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Summary record of the 31st meeting

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Chair: Ms. Bird (Australia)
*Chair of the Advisory Committee on Administrative
and Budgetary Questions:* Mr. Terzi

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The meeting was called to order at 3.05 p.m.

Agenda item 135: Review of the efficiency of the administrative and financial functioning of the United Nations (*continued*)

Proposed amendments to the Financial Regulations of the United Nations (A/73/717 and A/73/817)

1. **Mr. Guazo** (Director, Finance Division), introducing the Secretary-General's report on proposed amendments to the Financial Regulations of the United Nations (A/73/717), said that the report set out the rationale for the amendments, which consisted of two structural changes to the Financial Regulations. The first change was the introduction of a regulatory framework for engaging with implementing partners and issuing grants, in accordance with a recommendation made by the Board of Auditors (see A/71/5 (Vol. I)). The framework represented the principles that the Secretariat would have to follow at a higher level. Further guidance would be developed to operationalize the amended Financial Regulations.

2. The second change related to the process of donating the assets of liquidated peacekeeping operations in cases where the dismantling of such assets would set back the rehabilitation of the country in which they had been installed. Such assets included airfield installations and equipment, buildings, bridges and mine-clearing equipment that could not be redeployed to other missions or parts of the Secretariat or sold to United Nations agencies or international organizations. Under the proposed amendment, the prior approval of the General Assembly for the disposition of assets would no longer need to be obtained, although a report on such disposition would still need to be submitted to the Assembly.

3. In addition, based on wide consultation in the Secretariat, the Secretary-General had proposed language changes to the Financial Regulations. The General Assembly was requested to approve the proposed amendments to the Financial Regulations and to take note of the proposed amendments to the Financial Rules, which would be promulgated following the Assembly's approval of the proposed amendments to the Financial Regulations.

4. **Mr. Terzi** (Chair of the Advisory Committee on Administrative and Budgetary Questions), introducing the related report of the Advisory Committee on Administrative and Budgetary Questions (A/73/817), said that adequate justification and rationales for the proposed amendments to the Financial Regulations, including definitions of new terms and consistency in

the use of terminology, were needed. The Advisory Committee had made observations on specific matters in its report.

5. The Financial Regulations and Rules should contain an appropriate legal framework for the management of implementing partners and grants, as recommended by the Board of Auditors. However, the language of the proposed amendments to the Financial Regulations lacked clarity and consistency and should be refined. The Advisory Committee therefore recommended against the approval of the proposed amendments to the Financial Regulations.

6. **Ms. Tarbush** (Observer for the State of Palestine), speaking on behalf of the Group of 77 and China, said that the Group agreed with the Advisory Committee that the proposed amendments to the Financial Regulations should be refined and justified. The Financial Regulations and Rules responded to the legislative directives of the General Assembly, and every effort should be made to abide by those Regulations and Rules, as well as by Assembly resolutions. The Financial Regulations and Rules were critical to the management of the financial resources entrusted to the Secretary-General and to the internal control network of the United Nations. The Secretariat must provide detailed, specific and thorough explanations for any proposed amendments, including the level of compliance with the International Public Sector Accounting Standards, where applicable. Member States should be provided with a legislatively and technically sound basis for proposals, and not an oversimplified statement of intent.

7. The report of the Secretary-General should have included relevant definitions; a clear description of the lessons learned from the application of the current Financial Regulations and Rules; details of the internal process from which the proposed amendments had arisen, including any consultations with the Board of Auditors and the Office of Internal Oversight Services; and an explanation of how the proposed amendments would be operationalized and aligned with the mandates of the Organization, including the Secretary-General's ongoing reforms. The proposed amendments should have been presented within the complete context of the Financial Regulations and Rules and other regulatory frameworks of the United Nations. The General Assembly needed sufficient information, not assurances, on how the proposed amendments would faithfully implement, rather than alter or contradict, agreements reached among Member States.

8. Any amendments to the Financial Regulations would have a considerable impact on the financial

management of the Organization, the financial responsibilities and obligations of the Secretary-General and staff members, and cooperation with other United Nations system organizations, Governments, intergovernmental organizations and other stakeholders. Member States must, therefore, be given all relevant information and sufficient time to examine the proposed amendments, particularly given the late issuance of the Secretary-General's report. The Group looked forward to arriving at a sensible outcome that was not determined by artificial deadlines. Management reform required the full involvement of all stakeholders from beginning to end.

9. **Mr. Kononuchenko** (Russian Federation) said that the use of terminology in the Secretary-General's report was inconsistent. In addition, the report did not contain sufficient justification and explanation for the proposed amendments, which called into question their approval at the current stage. The Advisory Committee had adopted a balanced position and presented clear recommendations. Accordingly, he proposed that the Committee take the report of the Advisory Committee as the basis for its deliberations and not approve the proposed amendments to the Financial Regulations. The fate of the amendments to the Financial Rules set out in annex II to the Secretary-General's report depended on the General Assembly's decision on the proposed amendments to the Financial Regulations. The amendments to the Financial Rules promulgated independently by the Secretary-General with effect from 1 January 2019, which had yet to be submitted formally to the Assembly, had not been included in the Secretary-General's report.

Agenda item 136: Programme budget for the biennium 2018–2019 (continued)

Estimates in respect of special political missions, good offices and other political initiatives authorized by the General Assembly and/or the Security Council (continued)

Thematic cluster III: regional offices, offices in support of political processes and other missions (continued)

United Nations Mission to Support the Hudaydah Agreement (A/73/352/Add.8 and A/73/498/Add.8)

10. **Mr. Guazo** (Director, Finance Division), introducing the Secretary-General's report on the estimated preliminary resource requirements for the United Nations Mission to Support the Hudaydah Agreement (A/73/352/Add.8), said that the Security Council, by its resolution 2452 (2019), had decided to

establish the Mission for an initial period of six months. Pending the submission of a detailed revised programme budget during the second part of the resumed current session, the General Assembly was requested to approve the preliminary proposals of the Secretary-General and authorize him to enter into commitments for the Mission in an amount not exceeding \$17,640,800 (net of staff assessment) for the period from 1 April to 30 June 2019.

11. The proposal provided for the phased deployment of 75 United Nations monitors, 69 international staff, 36 national staff and 20 government-provided personnel; one fixed-wing aircraft and one rotary-wing aircraft; and a forward surgical team in Hudaydah. The estimated requirements also included resources for official travel, information technology and telecommunications equipment, and the rental of a marine vessel, which would provide short-term office and living space.

12. **Mr. Terzi** (Chair of the Advisory Committee on Administrative and Budgetary Questions), introducing the related report of the Advisory Committee (A/73/498/Add.8), said that the Advisory Committee had authorized the Secretary-General to enter into commitments in an amount not to exceed \$8.2 million to meet the most immediate requirements for the Mission for the period from 16 January to 31 March 2019.

13. Given the slow pace of deployment thus far and the challenges of staffing a new mission in a complex and evolving environment, the Advisory Committee was not convinced that the proposed deployment targets underpinning the funding request for the period from 1 April to 30 June 2019 were achievable. The Advisory Committee urged the Secretary-General to redouble his efforts to expedite deployments and recommended that more realistic vacancy factors be presented in the forthcoming budget submission for the Mission. The Advisory Committee trusted that the budget submission would contain information on the financial performance of the Mission and would be based on actual experience.

14. Taking into account the observations made in its report, the Advisory Committee recommended that the General Assembly authorize the Secretary-General to enter into commitments for the Mission in an amount not to exceed \$15.6 million for the period from 1 April to 30 June 2019. That recommendation was without prejudice to any comments and recommendations the Advisory Committee might make on the structure, staffing and other resource requirements proposed for the Mission in the budget submission.

The meeting rose at 3.25 p.m.