



General Assembly

Distr.
GENERAL

A/41/953
10 December 1986

ORIGINAL: ENGLISH

Forty-first session
Agenda item 140

CURRENT FINANCIAL CRISIS OF THE UNITED NATIONS

Report of the Fifth Committee

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1. At the 3rd plenary meeting, on 20 September 1986, the General Assembly, on the recommendation of the General Committee, decided to include in the agenda of its forty-first session the item entitled "Current financial crisis of the United Nations" and to consider it directly in Plenary on the understanding that the Fifth Committee would deal with the clarification of technical questions relating to the item.
2. The Fifth Committee considered the item at its 41st to 43rd and 46th meetings, on 4, 5 and 10 December 1986. Comments and observations made in the course of the Committee's consideration of this item are reflected in the relevant summary records (A/C.5/41/SR.41-43, and 46).
3. For consideration of the item, the Committee had before it the reports of the Secretary-General contained in documents A/41/850 and A/41/901. The report of the Advisory Committee on Administrative and Budgetary Questions was presented orally by its Chairman. The Committee also had before it a letter dated 28 November 1986 from the Chairman of the Second Committee addressed to the Chairman of the Fifth Committee transmitting for appropriate action by the Committee the text of a draft decision (A/C.5/41/61). The Committee was also provided supplementary information on the proposed modification to the calendar of conferences for 1987 and the provision of verbatim and summary records and other measures in a conference room paper, which has been issued as A/41/901/Add.1.
4. With a view to the clarification of technical questions relating to the item, the Committee proceeded to study the reports of the Secretary-General and, by means of an extensive and detailed exchange of views on the subject resulting from the

questions, observations and comments of the members of the Committee and the supplementary information and clarifications provided by the representatives of the Secretary-General.

5. The Committee's conclusions were arrived at bearing in mind the statement made by the President of the fortieth session of the General Assembly at its 132nd plenary meeting, on 9 May 1986, regarding the measures then proposed by the Secretary-General, in which the President referred, inter alia, to the Secretary-General's indication that he would review the other items in his report in the light of the evolving financial situation, it being understood that no project or programme would be eliminated for which adequate financial resources were available. Furthermore, it was then stressed by the President that the proposals made by the Secretary-General were temporary measures relating expressly to 1986 and not extending beyond that year.

6. The Committee noted that the favourable hypotheses envisaged by the Secretary-General in his report to the General Assembly at its fortieth session (A/40/1102) had not fully materialized. Consequently, the unsatisfactory cash situation of the Organization remains a cause for grave concern thereby necessitating appropriate economy measures.

7. The Committee, in reviewing the economy measures that have been in effect in 1986, noted that the savings which were originally estimated at some \$60 million were expected to yield as much as \$66.9 million. Nevertheless, the financial situation of the Organization remained in a critical state. The Committee further noted that the programmatic impact of these measures cannot yet be determined and will not be fully known until the completion of the programme performance report for the biennium 1986-1987. It was nevertheless clear at this stage that the measures had caused disruptions to the approved work programme of the Organization. The cancellation, deferment, curtailment and change of venue of a number of meetings and the absence of verbatim and summary records for a number of bodies are of particular concern since the long-standing work undertaken through the meetings so affected would be set back for purely financial reasons.

8. The Committee noted that the financial situation of the Organization remained critical during 1986 and that the prospects for 1987 appeared equally gloomy, owing to the continuing non-fulfilment of Charter obligations with regard to payment of assessed contributions.

9. The Committee noted the statement made by the Secretary-General in his report (A/41/901, para. 8) that, while administrative and budgetary reforms that will enhance the effectiveness of the United Nations with less cost to Member States are possible, this in no way altered the primary obligation of Member States to pay all their assessed contributions to the Organization, past and present, as decided by the General Assembly in accordance with the Charter. The Committee noted the Secretary-General's conclusion that this is the first and most important need for the financial soundness and orderly operation of the United Nations in 1987 and in all future years and his repeated appeal that all arrears be paid promptly.

10. The Committee noted also the statement contained in paragraph 4 of the report of the Secretary-General that planning for 1987 must be undertaken based on projected receipts of \$650 million against the \$735 million that represents the 1987 portion of a net revised biennium appropriation, and that this projection was based on the following assumptions:

(a) With the exception of certain non-payments on political grounds, all Member States other than the major contributor will pay their 1987 assessments in full;

(b) Some Member States that remain in arrears will, during 1987, pay more than their 1987 assessments, thus reducing their arrears;

(c) Unless there are new developments, payment by the major contributor in 1987 could well be of the same order as in 1986.

11. The Committee noted that the measures envisaged in the report of the Secretary-General for 1987 were similar to those proposed by the Secretary-General as temporary measures relating only to 1986 and recognized that these measures may need to be reviewed and adjusted in the light of decisions that the General Assembly may take on the report of the Group of High-Level Intergovernmental Experts to Review the Efficiency of the Administrative and Financial Functioning of the United Nations.

12. While recognizing the financial problem and therefore the need for the Secretary-General to take economy measures, however unpalatable they may be, the Committee also recognized the need for the Secretary-General to have flexibility in the way he handles the financial problem. In implementing the proposed economy measures, the Secretary-General should endeavour to limit the impact of those measures on the general level of programme delivery in view of the fact that programmes, once approved by legislative bodies, should, in principle, be implemented. He should also continue to examine alternative methods for making economies and, as far as possible, implement these economy measures in the context of a longer-range plan for management improvement.

13. The Committee noted that, in making his recommendations for economy measures, the Secretary-General did not propose alternatives.

14. The Committee noted that relevant intergovernmental bodies will be consulted as necessary on all adjustments affecting programmes. The Committee pointed out that these consultations, which should be undertaken in accordance with existing rules and regulations and on a timely basis, should also include the Committee on Conferences and the Committee for Programme and Co-ordination.

15. The Committee regretted the increase in the number of unrepresented or underrepresented Member States resulting from the suspension of recruitment of external candidates. The freeze on recruitment of external candidates should be lifted as soon as possible and the Secretary-General should explore alternatives to the recruitment-freeze policy and report thereon no later than 21 March 1987.

16. The Committee noted that the suggestion that the General Assembly may endeavour to keep the duration of its forty-second session to 10 weeks would be a matter for the General Assembly to decide at that session. In this regard, the Secretary-General should be requested to include in his report to the Assembly at its forty-second session detailed information on the adjustments made to the meeting requirements of the current session of the Assembly and on the savings achieved in 1986 as a result of such adjustments.

17. As regards the curtailment of the meetings of the Trusteeship Council the Committee considered that this proposal should be addressed to the Council for its consideration and decision, in accordance with Article 90 of the Charter.

18. The Committee noted that any proposal to shorten the 1987 sessions of the Advisory Committee on Administrative and Budgetary Questions should take into account fully the statement by the Chairman of the Advisory Committee at the 42nd meeting of the Fifth Committee.

19. While recognizing the need for economy measures, the Committee noted that the General Assembly decided, by resolution 41/177 D on the pattern of conferences, to provide summary records to the following bodies in addition to those proposed by the Secretary-General:

(a) The Council for Namibia (resolution 41/39 C);

(b) The Special Committee against Apartheid (resolution 41/35 A to H);

(c) The Committee on the Exercise of the Inalienable Rights of the Palestinian People (resolution 41/63);

(d) The Ad Hoc Committee on the Indian Ocean (resolution 41/87).

20. The Committee also noted that the General Assembly decided, by resolution 41/121, that summary records should be provided to United Nations human rights treaty bodies and that the Economic and Social Council had similarly decided that summary records should be provided to the Commission on Human Rights and the Sub-Commission on Prevention of Discrimination and Protection of Minorities.

21. The Committee also took note of the Secretary-General's intention, when funds become available, to provide meeting records for those bodies which are entitled to them from transcriptions of archival recordings made of formal meetings.

22. In respect of the proposed change of venue of the meeting of the Preparatory Commission for the International Sea-Bed Authority and for the International Tribunal for the Law of the Sea, the Committee noted that the General Assembly, in resolution 41/34, having noted that the Preparatory Commission had decided to hold its fifth regular session at Kingston from 30 March to 24 April 1987 and its summer meeting in 1987 at Geneva, Kingston or New York, approved the programme of meetings of the Preparatory Commission for 1987.

23. The Committee also pointed out that, in accordance with the relevant decisions, the regular sessions of the Preparatory Commission are held at the seat of the International Sea-Bed Authority and that a distinction is made between the Preparatory Commission's regular sessions and informal meetings which the Preparatory Commission may decide to hold away from the seat of the International Sea-Bed Authority.

24. The Committee noted the explanation provided by the representative of the Secretary-General that the provision of verbatim records to subsidiary organs entitled to them could be undertaken within the framework of the measures proposed if such records were to be supplied on an as available basis or transcribed from sound recordings and issued when work-loads permit. On that understanding, verbatim records for the Special Committee on the Situation with regard to the Implementation of the Declaration on the Granting of Independence to Colonial Countries and Peoples will be provided.

25. The Committee also noted that the one-week session of the group of consultant experts to carry out a study on the climatic and potential physical effects of nuclear war, including nuclear winter, proposed for 23 to 27 March 1987, was an organizational session originally proposed for 6 to 10 April 1987. The Group was also scheduled to hold a second session in November/December 1987 for a two-week period at Geneva. Any further session in 1987 would give rise to financial implications.

26. The Committee noted the proposal of the Secretary-General that any funds received in 1987 through the payment of arrears in excess of the expected \$735 million appropriated budget accrue to reserves. The Committee considered that this question should be considered by the General Assembly at its forty-second session.

27. Notwithstanding the proposed economy measures (which it regards as of an emergency nature) the Committee takes it that the budget appropriations for the biennium 1986-1987 will not be revised. The Committee also noted that if the situation remains as described in paragraph 10 it is unlikely that the economy measures will be sufficient to cover the entire shortfall of \$85 million.

28. The Committee emphasized the need for the Secretary-General to submit to the General Assembly at its forty-second session, through the Committee for Programme and Co-ordination and the Advisory Committee on Administrative and Budgetary Questions, in accordance with their respective mandates, a report on the implementation of economy measures, with particular attention to their programmatic implications.

29. The extension of economy measures in 1987 should, as far as possible, be such as to ensure that those programmes which suffered disproportionately in 1986 should not again so suffer in 1987.

30. The Committee decided to transmit to the General Assembly the text of a draft decision which the Second Committee had transmitted to the Fifth Committee for appropriate action and to inform the Assembly in this regard that, should it adopt

the draft decision whose financial implications are estimated at \$100,000, no additional appropriations would be required. The text of the draft decision reads as follows:

"The General Assembly

"Decides to request the Secretary-General to reinstate, in accordance with past practice, and within existing resources, the supply of drinking water in all conference rooms with immediate effect."

31. Finally, the Committee pointed out that the use of terms such as "factual study" and "technical clarification" in referring items to the Fifth Committee precludes the Committee from offering recommendations so that the ensuing report is inconclusive. In such cases, further consideration may be required by the Plenary, which may entail duplication of work already undertaken in the Fifth Committee and consequently may lead to increased costs. In these circumstances, the General Assembly may be better served if the Fifth Committee were allowed to exercise its full responsibilities as the Main Committee responsible for administrative and budgetary matters.
