future scales of assessments, the Committee considered progress in the implementation of the 1993 System of National Accounts, noting the renaming of the concept of gross national product (GDP) to total gross national income (GNI); the availability of data for the next scale; and the issue of conversion rates, including
the revised methodology for price-adjusted rates of exchange.

In its review of requests from eight Member States for exemption under Article 19, the Committee took no action on Burundi’s request as it was not submitted within the required two-week period prior to the Committee’s session. It determined that the failure of the Comoros, Georgia, Guinea-Bissau, the Republic of Moldova, Sao Tome and Principe, Somalia and Tajikistan to pay the full minimum amount of their arrears necessary to avoid the application of Article 19 was due to conditions beyond their control, as explained in their letters to the Chairman [A/C.5/56/46], and therefore recommended that they be permitted to vote in the Assembly until 30 June 2003. The Committee noted that four Member States requesting exemption under Article 19 had presented multi-year payment plans for the payment of their arrears, and encouraged all Member States requesting an exemption to do the same, their economic position permitting. (See p. 1386 for more information on multi-year payment plans.)

At the conclusion of the Committee’s session, 15 Member States (Afghanistan, Central African Republic, Chad, Guinea-Bissau, Iraq, Kyrgyzstan, Liberia, Mauritania, Niger, Sao Tome and Principe, Seychelles, Somalia, Tajikistan, Uzbekistan, Vanuatu) were in arrears under the terms of Article 19 and had no vote in the Assembly. Four others (Burundi, Comoros, Georgia, Republic of Moldova), similarly in arrears, had been permitted to vote until 30 June 2002, pursuant to Assembly decision 55/473 C [YUN 2000, p. 1325], and therefore recommended that they be permitted to vote in the Assembly until 30 June 2003; four others (Burundi, Comoros, Georgia, Republic of Moldova) were in arrears under the terms of Article 19 and had no vote in the Assembly. Four others (Burundi, Comoros, Georgia, Republic of Moldova), similarly in arrears, had been permitted to vote until 30 June 2002, pursuant to Assembly decision 55/473 C [YUN 2000, p. 1325].

The Committee noted that three Member States (Cyprus, Morocco, Pakistan), availing themselves of the opportunity afforded by Assembly resolution 55/5 B [YUN 2000, p. 1311], had paid the equivalent of $1,405,375.31 in currencies other than United States dollars.

Reports of Secretary-General. During the year, the Secretary-General reported to the Assembly on payments made by certain Member States to reduce their level of arrears below that specified in Article 19, so that they could vote in the Assembly. As at 17 January [A/56/780], 25 Member States were below the gross amount assessed for the preceding two years (2000-2001). That number was reduced to 18 by 5 July [A/56/999], to 16 by 9 September [A/57/390] and to 14 by 27 September [A/57/440].

Communication. In a 7 August letter [A/57/281-S/2002/805] addressed to the Secretary-General, Iraq renewed its request for consideration to be given to its proposal to pay its contribution arrears of $12,399,800 from revenues realized from Iraqi oil exported under the oil-for-food programme for Iraq authorized by Security Council resolution 986(1995) [YUN 1995, p. 473].

GENERAL ASSEMBLY ACTION

On 27 September [meeting 20], the General Assembly, on the recommendation of the Fifth Committee [A/57/429], adopted resolution 57/4 A without vote [agenda item 17].

Scale of assessments for the apportionment of the expenses of the United Nations

The General Assembly, recalling its resolution 54/237 C of 23 December 1999,

Having considered the letter dated 27 June 2002 from the Acting President of the General Assembly to the Chairman of the Fifth Committee transmitting a letter dated 21 June 2002 from the Chairman of the Committee on Contributions regarding the recommendations of that Committee on requests for exemption under Article 19 of the Charter of the United Nations,

Reaffirming the obligation of Member States under Article 17 of the Charter to bear the expenses of the Organization as apportioned by the General Assembly,

1. Reaffirms its role in accordance with the provisions of Article 19 of the Charter of the United Nations and the advisory role of the Committee on Contributions in accordance with rule 160 of the rules of procedure of the General Assembly;

2. Agrees that the failure of the Comoros, Georgia, Guinea-Bissau, the Republic of Moldova, Sao Tome and Principe, Somalia and Tajikistan to pay the full minimum amount necessary to avoid the application of Article 19 of the Charter was due to conditions beyond their control;

3. Decides that the Comoros, Georgia, Guinea-Bissau, the Republic of Moldova, Sao Tome and Principe, Somalia and Tajikistan should be permitted to vote in the General Assembly until 30 June 2003;

4. Also decides, while welcoming the undertaking of and assurances provided by the Permanent Representative of Burundi to the United Nations, to permit Burundi to vote in the General Assembly until the next substantive session of the Committee on Contributions, scheduled to be held from 2 June 2003.

On 20 December, the Assembly decided that the item on the scale of assessments for the apportionment of the expenses of the United Nations would remain for consideration at its resumed fifty-seventh (2003) session (decision 57/385) and that the Fifth Committee should continue to consider the item at that session (decision 57/556).

Other matters related to payment of assessed contributions

The General Assembly considered a number of other issues related to the payment of assessments by Member States, including multi-year
payment plans, appeals by Member States for a change of assessments, the assessment of new Member States and the treatment of the outstanding assessed contributions of the former Yugoslavia (see sections below).

**GENERAL ASSEMBLY ACTION**

On 20 December [meeting 78], the General Assembly, on the recommendation of the Fifth Committee [A/57/429/Add.11], adopted resolution 57/4 B without vote (agenda item 117).

**Scale of assessments for the apportionment of the expenses of the United Nations**

The General Assembly,
Recalling also rule 160 of the rules of procedure of the General Assembly,
Having considered the report of the Committee on Contributions on its sixty-second session,
Having also considered the reports of the Secretary-General on the application of Article 19 of the Charter of the United Nations and on multi-year payment plans,
Having further considered the letter dated 27 December 2001 from the Secretary-General addressed to the President of the General Assembly,
Welcoming the admission of Switzerland and Timor-Leste to membership of the United Nations,

**Multi-year payment plans**

1. **Endorses** the conclusions and recommendations of the Committee on Contributions concerning multi-year payment plans, as contained in paragraphs 17 to 25 of its report;

2. **Urges** all Member States to pay their assessed contributions in full, on time and without imposing conditions, in order to avoid the difficulties being experienced by the United Nations;

**Appeals by Members for a change of assessments**

3. **Decides** to fix the rates of assessment in 2003 for Afghanistan at 0.001 per cent and for Argentina at 0.369 per cent, as ad hoc adjustments;

4. **Requests** the Committee on Contributions to elaborate further on the criteria and methodology for considering and approving by the General Assembly, in keeping with rule 160 of the rules of procedure of the Assembly, so as to facilitate further its consideration of such adjustments;

5. **Emphasizes** the need to seek to preserve the integrity of the scale of assessments;

6. **Notes** that the decision contained in paragraph 3 above is not a precedent and that future appeals by Member States under rule 160 of the rules of procedure will be considered on a case-by-case basis;

7. **Also notes** that this decision should have no automatic implication for the apportionment of the expenses of the specialized agencies or the International Atomic Energy Agency;

**Assessment of new Member States**

8. **Reaffirms** the current methodology of the scale of assessments, as approved in its resolution 55/5 B;

9. **Decides** that the rate of assessment for Switzerland, admitted to membership of the United Nations on 27 September 2002, should be 0.001 per cent for the years 2002 and 2003;

10. **Decides also** that the rate of assessment for Timor-Leste, admitted to membership of the United Nations on 27 September 2002, should be 0.969 per cent, as ad hoc adjustments;

**Outstanding assessed contributions of the former Yugoslavia**

13. **Decides** that for the year 2003, the rates of assessment for Switzerland and Timor-Leste for the year 2002 should be added to the scale of assessments established by the General Assembly in its resolution 55/5 B;

14. **Decides** that the scale of assessment of the former Yugoslavia for the years 2002 and 2003 should be 0.001 per cent for the years 2002 and 2003;

15. **Decides** that the contributions of Switzerland and Timor-Leste for the year 2002 should otherwise be applied to the same basis of assessment as for other Member States;

16. **Decides further** that the contributions of Switzerland and Timor-Leste to the Working Capital Fund should be calculated by the application of their rates of assessment for the year 2002 to the authorized level of the Fund and should be added to the Fund, pending their incorporation in a 100 per cent scale for the Fund for the biennium 2004-2005;

17. **Decides** that for the year 2003, the rates of assessment for Switzerland and Timor-Leste for the year 2002 should be added to the scale of assessments established by the General Assembly in its resolution 55/5 B;

18. **Reaffirms** the current methodology of the scale of assessments, as approved in its resolution 55/5 B;

19. **Decides** that the rate of assessment for Switzerland, admitted to membership of the United Nations on 27 September 2002, should be 0.001 per cent for the years 2002 and 2003;

20. **Decides also** that the rate of assessment for Timor-Leste, admitted to membership of the United Nations on 27 September 2002, should be 0.969 per cent, as ad hoc adjustments;

21. **Emphasizes** the need to seek to preserve the integrity of the scale of assessments;

22. **Notes** that the decision contained in paragraph 3 above is not a precedent and that future appeals by Member States under rule 160 of the rules of procedure will be considered on a case-by-case basis;

23. **Also notes** that this decision should have no automatic implication for the apportionment of the expenses of the specialized agencies or the International Atomic Energy Agency;
Measures to encourage the payment of arrears

Reports of Secretary-General. In response to General Assembly resolution 56/243 A [YUN 2001, p. 1325], the Secretary-General submitted two reports: one in April [A/57/65] on multi-year payment plans, and another in May [A/57/76] on measures to encourage Member States in arrears to reduce and eventually pay their arrears.

The April report examined the introduction of guidelines to govern multi-year payment plans and the nature and implementation of such plans, including their duration, the amounts and timing of payments, default, review procedures and possible amendment of the relevant financial regulation. The Secretary-General stated that, should the Assembly adopt formal procedures for multi-year payment plans, it would need to decide whether such plans should continue to be voluntary or become mandatory, through being linked to the application of Article 19 and/or other measures that might be adopted in the future, as well as revising financial regulation 5.4, to specify that assessments should become due and payable 35 days from the date of their issuance, rather than 30 days from their receipt. The revised financial regulation, a draft text of which was annexed to the report, could also facilitate implementation of other measures the Assembly might adopt.

The May report [A/57/76] focused on the possibility of imposing indexation of or interest on arrears and the retention by the United Nations or redistribution to Member States current with their financial obligations of budgetary surpluses currently credited to Member States in arrears. Drawing on the reports of the Committee on Contributions concerning those measures, the Secretary-General recommended that, in order to clarify the definition of timely payment in the context of those measures, the Assembly might wish to approve the revised version of financial regulation 5.4 annexed to his report. The Committee had concluded that indexation of arrears would pose more complex technical issues than would the imposition of interest, which would achieve a similar result in practice. If interest or indexation charges were applied, the Assembly would have to authorize the assessment of those charges, making clear that they would also be subject to Article 19. Such a decision would be effected through an amendment of the financial regulations. Should the Assembly decide to introduce interest on arrears, the rate should be fixed at a level not exceeding 1 per cent and should not be retroactive.

The Committee noted the Secretary-General’s proposals (above) regarding the treatment of budgetary surpluses that under current practice would go as credits to Member States that had not fully met their financial obligations to the United Nations on an account-by-account basis, it might wish to transfer the balance of such surpluses to the United Nations Special Account in order to strengthen the Organization’s reserves.

Committee on Contributions consideration. Following its review of the Secretary-General’s report, the Committee on Contributions, at its June session [A/57/11], agreed that Member States should be encouraged to submit multi-year payment plans as a tool for reducing their unpaid assessed contributions. The plans, which should remain voluntary and not be linked automatically to other measures, should be submitted to the Secretary-General for the information of other Member States, and the Secretariat should be consulted for advice in their preparation. The Committee also recommended that the Secretary-General be requested to inform the General Assembly, through the Committee, on the submission of such plans and to submit an annual report on the status of Member States’ payment plans as at 31 December each year. The Committee and the Assembly should take the submission of a plan and its status of implementation into account when considering requests for exemption under Article 19.

The Committee reaffirmed its conclusions and recommendations at its 2001 session [YUN 2001, p. 1325] concerning indexation of and interest on arrears, in particular its conclusion that, if the Assembly decided to introduce interest charges on arrears, the annual rate should be fixed at a level not exceeding 1 per cent and should not be retroactive.

The Committee noted the Secretary-General’s proposals (above) regarding the treatment of budgetary surpluses that under current practice would go as credits to Member States that had not fully met their financial obligations to the Organization. It did not agree on the merits of the proposals but would revert to the matter should the Assembly decide to proceed as proposed.

Requests for change of assessments

The Committee on Contributions [A/57/11] considered requests from Afghanistan and Argentina for a reduction in their rate of assessment. Afghanistan explained that it was listed as a least developed country, its economic infrastructure was in ruins after 23 years of conflict, its human development index ranked among the lowest in the world, and the General Assembly had regularly adopted resolutions calling for emergency international assistance for the country, which was currently suffering from
drought. The current assessment scale was based on the 1993-1998 period and there was no justification for the increase in Afghanistan’s rate of assessment from 0.003 per cent in 2000 to 0.009 in 2003.

Argentina provided information on its current unprecedented economic crisis, including a financial and banking crisis with a freeze on bank deposits, the suspension of public debt payments, the devaluation of the peso and further expected contractions of the economy. In the light of the crisis and recent large increases in its rate of assessment, Argentina sought a reduction for 2003 and a lowering of its placement from level F for the purposes of peacekeeping assessments, given its reduced per capita GNI.

The Committee recommended to the Assembly that Afghanistan’s rate of assessment in 2003 be reduced to 0.001 per cent, as an ad hoc correction in the current scale of assessments. Recalling that Argentina’s current scale of assessments had been increased from 0.969 per cent to 1.149 per cent for 2003, the Committee recommended that the Assembly fix a rate of assessment of 0.969 per cent in 2003 as an ad hoc adjustment.

The Committee decided that, as Poland’s communication concerning factors affecting its capacity to pay was not received in time for consideration at its current session, it would consider it at its next (2003) session.

Assessment of new Member States

In the event that East Timor (renamed Timor-Leste) and Switzerland were admitted to UN membership, the Committee on Contributions authorized its Chairman to inform the General Assembly of its conclusion that the rate of assessment for those two States should be 0.001 per cent and 1.274 per cent, respectively, for 2002 and 2003.

Outstanding assessed contributions

The Committee on Contributions noted that two of the Member States that had outstanding non-member State arrears during its sixty-first session (the Democratic People’s Republic of Korea and Kiribati) had paid those amounts in full, leaving only Tonga and Viet Nam with outstanding non-member State contributions that had been assessed prior to their membership in the Organization.

In March, the General Assembly considered the Secretary-General’s 2001 letter [YUN 2001, p. 1325] outlining several options for dealing with the outstanding assessed contributions of the former Yugoslavia, consequent upon the admission in 2000 of the Federal Republic of Yugoslavia (FRY) to membership in the United Nations [YUN 2000, p. 1965].

GENERAL ASSEMBLY ACTION

On 27 March [meeting 97], the General Assembly, on the recommendation of the Fifth Committee [A/56/728/Add.1], adopted resolution 56/243 B without vote [agenda item 125].

Scale of assessments for the apportionment of the expenses of the United Nations

The General Assembly,

Having considered the letter dated 27 December 2001 from the Secretary-General to the President of the General Assembly,

1. Requests the Committee on Contributions to consider the issues raised in the letter from the Secretary-General and to report thereon to the General Assembly at its fifty-seventh session;

2. Decides to consider the matter at its fifty-seventh session, taking into account the views of the Committee thereon.

Committee on Contributions. The Committee on Contributions [A/57/11] concluded that the question of how to treat the arrears of the former Yugoslavia raised legal and political issues beyond its competence. It noted that, since the existence of the arrears was undisputed, there were no technical grounds for writing them off, pending the resolution of the legal and political issues involved. Should the Assembly decide to write off some or all of the arrears, it would have to decide whether to do so against retained surpluses or against the respective accounts in which they arose. Were it to seek payment of some or all of the arrears, it would have to determine the date of the final dissolution of that State in order to establish the amounts of pre- and post-dissolution arrears; it could invite the five successor States (Bosnia and Herzegovina, Croatia, FRY, Slovenia, the former Yugoslav Republic of Macedonia) to negotiate an agreement on which of them was to meet the debts arising and in what amounts.

The Committee noted that the five States had signed the Agreement on Succession Issues [YUN 2001, p. 325] concerning the assets and liabilities of the former Yugoslavia, which could serve as the basis for the allocation of the pre-dissolution arrears. The Agreement had not yet entered into force, however, and did not specifically refer to the unpaid contributions of the former Yugoslavia to the United Nations. Should the Assembly seek payment of some or all of the post-dissolution arrears, the matter would need to be pursued with FRY.
Financing of final appropriation for 2000-2001 biennium

In response to General Assembly resolution 56/240 E (see p. 1372), the Committee on Contributions, at its June session [A/57/11], recommended that the additional assessment of $32,213,600 in respect of the final appropriation of $2,561,186,900, for the 2000-2001 biennium, approved by the Assembly resolution 56/240 C (see p. 1370), should be added to the appropriations to be financed for the year 2003; the rates to be applied would be those in the scale of assessments for 2003.

Accounts and auditing

The General Assembly, at its resumed fifty-sixth (2002) session, considered the report of the Board of Auditors on UN peacekeeping operations for the period 1 July 2000 to 30 June 2001 [A/56/5, vol. II], together with the Secretary-General’s report on implementation of the Board’s recommendations thereon [A/56/66/Add.2], and the related ACABQ comments and recommendations [A/56/887].

On 27 June, the Assembly, in resolution 56/233 B, endorsed the Board’s report (see p. 79).


Introducing the reports in the Fifth Committee [A/C.5/57/SR.9], the Chairman of the Board drew attention to progress made in implementing the Board’s 212 recommendations from previous financial periods: 122 (58 per cent) had been fully implemented; 79 (37 per cent) were being implemented; and 11 (5 per cent) had not been implemented at all. Five recommendations from the 1996-1997 biennium had still not been implemented.

The Chairman noted the Board’s concerns with respect to five organizations: the deteriorating financial situation of UNOPS and its failure to meet projections and to have a contingency plan; the still unsatisfactory controls over the national execution of projects under UNDP, UNFPA and UNHCR, a key modality of action involving considerable sums; the Board’s inability to obtain adequate assurance from UNDP that its financial statements had fairly stated the value of non-expendable equipment at $94.5 million; and the absence of procedures in UNDCP to ensure completeness and timeliness in recording its field obligations.

Two problems cut across several organizations. One concerned future liabilities relating to on-duty service benefits, representing considerable amounts that had not been funded. The other related to the multiplicity of information and communication technology (ICT) systems being considered or implemented within the UN system, covering the same geographical areas, under similar rules and regulations, and working towards the same global ends; and to problems such as lack of a medium-term strategy on ICT or deficiencies in system security.

Highlighting the Board’s main findings in the individual reports, the Chairman said that in the United Nations, general trust funds and technical cooperation funds differed in their accounting treatment of voluntary contributions pledged at Headquarters and at offices away from Headquarters; 17 trust funds, with combined reserves and fund balances of $12 million, were inactive; and risk analysis had not been performed on a continuing basis in the acquisition of Integrated Management Information System solutions or whenever decisions had been made proposing significant changes to the physical facility, hardware or operating system software. Measures to improve accountability and transparency with regard to the United Nations Compensation Commission were also recommended.
The Board noted that UNU’s policy of writing off long-outstanding pledges was consistent with UN system accounting standards; it had therefore removed the qualification from its audit opinion for the previous biennium. In UNDP, the total expenditure for the funds it administered (mainly the United Nations Capital Development Fund) had exceeded income by $24 million, and 16 of the 281 trust funds it had established were in deficit for $2.7 million. In UNICEF, the Private Sector Division’s net consolidated income amounted to $33 million, a shortfall of $95 million in relation to its target. Although the rate of UNICEF programme implementation had increased from 77 per cent in 1999 to 89 per cent in 2001, more than 40 per cent of programme expenditures had occurred during the last quarter of the year and cash assistance to implementing partners still presented some accounting issues.

The Board had been unable to obtain adequate assurance from UNRWA that the value of non-expendable equipment for two field offices was reasonable. Two tax authorities had subjected UNRWA to some $27 million in direct taxes, and customs duties, of which only some $185,000 had been recovered. As to UNHCR, unliquidated obligations reported in the financial statements ($74 million), but not recorded in the general ledger, were equal to the difference between spending authorizations and disbursement; consequently, the financial statements were only an estimate of rather than actual expenditure for the year. Also, contribution pledges made in currencies other than the United States dollar were not hedged against the related exchange rate risks, resulting in currency exchange losses of $12.4 million. Contrary to the UNHCR statute, the unliquidated financial reserves amounted to only $10 million, some 50 per cent below the approved level. UNFPA expenditure had exceeded allocations for a sample of projects, resulting in a deficit of $1.8 million. UNDCP expenditure on the general-purpose fund had exceeded income by $11.8 million, drawing the balance of the fund down to $9.8 million. The level of unfunded projects amounted to $67.9 million. A bank account opened in one country had not been disclosed in the UNDCP accounts, although transactions of approximately $25 million had been routed through it. Only the year-end balance had been entered in the general ledger. Actual project delivery by UNOPS for the 2000-2001 biennium was some 19 per cent below the forecast delivery. In addition, the project management officer workload system was unable to compute and monitor accurately the real cost of executing each project.

Contributions to the United Nations Joint Staff Pension Fund were accounted for on an accrual basis only at the end of the fiscal year, owing to delays in computing them on the basis of the actual payrolls, and interest on late payments was not correctly reflected. There was no proper in-house accounting system at the Investment Management Service. In ICTR and ICTY, expenditure on legal aid during the 2000-2001 biennium was $23 million (almost twice the approved allocation). The legal aid system in both did not allow sufficient control over defence counsel expenditure, thus increasing the risk of fee-splitting between legal-aid-funded counsel and defendants (see p. 1296). Moreover, no explicit completion strategy had been approved for either Tribunal at the time of the audit.

By a July note [A/57/201], the Secretary-General transmitted to the Assembly a summary of the Board’s principal findings, conclusions and recommendations, classified by audit area. He also submitted his first report [A/57/416] on measures taken or to be taken to implement the Board’s recommendations on the accounts for the 2000-2001 biennium. ACABQ’s September report [A/57/439] contained its observations and recommendations.

GENERAL ASSEMBLY ACTION

On 20 December [meeting 78], the General Assembly, on the recommendation of the Fifth Committee [A/57/638], adopted resolution 57/278 A without vote [agenda item 110].

Financial reports and audited financial statements, and reports of the Board of Auditors

Fund, the United Nations Habitat and Human Settlements Foundation, the Fund of the United Nations International Drug Control Programme, the United Nations Office for Project Services, the International Criminal Tribunal for the Prosecution of Persons Responsible for Genocide and Other Such Violations of International Humanitarian Law Committed in the Territory of Rwanda and Rwandan Citizens Responsible for Genocide and Other Such Violations Committed in the Territory of Neighbouring States between 1 January and 31 December 1994, and the International Tribunal for the Prosecution of Persons Responsible for Serious Violations of International Humanitarian Law Committed in the Territory of the Former Yugoslavia since 1991, the concise summary of principal findings, conclusions and recommendations contained in the reports prepared by the Board of Auditors, the first report of the Secretary-General on the implementation of the recommendations of the Board of Auditors by the United Nations and the report of the Advisory Committee on Administrative and Budgetary Questions;  

2. **Approves** the recommendations and conclusions contained in the reports of the Board of Auditors, and endorses the observations and recommendations contained in the report of the Advisory Committee on Administrative and Budgetary Questions;  

3. **Commends** the Board of Auditors for the quality of its reports, in particular with respect to its comments on the management of resources;  

4. **Notes with concern** the late issuance of the reports of the Board of Auditors and the explanation therefor by the Chairman of the Board, and requests the Secretary-General to ensure sufficient priority in completing their editing and translation in order that they may be submitted to the General Assembly in accordance with the six-week rule;  

5. **Takes note** of the report of the Secretary-General on the implementation of the recommendations of the Board of Auditors by the United Nations.  

6. **Requests** the Secretary-General and the executive heads of the funds and programmes of the United Nations to examine governance structures, principles and accountability throughout the United Nations system and to make proposals on the future format and consideration of the reports of the Board of Auditors by the respective executive boards and the General Assembly.  

7. **Also requests** the Secretary-General to ensure that the observations and recommendations of the Board of Auditors are fully taken into account in the revised strategy for information and communication technology for the United Nations, as requested by the General Assembly in its resolution 56/239 of 24 December 2001, before the strategy is considered by the Assembly.  

8. **Invites** the Secretary-General, in consultation with the Board of Auditors, to review the adequacy of the audit fee when considering the resources required for the Board of Auditors to carry out future specialized audits, to implement the provisions of the current resolution and to make appropriate recommendations in the context of the proposed programme budget for the biennium 2004-2005;  

9. **Decides** to consider further the reports of the Board of Auditors on the International Tribunal for Rwanda and the International Tribunal for the Former Yugoslavia also under the agenda items relating to the financing of the Tribunals.

On 20 December, the Assembly decided that the item on the financial reports and audited financial statements, and reports of the Board of Auditors, would remain for consideration at its resumed fifty-seventh (2003) session (**decision 57/585**) and that the Fifth Committee should continue to consider the item at that session (**decision 57/556**).

**Financial rules and regulations**

In September [A/57/96], the Secretary-General presented to the General Assembly his proposed revisions to the Financial Regulations of the United Nations, alongside the existing Regulations and with an explanation of the changes made. The proposed revisions included 16 additional regulations: 11 relating to the financial management of peacekeeping operations, based on Assembly resolutions 47/217 [YUN 1992, p. 1022], 49/233 A [YUN 1994, p. 1358] and 55/290 C [YUN 2001, p. 98]; 3 relating to tax equalization, based on Assembly resolution 973 A (X) [YUN 1955, p. 372], as amended by resolution 1099(XI) [YUN 1956, p. 415]; 1 relating to internal audit, based on resolution 48/218 B [YUN 1994, p. 1362]; and 1 relating to procurement, based on the revised regulations and rules prepared by the inter-agency Task Force on Common Services working group on procurement, as requested by the Assembly in resolutions 52/226 A [YUN 1998, p. 1254], 54/14 [YUN 1999, p. 1271] and 55/247 [YUN 2001, p. 1280]. Thus, all UN financial management policies and procedures approved by the Assembly would be consolidated within a single document.

The ACABQ Chairman stated before the Fifth Committee on 16 December that ACABQ had exchanged views with the UN Comptroller on the proposed revisions; its concerns were reflected in the Secretary-General’s report.

By **decision 57/573** of 20 December, the General Assembly took note of the Secretary-General’s report and ACABQ’s observations thereon, adopted the revised Financial Regulations and decided that they would take effect as from 1 January 2003. It also decided that existing financial regulations 5.10 and 9.4, which applied exclusively to the United Nations Habitat and Human Settlements Foundation, would be presented in the special annex for the United Nations Habitat and Human Settlements Foun-
Administration and budgetary coordination

JIU report. In September [A/57/442], the Secretary-General transmitted to the General Assembly the report of the Joint Inspection Unit (JIU) on support costs related to extrabudgetary activities in UN system organizations. JIU reviewed the formulation and application of extrabudgetary support-costs policies in those organizations and proposed measures for their harmonization.

Report of Secretary-General. In response to General Assembly resolution 56/253 [YUN 2001, p. 1297], the Secretary-General submitted an August report [A/57/348], which outlined the measures already in place for decentralized funding of central services, provided a conceptual review of the advantages and disadvantages of such funding arrangements and examined the potential for their expansion.

The Secretary-General stated that a number of centrally provided services, such as telecommunications, information technology support, travel and removal services, were already budgeted on a decentralized basis. However, certain limitations restricted the further expansion of such decentralization: overhead costs resulting from the introduction of decentralized payment arrangements might outweigh the expected benefits; payments for the services rendered implied that the servicing offices were provided in advance with sufficient resources for an operating reserve in order to ensure uninterrupted services, including the timely meeting of all legal UN obligations vis-à-vis staff and external contractors; and the need for maintaining such a reserve, currently estimated at $16-17 million for all services financed through decentralized arrangements, would call for additional resources.

In the light of those considerations, the Secretariat intended to keep the issue of decentralized budgeting arrangements for central services under review and would introduce further use of the modality only to the extent that it was consistent with the best practices and optimal use of limited resources. It would continue to pursue improved efficiency in the provision of central services through the wider use of performance targets when formulating indicators of achievement.

ACABQ comments. ACABQ, in its October report [A/57/7/Add.3], recommended that the General Assembly take note of the Secretary-General’s report and request him to submit such proposals as he deemed necessary in the context of the 2004-2005 programme budget.

General Assembly action. On 20 December, the Assembly took note of: the Secretary-General’s report on decentralized budgetary and financial arrangements for central services and concurred with ACABQ’s recommendation thereon (decision 57/562); the statistical report of the United Nations System Chief Executives Board for Coordination [A/57/265] on the budgetary and financial situation of the UN system organizations (decision 57/558); and ACABQ’s first report [A/57/7] on its activities during the Assembly’s fifty-sixth session, with a request that the Secretary-General bring it to the attention of the executive heads of the specialized agencies and funds and programmes concerned (decision 57/557).

Also on 20 December, the Assembly decided that the item on the administrative and budgetary coordination of the United Nations with the specialized agencies and the International Atomic Energy Agency would remain for consideration at its resumed fifty-seventh (2003) session, as would the item on the review of the efficiency of the administrative and financial functioning of the United Nations (decision 57/585), and that the Fifth Committee should continue to consider the latter item at that session (decision 57/556).

Programme planning

Medium-term plan

During 2002 [A/57/6], the Secretary-General proposed revisions to the medium-term plan 2002-2005, adopted by the General Assembly in resolution 55/234 [YUN 2000, p. 1329].

CPC, at its June/July session [A/57/36], recommended that the Assembly approve those revisions subject to modifications it had made, with the exception of programme 8, since it would need to be revised after the final review and appraisal of the United Nations New Agenda for the Development of Africa in the 1990s (see p. 909) at the Assembly’s fifty-seventh (2002) session; CPC recommended that the Secretary-General submit a revised programme to reflect the outcomes of that review. It also recommended that, under programme 7, the Secretary-General should prepare a new subprogramme on financing for development, following the Assembly’s endorsement of the Monterrey Consensus, as adopted by the International Conference on Financing for Development (see p. 953); and, in accordance with the outcome of the World Summit on Sustainable Development (see p. 821), sub-
mit revisions to relevant subprogrammes for consideration and action by the Assembly.

CPC further recommended that the Assembly examine programme 12 in the light of the final assessment of the New Agenda and any decisions that might be taken on the New Partnership for Africa’s Development (see p. 907).

In October [A/C.5/57/19], the Secretary-General submitted the new subprogramme on financing development and revisions to relevant subprogrammes under programme 7 and resubmitted programme 1 [A/C.5/57/12], adding to the list of legislative mandates in subprogramme 4, Decolonization, contained in Assembly decision 56/410 [YUN 2001, p. 542] entitled “Question of the Falkland Islands (Malvinas)”.

The Assembly adopted the revisions in resolution 57/282 (see p. 1393).

Programme performance

In an April report on the programme performance of the United Nations for the 2000-2001 biennium [A/57/62], the Secretary-General analysed the implementation of outputs identified in the 2000-2001 budget narrative and those carried over from the 1998-1999 biennium, and realization of the expected accomplishments formulated in the programme budget as amended by the General Assembly. The Secretary-General presented explanations for the non-implementation of outputs, reviews of resource utilization, broken down by sources of funding, and information on “non-quantifiable” activities.

The implementation rate of mandated quantifiable outputs in 2000-2001 was 83 per cent, compared to 88 per cent achieved in 1998-1999. The final performance was affected by a large increase in terminated outputs (from 1,925, or 8.4 per cent of programmed outputs, in 1998-1999 to 3,943, or 16.6 per cent of outputs, in 2000-2001). Of those 3,943 outputs, 2,692, or 68.2 per cent, were terminated by legislation. After deducting terminated outputs, the adjusted implementation rate rose to 92.2 per cent; the same re-calculation for the 1998-1999 biennium yielded an adjusted implementation rate of 92.5 per cent, which was only marginally higher than that of 2000-2001.

The implementation rates also revealed a large degree of flexibility and resourcefulness in programme management. The ratio of all implemented outputs to those initially programmed amounted to 101 per cent, with three departments attaining implementation rates as high as 153, 175 and 291 per cent. That indicated a strong ability of programme managers to respond well to unforeseen programmatic demands and to mobilize resources efficiently.

The analysis of the utilization of resources pointed out the strong emphasis in the Organization’s work on development activities and humanitarian assistance, which accounted for 74 per cent of total reported work-months, as well as considerable strengthening of its operational activities. The latter was reflected in the 77 per cent increase over 1998-1999 in the amount of work-months utilized for non-quantifiable outputs (the majority of which were of an operational nature) and in the increase of their share in the total work-months from 30 per cent in 1998-1999 to 42 per cent in 2000-2001.

With the introduction of results-based budgeting (see p. 1368), the importance of keeping good records for measuring expected accomplishments at the close of a biennium had been further reinforced. It was expected that implementation of the programme budget for the 2002-2003 biennium, the first biennium to incorporate fully the concepts of results-based budgeting, would enable Member States to determine better the effectiveness of the Organization’s work.

CPC consideration. CPC, at its June/July session [A/57/16], recommended that future performance reports should provide more detailed information in the event of a relatively low implementation rate. It urged all programme managers to fulfil their responsibilities with respect to self-evaluation and monitoring, and suggested that consideration be given to including in managers’ performance appraisals a standard personal objective to ensure full and efficient compliance with those requirements and to develop their use as a management and accountability tool. CPC emphasized that programme monitoring should be continuous and comprehensive, and lead to appropriate legislative and management adjustments to ensure full implementation of all mandated programmes in accordance with the Regulations and Rules Governing Programme Planning, the Programme Aspects of the Budget, the Monitoring of Implementation and the Methods of Evaluation. CPC recommended that, in response to General Assembly resolution 53/207 [YUN 1998, p. 1294], the qualitative evaluation be improved in a comprehensive manner in terms of objectives, strategies, expected accomplishments and indicators of achievement, taking into account Assembly resolution 55/231 [YUN 2000, p. 1295].

Evaluation and programme planning

OIOS report. In April [A/57/68], the Secretary-General transmitted to the General Assembly an OIOS report that reviewed in-depth evaluation
and self-evaluation activities during the period 2000-2001. It contained an overview of Secretariat arrangements for carrying out the evaluation function and a critical analysis of completed evaluations. A descriptive summary of evaluations reported by departments and offices in the context of programme performance monitoring was annexed to the report.

**CPC consideration.** CPC, at its June/July session [A/57/16], expressed concern that many programme managers did not carry out self-evaluations and emphasized that heads of departments and offices were accountable for ensuring fulfillment of the objectives of article 7 of the Regulations and Rules concerning evaluation. CPC noted that the results-based budgeting should enhance programme performance in a manner that was complementary to the existing evaluation system and agreed with the OIOS proposal that the central evaluation activities implemented by OIOS should consist of one in-depth evaluation each year, instead of two, and to prepare one thematic evaluation on a cross-cutting theme from among the priority areas of work of the Organization included in the medium-term plan. CPC recommended that the Secretary-General report on the implementation of that proposal in the context of the OIOS biennial report on strengthening the role of evaluation findings in programme design, delivery and policy directives, and entrust OIOS to propose themes for CPC’s consideration at its 2003 session. At that time, CPC would consider commissioning a pilot project on one theme and, following its consideration by the relevant intergovernmental bodies, would examine the project’s usefulness at its 2003 session. CPC reiterated the need for the evaluation of programme activities to be consistent with the provisions of regulation 7.1 of the Regulations and Rules, and recommended that the Assembly approve the following schedule of in-depth evaluations (to be submitted to CPC at its 2003, 2004 and 2005 sessions, respectively): law of the sea and ocean affairs; public administration, finance and development; and human settlements.

Other OIOS reports transmitted to CPC by the Secretary-General included: the in-depth evaluation of the subprogrammes on General Assembly and Economic and Social Council affairs and Council support and coordination [E/AC.5/2002/4]; in-depth evaluation of legal affairs [E/AC.5/2002/5]; and the triennial reviews of the implementation of CPC recommendations made at its 1999 session [YUN 1999, p. 137] on the in-depth evaluation of the disarmament programme [E/AC.5/2002/6] and on the electoral assistance programme [E/AC.5/2002/7].

**GENERAL ASSEMBLY ACTION**

On 20 December [meeting 78], the General Assembly, on the recommendation of the Fifth Committee [A/57/650], adopted resolution 57/282 without vote [agenda item 115].

**Programme planning**

The General Assembly,


Having examined the proposed revisions submitted by the Secretary-General concerning the medium-term plan for the period 2002-2005,

Having considered the report of the Committee for Programme and Coordination on the work of its forty-second session,

Having also considered the note by the Secretary-General on the proposed revisions to programme 1, Political affairs, of the medium-term plan for the period 2002-2005, the report of the Secretary-General on the programme performance of the United Nations for the biennium 2000-2001, the report of the Office of Internal Oversight Services on strengthening the role of evaluation findings in programme design, delivery and policy directives and the note by the Secretariat on a new subprogramme on financing for development and revisions to relevant subprogrammes under programme 7, Economic and social affairs, of the medium-term plan for the period 2002-2005,

Having further considered the letter dated 15 October 2002 from the Chairman of the Sixth Committee addressed to the Chairman of the Fifth Committee and the letter dated 31 October 2002 from the President of the General Assembly addressed to the Chairman of the Fifth Committee,

1. **Notes with appreciation** the work of the Committee for Programme and Coordination at its forty-second session;

   2. **Reaffirms** the role of the Committee as the main subsidiary organ of the General Assembly and the Economic and Social Council for planning, programming and coordination;

   3. **Requests** the Committee to continue to observe its methods of governing the drafting and format of its reports;

   4. **Encourages** the Committee to continue its discussions on improving its working methods and procedures within the framework of its mandate, with a view to further enhancing its effectiveness and continued relevance;

**I. Revisions to the medium-term plan for the period 2002-2005**

1. **Reaffirms** that the medium-term plan is the principal policy directive of the United Nations and that it shall serve as the framework for the next biennial programme budget;

2. **Reaffirms** regulations 4.2, 4.13 and 5.2 of the Regulations and Rules Governing Programme Planning, the Programme Aspects of the Budget, the Monitoring of Implementation and the Methods of Evaluation, and requests the Secretary-General to ensure full compliance with them;
3. Adopts the proposed revisions to the medium-term plan for the period 2002-2005 submitted by the Secretary-General, as amended by the relevant recommendations of the Committee for Programme and Coordination, and the recommendations of the Economic and Social Council contained in its resolution 2002/39 of 25 October 2002;

4. Notes the recommendations of the Committee that the Secretary-General submit proposals for revisions to programme 7 of the medium-term plan so as to reflect the review by the Assembly at its fifty-seventh session of the outcome of the International Conference on Financing for Development, held in Monterrey, Mexico, from 18 to 22 March 2002, and the World Conference on Human Settlements, held in Johannesburg, South Africa, from 26 August to 4 September 2002, and requests the Secretary-General to submit those proposals through the Committee at its forty-third session for consideration by the General Assembly at its fifty-eighth session;

5. Also notes the recommendation of the Committee that the Secretary-General submit proposals for revisions to programme 8, Africa: New Agenda for Development, of the medium-term plan so as to reflect the final review and appraisal by the General Assembly at its fifty-seventh session of the implementation of the United Nations New Agenda for the Development of Africa in the 1990s and any other relevant legislative mandates, and requests the Secretary-General to submit those revisions through the Committee at its forty-third session for consideration by the Assembly at its fifty-eighth session;

6. Requests the Secretary-General, bearing in mind that the lack of time precludes further revisions to the medium-term plan at the fifty-seventh session, to prepare the proposed programme budget for the biennium 2004-2005 for programmes 7 and 8 of the medium-term plan in line with the recommendations of the Committee at its forty-second session and other relevant legislative mandates;


2. Endorses the conclusions and recommendations of the Committee for Programme and Coordination regarding the report of the Secretary-General;

III Evaluation

1. Stresses the importance and necessity of further improving evaluation and integrating it into the cycle of programme planning, budgeting and monitoring with a view to improving and strengthening programme formulation and implementation;

2. Approves the following schedule of in-depth evaluations to be submitted to the Committee for Programme and Coordination at its forty-third, forty-fourth and forty-fifth sessions respectively: (a) law of the sea and ocean affairs; (b) public administration, finance and development; and (c) human settlements;

3. Emphasizes the importance of the contribution of the relevant intergovernmental bodies, in particular the Main Committees of the General Assembly, in reviewing relevant recommendations on evaluation;

4. Reiterates its view that the relevant intergovernmental bodies, as well as the Economic and Social Council and the Main Committees of the General Assembly should include in their programmes of work a review of recommendations of the Committee for Programme and Coordination relevant to their work and take appropriate action;

5. Regrets that the relevant intergovernmental bodies did not review the recommendations on evaluation of the Committee;

6. Urges those intergovernmental bodies effectively to review the relevant recommendations on evaluation to facilitate their consideration by the Fifth Committee;

7. Endorses the conclusions and recommendations of the Committee for Programme and Coordination on strengthening the role of evaluation findings in programme design, delivery and policy directives, on the in-depth evaluation of the subprogramme of the Committee for Programme and Economic and Social Council affairs and Council support and coordination, on the in-depth evaluation of legal affairs, on the triennial review of the implementation of the recommendations made by the Committee at its thirty-ninth session on the in-depth evaluation of the disarmament programme and on the triennial review of the implementation of the recommendations made by the Committee at its thirty-ninth session on the in-depth evaluation of the electoral assistance programme;

IV Report of the Joint Inspection Unit

1. Endorses the conclusions and recommendations of the Committee for Programme and Coordination regarding the report of the Joint Inspection Unit entitled “Strengthening the investigations functions in United Nations system organizations”;

2. Notes the recommendation of the Unit that executive heads of organizations should ensure that managers involved in investigations have sufficient training in the use of established standards and procedures for conducting investigations, and requests the Secretary-General to ensure that United Nations programme managers implicated in incidents, crimes or irregularities leading to investigations are not involved, in any way, in conducting those investigations;

3. Requests the Secretary-General to review the practice of involving United Nations programme managers in investigative processes so as to ensure their independence in administrative and managerial functions and to establish proper guidelines that take into consideration the practice of internal control, and to report thereon to the General Assembly no later than at its fifty-eighth session;

V Other conclusions and recommendations of the Committee for Programme and Coordination

1. Endorses the conclusions and recommendations of the Committee for Programme and Coordination regarding the annual overview report of the United Nations System Chief Executives Board for Coordination for 2001, and its conclusions and recommendations regarding the report of the Secretary-General on the United Nations System-wide Special Initiative on Africa in the context of the final evaluation of the
United Nations New Agenda for the Development of Africa in the 1990s;

2. Requests the Secretary-General to submit a report to the Committee at its forty-third session on the future engagement of the United Nations system with the New Partnership for Africa’s Development;

3. Stresses that inter-agency coordination in the field of management should be further strengthened, and recommends that progress made in that regard be reflected in future reports of the United Nations System Chief Executives Board for Coordination.

On 20 December, the Assembly decided that the item on programme planning would remain for consideration at its resumed fifty-seventh (2003) session (decision 57/585).