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FIFTH COMMITTEE

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at 4.30 p.m.

New York

SUMMARY RECORD OF THE 71st MEETING

Chairman: Mr. TOMMO MONTHE (Cameroon)

Chairman of the Advisory Committee on Administrative and  
Budgetary Questions: Mr. MSELLE

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AGENDA ITEM 150: CURRENT FINANCIAL CRISIS OF THE UNITED NATIONS

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The meeting was called to order at 4.35 p.m.

AGENDA ITEM 150: CURRENT FINANCIAL CRISIS OF THE UNITED NATIONS (A/40/1102 and Corr.1-3, A/40/1102/Add.1 and Add.1/Corr.1, Add.2 and Add.2/Corr.1, A/40/1106 and Corr.1 and 2, A/40/1107 and Corr.1)

1. Mr. MSELLE (Chairman of the Advisory Committee on Administrative and Budgetary Questions), introducing the Advisory Committee's report (A/40/1106), said that the purpose of the report, which the Advisory Committee had endeavoured to make as clear and as concise as possible, was to draw the attention of the General Assembly, through the Fifth Committee, to the main points of the Secretary-General's report (A/40/1102) on which, in his view, the Assembly was required to take a decision.

2. The Advisory Committee indicated in paragraph 9 of its report that the Secretary-General had had a limited time to conduct the exercise which had resulted in his estimates and that the estimates for some items were much less precise than the estimates for others. However, since the General Assembly was not being asked to approve a revised budget for the current biennium, but rather only to state its views on cost-cutting measures, the Advisory Committee had concluded that the Secretary-General's proposals were, on the whole, accurate.

3. The Secretary-General's report contained two categories of proposals: those which had already been put into effect, and those for which the General Assembly's approval was sought, which were set out in paragraphs 21 to 25. The Advisory Committee did not agree to the proposal that the Secretary-General should be given authority to borrow on behalf of the Organization or the proposal to increase the Working Capital Fund. That was consistent with the positions taken by the Advisory Committee in the past.

4. The Advisory Committee did not feel able at the current stage to make final recommendations concerning that part of the shortfall caused by exchange rate fluctuations, estimated at \$30 million. In the mean time, it suggested (para. 17 (e) of its report) that the General Assembly should invite Member States to consider, on a voluntary basis, advance payment of part of their 1987 assessments to meet the current shortfall.

5. The Committee referred in its report to the fact that the Secretary-General's proposals should be seen as a package (paras. 14 and 17 (c)). In that connection, he reminded delegations which had expressed their dissatisfaction at the fact that the Secretary-General's proposals were submitted to them as an indivisible package in that there was nothing to prevent delegations from expressing an understanding on any given proposal, provided that the level of savings indicated by the Secretary-General was not changed.

6. Mr. LOZA (Egypt) said he would like to receive clarification of a number of points in the Secretary-General's report (A/40/1102). It was indicated in paragraph 11 that the estimate of the contribution to be paid by the United States for 1986 was based on the official budget proposal of that Member State and related

(Mr. Loza, Egypt)

legislation. He wished to know which legislation was referred to. Referring to paragraph 16 (c), in which it was indicated that the General Assembly and the Economic and Social Council resolutions on the control and limitation of documentation would be strictly applied, he asked whether the Committee would be given a new mandate to monitor application of the resolutions in question. With regard to the freeze on recruitment, referred to in paragraph 17 (a), it would be useful to know the exact amount of the savings achieved. In paragraph 9 of its report, the Advisory Committee stated that it was "very difficult to quantify accurately the eventual savings from a freeze on recruitment". The question arose whether that was not a measure which, in the short term, would give the Secretary-General more latitude with respect to recruitment.

7. With regard to paragraph 21 (c), concerning the deferral of construction on the new conference facilities at Bangkok and Addis Ababa, he asked what the Secretariat thought about the view expressed on that subject by the Advisory Committee in paragraph 10 of its report, namely that postponement did not mean that the money would not eventually be spent. As to paragraph 23 (a), containing the proposal to shorten the forty-first session of the General Assembly by three weeks, the exact number of meetings to be eliminated and the exact amount of savings should be specified. In that connection, his delegation welcomed the recommendation of the Advisory Committee in paragraph 11 of its report that delegations should continue to hold consultations on that subject. In connection with paragraph 25, dealing with the deferment of programme activities, his delegation was anxiously awaiting the Secretariat's report on programmes. Lastly, paragraphs 30 and 31 referred to the establishment of institutional machinery to advise the common system on salaries, pensions and other conditions of service. He asked whether the cost-saving measures had been submitted to that machinery for consideration.

8. Mr. MUDHO (Kenya) noted that the Secretary-General's report referred to "deferrals" and "modifications". He wished to receive an assurance that the proposed measures would be temporary and would not be applied in a way prejudicial to any decisions which the General Assembly might take on the programmes concerned. He would also like the Secretariat to specify what measures had been taken to ensure that the deferral and modification of programmes would not have an adverse impact on the integrity of the budget for the biennium 1986-1987. He also noted that delegations had been asked to accept the Secretary-General's proposals as a package. He would like to know why that was, and why the Committee could not itself freely choose those programmes or programme elements in respect of which savings could be achieved.

9. Mr. MOHAMED (Sudan) said that it would be helpful if the Secretariat could submit an updated statement on the financial position of the Organization reflecting the contributions recently paid by Member States, so that delegations could have a clearer picture of the situation. The report of the Advisory Committee, like that of the Secretary-General, emphasized the fact that the proposed measures should be seen as a package. He wondered what had prompted such an approach. When one spoke of a package, one normally meant that agreement had been reached on all the component parts. He wondered how that agreement had been achieved and in what framework the proposals had been worked out.

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(Mr. Mohamed, Sudan)

10. Since the financial crisis of the Organization was not exclusively financial, but also political, it would help to know what the situation was in other organizations, for example the European Economic Community.

11. With regard to the proposal to curtail the forty-first session of the General Assembly, he noted that the savings that would be achieved had not been quantified with any precision. It would be useful to know the exact amount.

12. The depreciation of the dollar had also been advanced as one of the causes of the financial crisis. He wondered if there was any procedure which would allow for account to be taken of the downward trend of the dollar and how allowance had been made for it in previous years. On what basis had the projected shortfall in respect of the depreciation of the dollar been estimated at \$30 million? Did that deficit affect Headquarters only or did it also have an impact on offices away from Headquarters, some of which incurred expenditure in other currencies? Lastly, he wondered whether the fact that the issue was being taken up at the current stage was not a means of exaggerating the magnitude of the crisis.

13. Mr. ORTEGA (Mexico) noted that in paragraph 7 of the Advisory Committee's report (A/40/1106) it was indicated that the savings achieved in respect of meetings would be \$2,386,600. However, in paragraph 22 of the Secretary-General's report (A/40/1102), it was indicated that the shortening of the forty-first session of the General Assembly would result in savings of \$1.1 million, the shortening of the sessions of the Economic and Social Council and other bodies would yield another \$1 million, and the elimination of meeting records for certain bodies would result in savings of \$250,000, for a total of \$2,350,000. It followed that, between the Advisory Committee's estimates, which related to all the cancelled meetings, and those of the Secretary-General, which related to only some of those meetings, there was a difference of just \$36,000. Since it was proposed in annex IV to the Secretary-General's report to eliminate many more meetings and to discontinue many more meeting records, it was clear that the figures given by the Secretary-General and those advanced by the Advisory Committee did not tally. There was a need for an item-by-item breakdown of the exact amount of savings proposed in annex IV.

14. According to paragraph 7 of the Advisory Committee's report, measures affecting programmes would result in savings of approximately \$17 million. However, in paragraph 25 of his report, the Secretary-General estimated that the postponement of certain programme activities would give rise to savings on the order of \$14.5 million. How could that difference of nearly \$3 million be explained?

15. Mr. MA Longde (China) noted that the terms "suspension", "deferral" and "postponement" were used frequently both in the Secretary-General's report and in the Advisory Committee's report. He wished to know the exact meaning which the Secretariat gave to each of these terms.

16. Mr. KABANDA (Rwanda), referring to the measures mentioned in paragraphs 17 (e) and (f) of the Secretary-General's report (A/40/1102), asked why the decision to defer salary adjustments would be applied only to staff in the General Service and related categories and whether the Secretariat could guarantee that the efficiency of staff whose promotions had been suspended or whose salary would not be adjusted would not decline. With regard to paragraph 21 (e), he asked when the planned construction at ESCAP and ECA would be resumed and whether the Secretariat could give assurances that inflation would not lead to even greater expenditures once the work was resumed.

17. Mr. ROY (India) asked whether the amount of \$735,600,000 included under item B in paragraph 13 for the amount of 1986 assessments included staff assessment paid to the Tax Equalization Fund. Turning to the measures referred to in paragraph 17 of the Secretary-General's report (A/40/1102), he requested details on the different categories of staff affected by the freeze on recruitment. He would also like to know how many staff members had been recruited, by category, during the period from 1 January to 20 March 1986 and, if the decision to freeze recruitment was not absolute, how many additional staff members had been recruited in the mean time. He asked whether the Secretariat had envisaged replacing staff members reaching retirement. Since the measures taken by the Secretary-General had an impact on the staffing levels of some units, he wished to know what steps had been taken to increase and facilitate the mobility of staff between departments, offices and sections so as to offset staff shortages experienced by some as a result of the application of various measures taken by the Secretary-General.

18. Since several speakers had already requested details on the deferral, modification or suspension of certain activities, he wished to know what had prompted the Secretary-General to propose the deferral or postponement of some activities as opposed to others. The major activities included in the budget, especially those considered to be of high priority, must be maintained. He would also like to receive details concerning the activities referred to in subparagraphs (a), (b) and (c) of paragraph 25 in the Secretary-General's report and on the activities to be continued on a reduced scale which were also mentioned in that paragraph. As to the Secretary-General's proposal to reduce the forty-first session of the General Assembly by three weeks, the Advisory Committee on Administrative and Budgetary Questions stated in paragraph 11 of its report (A/40/1106) that, if the General Assembly approved that measure, it would have to modify the organization of work of that session; he therefore asked what modifications might be made in that respect. Lastly, he wondered how much added expense resulted from the failure of meetings to begin on time. He would like to receive figures for such expense and on the savings which might be achieved if meetings began punctually.

19. Mr. FONTAINE-ORTIZ (Cuba) asked whether the information which the Secretariat had promised to provide to the Committee would include an updated statement on the payment of contributions and details on the measures referred to by the Secretary-General in paragraph 25 and paragraph 21 (d) of his report (A/40/1102) and on annex IV, particularly paragraph 9. He asked what the financial implications of the proposal to reduce the length of the forty-first session of the



(Mr. Fontaine-Ortiz, Cuba)

General Assembly by three weeks would be and asked whether the potential savings would be different if, instead of reducing the length of the Assembly's session, the start of the work of the Main Committees was deferred by, say, two weeks.

20. Mr. GRECU (Romania) said that he would like to know the exact amount of the savings which could be achieved by reducing the length of the forty-first session of the General Assembly and the meetings of the Economic and Social Council and combining or deferring meetings of expert consultant groups referred to in subparagraphs (l) and (m) of paragraph 7 in annex IV to the Secretary-General's report (A/40/1102). In providing that figure, it should be indicated on what basis the savings had been calculated, for example, on the basis of the cost per work-hour, work-week or meeting. Instead of reducing the length of the forty-first session of the General Assembly, would it not be possible to reduce the cost of reproducing documents and various other conference services? With regard to overtime, he asked what appropriation had been included in the programme budget for that purpose and whether it would be possible to achieve additional savings by further reducing overtime. With regard to the savings resulting from reduced acquisition of furniture and equipment referred to in paragraph 24 of the Secretary-General's report, he asked whether the equipment replacement programme and acquisition of furniture could not be reduced by even more than 50 per cent. With regard to the possible elimination of summary records for certain meetings, the Secretary-General suggested in paragraph 23 (c) of his report (A/40/1102) that the General Assembly should invite certain bodies to reduce their requirements in that respect. However, in annex IV, the Secretary-General appeared to be making a formal proposal. He therefore asked whether a recommendation, an invitation or a formal proposal was involved.

1. Mr. SEFIANI (Morocco) recalled that an earlier speaker had observed that the recruitment freeze might have an adverse impact on the composition of the Secretariat, and had requested precise figures in that connection. In his view, the recruitment freeze would have an adverse impact not only on geographical distribution but also on the representation of women in the Secretariat, concerning which the General Assembly had adopted a resolution. He would therefore also like to have figures on the impact of that measure on the representation of women.

22. Mr. ODUYEMI (Nigeria) said that it was his understanding that there was no new appropriation in the programme budget for the biennium 1986-1987 for the projected construction of a new conference centre at Addis Ababa and that the unused balance of the appropriation for the preceding biennium had simply been carried over. He wished to know whether that was in fact the case. While he did not question the justification for the Secretary-General's proposals for the deferral of programme activities mentioned in paragraph 25 of the Secretary-General's report (A/40/1102), he would like to have detailed information on each programme, subprogramme and programme element which it was being proposed to defer. As for the savings that might be made in connection with temporary staff, he believed that those savings could not be very great since the bulk of the work was done by permanent staff. In that connection, it would be interesting to have information on the average cost of temporary staff as compared with permanent staff servicing a given meeting.

(Mr. Oduyemi, Nigeria)

Finally, there seemed to be some confusion as to the follow-up given to the Secretary-General's appeal. A large number of countries had apparently responded by paying their contributions. He wished to know to what extent that altered the seriousness of the crisis and how serious that crisis was now that the financial situation had improved?

23. Mr. MURRAY (Trinidad and Tobago) said that, like the preceding speaker, he would like to know whether the financial situation had in fact improved. He wished to know whether the Secretary-General had established an order of priorities for the activities which he proposed to defer in paragraph 25 of his report (A/40/1102) and which programmes would not be deferred if the financial situation had in fact improved. Since the Secretary-General had said that the financial problems would not be solved before the coming year, he wondered what would happen in 1987 to the programmes the deferral of which was now proposed. Since the financial problems were due partly to the fact that the Organization's reserves were now exhausted, had action been envisaged to replenish those reserves? Finally, he wished to know whether the question of deferring some programmes would be referred to the Committee for Programme and Co-ordination.

24. Mr. MILLS-LUTTERODT (Ghana) asked what the Chairman of the Advisory Committee for Administrative and Budgetary Questions had meant when he had said that the measures proposed by the Secretary-General must be viewed as a package and that, if the Fifth Committee adopted them as such, it must reach agreement on the interpretation to be given to some of those measures.

25. Mr. JEMAIEL (Tunisia) asked what were the other costs mentioned in paragraph 23 (a) of the Secretary-General's report (A/40/1102) on which it would be possible to save \$225,000. Did the savings mentioned in paragraph 23 (c) apply only to overtime or also to the salaries of permanent staff who must be paid in any case?

26. Mr. DE SILVA (Sri Lanka) requested an assurance that the proposal in paragraph 7 (a) of annex IV to the Secretary-General's report (A/40/1102) was to merge the two sessions of the Ad Hoc Committee on the Indian Ocean rather than to shorten them. Concerning paragraph 7 (i), the Committee in question, of which his country was a member, was meeting currently and would be making known its position on the Secretary-General's proposal. Finally, he wished to know how much money would be saved - in his view very little - by abolishing summary records for meetings of the Ad Hoc Committee on the Indian Ocean, as proposed in paragraph 13 of annex IV.

27. Mr. FORRESTER (Australia) asked how much money would be saved by the measure envisaged in paragraph 7 (h) of annex IV. His delegation attached considerable importance to the meetings of the body concerned.

28. Mr. CHUA (Singapore) asked what savings would be made by the measures envisaged in paragraph 17 (c) and (f) of the Secretary-General's report and also the average amounts forfeited in absolute terms and as a percentage of salary by each category of personnel (Professional and General Service staff).

29. Mr. BRODODININGRAT (Indonesia) asked why the Secretary-General had set a time-limit for the suspension of promotions but not for the freeze on recruitment. He also wished to know whether there was a rational link between the recruitment freeze and the proposals on deferment of activities contained in paragraph 25 of the Secretary-General's report (A/40/1102), and whether the freeze applied to the replacement of staff on fixed-term contracts whose contracts expired. Concerning the construction of the ESCAP and ECA conference centres, he wondered whether it would not be possible to reschedule the building work rather than to postpone it indefinitely. The proposals contained in annex IV to the Secretary-General's report raised a number of questions. He wished to know whether they were the result of purely budgetary considerations or whether they also took into account General Assembly resolutions on the biennial consideration of certain issues and the decisions of other organs. He wondered whether the General Assembly was competent to alter decisions taken by the Economic and Social Council regarding its meetings, and whether the proposal to shorten the Council's meetings applied to the spring or summer sessions, or both, and whether it concerned only 1986 or also future years.

30. Mr. AL-KAWARI (Qatar) said that he assumed that the reduction in costs mentioned in paragraph 16 (a) of the Secretary-General's report would have an impact on certain activities. He wished to know which activities had been chosen and how.

31. Mr. LADJOUZI (Algeria) said he would like the Secretariat to furnish the list of bodies mentioned in paragraph 9 of annex IV of the Secretary-General's report (A/40/1102); he specifically wished to know whether UNCTAD was one of them. With regard to the reduction in the payments for travel costs to representatives of Member States, mentioned in paragraph 23 (d), he wished to know which Member States received such payments. As for the ECA conference centre, he wondered whether the Secretary-General's proposal meant that the 1986 programme-budget appropriation would be carried over to 1987. He also wished to know the impact such a measure would have on the construction schedule. Finally, he sought the Secretariat's view regarding the possibility of ranking the proposed measures in order of priority, with some of them being implemented only as a last resort, if necessary.

32. Mr. LICHILANA (Zambia), referring to paragraph 7 (k) of annex IV of the Secretary-General's report (A/40/1102), asked what financial arguments might justify combining the special session of the General Assembly on the question of Namibia with the forty-first regular session.

33. Mr. SABOIA (Brazil) wondered whether the criteria that had been used to determine which bodies would be provided with verbatim records (annex IV, para. 11) and which would receive only summary records (annex IV, para. 12). The Commission on Human Rights was not listed among the latter, although the Executive Committee of the programme of the United Nations High Commissioner for Refugees was. Yet of those two bodies, the former had a far greater need for summary records.



34. Mr. NTAKIBIRORA (Burundi) asked whether the measures proposed by the Secretary-General in paragraph 21 of his report (A/40/1102) were the results of an exchange of views or consultations with the original groups. Like other speakers, he wondered whether those measures could be negotiated or, perhaps, implemented on the basis of a system of priorities, or whether they constituted an inseparable whole. With regard to paragraph 25, it would be useful to know the Secretary-General's intentions concerning discretionary activities; he was amazed that the deferral of activities indispensable to development had been proposed simply because work on them had not yet begun. It would be better to reschedule some programmes which were scheduled for completion in 1986 or which could be taken over by beneficiary Governments. He wished to know what implications the measures proposed in paragraph 7 of annex IV would have for the 1987 budget and for the calendar of conferences; he also wished to know whether the Committee on Conferences had been consulted.
35. Mr. KASEMSARN (Thailand) asked what the legal implications of the proposal to postpone work on the ESCAP and the ECA conference centres would be. He endorsed the views put forward by the representatives of China and Indonesia on that point.
36. Mr. FONTAINE-ORTIZ (Cuba) said he would like the Secretariat to indicate the amount of the savings that would be achieved if the Economic and Social Council held its second regular session of 1986 in New York rather than at Geneva.
37. Mr. MAKTARI (Yemen) asked whether the Secretary-General intended to reconsider the proposals in his report in the light of the statements which several delegations had made to the General Assembly on the subject of their contributions.
38. Mr. AL-MOHAMED (Oman) wished to know the amount of the savings that would be achieved if meetings relating to the question of Palestine were curtailed and why the deferral of the meeting of the Special Committee to Investigate Israeli Practices affecting the Human Rights of the Population of the Occupied Territories had been proposed.
39. Miss DURRANT (Jamaica) said she would like the Secretariat to issue an update of annex III (General fund cash flow forecast) of the Secretary-General's report (A/40/1102), taking into account the addendum to that report and the statement made by the Secretary-General at the 127th plenary meeting of the General Assembly.
40. Mr. BIRUMA-SEBULIME (Uganda) asked whether the percentages by which certain expenditures would be reduced (paras. 16 and 17 of document A/40/1102) resulted from the application of specific rules, or from an arbitrary decision. With regard to the deficit of \$30 million caused by the depreciation of the dollar, he wished to know what had happened to the savings that had surely been made when the dollar had been strong, and the amount of savings which the United Nations undoubtedly achieved, given that the dollar continued to appreciate vis-à-vis the currencies of some countries in which the Organization financed activities. He wished to know the identity of the bodies mentioned in paragraph 9 of annex IV and the criteria which had been used in selecting them. Finally, it was his understanding that, as

(Mr. Biruma-Sebulime, Uganda) .

a result of differences in the way verbatim records were prepared, the records that were prepared for the Conference on Disarmament cost less than those for other bodies. What effect would the application of the system used for the Conference on Disarmament to all those bodies have?

41. Mr. KUBIZNAK (Czechoslovakia) wondered what repercussions the freeze on recruitment might have for countries which were underrepresented in the Secretariat and asked what plans had been made in that regard.

42. Mr. MAYCOCK (Barbados) endorsed the recommendations of the Advisory Committee on Administrative and Budgetary Questions. He wondered whether the Secretary-General, in formulating the proposals contained in part A of annex IV, had intended to cancel all meetings of subsidiary organs of the General Assembly until the forty-first session.

The meeting rose at 6.35 p.m.