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at 3 p.m.  
New York

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SUMMARY RECORD OF THE 13th MEETING

Chairman: Mr. AL-MASRI (Syrian Arab Republic)

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

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The meeting was called to order at 3.20 p.m.

AGENDA ITEM 129: SCALE OF ASSESSMENTS FOR THE APPORTIONMENT OF THE EXPENSES OF THE UNITED NATIONS (A/44/11 and Add.1)

1. Mr. ALI (Chairman of the Committee on Contributions), introducing the report of the Committee on Contributions on the work of its forty-ninth session (A/44/11 and Add.1), said that in order to undertake the comprehensive review of all aspects of the existing methodology requested in General Assembly resolution 43/223 B, the Committee had decided to proceed in two phases. During 1989 it had concentrated on conceptual questions, including alternative income concepts. To illustrate its considerations it had relied on the data base used for the calculation of the current scale of assessments so as to avoid mingling the impacts of adjustments to the methodology and those of new data. Above all, the Committee had sought ways of making the methodology more easily understandable and transparent. The most important tangible results of the review's first phase encompassed the identification of some possible areas for adjustment in the methodology and a series of annexes which demonstrated the application of the methodology and the effect on the machine scale of alternative statistical base periods, debt relief deductions and upper per capita income limits.

2. The second half of the exercise would take place the following year and would consist of a review of the different aspects of the existing methodology on the basis of updated national income and population data and better external debt information.

3. The Committee had set out to clarify two points: the impact of the methodology's various provisions on the national income information provided by Member States, and the methodology's role as a tool for approximating each Member State's capacity to pay. It was also hoped that the information provided in the report would make the methodology more transparent. Thus, annex 1A showed the step-by-step adjustments to national income on the basis of the current methodology, while annex 1B provided the point differences resulting from the adjustments presented in annex 1A. A more detailed note on the evolution of the methodology was available from the secretariat of the Committee on Contributions.

4. With regard to national income concepts, the Committee had examined in detail five alternative concepts but had not taken any decision, feeling that the concepts were not sufficiently developed conceptually and lacked an adequate data base (para. 14). However, as the alternative income approach to reflecting some social and economic situations appeared potentially more promising than the indicator approach considered in the past, the Committee had requested the Statistical Office to study three of the concepts further and to improve the data base for them. The three concepts in question were national disposable income, debt-adjusted income and PARE-adjusted income. With regard to the latter, the Committee had noted that its application for countries with centrally planned economies would have to be viewed from a long-range perspective.

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(Mr. Ali)

5. Although an extended discussion had been held on the statistical base period, the Committee had not arrived at a clear conclusion on that point. Many Committee members had advocated retaining the 10-year base period, while others had argued for its reduction (para. 17). The effects of varying statistical base periods on the machine scale were shown in annex II.

6. Owing to the lack of reliable data on loan stocks, the Committee had not been able to refine the methodology, as intended, on the basis of a study of the length of repayment periods. For its further work, it awaited the results of a study of actual payment flows for external debt which was to be conducted by a working group of representatives from four international financial agencies (para. 21). It had also requested the Statistical Office to improve its data bank on debt repayment and new debt statistics (para. 22). Recalling the use of a 12 per cent ratio of debt-service to total external debt as a basis for its debt relief calculations for the current scale, the Committee had decided to review the effects on the machine scale of alternative debt-service ratios using the same data (para. 23). The illustrative data shown in annex IV of the report should not be viewed as prejudging the results of the additional studies envisaged.

7. With regard to the low per capita income allowance formula, there had been a disposition to recommend an upward adjustment. However, the Committee had decided to defer its decision on a specific recommendation to its 1990 session, when updated national income data would be available. Again, the illustrative data in that regard shown in annex V did not prejudge the outcome of the further review to be undertaken the following year (para. 28). There had been no disposition in the Committee to increase the possible maximum deduction from national income, also known as the gradient, beyond its present level of 85 per cent (para. 29).

8. Since the question of the adjustment of ceiling and floor rates was political rather than technical in nature, that topic had been covered only in the context of the redistribution of percentage points resulting from the application of the different elements of the methodology (para. 30 and annex 1B of the report). The Committee had examined the effect of the scheme of limits on the current as well as the previous scale (annexes 1A and 1B) and had found that it was not possible to establish direct links between the effects of the separate adjustment mechanisms and those of the scheme of limits (para. 34). In view of the interrelatedness of all elements of the methodology and of the scheme's function, the Committee had felt that it was premature to make recommendations concerning the possible modification or refinement of the scheme of limits. It had, however, requested the Secretariat to examine further the scheme's cumulative effects and its application based on shorter brackets.

9. Concerning the ad hoc adjustments which had been made to all machine scales prepared thus far, the Committee had stressed its objective of minimizing their use through refinement of the methodology (para. 36). It had also decided to include in its reports on the preparation of future scales explicit information on the ad hoc adjustments (para. 40).

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(Mr. Ali)

10. In the light of paragraph 2 of resolution 43/223 A, the Committee had considered representations from India, the Islamic Republic of Iran and the Libyan Arab Jamahiriya requesting downward adjustment of their respective rates of assessment. After careful examination of the information and arguments contained in the representations, the Committee had not recommended adjustment of the three rates in question.

11. Other matters considered by the Committee had included the collection of contributions, the payment of contributions in currencies other than United States dollars and the assessment of non-member States. With regard to the latter it had been decided to recommend to the General Assembly that it should endorse a sliding scale of flat annual fee rates and periodic review procedures to take effect in 1990 (para. 50). It should be noted that the flat annual fee rates did not cover activities whose total cost was borne by the participating States.

AGENDA ITEM 38: REVIEW OF THE EFFICIENCY OF THE ADMINISTRATIVE AND FINANCIAL FUNCTIONING OF THE UNITED NATIONS (continued) (A/44/222 and Corr.1, A/44/272; A/C.5/44/CRP.1)

AGENDA ITEM 123: PROPOSED PROGRAMME BUDGET FOR THE BIENNIUM 1990-1991 (continued) (A/44/6/Rev.1, A/44/7)

AGENDA ITEM 124: PROGRAMME PLANNING (continued) (A/44/16 and Add.1, A/44/233, A/44/234)

12. Mr. MONTAÑO (Mexico), speaking on agenda item 38, said that the debate on the efficiency of the administrative and financial functioning of the United Nations provided an opportunity for reflection on the results and limitations of the process of reform initiated three years earlier. From the outset, the reform had given rise to lively controversy. While there seemed to be general agreement concerning the need for greater efficiency in the Organization's functioning, opinions differed as to the measures that should be employed to that end. The administrative reform had been launched at a point in time when the Organization had been at the mercy of the principal contributors and strong pressures had been exerted in order to subordinate multilateral negotiations to the interests of certain countries. In his delegation's view, the efforts made would ultimately enhance the Organization's capacity for action in the face of economic, political and social problems to promote the fuller realization of the purposes and principles of the Charter. That goal would be difficult to achieve by concentrating exclusively on budget savings and simplified administrative procedures.

13. There were other important factors, including a sincere desire to co-operate on the part of all Member States; the fulfilment of financial obligations; the full and prompt payment of assessments; and the need to set priorities while giving due consideration to the problems facing the international community. Above all, there must be respect for the democratic nature of the Organization.

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(Mr. Montaña, Mexico)

14. He was confident that the administrative and financial functioning of the United Nations could be further improved, and he supported the efforts made in that regard. However, such efforts should not be confined to the elimination of certain programmes and a reduction in the number of international conferences.

15. Despite the guidelines formulated by the General Assembly with regard to the implementation of resolution 41/213, the recommendations of the Group of High-level Intergovernmental Experts still had not been implemented in a balanced way. That was true, for instance, with regard to the recommendations on the structure of the Secretariat and personnel management. In recent years, a significant effort had been made to curtail the number of staff, which obviously had been in the interests of certain countries. As the Secretary-General had pointed out, those measures had entailed significant constraints on the performance of the work of the Secretariat. At the same time, there had been no evidence of a similar eagerness to ensure an equitable representation of developing countries in the higher-level posts. The report of the Secretary-General revealed the maintenance of a status quo which was not commensurate with the role played by those countries within the international community.

16. Moreover, the report of the Secretary-General did not contain satisfactory details on the implementation of recommendations 54 and 55 of the Group of High-level Intergovernmental Experts. With regard to the recommendation to limit appointments at the Assistant Secretary-General and Under-Secretary-General levels to 10 years, no corresponding measure had been mentioned. Nor was there any indication of what had been done to ensure that posts did not become the exclusive preserve of any country or regional group. In both cases, practices contrary to the spirit of General Assembly resolution 41/213 had been maintained.

17. The administrative reform in progress would necessarily have an important impact on the Organization's structure, functioning and future political prospects. For the time being, no one knew with any certainty what effect the measures taken had had, or whether they had already led to any improvement in the functioning of the United Nations. On the other hand, the costs of the reform were clearly visible in several sectors. Strong pressures were being exerted for the elimination of certain organs and the limitation of conferences on issues of concern to the developing countries. The procedures governing budget preparation and implementation had become more rigid, limiting the Organization's possibilities for action in carrying out new mandates. The reductions in the Secretariat staff now threatened to hamper the delivery of existing programmes and had led to delays in the preparation of documentation.

18. In such a context, the question of priority-setting in the proposed programme budget took on critical importance. His delegation believed that the new method proposed by the Secretary-General represented a step forward to the extent that it made it possible to set more specific and more objective priorities. It believed that priority-setting in the medium-term plan should take place mainly at the sub-programme level and not between programmes. Similarly, it was preferable to use greater flexibility in determining the number of outputs to which a maximum or

(Mr. Montaña, Mexico)

minimum priority was to be assigned within each programme, rather than to continue to apply the rigid 10 per cent rule. However, since the proposal submitted by the Secretariat did not resolve all of the conceptual and methodological problems identified in the report, the study of the criteria relating to priority-setting should be continued.

19. The decisions taken in the context of the administrative reform would shape the Organization for several decades to come. He did not see how it was possible, therefore, merely to reduce expenditures and simplify procedures. The search for enhanced effectiveness should go hand in hand with an ongoing effort to adapt the Organization to the changing realities of the contemporary world and to prepare it for the new challenges awaiting it.

20. Mr. KOIRALA (Nepal), speaking on agenda item 38, noted that the final report of the Secretary-General on the implementation of General Assembly resolution 41/213 (A/44/222 and Corr.1) presented a detailed yet comprehensive analysis for each recommendation of the Group of High-level Intergovernmental Experts. A number of recommendations had already been implemented by the Secretariat, which deserved praise for its efforts. The decision to maintain the Committee on Conferences as a permanent subsidiary organ should help to check parallel growth in the intergovernmental machinery and ensure the optimum utilization of conference-servicing resources. The detailed report requested in General Assembly resolution 43/174 would pave the way for further actions to enhance the effectiveness of the intergovernmental structure and its Secretariat support structures, as well as programme delivery in the economic and social fields. He could cite other examples: the additional measures being considered by the Administrative Committee on Co-ordination, the informal consultations scheduled to take place among the executive heads on major policy questions, the reaffirmation of the central co-ordinating role of the United Nations Development Programme, the review of the functions of the resident co-ordinators, the sharing of premises and services in the United Nations system and a study of budgeting techniques to be conducted by the Joint Inspection Unit. All those measures would undoubtedly lead to enhanced effectiveness.

21. On the other hand, he was disappointed by the rather meagre results achieved with regard to priority-setting, although considerable time had been devoted to that question. He fully endorsed the modified system proposed in document A/44/272. In view of the conceptual and methodological problems encountered, he recommended a prudent approach, in other words the Secretary-General should be allowed to implement the modified system during a reasonable trial period so as to enable him to devise a set of priorities acceptable to all Member States.

22. He noted with satisfaction that the restructuring in the political sector of the Secretariat had been completed as recommended by the Group of High-level Intergovernmental Experts. The simplification of the organizational structure and the reorganization in the political, administrative and information areas had already yielded the desired results. With regard to the post reductions, although some progress had been achieved, much remained to be done to implement General

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(Mr. Koirala, Nepal)

Assembly resolution 41/213. As the Secretary-General had been requested to exercise extreme caution in order to avoid negative impact on mandated programmes and activities and at the same time to secure the highest standards of efficiency, competence and integrity of the staff, it was natural that detailed studies should be undertaken prior to certain post reductions. In view of those considerations, he was confident that that vital recommendation of the Group of High-level Intergovernmental Experts would also be implemented as endorsed by the General Assembly.

23. Mr. KARBUCZKY (Hungary) said that the first proposed programme budget prepared in accordance with the new budgetary procedures established by General Assembly resolution 41/213 seemed to be a step in the right direction, since the difference between the total in the budget outline and the total in the proposed programme budget was less than 0.1 per cent, and the total reduction recommended by the Advisory Committee on Administrative and Budgetary Questions (ACABQ) in its first report was less than \$6.9 million. None the less, an effective priority-setting mechanism and a consistent medium-term plan would further improve the budgetary and planning procedure.

24. His delegation noted with satisfaction that significant efforts had been made, and results achieved, with regard to the post reductions, even if, in percentage terms, the reductions did not yet comply with the provisions of General Assembly resolution 41/213. In most instances, the staff reductions had been carried out in a humanitarian manner, without any obvious decline in programme delivery. However, the reductions at the level of Under-Secretary-General and Assistant Secretary-General seemed inadequate since only 10 posts were to be abolished instead of 14 initially foreseen, especially as in one case a post had been reclassified to the D-2 level, and in another case a temporary recurrent post had been abolished. Although he appreciated the efforts of the Secretary-General to preserve the necessary work-force at the higher levels, further steps should be taken to comply with the resolution, and those Member States directly concerned by the reductions should show self-restraint.

25. Turning to non-recurrent items, he noted that a sum of \$35.6 million out of the total of \$87.3 million for 1990-1991 was inherited from the previous budget, \$8.5 million went for modernization of the administrative systems and \$3.5 million related to conference services for office automation and the installation of reproduction equipment. Expenditures of that kind could only burden future budgets: in other words, they would recur. The same applied to the 24 non-recurrent temporary posts touched upon in paragraph 52 of the ACABQ report. The calculated negative real growth of 0.4 per cent indicated in paragraph 6 of the introduction to the proposed programme budget therefore seemed a bit meaningless to his delegation.

26. In the light of recent developments and requirements, a reasonable increase of the limit of unforeseen and extraordinary expenses seemed acceptable to his delegation, which looked forward to the recommendations of ACABQ in that respect.

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(Mr. Karbuczky, Hungary)

27. As for the medium-term plan consultative progress, his delegation noted with regret that 17 out of the 41 programmes of work for 1990-1991 of the organizations of the United Nations system had not been reviewed by any intergovernmental body. That made the planning and programming process more difficult and a well-defined medium-term plan, and hence a sound programme budget, unrealistic. His delegation fully concurred with the recommendation of CPC (A/44/16, para. 48) and the conclusions of ACABQ (A/44/7, paras. 71 and 72) in that connection and would like indications from the Secretariat on how that gap could be filled.

28. His delegation therefore agreed with the comments and recommendations of the ACABQ on the need to strengthen the controlling, approving and reporting mechanisms for extrabudgetary resources, given their growing importance.

29. In conclusion, he said he felt that the stability of the programme budget would be strengthened if revenue-producing activities were more profit-oriented, in which case they would produce much more than the \$9.1 million detailed in income section 3 of the proposed programme budget and if the programme budget, like that of some specialized agencies, would accept its biennium programmes of work not initially included in the budget.

30. Mr. SEZAKI (Japan) said that after the establishment of the Group of 18 and the adoption of General Assembly resolution 41/213, the United Nations had undertaken a series of short-term and long-term reforms that had given it more dynamism despite the chronic financial crisis. The Organization had for some time also been assuming greater responsibilities, particularly with regard to the settlement of regional conflicts, and was expected to perform a greater role in multilateral efforts addressing such global issues as the environment, disaster prevention, disarmament, narcotic drug control and human rights. It was appropriate, nevertheless, to ask whether all the reform measures within the competence of the Secretary-General had been implemented and whether the Member States were providing the Secretariat with the necessary tools for the effective implementation of the tasks they had entrusted to it.

31. His delegation felt that the Secretariat should pursue its efforts to improve efficiency and cost-effectiveness and enhance accountability in the use of available resources, particularly in view of the sharply increasing financial burdens on Member States arising from new peace-keeping operations. The Secretary-General for his part was calling upon Member States to meet their international obligations, particularly the financial ones, towards the United Nations so as to ensure good conditions of service for international civil servants, and to make greater efforts to reform the intergovernmental structure in the economic and social sectors. In his delegation's view, those two aspects of the process of reform did not contradict each other. Efforts to establish effective and sound financial management should go hand in hand with the creation of conditions enabling Member States to meet their obligations, including the full and timely payment of assessments.



(Mr. Sezaki, Japan)

32. As CPC had said in connection with the final report of the Secretary-General on the implementation of General Assembly resolution 41/213, the purpose of the reforms was to enhance the effectiveness of the United Nations and not merely to effect savings or staff reductions. The United Nations should, of course, pursue more seriously the efforts undertaken to improve control of its operations, but so far that had not been done in the sense of proper management of human resources: lack of rational work-load standards, uneven impact on the work of various departments, implementation of personnel policies (recruitment freeze and staff attrition or retrenchment) which, together with the vacancy management system, had had more to do with solving the financial crisis than carrying out reforms, had prevented the United Nations from attracting new and competent personnel and had perpetuated top-heaviness in the staffing structure instead of injecting new blood into the Organization, as the Secretary-General would like.

33. The qualitative aspects of personnel policy also seemed to have been somewhat neglected. In the absence of objective methods and clear criteria for recruitment, performance evaluation and promotion, the Organization could lose its most able staff members as well as its competitive edge vis-à-vis other international institutions. His delegation therefore urged the Secretary-General to review the effects of the staff reduction plan on the implementation of programmes and on the structure and composition of the Secretariat. In addition to rejuvenating the staff structure, maintaining staff quality and achieving equitable geographical distribution, the Secretariat must try, as CPC had requested, to achieve greater transparency and coherence in personnel management. That also required refinement of work-load standards and statistics to facilitate a better distribution of resources among various departments.

34. Over the past three years there had been considerable delay in implementation of the approved recommendations in the area of human resources management, the restructuring of intergovernmental machinery in the economic and social sectors and servicing conferences and meetings, as well as in the implementation of the modernization plans for administration and management. His delegation also hoped that further progress would be made in the area of public information.

35. With respect to agenda item 123, he recalled that at the twenty-ninth session of CPC his delegation had expressed concern at the disparities in approach and presentation between the introduction of the proposed programme budget and the outline of the budget approved by the General Assembly at its forty-third session with respect to the basis for their formulation, adjustment for inflation and programmatic content, differences which were all the more important because it was the first proposed programme budget prepared under the new budget process. The excess of \$1.3 million over the budget outline had been attributed to the impossibility of fully absorbing the costs of the 50 posts that had been restored pursuant to General Assembly resolution 43/213, but a full explanation had not yet been provided on that point, not even by ACABQ. His delegation wished to point out that according to the table in paragraph 7 of ACABQ's first report, the difference between the two total amounts of resources was \$3 million at 1989 rates. In addition, the proposed programme budget contained no estimate that was directly

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(Mr. Sasaki, Japan)

comparable to the Secretary-General's proposals for \$1,767.1 million at 1988 rates, an amount that had been officially adopted by the General Assembly in resolution 43/214. If the outline was to serve as a basis for predicting the overall level of the programme budget, there must be a credible basis for comparison between the two documents. The Secretariat must define for the next outline a more precise method making possible a direct comparison of the two sets of estimates.

36. Japan regarded the outline of the budget not simply as a means of enabling the Secretariat to predict more accurately what resources would be available to it, but also as a means of letting Member States know the total amount of resources required. His delegation therefore urged the Secretariat to give the Committee more realistic estimates for the biennium 1990-1991, based on the latest assumptions for exchange rates and inflation rates. The outline should not be a guarantee of the total amount of resources available to the United Nations. It should rather serve as a basis for dialogue between the Secretariat and Member States for the preparation of the proposed programme budget and therefore describe the content of programmes and set priorities, not only within a sector but also among sectors.

37. The lack of clear priority-setting among departments was particularly worrying with regard to staff reductions, which had been more strongly felt in sectors whose importance could only grow (peace-keeping, disarmament, environment, etc.) than in the Department of Administration and Management or the conference and library services. Paradoxically, it was those sectors whose efficiency had been enhanced by technological innovations and improved management procedures which maintained more or less stable staffing levels. The Secretary-General was, of course, right to emphasize the responsibility of Member States for determining priorities, but he should re-examine the formulation of the programme budget to bring it more clearly into line with the policy priorities that he considered important. The integrated management information system should lead to a more rational organization of such areas as common support services.

38. With regard to the proposed programme budget itself, the Japanese delegation welcomed the Secretary-General's statement that any further reforms and new programmes decided upon by the Economic and Social Council or the General Assembly, on the basis of recommendations from ICSC in particular, should be financed within the limits of the budget proposals, including the Contingency Fund. It was the view of his delegation that the additional requirements to be accommodated by the Contingency Fund in the first year of the biennium should not exceed half the amount of that Fund.

39. As to extrabudgetary expenditures, his delegation agreed with the Chairman of ACABQ that voluntary contributions were useful for the financing of important activities of the United Nations and were even indispensable at times of financial crisis. The Secretary-General should therefore continue to make the best use of those resources and to encourage donors to make further contributions in a manner consistent with the policies, aims and activities of the Organization. The Japanese Government also trusted that the Secretary-General would make every effort

(Mr. Sezaki, Japan)

to ensure proper implementation of extrabudgetary activities by providing adequate resources for their support and by allocating an appropriate portion of programme support resources to substantive departments which implemented those activities.

40. With regard, finally, to programme planning, his delegation considered it useful for certain specialized bodies to participate in a thorough examination of the respective chapters of the draft medium-term plan which the General Assembly was to adopt in 1990. The Secretariat of the United Nations should demonstrate leadership and at the same time sufficient flexibility to absorb such specialized external inputs. On the question of monitoring, evaluation and management of programme planning, his delegation noted with satisfaction that the Secretariat had come to realize that the findings of monitoring and evaluation reports should serve as a basis for formulating the medium-term plan and programme budget. The same was true of priority-setting in future outlines of the proposed programme budget. His delegation therefore supported the conclusions and recommendations contained in the Secretary-General's reports on those two subjects (A/44/233 and A/44/272), on the understanding that they would be implemented on a trial basis and that CPC would review the results within the next several years.

41. Mr. YU Mengjia (China) stated that the joint efforts by Member States, the Secretary-General and the entire staff of the Secretariat had enabled the Organization to make considerable achievements in the reform process, particularly in the area of structural adjustment, the budgetary process and staffing matters. Nevertheless, the reforms were parts of a continuing process whose objectives had still to be reached. In the economic and social field, the two resolutions on the revitalization of the Economic and Social Council had yet to be fully implemented. Accordingly, it was the wish of his delegation that the Secretary-General's report on the topic at the current session would give a realistic and balanced analysis of the pace of progress in the reform process in the economic and social field, and should inform the Member States of the status of implementation of the two above-mentioned resolutions, noting in particular the measures already taken and those still outstanding. In any event, the Member States and the Secretariat must continue their unrelenting efforts to achieve the objectives set in General Assembly resolution 41/213.

42. As it had been presented before the end of the three-year period assigned for the reform process, the Secretary-General's report, while useful and objective, could not satisfactorily reflect the successes, the setbacks and the effects of the reform and could not therefore serve as the basis for an overall evaluation of the process. His delegation concurred with the recommendation of CPC that the Secretary-General should present, at the forty-fifth session of the General Assembly, an analytical and critical report on the reform process covering the full three-year period, in the light of the objectives set in resolution 41/213, and focusing on issues of common concern.

43. Throughout the reform process the Member States had insisted on the importance of a number of principles. First, the objective of reform was to improve the efficiency of the Organization's administrative and financial functioning, and not

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(Mr. Xu Mengjia, China)

only to streamline its institutions and curtail expenditure. Secondly, the programmes already approved by the General Assembly should not be adversely affected by the reform measures, something which could not be guaranteed unless there were objective criteria to determine the impact of reform measures on the implementation of programmes. Finally, personnel questions should be governed by the principle of equitable geographical distribution, a principle whose application was also affected by the recruitment freeze and staff retrenchment. His delegation hoped that the report to be presented by the Secretary-General at the forty-fifth session of the General Assembly would give a fuller account of the situation in that respect.

44. Mr. KOUBAA (Tunisia) said that his delegation concurred with the observation by CPC concerning the Secretary-General's report on the implementation of resolution 41/213. That document (A/44/222) which only related to a period of 26 months, did not reflect in a global and integral way the process of implementation of the reforms. In certain cases it went no further than to mention studies which had already been examined, for example by the Economic and Social Council, without noting the reactions of the Member States. Furthermore, it contained a number of repetitions and inappropriate passages which detracted from its quality. That being so, it was to be hoped that the Secretariat would provide the General Assembly at the current session with up-to-date information on the implementation of the reforms, so as to facilitate its consideration of the implementation process as an integrated whole. His delegation also supported the observations by CPC regarding the layout of the analytical and critical review which was to be submitted to the General Assembly during its forty-fifth session.

45. Significant progress had been achieved in the application of resolution 41/213, particularly in view of the fact that the reforms had been effected at the very height of the financial crisis. While taking note of the staffing measures, his delegation wished to recall that the reform process was aimed at improving the efficiency of the Organization's functioning and not simply at making economies or retrenching staff. In that connection it would like to know the reasons for the transfer of seven posts to the Centre for Social Development and Humanitarian Affairs in Vienna, as was noted in paragraph 6.24 of the proposed budget.

46. While there was now a clearer distribution of responsibilities in a number of organizational entities, as indicated by the Secretary-General in paragraph 11 of document A/44/222, the same did not hold true for the economic and social sectors. Certain contradictions pertaining to that matter were noted in the report of the Secretary-General. For example, in paragraph 50 of that document, the Secretary-General indicated that it would be advisable to extend the reform period for the economic and social sectors, while in paragraph 76 he stated that he would make every effort to enhance the efficiency and effectiveness of the present structure of those sectors of the Secretariat.

47. While it was aware of the difficulties encountered by the Special Commission in reviewing the restructuring of the economic and social sectors, his delegation would, nevertheless, like to know what concrete steps the Secretariat aimed to take in that regard, particularly in view of the consolidation of the United Nations

(Mr. Koubaa, Tunisia)

Office at Vienna and of the transfer of certain responsibilities, such as the compilation of the report on the world social situation, to the Centre for Social Development and Humanitarian Affairs .

48. Mr. MOHIUDDIN (Bangladesh) observed that the proposed programme budget largely maintained the elements of continuity, whether of programmes or of allocation of resources. In most of the sectors of activity, estimates had declined relative to the 1988-1989 revised appropriations. The proposed programme budget for 1990-1991 amounted to \$1,983,863,400, or an increase of \$1.3 million over the amount established in the budget outline and approved in resolution 43/214. His delegation was of the view that that increase was sufficiently small to be able to state that the spirit of resolution 43/214 had been observed. The new budgetary process was still in the formative stage, and it was to be hoped that once the methodology had been refined, especially with regard to the operation of the reserve fund and all the additional requirements, the Secretary-General would be in a position to predict with greater accuracy in the budget outline the level of resources necessary for the implementation during the following biennium of the programmed activities mandated by the legislative bodies. It was also important to associate the Member States and the intergovernmental bodies more closely with the preparation of the proposed programme budget, so as to ensure its adoption on the basis of the widest possible agreement.

49. The extrabudgetary resources, whose volume, estimated at \$2.5 billion, was higher than that of the resources included in the regular budget, would necessarily have an impact on the programme content of the Organization's priority-setting. The bulk of the extrabudgetary resources were for semi-autonomous entities, such as UNDP, UNFPA, UNICEF, UNEP and UNHCR, whose activities were of paramount importance to Member States. It was therefore essential that the management of those funds should be improved and that the Secretary-General should undertake the review recommended by ACABQ with a view to defining the role played by extrabudgetary funds in the execution of the programmes mandated by the intergovernmental bodies.

50. The reform, his delegation wished to reaffirm, was not an end in itself; it was not synonymous with staff reductions and it would not adversely affect the mandated programmes. Staff reductions should be carried out flexibly, so as not to undermine the Organization's effectiveness or demoralize the staff.

51. The Organization was currently being asked to play an expanding role in world affairs, especially in peace-making and peace-keeping. Bangladesh was proud to be associated with such peace efforts within the framework of UNIIMOG and UNTAG. The expansion of peace-keeping activities had, of course, administrative and financial implications. Given the critical importance of those activities, it was essential that the Secretary-General should have adequate resources for their successful implementation. Yet, once again the financial situation of the Organization was bleak, with arrears of contributions to the regular budget amounting to \$609 million, or 77 per cent of the contributions for 1989. That must be remedied without delay in order to provide the Organization with the means of action which would enable it to meet the expectations deriving from changes in the international situation.

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52. Mr. ZAHID (Morocco) said that the proposed programme budget for the biennium 1990-1991 was the first to have been drawn up in accordance with the new budget process, on the basis of the budget outline adopted by the General Assembly in resolution 43/214. The proposed budget showed a slight total increase of \$1,339,700 relative to the amount of the total preliminary estimate included in resolution 43/214. The reason for the increase given by the Secretary-General was the impossibility of fully absorbing the cost of the posts restored by resolution 43/213. In his delegation's view, that reason alone did not suffice to justify the increase. There were other causes: the budget outline and the proposed budget had each been established on a different basis and the amount set by the budget outline was simply a preliminary estimate which could not be considered either a ceiling or a floor. In any event, the increase should not give rise to any substantial difficulties in view of its small size.

53. One of the major indicators in the proposed programme budget was real growth, whose rate remained negative. His delegation hoped that the negative growth would not have an adverse effect on programme implementation and asked the Secretariat to give its assurances to that effect. It was stated in the introduction to the proposed programme budget that all mandated outputs were included in the budget but that there had been some regroupings and deletions. It would be desirable for the Committee to be informed of the cases of regroupings and deletions so that it could consider them in full knowledge of the facts.

54. As CPC had stated in its report, in many sections of the proposed budget there was a trend towards an increase in administrative costs and costs associated with the use of experts and consultants travel, external printing and equipment. His delegation supported the CPC recommendation to the effect that the efforts should be continued with a view to reducing all such costs for the benefit of programmes. Moreover the reduction of staff should not have an adverse effect on programme implementation or on small entities, such as the regional commissions.

55. As to the methodology of budget preparation, his delegation supported the CPC recommendation urging the Secretary-General to continue to refine the methodology employed.

56. As far as administrative reform was concerned, it was especially important as the Organization must face new challenges, such as the drug war, environment issues and peace-keeping, all of which added to its workload. Yet, the impact of the administrative reform on the Organization's capacity for action would remain very limited as long as there was a financial crisis and until Member States paid their contributions on time. The Member States' support of the administrative reform should go hand in hand with their willingness to endow the Organization with the financial resources necessary for it to perform its duties.

57. Priority-setting was of great importance, and his delegation regretted that time had not permitted CPC to examine in detail the Secretary-General's report on the subject (A/44/272). He hoped the Fifth Committee would examine thoroughly all aspects of that extremely complex subject.

(Mr. Zahid, Morocco)

58. According to paragraph 21 of the report on priority-setting, the current system was encountering three categories of difficulties: definitional, conceptual and methodological. The criteria governing priority-setting gave rise to important conceptual problems: (a) the importance of the objective to Member States; (b) the Organization's capacity to achieve the objective; and (c) the real effectiveness and usefulness of the results. His delegation considered that it might be more appropriate to take all the criteria into consideration in priority-setting, since those criteria complemented and balanced each other.

AGENDA ITEM 121: FINANCIAL REPORTS AND AUDITED FINANCIAL STATEMENTS, AND REPORTS OF THE BOARD OF AUDITORS (continued) (A/C.5/44/L.3)

59. Mr. SOTO (Colombia) requested that, in the Spanish version of the draft resolution, the words "de cima a" in the third line of paragraph 20 should be replaced by the word "finalice".

60. Draft resolution A/C.5/44/L.3, as orally revised, was adopted without objection.

61. Mr. HILL (United States of America) said that his delegation had no objection to the draft resolution which had just been adopted. However, if the new verification procedures proved to be inadequate in the case of UNDP, UNFPA and UNICEF, it considered that it would be appropriate to revert to comprehensive annual verifications.

AGENDA ITEM 127: JOINT INSPECTION UNIT (continued) (A/C.5/44/L.4)

62. Mr. DANKWA (Ghana), speaking as Vice-Chairman of the Committee, introduced draft resolution A/C.5/44/L.4 concerning the Joint Inspection Unit. He expressed the hope that the spirit of co-operation present at the informal consultations in the course of which the draft resolution had been prepared would lead to the adoption of the resolution without a vote.

The meeting rose at 5.45 p.m.