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SUMMARY RECORD OF THE 61st MEETING

Chairman: Mr. AMNEUS (Sweden)

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

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The meeting was called to order at 4.15 p.m.

AGENDA ITEM 41: REVIEW OF THE EFFICIENCY OF THE ADMINISTRATIVE AND FINANCIAL FUNCTIONING OF THE UNITED NATIONS (continued) (A/42/861; A/C.5/42/31)

AGENDA ITEM 43: CURRENT FINANCIAL CRISIS OF THE UNITED NATIONS (continued)

AGENDA ITEM 117: FINANCIAL EMERGENCY OF THE UNITED NATIONS (continued)

1. Mr. GHAREKHAN (India) said that the Secretary-General's description of the crisis and the figures given showed, among other things, that the cumulative unpaid assessments to the regular budget had reached a level of \$366.4 million, of which 69 per cent remained payable by one Member State - the largest contributor. If the pattern of payments of assessed contributions for 1987 was repeated in 1988, the United Nations would run out of cash in August 1988. While the precise impact of the crisis on programme delivery would not be known until early 1988, the high level of vacancy rates in several departments indicated that programme performance would be affected because of shortage of staff. It was clear that the reform process mandated in resolution 41/213 could not be undertaken in an orderly and sound manner unless all Member States met their financial obligations in full and in a timely manner.

2. The financial crisis was primarily due to the non-payment of assessed contributions. That was a violation of a Charter obligation to which no conditions could be attached. It was incumbent upon all Member States to assure the United Nations of their political support in the form of full and timely payment of assessed contributions. His delegation appreciated the efforts of those Member States which had paid up their arrears, made advance or early payments of their contributions to the regular budget, or made voluntary contributions. His Government, for its part, had paid its contribution for 1987 in full at the start of the current budgetary year, and intended to do the same in 1988.

3. The Secretary-General had suggested certain measures to meet the immediate financial requirements of the United Nations. The Advisory Committee had recommended against increasing the level of the Working Capital Fund, and had indicated that it would not be prudent to resort to borrowing in the open market. However, it saw no objection in principle to the issuance of certificates of indebtedness in the amounts of the arrears, on a one-time voluntary basis, after appropriate consultations with Member States. His delegation wished to affirm that it was the duty of all Member States to strengthen the hand of the Secretary-General by providing him with the necessary means to implement the programmes and mandates entrusted to him by the General Assembly. India doubted, however, that the issuance of certificates of indebtedness would in itself remedy the long-term financial problems.

4. The gravity of the financial crisis now endangered the very existence of the United Nations. The situation must not be allowed to continue. Everyone was aware that the crisis was rooted in political problems which all Member States must seek

(Mr. Gharekhan, India)

to solve. If necessary, a resumed session of the General Assembly could be convened in the spring of 1988 to address both the immediate and the long-term dimensions of the crisis. The Secretary-General could be mandated to propose an appropriate date. In that connection, it was important that Member States should convey their views to the Secretary-General and fully participate in the deliberations which would take place at the resumed forty-second session.

5. Mr. WALTERS (United States of America) said that his delegation had listened closely and with great interest to the statements made by the Secretary-General and various delegations regarding the financial crisis of the United Nations. As the Member State which for over 40 years had been the major contributor to the United Nations, the United States shared the concern expressed by others over the financial viability of the Organization. Its inability to pay its full assessment in 1986 and so far in 1987 was a serious issue for the United States as well as for the Organization. It believed, however, that the solution to the crisis lay not in short- or medium-term financial devices, but rather in establishing a climate and an atmosphere of confidence in the Organization, which would better encourage Member States to pay their shares of the budget promptly and in full.

6. As everyone knew, the current funding situation was one manifestation of the dissatisfaction felt by a large number of Member States concerning the growth and spending patterns of the United Nations budget. Another manifestation had been the establishment of the Group of 18, whose recommendations for improving the administrative and financial functioning of the Organization provided the means for correcting the situation which had fostered the crisis. The adoption of the Group's recommendations in General Assembly resolution 41/213 had been the turning-point which, in the view of the United States had represented the means for rebuilding the confidence in the Organization required to end what everyone agreed was an untenable situation.

7. Reflecting the adoption of General Assembly resolution 41/213, the United States budget for the current fiscal year had been amended to request sufficient funds to pay nearly the full regular-budget assessment for 1987. The United States legislative process was long and complex; even at the current stage, the Congress had not yet completed action on the funding request for 1987, and it might not do so until it reconvened in February. However, earlier in the week, conferees from both Houses of the legislature had agreed to authorize the full amount requested by the President for assessed contributions to international organizations, including \$193 million for the United Nations. That was not the end of the process, because a separate set of committees had yet to agree on a final appropriation level, which was likely to be below the amount authorized. Full disbursement of authorized amounts would also require a Presidential certification regarding implementation of reforms. The action earlier in the week was a clear signal that the Congress was prepared to resume full funding of the United States share of the regular budget of the United Nations.

8. The United States was committed to paying its United Nations assessment. He had to state in all candour, however, that the willingness of the Congress to

(Mr. Walters, United States)

travel further down the path begun would only be affected positively by indications that Member States took seriously the implementation of the new budget process adopted by consensus in 1986. That was a critical point. Progress to date in that area had been less than all might have hoped for. The Committee for Programme and Co-ordination had been unable to come to grips seriously with its new mandate at both its regular and its resumed sessions of 1987, leaving the Fifth Committee with an even greater burden.

9. Time was short, but the Committee could still complete the tasks begun by CPC before the end of the session. His delegation believed strongly that the adoption of a restrained budget for the biennium 1988-1989, based on the Secretary-General's proposals as amended by the report of ACABQ and including an allowance that would, on an experimental basis, accommodate the additional expenses that would inevitably arise during the remainder of the biennium, would both advance the process begun in 1986 and demonstrate to the world that the United Nations was serious about reform. Such actions were the most practical means of ensuring future financial stability for the Organization.

10. The United States Administration had taken all possible steps to move towards full payment of its assessment, and had gone to great lengths in a time of extreme domestic fiscal constraint to provide sufficient funding to ensure that the United Nations continued to operate during the current period. The United States could not guarantee that it would resume full payment in the current year; however, it believed that the signs from Washington to which he had alluded, combined with a constructive result at the current session of the General Assembly that demonstrated seriousness of purpose, would lead to the end of the financial crisis.

11. In the interest of sound management, the Secretary-General could not put such optimism in the bank. He had therefore proposed a series of measures (A/C.5/42/31) to provide additional income should the crisis persist well into 1988. His delegation believed that commercial borrowing and doubling the Working Capital Fund were inappropriate, for the reasons given in previous years when they had been proposed. It would not, however, oppose authorizing the issuance of certificates of indebtedness, to be used only in extraordinary circumstances and under conditions to be specified by ACABQ.

12. The only way for the United Nations to continue to exist in the long run was to foster a level of confidence on the part of its Member States that would ensure timely payment of assessments on a regular basis. Different countries had different reasons for their inability to pay; at present, almost 60 per cent of Member States had such reasons. He had described his country's reasons and in so doing had indicated its strong interest in returning to a pattern of full payment in order to bring to a close the current difficult period in United Nations financial history. If all countries worked together on that effort in the short term, the Organization would be secure in the long term.

13. Mr. MAKTARI (Yemen) noted that 93 Member States were not paying their contributions in full or were behind in their payments to the United Nations. Such practices undermined the effectiveness and threatened the very existence of the United Nations. His country had paid its contribution in full in 1987, had no payment arrears and would pay its 1988 contribution on time. There was no reason why States which met their financial obligations regularly should bear the burden of other States' refusal to do so. The reasons for States' refusal to pay were in fact political, not economic, and thus without legitimacy. His country called on all Member States to pay the amounts owing by them under the Charter, thereby demonstrating their lasting commitment to the implementation of the tasks entrusted to the Organization.

14. The proposals made by the Secretary-General in his report (A/C.5/42/31) were only palliatives. The proposed measures would not solve the problem of the financing of the Organization and could exacerbate the crisis and compound the difficulties, since they might encourage defaulting States to persist in their refusal to pay.

15. If the United Nations were to borrow \$US 50 million on the open market and no additional contributions were forthcoming from Member States, how would the United Nations be able to repay its debt? Moreover, if 93 Member States were refusing to pay their contributions to the regular budget, how could the same States be expected to agree to lend funds to the Organization? The Secretary-General's proposals could not be applied and consultations must be pursued among Member States to find an effective solution to the crisis.

16. Lastly, his delegation wanted to be sure that, if the States which were not paying their contributions to the United Nations were to resume payments, the execution of programmes and activities which had been left pending, would resume above all for the benefit of developing countries.

AGENDA ITEM 114: PROGRAMME BUDGET FOR THE BIENNIUM 1986-1987 (continued)

Standards of accommodation for air travel (A/C.5/42/L.14)

17. The CHAIRMAN invited the Committee to consider draft resolution A/C.5/42/L.14, which had been introduced by the United States delegation at the 59th meeting (A/C.5/42/SR.59). At the same meeting Australia, which was a sponsor of the draft resolution, had revised paragraph 4 orally by deleting the words "and an indication of savings achieved".

18. Mr. FIGUEIRA (Brazil) said that his delegation supported the overall purpose of draft resolution A/C.5/42/L.14. However, it considered the use of the words "all individuals" in paragraph 2 to be too broad in that particular context. When travel expenses were reimbursed to Member States, the practice was to reimburse to each mission a first-class ticket for the head of mission. He suggested therefore that paragraph 2 should be amended by inserting after the words "Secretary-General" the words "and the heads of delegations from the least developed countries to the regular and special sessions of the General Assembly", without making any other changes.

(Mr. Figueira, Brazil)

19. His delegation also endorsed the principle expressed in paragraph 3 of the draft resolution but believed that the Secretary-General should have a margin of flexibility in that regard. He proposed therefore that the words "in the most exigent circumstances" should be deleted. His delegation was sure that the Secretary-General would realize that such a deletion was not to be interpreted as authorization to continue the present practice.
20. His delegation hoped that its amendments would meet with the approval of the sponsors and the support of the Committee.
21. Mr. DEVREUX (Belgium) and Mr. KLUFT (Netherlands) said that their delegations could support the amendments proposed by Braz'1.
22. Mr. KABIR (Pakistan) and Mr. MICHALSKI (United States of America) said that their delegations supported fully the amendments proposed by the Brazilian delegation.
23. Mr. AHTISAARI (Under-Secretary-General for Administration and Management) pointed out that paragraph 2 of draft resolution A/C.5/42/L.14 as it now read meant that the rule in question applied to the representatives of Member States that were members of United Nations organs and of the International Court of Justice, and to the executive heads of such agencies as UNICEF and UNDP.
24. Mr. FONTAINE-ORTIZ (Cuba) said that his delegation could not understand the rationale behind draft resolution A/C.5/42/L.14, since, by its resolution 41/213, the General Assembly had endorsed the recommendations of the Group of High-level Intergovernmental Experts to Review the Efficiency of the Administrative and Financial Functioning of the United Nations, which included recommendation 38.2 establishing clearly that only the Secretary-General was authorized to travel first-class, meaning that anyone else who travelled first-class did so on an exceptional basis.
25. His delegation could not accept any other interpretation of General Assembly resolution 41/213, for that would be opening the door to numerous ongoing exceptions. It would not, however, oppose the draft resolution in its amended form.
26. Mr. KALBITZER (Germany, Federal Republic of) said that he agreed with the representative of Cuba and found it strange that, after spending days discussing the United Nations financial crisis, the Committee should be preparing to take a decision like the one proposed in draft resolution A/C.5/42/L.14, as amended. His delegation would not, however, oppose the adoption of the draft resolution.
27. The CHAIRMAN said that, if he heard no objection, he would take it that the Committee decided to adopt draft resolution A/C.5/42/L.14, as orally revised and amended, without a vote.
28. It was so decided.

Follow-up report on organization and methods for official travel

29. The CHAIRMAN requested the Rapporteur to report direct to the General Assembly. He proposed that the Committee recommend to the General Assembly that it take note of the follow-up report by the Joint Inspection Unit on organization and methods for official travel, the relevant comments by the Secretary-General (A/41/121 and Add.1), and the related report of the Advisory Committee on Administrative and Budgetary Questions (A/42/790); endorse the comments of the Advisory Committee; and request the Secretary-General to report any new developments to the General Assembly at its forty-third session.

30. It was so decided.

OTHER MATTERS

31. Mr. CABRIC (Yugoslavia), supported by Mr. LADJOUZI (Algeria), said that a group of delegations had undertaken to prepare a draft resolution on agenda item 43 and hoped that sufficient time would be allowed before the Committee took a decision on the subject.

32. Mr. NGAIZA (Tanzania) said that, had his delegation been present during the vote on the revised estimates on broad representation in the Committee for Programme and Co-ordination (A/C.5/42/16/Add.1), it would have voted in favour.

33. Mr. EL-MEKKI (Sudan) said that, had his delegation been present during the vote on draft resolutions L.10 and L.11, it would have voted in favour of both.

34. Mr. MAJOLI (Italy) pointed out, in connection with document A/42/694 on the United Nations Institute for Training and Research (UNITAR), that the relevant draft resolution adopted by the Second Committee (A/C.2/42/L.88) had stipulated that the Institute should operate on the basis of paid-in voluntary contributions and such other additional resources as might be available to it. On that basis, he assumed that the draft resolution had no implications for the regular budget. If the United Nations advanced funds to UNITAR, the normal practice would be that such funds should not exceed the amount of voluntary contributions actually pledged for 1988, unless the Fifth Committee agreed otherwise. In paragraph 25 of document A/42/694, the Secretary-General stated that, by 31 December 1987, the Institute's likely debt to the United Nations would be approximately \$1,950,000, of which only \$686,000 had been approved by resolution 38/177, the balance being due and payable. His delegation would like the Secretary-General to confirm that only the General Assembly, through the Fifth Committee, could authorize him to waive repayment of the amount owed by UNITAR. His comments were motivated by concern for budgetary discipline, for Italy was in fact one of the few countries which supported the Institute financially.

35. Mr. GOMEZ (Controller) confirmed that the normal practice was to advance funds to extrabudgetary programmes only up to the amount of contributions already pledged and other revenue available to such programmes. An exception had been made for

(Mr. Gomez, Controller)

UNITAR in 1987, because it had been a particularly difficult year for the Institute. By resolution 41/172, the General Assembly had adopted measures for restructuring UNITAR and had requested the Secretary-General to report back to it on the issue. In April 1987, the Institute's Board of Trustees had adopted a lower budget than in 1986, but anticipated revenues had not been forthcoming. Pending consideration of his report (A/42/694) by the General Assembly, the Secretary-General had had no choice but to advance funds to the Institute to enable it to go on functioning. Moreover, under draft resolution A/C.2/42/L.88, the Assembly would approve the Secretary-General's recommendation to proceed with the acquisition of the land and subsequent sale of the entire property of the UNITAR building. The proceeds of that sale, which might take place during the biennium 1988-1989, would enable the Institute to repay its current debts to the United Nations and any debts which might be incurred in 1988. There was no question that UNITAR owed money to the United Nations, but it was also clear that it could not repay the money in the immediate future. The Secretary-General could proceed as he had done thus far, namely, request that an appropriation be advanced to UNITAR, to be offset by an identical amount under income section 2, in order to enable the Institute to continue to function until the April 1988 meeting of its Board of Trustees, when the situation, including the situation with regard to the real estate transaction already mentioned might be clearer. The Secretariat was in contact with ACABQ on the issue and would report any developments in the situation to the Fifth Committee, unless the latter decided to deal with the question without waiting further.

The meeting rose at 5.45 p.m.