



Agenda item 133
Second performance report on the programme budget for the biennium 2010-2011

FIFTH COMMITTEE

Statement by

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Assistant Secretary-General, Controller
16 December 2011

Mr. Chairman,
Distinguished delegates,

1. I have the honour to introduce the second performance report on the programme budget for the biennium 2010-2011. The report provides an estimate of the anticipated final level of expenditures for the biennium 2010-2011 and takes into account changes in parameters for inflation and rates of exchange and cost-of-living adjustments as compared with the last update to parameters, which was done at the time of approval of the first performance report last year. The estimate is based on actual expenditures for the first 21 months of the biennium and projected requirements for the last three months.
2. The final estimates for 2010-2011 are **\$5.4 billion** for expenditure sections and **\$601.3 million** for income sections.
3. In summary, estimates reflect a net increase of **\$40.9 million**, arising from:
 - Increased requirements amounting to **\$103.7 million** due to exchange rate;
 - Increased requirements amounting to **\$11.9 million** due to inflation;
 - Increased of **\$24.1 million** resulting from unforeseen and extraordinary expenses and commitment authorities approved in 2010 under various items;
 - Reduced requirements of **\$90.5 million** from expenditure sections;
 - And, an increase of **\$8.3 million** for the income sections.

4. The component of the adjustments to the expenditure sections relates to post incumbency and other changes and reflects a decrease of **\$90.5 million**. A comprehensive analysis of changes by object of expenditure is included under Part II, section D of the report.

5. The increase in income of \$8.3 million reflects the net impact of changes to staff assessment levels under income section 1 (\$5.6 million); and an increase of \$10.2 million under income section 2, General income; and income section 3, Services to the public (\$3.7 million). These are detailed in Part III of the report.

6. Part V of the report responds to the request to report on the experience of the remaining 7 organisations on mechanisms for protecting and mitigating the effects of fluctuations in exchange rates and inflation used by UN system organizations which was conducted in 2010. The collection of the responses received from the seven remaining organizations, namely ILO, IMO, IFAD, UNICEF, UNIDO, WFP and UNAIDS is reflected in the annex to the second performance report.

7. Further, the Committee will recall that in the context of the First performance report, the Secretary-General informed of his intention to undertake a review of the Organisation's foreign exchange transactions in order to assess the currency exposure and potentially the required risk management of the Organisation. During 2011, a study has been undertaken to ascertain the impact of foreign currency fluctuations on the programme budget using foreign exchange transactional data pertaining to the biennium 2008-2009. The findings of such review are contained in paragraphs 89 to 103 of the present report.

8. Additionally, in response to the request from the General Assembly to report on the projected total expenditure on air travel under the regular budget, by budget section, including payments under lump-sum schemes, for the biennium 2010-2011, with corresponding data for the biennia 2008-2009 and 2006-2007, expenditure information is being provided as supplementary information.

Thank you, Mr. Chairman.