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Chair: Mr. Mavroyiannis (Cyprus)
*Chair of the Advisory Committee on Administrative and
Budgetary Questions:* Mr. Terzi

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The meeting was called to order at 10 a.m.

Agenda item 134: Programme budget for the biennium 2018–2019 (continued)

Second performance report on the programme budget for the biennium 2018–2019 (A/74/570 and A/74/583)

1. **Mr. Ramanathan** (Controller), introducing the second performance report on the programme budget for the biennium 2018–2019 (A/74/570), said that the report provided an estimate of the anticipated final level of expenditure and income for the biennium, based on actual expenditure for the first 22 months and projected requirements for the last 2 months. The anticipated final level of expenditure under the expenditure sections of the programme budget remained within the approved appropriation of \$5,873.7 million, while the final level of income for the biennium was estimated at \$572.1 million, reflecting an increase of \$8.7 million.

2. Although there were no changes to the overall level of appropriation, the estimates reflected increases related to commitment authorities and unforeseen and extraordinary expenses (\$27.7 million) and increases related to post incumbency (\$69.1 million), which had been fully offset by lower requirements for non-post resources (\$84.1 million) and changes in currency exchange rates and inflation (\$12.6 million).

3. Budget implementation in 2018–2019 had been constrained by a lack of cash, rather than being driven by programme delivery. A number of measures had been taken during the biennium to manage the liquidity crisis by aligning expenditure and liquidity, including by postponing non-post expenditure and slowing the hiring of staff throughout 2019. Such measures undermined mandate delivery and went against the Organization's efforts to focus more on results and less on inputs.

4. As indicated in the most recent reports of the Secretary-General on the financial situation of the United Nations (see A/73/809 and A/74/501), the regular budget was facing the worst liquidity crisis seen in recent years. Furthermore, structural rigidities in the budget methodology, such as the use of average vacancy rates and the limits on transfers of funds across budget sections and budget classes constrained the management of resources, making it more difficult to mitigate the impact of cash shortages on mandate delivery.

5. The General Assembly was requested to approve the suspension, until the financial situation improved, of the provision for the application of credits under regulations 3.2 (d) and 5.4 of the United Nations Financial Regulations and Rules, in the amount of

\$25.19 million, resulting from the surrender of appropriations for the biennium 2016–2017.

6. **Mr. Terzi** (Chair of the Advisory Committee on Administrative and Budgetary Questions), introducing the related report of the Advisory Committee (A/74/583), said that, while there had been a shortage of cash at various points during the biennium 2018–2019, the cash ratio in 2019 for the regular budget had, in fact, improved somewhat compared with 2018. Nevertheless, the Advisory Committee recognized a continuing liquidity challenge and therefore recommended that the General Assembly approve the temporary suspension of the surrender of the unspent appropriations of the regular budget for 2016–2017 for the 2020 financial year. The Advisory Committee recommended that the Assembly request the Secretary-General to include comprehensive information on the impact of the measures put in place to address the liquidity challenge, as well as information on the postponed expenditures arising from the imposition of those measures, in the next relevant report.

7. With regard to the presentation of information, the Advisory Committee recommended that the General Assembly request the Secretary-General to ensure that further efforts were undertaken in future budget periods to clarify the alignment of budget proposals with current and future expenditure. In addition, the Advisory Committee recommended that the Assembly request the Secretary-General to provide a detailed explanation of the budgetary and accounting treatment for expenditure under improvement of premises in future relevant reports. The report of the Advisory Committee also contained recommendations pertaining to unforeseen and extraordinary expenses, the decisions of policymaking organs and other categories of expenditure.

8. Overall, the Advisory Committee recommended that the General Assembly approve the revised estimates for the expenditure sections for the biennium 2018–2019 and the related income estimates, as set out in tables 3 and 7 of the Secretary-General's report (A/74/570).

9. **Mr. Alyakin** (Russian Federation) said that his delegation welcomed the fact that, according to paragraph 11 of the Advisory Committee's report (A/74/583), the cash ratio had improved in 2019 compared with 2018. In November 2019, the cash ratio had stood at 0.7, whereas there had been a negative cash ratio in the same month in 2018, although that was not indicated in table 1 of the report.

10. His delegation took note of the Controller's regular statements on the Organization's so-called

liquidity crisis. It also noted his views concerning the risk of interpreting the financial situation of the United Nations – in line with International Public Sector Accounting Standards – purely on the basis of four monthly financial ratios, chief among them the cash ratio, and it noted his assertion that the cash situation was only fully reflected by reviewing the deepest cash deficits observed each month. In that connection, it wished the Controller to confirm that, as indicated in table 3 of the Advisory Committee's report, the financial situation of the United Nations in 2019, with unpaid contributions of \$112 million and 96.1 per cent of assessments received, was no worse than in 2017. At that time, the deficit at year-end had amounted to \$121 million and 95.3 per cent of assessments had been received, but no so-called austerity measures affecting the work of Member States' delegations had been imposed.

11. According to paragraph 13 of the Advisory Committee's report, as at the end of November 2019 there had been a balance of \$198 million in the Special Account, while cash balances for closed peacekeeping missions had amounted to \$187 million. The Secretariat should indicate what cash was available in the accounts of closed tribunals. If that sum was added to the combined balance of \$385 million in the Special Account and closed peacekeeping accounts, it would be possible to establish the total amount of the reserves on which the Controller could draw in case of critical and urgent need. Indeed, the Controller already borrowed from the accounts of closed peacekeeping missions, in violation of the Financial Regulations and Rules of the United Nations. The Secretariat's comments in that regard would be appreciated.

12. Lastly, the Secretariat should provide calculations showing the savings produced by each of the austerity measures approved by the Secretary-General in mid-October 2019, as had previously been requested by his delegation and in line with the recommendations contained in paragraphs 8 and 10 of the Advisory Committee's report. His delegation would be particularly interested to know what amounts had been saved as a result of measures that had directly affected the work of Member States' delegations.

13. **Mr. Ramanathan** (Controller) said that, while cash ratios gave an indication of the Organization's financial situation, they were not as meaningful as the actual cash balance. The cash ratios only appeared healthier in 2019 because the Secretariat had taken measures to manage the crisis, including curtailing expenditure and reducing the Organization's liabilities. On 22 November 2019, the regular budget deficit had reached \$520 million, overtaking the cash deficit of

\$488 million recorded in October 2018. Indeed, the deficit of \$520 million had been the deepest cash deficit experienced by the Organization since 2010 and had left the Secretariat facing the prospect of being unable to pay staff salaries in November. Fortunately, by the end of the month, collections had alleviated the liquidity situation. Looking only at the month-end balance did not, therefore, provide a full picture.

14. Had the Secretariat not taken measures to manage the liquidity crisis, the deficit would have reached \$600 million by September 2019, leading to disruption to the general debate of the General Assembly. The Financial Regulations and Rules did not explicitly prohibit the Secretariat from borrowing from the accounts of closed peacekeeping missions, and any borrowing was reported regularly. The cash available in the accounts of closed peacekeeping missions was the only additional liquidity available to the Secretariat to manage the situation. On 22 November 2019, the Organization had come within \$13 million of exhausting all available reserves, including those contained in the accounts of closed missions.

15. Despite the measures taken by the Secretariat, the Organization remained in a very difficult situation. As at 18 December 2019, the regular budget cash deficit stood at \$221 million, up from \$198 million at the end of November. The Organization's liquidity reserves stood at \$132 million, of which \$119 million was needed to pay salaries, leaving just \$13 million to settle a large number of outstanding bills. In short, the Organization's financial situation in 2019 was worse, not better, than in 2018.

Agenda item 147: Financing of the International Residual Mechanism for Criminal Tribunals
([A/74/355](#), [A/74/355/Corr.1](#), [A/74/566](#) and [A/74/593](#))

16. **Mr. Ramanathan** (Controller), introducing the second performance report on the budget of the International Residual Mechanism for Criminal Tribunals for the biennium 2018–2019 ([A/74/566](#)), said that the second performance report provided an estimate of the anticipated final level of expenditure for the Mechanism for the biennium 2018–2019, taking into account changes in parameters for inflation and exchange rates, compared with the assumptions made in the first performance report ([A/73/491](#)). The anticipated final level of expenditure amounted to \$185,428,300 gross, reflecting a decrease of \$10,292,300. The decrease was the result primarily of the strengthening of the dollar against the euro and decreases relating to post and non-post resources, offset in part by the depreciation of the dollar against the Tanzanian shilling and the net increase in inflation. The operations of the Mechanism

had not been affected by the regular budget liquidity crisis because the Mechanism had its own separate funding and sufficient cash for its operations.

17. Introducing the report of the Secretary-General on the International Residual Mechanism's proposed budget for 2020 ([A/74/355](#) and [A/74/355/Corr.1](#)), he said that the overall level of resources proposed for 2020 amounted to \$103,690,800 gross, reflecting an increase of \$5,641,700. The resources included provision for 186 posts and general temporary assistance for ad hoc activities. The increase was due mainly to an increase in requirements for the Arusha branch, related to judicial activity, including one contempt case that had originated in 2018, and a provision for pretrial proceedings in the event of the arrest of one of the three remaining fugitives from the International Criminal Tribunal for Rwanda. The increase was offset in part by a net decrease in requirements relating mainly to a reduction in judicial activity at the branch in The Hague.

18. **Mr. Terzi** (Chair of the Advisory Committee on Administrative and Budgetary Questions), introducing the report of the Advisory Committee on the second performance report for the biennium 2018–2019 and proposed budget for 2020 for the International Residual Mechanism for Criminal Tribunals ([A/74/593](#)), said that, with respect to the second performance report, the Advisory Committee recommended that the General Assembly approve a final appropriation for the biennium 2018–2019 of \$185,428,300 gross for the Mechanism.

19. With respect to the proposed budget for 2020, the Advisory Committee recommended approval of the Secretary-General's proposal for post resources. Regarding non-post resources, the Advisory Committee recommended a reduction of \$3,297,800, as it was of the view that resources related to the possible apprehension of a fugitive should not have been included in the proposed budget and instead should be requested when a fugitive was apprehended. With respect to other staff costs, the Advisory Committee was not convinced of the justification for the number of proposed general temporary assistance positions and their duration, and therefore recommended a reduction of \$1,629,900. Lastly, taking into consideration the travel plan for 2020, including training travel, the Advisory Committee recommended a reduction of \$62,900 in the proposed resources for travel on official business.

20. **Ms. Tarbush** (Observer for the State of Palestine), speaking on behalf of the Group of 77 and China, said that the Group would support the budget proposed for the International Residual Mechanism for Criminal Tribunals, subject to upward adjustments in such areas

as staffing, in order to strengthen administrative, finance and human resources functions in Arusha. It would raise its proposals in that regard in the forthcoming informal consultations.

21. The Group noted the progress made on a number of issues highlighted previously by the Committee, such as the need for gender balance and equitable geographical representation in the two branches of the Mechanism and the importance of balancing resource levels to match workloads. However, there was room for improvement in such areas as the representation of women at the Professional level and above and resource distribution between Arusha and The Hague. Resources continued to be concentrated in The Hague even though the workload was higher in Arusha.

22. The Group would be interested to know what steps had been taken to date to accommodate the Residual Special Court for Sierra Leone on the premises of the Arusha facility, in the light of the financial difficulties facing the Court. She cautioned that such a move should not be allowed to undermine the mandate of either entity.

23. While the Group appreciated some of the observations and recommendations made by the Advisory Committee, it was concerned at the unjustified and arbitrary reductions recommended under travel on official business; other staff costs, specifically general temporary assistance positions in Arusha; and non-post resources, specifically resources related to the possible apprehension of a fugitive. Such reductions would have a negative impact on mandate delivery and the implementation of the Mechanism's planned activities.

24. The Group had also taken note of the report of the Board of Auditors on the financial report and audited financial statements of the Mechanism for the year ended 31 December 2018 ([A/74/5/Add.15](#)), including the status of implementation of recommendations. The Group acknowledged the continued support of the Governments of the United Republic of Tanzania and the Netherlands for the work of the Mechanism.

25. **Mr. Mmalane** (Botswana), speaking on behalf of the Group of African States, expressed gratitude to the Governments of the United Republic of Tanzania and the Netherlands for their support for the work of the Mechanism. The Group attached great importance to the Mechanism and its mandate, and welcomed the information on the proposed final appropriation for 2018–2019, as well as the information contained in the report of the Board of Auditors, including the update on the status of implementation of recommendations. It encouraged the Mechanism to implement all outstanding recommendations.

26. The Group noted that, in 2020, in addition to its mandated continuous activities – which included the tracking and prosecution of the remaining fugitives, the protection of witnesses, supervision of the enforcement of sentences and management of the archives – the Mechanism would try one contempt case, which would increase the workload of the branch in Arusha. The expanded judicial activity in Arusha projected for 2020 was reflected in the proposed budget for 2020, which the Group supported. The Mechanism must be provided with the resources necessary to perform its mandated judicial activities. Failure to provide sufficient resources in 2020 would only increase the Mechanism's resource requirements in the future.

27. The Group was of the view that accommodating the Residual Special Court for Sierra Leone on the premises of the Arusha facility would contribute to ensuring the financial sustainability of the Court, although the independence of both entities would need to be assured. The Group looked forward to receiving an update on the steps taken to date.

28. The Group struggled to understand the rationale for the reductions in resource requirements recommended by the Advisory Committee. Proper financing of the Mechanism was of critical importance owing to its role in international law and security and its unique nature, and the Group therefore called for the appropriation of adequate resources.

29. **Mr. Shilla** (United Republic of Tanzania) said that his Government was committed to supporting the work of the Mechanism. His delegation had taken note of the proposed budget and was concerned that the distribution of resources between Arusha and The Hague did not correlate with the respective workloads of the two branches. He recalled that, following calls by Member States to strengthen administrative, finance and procurement capacities in Arusha, a temporary D-1 post had been established there. Accordingly, his delegation had expected the Secretary-General to propose additional resource requirements for 2020.

30. The proposed budget did not address a number of key issues. His delegation would therefore propose changes aimed at strengthening the capacities of the Arusha branch in the areas of administration, budget and finance, procurement, human resources and information technology, with a view to increasing efficiency and effectiveness in mandate delivery. Nevertheless, his delegation was pleased that some of the issues raised during the biennium 2018–2019 had been addressed. For instance, the Mechanism had made considerable efforts to increase security at the Arusha facility in order to comply with established procedures and standards.

Further efforts should be made to address outstanding issues. The Tanzanian authorities stood ready to provide support in that regard.

31. While his delegation appreciated the constructive observations made by the Board of Auditors and the Advisory Committee, and supported a number of the Advisory Committee's recommendations, it had reservations about the proposed resource reductions, in particular those relating to the Arusha branch.

Agenda item 156: Financing of the United Nations Mission for Justice Support in Haiti (A/74/532 and A/74/589)

32. **Mr. Ramanathan** (Controller), introducing the report of the Secretary-General on the budget for the United Nations Mission for Justice Support in Haiti (MINUJUSTH) for the period from 1 July 2019 to 30 June 2020 (A/74/532), said that the operational circumstances of MINUJUSTH had been subject to significant uncertainty until the Security Council had decided, by resolution 2466 (2019), to extend the mandate of the Mission for a final period of six months until 15 October 2019. The General Assembly, in its resolution 73/317, had authorized the Secretary-General to enter into commitments for the maintenance of MINUJUSTH in an amount not exceeding \$49.5 million for the period from 1 July to 31 December 2019. The total amount had been assessed on Member States.

33. The proposed budget of \$49.5 million for the maintenance of the Mission for the 2019/20 period represented a decrease of 59.3 per cent, or \$72.0 million, compared with the approved resources for the 2018/19 period. While the proposed budget was for the same level as the amount authorized by the General Assembly in resolution 73/317, the proposed resource requirements took into consideration the drawdown of formed police units, the gradual downsizing of civilian personnel, the closure of camps and other liquidation activities.

34. **Mr. Terzi** (Chair of the Advisory Committee on Administrative and Budgetary Questions), introducing the related report of the Advisory Committee (A/74/589), said that the Advisory Committee recommended a reduction of \$327,200 in the proposed requirements for MINUJUSTH. Considering that the mandate for MINUJUSTH had ended on 15 October 2019 and that of the United Nations Integrated Office in Haiti (BINUH) had started on 16 October 2019 and that, since its inception, the resource requirements for BINUH had included the provision for 13 individual police officers and 2 government-provided personnel, the Advisory Committee recommended a reduction in

the amount of resources proposed for the deployment of 11 United Nations police personnel and 2 government-provided personnel for MINUJUSTH for the period from 16 October to 31 December 2019. The recommended reduction also related to some items under operational costs, based on the expenditure patterns reported by the Mission for those items during the period from 1 July to 31 October 2019.

35. With the administrative liquidation of MINUJUSTH under way, the Advisory Committee trusted that accurate records would be maintained of the Mission's asset disposal process and that the liquidation of assets would be conducted in compliance with relevant financial regulations. Lessons learned from closed peacekeeping operations with respect to environmental clearance activities should be applied by MINUJUSTH.

36. As the current meeting was the last time he would be present before the Committee in his capacity as Chair of the Advisory Committee, he wished to thank the members of the Fifth Committee and the Secretariat for their support. The year 2019 had been challenging owing to the implementation of the Secretary-General's reforms and the move from a biennial to an annual budget process, and he was grateful to the delegations for showing patience and understanding, in particular with regard to delays in the issuance of certain reports of the Advisory Committee.

37. **The Chair** thanked Mr. Terzi for his service as Chair of the Advisory Committee.

The meeting rose at 10.50 a.m.