



SUMMARY RECORD OF THE 32nd MEETING

Chairman: Mr. TOMMO MONTHE (Cameroon)

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

CONTENTS

AGENDA ITEMS 116 and 117: PROPOSED PROGRAMME BUDGET FOR THE BIENNIUM 1986-1987 AND
PROGRAMME PLANNING (continued)

General debate (continued)

First reading (continued)

Section 7. Department of Technical Co-operation for Development

*This record is subject to correction. Corrections should be sent under the signature of a member of the delegation concerned within one week of the date of publication to the Chief of the Official Records Editing Section, room IX.2.750, 2 United Nations Plaza, and incorporated in a copy of the record.

Corrections will be issued after the end of the session, in a separate fascicle for each Committee.

Distr. GENERAL
A/C.5/40/SR.32
14 November 1985

ORIGINAL: ENGLISH

The meeting was called to order at 11 a.m.

AGENDA ITEMS 116 AND 117: PROPOSED PROGRAMME BUDGET FOR THE BIENNIUM 1986-1987 AND PROGRAMME PLANNING (continued) (A/40/3, A/40/6, A/40/7, A/40/38 and Add.1 and A/40/262; A/C.5/40/2 and Corr.1 and A/40/7/Add.1; A/C.5/40/CRP.1)

General debate (continued)

1. Mr. RUEDAS (Under-Secretary-General for Administration and Management) said that Member States could rest assured that all the constructive suggestions made in the general debate on agenda items 116 and 117 would be considered in the same spirit in which they had been offered, namely the desire to enhance the efficiency and effectiveness of the Organization. In his statement of 10 October, the Secretary-General had stressed the need for a firmer measure of agreement on the three essential parts of the United Nations financial system: the content and level of the programme and budget, the scale of assessments and the payment of contributions. As the Chairman of the Fifth Committee had stated in his summing up on the agenda items under discussion, it was for delegations to define the areas of consensus on the first of those parts, namely the programme and the budget.

2. When considering improvement or change, it was important to bear in mind the three functions of the Organization - analytical research, support for negotiations and conference services. Many delegations had been critical of the allegedly large proportion - some 80 per cent - of the budget devoted to what they called administrative activities, as compared to 20 per cent for substantive activities. However, the fact that 80 per cent of regular budget resources covered staff costs did not mean that those were administrative expenditures or that only the remaining 20 per cent were spent on substantive activities. Non-personnel costs related, in the main, to buildings maintenance, furniture, equipment and similar items rather remote from substance. It followed, therefore, that, on the contrary, the Organization's substance was precisely its staff. Unless the very nature of the Organization changed, staff costs would continue to represent by far the largest part of total costs, whatever the size of the budget.

3. The question was how well that unique intellectual resource was being used. Priorities were for Member States to decide, and the Secretariat's input into the decision-making process must be to provide clearer, more action-oriented information. Monitoring should be carried out for most, if not all, of the activities included in the programme budget so that the Secretariat, on the basis of dispassionate analysis, could suggest to Member States those activities which needed to be strengthened and those which could be discontinued or maintained at a minimum level. More analytical performance reports were required, not only providing clearer information to Member States for their political choices, but also giving the Secretary-General the needed tools for implementation and ongoing adjustments in the programme of work.

4. Once received, such information would have to be evaluated by Member States. In that connection, attention should be drawn to one element of possible convergence, that of programme "concentration", which had already been mentioned by

(Mr. Ruedas)

a wide range of delegations. As he understood it, programme concentration implied a deliberate choice to attach greater importance and more resources to programmes or activities which, during a given time period, were deemed to be achievable and to contribute better to the objective agreed upon. It also implied an equally deliberate choice to assign lower importance, and consequently less resources, to programmes or activities where there was less likelihood of results and which appeared to contribute less to the established objective. That was not to say that programmes or activities with little opportunity for success must necessarily be starved of resources. As delegations had pointed out, some activities might seem symbolic but were justified because they reflected the inability of the international community to come to grips with the underlying problem.

5. One avenue that could fruitfully be explored at the current session, therefore, was better analysis, greater candour and fuller coverage in rendering effective the machinery of monitoring and evaluation by the Secretariat; and, on the part of Member States, a concerted effort towards programme concentration. Those joint actions could constitute a significant move towards reform and the improvement of programming and budgetary practices by permitting a more informed choice on priorities and on allocation of resources.

6. The intergovernmental bodies, at all levels, had a major impact on the efficiency and effectiveness of the Organization, and the proposals put forward in the Fifth Committee aimed at improving their functioning were of great importance. In that context, it was the Secretariat's expectation that a thorough discussion of the working methods of the Committee for Programme and Co-ordination, at its twenty-sixth session, would, for example, materially contribute to the greater effectiveness not only of that Committee but also of the planning and programming process. A word of caution was, however, needed: if problems were not structural, they could not be solved by the changing of structures. The essential task was to provide better and more transparent information, thus permitting better decisions.

7. With regard to the importance of co-ordination among entities in the system, the Secretary-General had indicated in his statement to the Fifth Committee that he, together with the executive heads of the specialized agencies, intended to pursue a determined and coherent co-ordination of efforts with continuing vigour. He had asked the Director-General for Development and International Economic Co-operation to act as focal point in the Secretariat for that activity.

8. Turning to the financial aspects of the proposed programme budget, a number of delegations had alluded to the "financial envelope" or spending limit. It was correct to assume that the total financial package likely to emerge from the current session would be about \$100 million higher than the Secretary-General's initial proposals. Revised estimates and programme budget implications would probably add \$50 million, with currency requirements less lower inflation predictions representing a further \$65 million. Those amounts would be offset by the reduction of some \$16 million recommended by the Advisory Committee. The establishment of UNIDO as a specialized agency would reduce estimates for the United Nations by some \$90 million, but that amount would then have to be paid separately by Member States to the new organization.

(Mr. Ruedas)

9. In response to the requests of many delegations, the Secretary-General would in future provide the General Assembly, in his initial proposals, with his best but necessarily tentative estimate of the resources likely to be needed throughout the biennium. One qualification applied to currency movements and, to a lesser degree, inflation rates, which escaped valid forecasting.
10. A second step, as some Member States had suggested, was to set aside an amount for contingencies, i.e., the best estimate, at the time of preparation of the budget proposals, of what was likely to be needed for additional requirements during the programme budget period. As he understood it, the suggestion was that the known requirements, plus the reserve for supplementary requirements, would be the financial package which Member States would accept as a liability for the biennium and that, barring emergencies such as unexpected shifts in inflation or currency, that package would be the ceiling which neither Member States nor the Secretary-General would normally propose to exceed.
11. A number of remarks had been made concerning the procedure for classifying certain budgetary resources as non-recurrent expenditures. Those were related to ad hoc requests of a limited nature, revised estimates relating to construction projects and the consolidated statement of conference-servicing requirements. The bulk of non-recurrent requirements arose through such add-ons rather than from the initial budget proposals.
12. A more important but less visible aspect of the budgetary process was the part played by non-recurrent expenditures in the calculation of the revalued resource base. The separate identification of resources appropriated for one-time activities allowed their isolation and thus their deletion from the resource base brought forward from each previous biennium. The absence of a non-recurrent procedure would make that impossible and the result would be the continued budgeting of resources for activities which were meant to be of a one-time nature.
13. Since abolition of the existing procedure might well create more problems than it solved, he therefore recommended a more pragmatic approach whereby the Secretariat would continue to monitor carefully the proportion of resources of the total budget proposed as non-recurrent. As long as that proportion did not rise over time, delegations could reasonably be assured that the non-recurrent procedure was not being abused. Incidentally, over the period since 1980-1981 both initial and revised appropriations actually showed a downward trend with a lower proportion of expenditures being classified as non-recurrent in each successive biennium.
14. With regard to the improvement of administration and financial management, the Secretariat had noted the various proposals made by Member States, in particular the proposal of Japan for a group of eminent persons to review the administration and finances of the system, and the suggestion of Austria - which went far beyond the issue of administration and finance - that a task force of experts be set up to examine the various proposals for reform. The Secretary-General welcomed every positive suggestion for improvement and hoped that attention would be given not only to strictly financial matters but also to the manner in which planning and

(Mr. Ruedas)

programming took place. He also trusted that, in any such review, the role of the Secretariat as one of the major organs, and his own as chief administrative officer, would be fully taken into account.

15. The CHAIRMAN noted that the issue of improvement in the Organization's administration and financial management had been the subject of intensive debate at the thirty-eighth session, and at that time the Secretary-General, in his capacity as chief administrative officer, had urged the Committee to declare a moratorium on organizational changes, permitting him to scrutinize ways and means of initiating reform. An advisory group on administrative reform had been established for that purpose, and it would be appropriate for the Committee to consider the progress achieved thus far.

16. Concerning the level of resources, Mr. Ruedas had made reference to the "financial envelope", a concept also discussed in the past. A variety of arguments had been put forward in that regard, and it was of the utmost importance to avoid focusing on narrow concerns and to maintain a broad perception of the realities of a fast-changing world when establishing priorities and assigning resources. He trusted that a fruitful exchange of views could proceed with the active participation of all delegations.

First reading (continued)

Section 7. Department of Technical Co-operation for Development

17. The CHAIRMAN invited the Committee to consider the appropriation under section 7. Revised estimates of \$931,700 were indicated in the report of the Secretary-General (A/C.5/40/2 and Corr.1), resulting in a total appropriation of \$21,017,800. The recommendation of the Advisory Committee could be found in document A/40/7 and Add.1.

18. Mr. CABRIC (Chairman of the Committee for Programme and Co-ordination) drew attention to the summary of the discussion that had taken place in CPC contained in paragraphs 158 to 173 of its report (A/40/38). The Committee had focused its attention on the financial situation of the Department of Technical Co-operation for Development and on the transfer of eight extrabudgetary posts to the regular budget. The discussion had covered policy and programming, development issues and policies, natural resources, energy, population and public administration and finance. The recommendations of CPC relating to section 7 were contained in paragraphs 634 to 636 of its report.

19. Mrs. KNEŽEVIĆ (Yugoslavia), speaking on behalf of the Group of 77, expressed full support for the revised estimates submitted by the Secretary-General (A/C.5/40/2 and Corr.1). It was essential that the uncertainty and scarcity of resources which the Department had experienced since 1982 should come to an end. The Group supported all the additional measures proposed, including the transfer of eight posts financed from extrabudgetary resources to the regular budget. In so doing, it accepted the reasoning given in the second and third sentences in paragraph 6 of the Secretary-General's report on the revised estimates (A/C.5/40/2).

20. Mr. MILLER (United States of America) said that his delegation could not accept the reasoning used to justify the transfer of posts to the regular budget. That was simply a ploy to keep unneeded personnel on the payroll at a time of declining delivery. The United Nations could not afford to fund posts on the basis of a hoped-for increase in programme delivery.

21. Ms. ZHANG Xian (China) said that the Department of Technical Co-operation for Development had done much to promote technical co-operation among nations. While her delegation believed that the budget should be based on the principle of strict economy, it felt that the Department had reached a critical stage in its development. Accordingly, her delegation supported the revised estimates submitted by the Secretary-General.

22. It noted that the task force established on the recommendation of the Secretary-General had reviewed certain areas of the Department's work. The measures taken so far were helpful but, in order for the Department's financial situation to show any significant improvement, much more would have to be done. The key to such improvement was to increase the resources for technical project delivery. Accordingly, her delegation hoped that the Secretary-General would appeal to Member States to contribute generously to organizations engaged in co-operation activities. At the same time, the problems between the different units must be resolved so that the Department could carry out its mandate without interference.

23. It was clear from paragraph 6 of the second report of the Advisory Committee (A/40/7/Add.1) that the Department's deficit was not entirely of its own making; she hoped that close attention would be paid to such problems in the future. Finally, she asked what action had been taken on the constructive recommendations put forward two years earlier by the Joint Inspection Unit in its report on the Department.

24. Mr. DEVREUX (Belgium) said that, while his Government believed that development assistance was urgently needed and that activities such as those carried out by the Department were useful, the budgetary system of the United Nations made a clear distinction between mandatory contributions and voluntary contributions. Experience had shown that, when an urgent new need arose, Member States were quite willing to respond generously. The transfer of posts to the regular budget was a dangerous practice which, in the long term, might adversely affect the financing of operational activities. Member States which had contributed voluntarily to a new activity could not understand why later they should be compelled to finance those same activities.

25. Turning to subprogramme 1 of part A (Executive direction and management), he drew attention to paragraphs 163 and 634 of the CPC report and asked whether there was any need in the light of those paragraphs to change the figures in that section. Was the Director of the Budget Division in a position to say how much would be saved under that subprogramme and to what other programme elements it would be allocated?

26. Mr. VISLYKH (Union of Soviet Socialist Republics), repeating his delegation's position of principle, said that technical assistance activities should be financed through voluntary contributions and not through the regular budget. The Soviet delegation was categorically opposed to the transfer of posts to the regular budget once extrabudgetary resources were exhausted. Since 1978, his Government had withheld the portion of its assessed contribution which would have gone to finance such posts. If the eight posts concerned were transferred to the regular budget, it would withhold a portion of its assessed contribution in respect of those posts. He requested that section 7 as a whole should be put to a vote and said that his delegation would vote against the section.
27. Mr. MURRAY (United Kingdom) said that his delegation had difficulties with the transfer of posts to the regular budget. While recognizing that the Department had made an effort to deal with its financial difficulties, his delegation could not accept that a decline in resources justified such a transfer.
28. He asked whether the Secretariat had any proposals to make in the light of the recommendation regarding the reallocation of resources made by CPC in paragraph 634 of its report.
29. Mr. MAJOLI (Italy) said that, while his delegation was in favour of increased technical co-operation for development, it felt that activities and posts financed from voluntary contributions should not be transferred too easily to the regular budget. Accordingly, it would have to abstain in the vote on the section.
30. Referring to table 7.4, he asked what was the difference between funds allocated for representation allowances and those allocated for hospitality.
31. Mr. ORSATELLI (France) observed that no long-term or medium-term plans had been made to reform the Department and put it on a sounder footing. The cyclical nature of operational activities for technical assistance appeared not to have been taken into account. Indeed, the proposal to transfer eight posts to the regular budget was contrary to the spirit of technical assistance activities. What steps were being envisaged to make technical co-operation services more attractive to potential customers?
32. Mr. TAKASU (Japan) said that, while his delegation appreciated the problems faced by the Department, it had difficulty in agreeing to the transfer of eight posts to the regular budget. It had problems with similar proposals in respect of some of the regional commissions.
33. He wondered to what extent the Department's estimate that its resources would increase over the next few years was realistic. The Department's position as the main operational arm of the United Nations had been declining while UNDP programme delivery had been increasing. Serious efforts should be made to render the Department's activities more attractive to potential clients. The quality of programme delivery should be enhanced and the speed of delivery should be improved. Better personnel management and financial control were needed. He asked what steps were being envisaged in that respect.

34. Mr. ROY (India) endorsed the statements made by the Chairman of the Group of 77 and by the representative of China. Referring to paragraph 6 of the second report of the Advisory Committee (A/40/7/Add.1), he asked how long the 21 posts in question had been charged to the Department's overhead earnings and what was the total amount involved.
35. Mr. ANNAN (Director, Budget Division) replied that the amount involved was approximately \$1 million per annum.
36. The Secretary-General's view was that the eight posts should have been funded from the regular budget from the outset. The proposal was therefore merely an attempt to regularize an anomalous situation.
37. Replying to the representative of Belgium, he said that consultations had been undertaken and that the programmes had been redistributed both in terms of percentages and in terms of resources. The figures were given in document A/C.5/40/2/Corr.1.
38. Responding to the question put by the representative of Italy, he said that representation allowances were given to staff at the Assistant Secretary-General and Under-Secretary-General levels, whereas hospitality expenses were more modest amounts allocated to departments for business lunches.
39. Mr. SCHLAFF (Office for Programme Planning and Co-ordination), responding to questions, said that the task force had completed only that part of its work which related to the budget proposals, and had yet to undertake the review of the administrative structure of the Department. Despite the reduction in extrabudgetary posts, steps were being taken to maintain funding for technical advisers, the results of which were already apparent in delivery of projects on which the Department earned overheads.
40. The CHAIRMAN said that, if heard no objection, he would take it that the Committee endorsed the recommendations of CPC contained in paragraphs 634 to 636 of its report (A/40/38 and Add.1).
41. It was so decided.
42. The CHAIRMAN announced that a recorded vote had been requested on section 7 as a whole.
43. Mr. TAKASU (Japan) said that, in the case of the Department of Technical Co-operation for Development, financial and operational considerations could not be separated. His delegation was disappointed with the actions proposed to improve programme efficiency, and would vote against the appropriations.
44. Mr. HOLBORN (Federal Republic of Germany) said that his delegation regretted that it had not been possible to complete the second phase of the review referred to in the Advisory Committee's report (A/40/7/Add.1), since it was essential for the review to go hand in hand with consideration of the budgetary aspects. As a

(Mr. Holborn, Federal Republic
of Germany)

matter of principle, his delegation opposed the transfer of extrabudgetary posts to the regular budget. Any decrease in funding for extrabudgetary posts reflected the negative view which Member States had of the posts in question, and the proposed transfer flouted the views of Member States. Accordingly, his delegation would vote against the appropriations.

45. Mr. FALL (Senegal) said that his delegation had been concerned by the decrease in funding for technical co-operation during the 1980s. The resources available for technical co-operation in the main economic and social sectors had been further reduced by the increased cost of administering the Department, an area in which it was therefore essential for savings to be made. It should be noted that some 40 per cent of the posts in the Department had been eliminated three years earlier, and that a further reduction of 11 per cent was being proposed. If the trend continued, the Department would not be able to discharge its responsibilities. Senegal fully supported the Secretary-General's proposals aimed at the partial restoration of the Department, and would vote for the appropriation recommended by the Advisory Committee.

46. Mr. VAN DEN HOUT (Netherlands) said that the Netherlands endorsed the Department's role in supporting economic and social co-operation activities not covered by other United Nations programmes, although it regretted the persistent dependence on outside expertise. His delegation had reservations concerning the transfer of posts to the regular budget, for which there was no programme justification. His delegation would therefore vote against the recommended appropriations.

47. Mr. HERIJANTO (Indonesia) said that his delegation would vote in favour of the Advisory Committee's recommendation. The low priority given to section 7 was regrettable. It was to be hoped that it did not presage a further reduction in technical co-operation activities.

48. Mr. ORTEGA (Mexico) regretted that a vote had been requested on the appropriation. All delegations had recognized the importance of the Department, and it was clear from the Secretary-General's report (A/C.5/40/2) that everything possible was being done to improve efficiency. As the Secretary-General had pointed out, there was a limit to the staff reductions that could be imposed without totally crippling the Department. His delegation trusted that steps would be taken to enable the Department to continue its activities, and would vote in favour of the appropriations.

49. Mr. BURWIN (Libyan Arab Jamahiriya) noted that all delegations appeared to be interested in technical co-operation; there had been no opposition in the Committee to the substance of the Department's work. If the developed countries seriously wished to support technical co-operation, which was of great importance to developing countries in that it promoted their development, they should provide the Department with the resources it needed. His delegation supported any measure to strengthen the Department.

50. Mr. LANGMAN (Australia) said that his delegation fully supported the Department, but would vote against the appropriation since it opposed the transfer of posts.
51. Mr. FIGUEIRA (Brazil) said that his delegation fully supported technical co-operation activities and would vote in favour of the recommended appropriation.
52. Mr. CHIBANDA (Zambia) expressed support for the appropriation proposed by the Secretary-General and endorsed by the Advisory Committee. There was a clear contradiction between the support which developed countries professed for the Department and their attitude to funding its activities, and his delegation appealed to those delegations to alter their stance.
53. Mr. VAHER (Canada) recalled that his delegation had always supported technical co-operation activities. It would vote against the Advisory Committee's recommendation, however, since it shared the concern expressed over the staffing and budgetary aspects of the appropriation.
54. Mrs. DEREGIBUS (Argentina) thought that the lack of political will apparent in the Committee would hinder technical co-operation activities. Her delegation supported the Advisory Committee's recommendation and would vote in favour of the appropriation.
55. The CHAIRMAN invited the Committee to vote on the recommendation of the Advisory Committee for the approval, in first reading, of a revised appropriation of \$21,017,800 under section 7 of the programme budget for the biennium 1986-1987. An additional appropriation of \$259,600 would be required under section 31 (Staff assessment), to be offset by an increase of the same amount under income section 1 (Income from staff assessment).
56. A recorded vote was taken on the recommendation of the Advisory Committee for a revised appropriation of \$21,017,800 under section 7 for the biennium 1986-1987.

In favour: Algeria, Argentina, Austria, Bahrain, Bangladesh, Barbados, Benin, Botswana, Brazil, Brunei Darussalam, Burkina Faso, Burma, Cameroon, Chile, China, Colombia, Cuba, Democratic Yemen, Denmark, Ecuador, Egypt, Ethiopia, Fiji, Finland, Gabon, Ghana, Greece, Guinea, Guinea-Bissau, Guyana, Honduras, Iceland, India, Indonesia, Iran (Islamic Republic of), Iraq, Ireland, Ivory Coast, Jamaica, Jordan, Kuwait, Lebanon, Lesotho, Libyan Arab Jamahiriya, Madagascar, Malaysia, Maldives, Mali, Mexico, Mozambique, Nepal, Nigeria, Norway, Oman, Pakistan, Panama, Peru, Philippines, Qatar, Romania, Rwanda, Saudi Arabia, Senegal, Sierra Leone, Singapore, Somalia, Sudan, Sweden, Thailand, Togo, Trinidad and Tobago, Tunisia, Turkey, Uganda, United Arab Emirates, United Republic of Tanzania, Venezuela, Yemen, Yugoslavia, Zaire, Zambia, Zimbabwe.

Against: Australia, Bulgaria, Byelorussian Soviet Socialist Republic, Canada, Czechoslovakia, German Democratic Republic, Germany, Federal Republic of, Hungary, Japan, Mongolia, Netherlands, Poland, Ukrainian Soviet Socialist Republic, Union of Soviet Socialist Republics, United Kingdom of Great Britain and Northern Ireland, United States of America.

Abstaining: Belgium, France, Israel, Italy, New Zealand, Portugal, Spain.

57. The recommendation of the Advisory Committee for a revised appropriation of \$21,017,800 under section 7 for the biennium 1986-1987 was approved in first reading by 82 votes to 16, with 7 abstentions.

58. Mr. ELIASHIV (Israel) said that his delegation fully supported the aims of the Department and economic co-operation between developing countries, provided that it was conducted on a basis of universality and included all States. Nevertheless, his delegation was opposed to the transfer of posts, and had therefore abstained in the vote.

The meeting rose at 1 p.m.