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Primary Contact

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Notes

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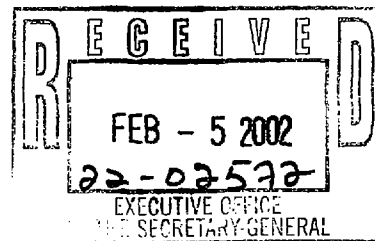
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S6 / for your attention
Ch. 72

DM

PS



Note to the Secretary-General

Implementation of the 2002-2003 budget

In spite of your indication to the General Assembly that further budgetary constraints would seriously compromise your ability to deliver the services expected by Member States, the Assembly adopted, for the biennium 2002-2003, a budget of 2.625 billion, including a reduction of 3% or \$75 million in real resource terms - \$23 million relating to adjustments to vacancy rates and \$52 million to operational funds.

This was the result of negotiations among the expanded group (the EU, CANZ, Russia, the United States and Japan), which had wanted cuts of \$110 million and the Group of 77, which made a counterproposal of \$50 million.

Cuts in posts were avoided but the result is a significant reduction in non-post provisions, particularly in operating expenses and information technology. The Controller brought this situation to the attention of programme managers by e-mail on 31 December 2001.

The bulk of the reductions are as follows:

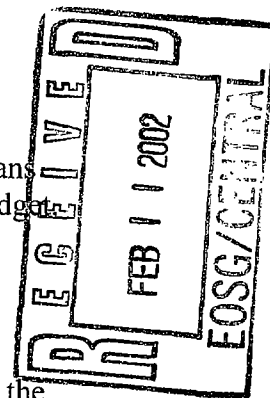
- Travel of staff, by \$2.8 million – a reduction of 7.8%
- Contractual services, by \$9.9 million – a reduction of 14%
- General operating expenses, by \$23.4million - a reduction of 11.5 %
- Supplies and materials, by \$1.8 million – a reduction of 6.4%
- Furniture and equipment, by \$11.8 million – a reduction of 31%
- Consultants and experts – a reduction of \$ 2 million

These include a \$10 million reduction for information technology

These cuts were arbitrary. They were not based on any ACABQ, External Audit, OIOS or JIU recommendations. After 40 meetings during which the Secretariat had to provide 563 pages of written replies to 490 written questions, the proposals for cuts were introduced without any reference to the debate that had taken place in the 40 preceding meetings. These across-the-board cuts are reminiscent of the old objects of expenditure budgeting system which the Organization replaced over 20 years ago.

These cuts will put great strain on the Organization's ability to fulfil its ever-growing mandates. Programme Managers have been provided the level of budget approved for their programmes and have been requested to provide their spending plans for the year together with an indication of how they plan to cope with the reduced budget.

The Programme Managers reviews are coming in. On the substantive side programme managers seem to indicate that programme delivery will not be severely affected. This was not unexpected given that the bulk of the cuts were in operating expenses affecting primarily central administrations at the different duty stations. At the



Agreed; do arrange a meeting.

DK + MIM + LS + EB

~~Signature~~ 7/2/02

same time the cuts in central services will affect the substantive programmes particularly in terms of support for information technology and communications.

The major difficulty will be in the management of the facilities and provision of support services primarily in New York where the cuts represent some 10% of the Department of Management's budget. Existing contractual obligations for cleaning, rental of premises and other services seriously affect our ability to identify reductions. The measures currently being considered are:

- suspension of renovations and movement of office space;
- a moratorium on the purchase of new furniture;
- reduction in building supplies and miscellaneous maintenance services;
- discontinuation of elevator operators except for GA servicing;
- reduction in the frequency of cleaning offices, bathrooms and corridors;
- reduction in the comfort level of the temperature inside the Headquarters complex;
- no heating or air conditioning on weekends

In respect of information technology:

- the servicing of meetings will be curtailed in collaboration with DGAACS;
- services to permanent missions such as web-hosting, e-mail and help desk will be discontinued;
- the 24x7 coverage of LAN services will be discontinued, affecting internet, electronic mail, ODS and IMIS.
- development of new technologies will be severely limited.
- deferment of expansion of ODS system to civil society.

These are undesirable measures as they would prejudice our ability to service the Security Council, DPKO and the Situation Centre on a 24/7 basis. However they would be unavoidable measures if we are to meet the budget constraints placed on us by the General Assembly.

→ || It would be my intention to announce these measures, once finalised, in an information circular.

These above measures are unlikely by themselves to yield the full reductions required. We may have to seek further reductions in other areas. I have fully discussed this with the Controller and the Director of the Budget who fully support the content of this Note. We intend to keep this under close review and revert to the issue.


Joseph E. Connor
5 February 2002