



SUMMARY RECORD OF THE 41st MEETING

Chairman: Mr. FONTAINE-ORTIZ (Cuba)

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

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The meeting was called to order at 3 p.m.

AGENDA ITEM 118: UNITED NATIONS COMMON SYSTEM: REPORT OF THE INTERNATIONAL CIVIL SERVICE COMMISSION (continued) (A/41/30; A/C.5/41/L.14)

AGENDA ITEM 119: UNITED NATIONS PENSION SYSTEM: REPORT OF THE UNITED NATIONS JOINT STAFF PENSION BOARD (continued) (A/41/9; A/C.5/41/L.15)

Draft resolutions A/C.5/41/L.14 and L.15

1. Mr. HADWEN (Canada), speaking in his capacity as Chairman of the informal consultations on the two items, introduced draft resolution A/C.5/41/L.14 on the United Nations common system and draft resolution A/C.5/41/L.15 on the United Nations pension system. He said the two draft resolutions were linked and should be read together. The texts were a product of compromise and had been very carefully worked out. Concern for the pension recipients, and for economy and orderly management, had been the guiding principles in the informal consultations over the past month.

AGENDA ITEM 112: FINANCIAL EMERGENCY OF THE UNITED NATIONS (continued) (A/C.5/41/L.17)

2. The CHAIRMAN reminded the Committee that it had suspended consideration of the agenda item after its 38th meeting to give the representative of Sweden an opportunity to hold consultations on a draft resolution.

3. Mr. KAMAL (Pakistan) said it was paradoxical that the United Nations should be on the verge of bankruptcy only one year after its vital role had been reaffirmed at its fortieth anniversary. The support expressed by Member States must be followed up with practical measures to resolve the financial crisis.

4. Pakistan was concerned that the Organization had had to compensate for shortfalls in its regular budget by transferring funds from other accounts, most notably, the peace-keeping operations. The Secretary-General's statistics on the net increase in withholdings of contributions were also cause for concern. Especially distressing was the fact that the combined total of withholdings and arrears substantially exceeded the Organization's reserves. The short-term deficit, though slightly lower between 1985 and 1986, still reflected the failure of Member States to honour their financial commitments to peace-keeping operations. As a result, countries which did contribute troops were placed under an unfair burden. As it was, they were not fully reimbursed.

5. Full and prompt payment by Member States, at the beginning of the year, would be an effective way to resolve the Organization's financial problems. A sound basis for the long-range financial viability of the United Nations must also be established. The two key issues of peace-keeping operations and the regular budget must be addressed. It was in that connection that measures such as early payment of withholdings and arrears, and payment of assessed contributions at the beginning of the year, could be most useful.

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(Mr. Kamal, Pakistan)

6. Pakistan had originated the idea of issuing special postage stamps on the critical social and economic crisis in Africa. That project had generated not only publicity, but also revenue for the implementation of the objectives in the Declaration on the Critical Economic Situation in Africa. It was disappointing, however, that the total net revenue from the postage stamp issue would be substantially less than the projected amount of \$600,000. That revenue could have been higher if greater efforts had been made to reduce operating expenses.

7. In conclusion, the financial crisis was essentially a political crisis marked by disregard for the principle of collective financial responsibility embodied in the United Nations Charter. Rather than seeking partial remedies for cash-flow problems, Member States must work together with that principle in mind.

Draft resolution A/C.5/41/L.17

8. Mr. AMNEUS (Sweden) introduced draft resolution A/C.5/41/L.17 on behalf of the thirteen sponsors, joined by Jamaica and Morocco. He said that the two-part draft resolution on the financial emergency of the United Nations was, to some extent, repetitive. It was difficult to take an innovative approach when the underlying problems remained essentially the same. In the absence of a political will to resolve the problems, the Fifth Committee could do nothing more than keep the issue alive. The Committee would, of course, seek to alleviate the financial difficulties, but the real solution lay in the hands of Member States, which must honour their commitments fully and on time. Under those circumstances, the text of the draft resolution was almost identical to the text adopted the year before.

9. The practice of consulting individually with delegations on the financial emergency was time-consuming. In future, it might be more efficient to establish an informal working group.

10. The fifth preambular paragraph of part A, mentioning the \$390 million short-term deficit should probably be more strongly worded. "Concern" was an understatement before a deficit of that order. Many delegations would have also preferred stronger language in the sixth preambular paragraph dealing with the precarious situation of peace-keeping operations. The operative part of part A stressed the collective financial responsibility of Member States, their obligation to pay their assessed contributions, and a stronger role for the Secretary-General in managing the cash-flow situation. In that context, many delegations would have liked to see a clear reference to Article 17 of the United Nations Charter.

11. Paragraph 9 was new and consisted of two interrelated provisions. Firstly, the Secretary-General would be asked to continue to study various options to alleviate the financial difficulties, and secondly, the study would include a review of what other organizations of the United Nations system did to ensure prompt and full payment of assessed contributions.

12. Incentives, such as discounts for early payments or penalties for late payments, had been suggested. Both ideas had been discussed in the Fifth Committee before, and it appeared that several delegations would like to pursue them

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(Mr. Amneus, Sweden)

further. The new incentive scheme introduced by the International Civil Aviation Organization (ICAO) had attracted some attention.

13. The Negotiating Committee on the Financial Emergency of the United Nations had not met since 1976, and there did not seem to be any point in requesting it to keep the financial situation under review. Consideration might be given to the possibility of reviving that Committee, perhaps as a smaller working group. While it might be too soon to do so, an increasing number of delegations were showing signs of impatience.

14. The special postage stamp issue which was the subject of part B was nearing an end. In accordance with United Nations practice, the stamps would be withdrawn in January 1987. A final financial report would be presented to the General Assembly at its forty-second session.

15. In conclusion, the financial problems of the United Nations were not likely to be resolved in 1987, and, in fact, might well grow worse before they grew better. None the less, the sponsors commended the draft resolutions to the Committee for unanimous adoption.

16. Mr. TETTAMANTI (Argentina) suggested that the word "ensuring" in part A, paragraph 9, of the draft should be amended to "facilitating".

17. After an exchange in which Mr. AMNEUS (Sweden), Mr. HADWEN (Canada) and Mr. MURRAY (Trinidad and Tobago) took part, the CHAIRMAN announced that the sponsors had agreed to replace the word "ensuring" by "achieving".

18. The draft resolution contained in document A/C.5/41/L.17, as revised, was adopted without objection.

19. The CHAIRMAN announced that the Committee had concluded its consideration of agenda item 112.

AGENDA ITEM 18: APPOINTMENTS TO FILL VACANCIES IN SUBSIDIARY ORGANS AND OTHER APPOINTMENTS (continued)

(f) INTERNATIONAL CIVIL SERVICE COMMISSION (A/41/106 and Add.1 and 2; A/C.5/41/45)

20. The CHAIRMAN drew attention to paragraph 6 of document A/C.5/41/45, in which the Secretary-General suggested the following appointments to the International Civil Service Commission: for four-year terms of office beginning on 1 January 1987, Mr. Richard M. Akwei (Ghana) as Chairman, Mrs. Turkia Daddah (Mauritania), Mr. Karel Houska (Czechoslovakia), and Mr. André Xavier Piraon (Belgium), as members, and Mr. Carlos S. Vegega (Argentina) as Vice-Chairman; and for two-year terms of office as members beginning on 1 January 1987, Mr. Ivan Pavlovich Aboimov (Union of Soviet Socialist Republics) and Mrs. Francesca Yetunde Emanuel (Nigeria).

(The Chairman)

21. If he heard no objection, he would take it that the Committee wished to recommend to the General Assembly that it should approve those appointments.

22. It was so decided.

23. The CHAIRMAN announced that the Committee had concluded its consideration of agenda item 18 (f).

AGENDA ITEM 140: CURRENT FINANCIAL CRISIS OF THE UNITED NATIONS: REPORT OF THE SECRETARY-GENERAL (A/41/850, A/41/901; A/C.5/41/61)

24. Mr. FORAN (Controller), introducing document A/41/850, said that the expected payment of a further \$100 million by the largest contributor to the Organization, referred to in paragraph 4 of the report, had been received on 21 November 1986. That payment did not change the overall picture of the Organization's current financial standing. Arrears were projected to reach \$284 million by 31 December 1986. The shortfall had been covered by the economy measures introduced by the Secretary-General earlier in the year and by exhausting all reserves. Special contributions had been made by three Member States, but they had been wiped out by arrears in contributions by other Members of the Organization. The Organization was expected to begin in 1987 with a cash balance of \$10 million, or less than one week's requirements.

25. As indicated in paragraph 11, the economy measures introduced by the Secretary-General were expected to yield nearly \$67 million in savings by the end of 1986, close to the level planned. The success in financial control, however, had been achieved at a significant cost in programme output, although those losses had yet to be detailed in full. The effects of the crisis had spread to almost all areas of United Nations activity: paragraphs 13 to 21 of the Secretary-General's report afforded a sampling of the consequences, not an exhaustive list.

26. Mr. KUEDAS (Under-Secretary-General for Administration and Management), introducing document A/41/901, said that the report was not being submitted with any sense of accomplishment. The Secretary-General had hoped to have a firm basis for the full funding of the Organization's work in 1987 in place by the present stage; it was not. The best structured programme of work, the most carefully devised personnel and recruitment policies, the most imaginative and economical architectural designs could not be put into effect if the resources were not available. The Secretary-General expected yet another serious funding gap in 1987, which would mean less-than-full implementation of the 1987 part of the programme budget. The financial assumptions used in preparing the report resulted in a projected deficit of some \$85 million in 1987. In the face of that shortfall, the Secretary-General saw no alternative to the continuation in 1987, with judicious adjustments, of the economy measures introduced in 1986. By "judicious adjustment" he meant that it was necessary to retain a measure of discretion: the Secretary-General did not believe, for example, that the long overdue cost-of-living adjustments for General Service staff at some duty stations should be further delayed. If any further cost-of-living adjustment for the General Service category at the main duty stations fell due in 1987, however, the Secretary-General would

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(Mr. Ruedas)

again delay introduction so that the resulting savings would be similar to those realized in 1986.

27. A conference room paper outlining suggested modifications in the programme of meetings and conferences would be distributed to the Committee the following day.

28. In the event of developments more favourable than those anticipated, the Secretary-General would direct unexpected funds first to the fulfilment of the work programme for 1987, then to the establishment of sorely needed reserves.

29. Mr. MSELLE (Chairman of the Advisory Committee on Administrative and Budgetary Questions) said that the Committee had concluded that it need not comment on document A/41/850. On the subject of document A/41/901, he drew delegations' attention to the Secretary-General's comment in paragraph 5 that, unless the Assembly should direct otherwise, the economy measures introduced in 1986 would continue in 1987 with judicious adjustments. The Secretary-General also commented, in paragraph 6, that a number of alterations would need to be made in the timing, venue and possible duration of conferences and meetings, although none would be postponed beyond 1987. The Secretary-General did say that he would consult the relevant intergovernmental bodies as necessary on all adjustments affecting programme activities.

30. It was, therefore, up to the Fifth Committee to give such advice as it saw fit to guide the Secretariat and the Secretary-General in the imposition of economy measures in 1987 if the projected deficit did, indeed, occur.

31. Mr. MUDHO (Kenya) said that the President of the General Assembly had stated that morning that the plenary Assembly would deal directly with item 140, on the understanding that the Fifth Committee would clarify any technical questions relating to it. His delegation understood "clarification" to mean consideration of all aspects of the item within the competence of the Fifth Committee, and it hoped that no attempt would be made to restrict the views of delegations to the clarification of technical questions.

32. The CHAIRMAN said that he understood the concerns of Kenya and other delegations, and hoped that the decision taken in the General Assembly would not inhibit the discussion in the Fifth Committee, which should proceed as it had in the past.

33. Mr. LOZA (Egypt) requested clarification of the phrase "unless the Assembly should direct otherwise" contained in paragraph 5 of document A/41/901. At its preceding meeting, the Committee had adopted a draft resolution on programme planning by which it would decide that the 1987 session of the Committee for Programme and Co-ordination should be of five weeks' duration. In 1986, the Secretary-General had proposed that the CPC session should be shortened to four weeks. His delegation wished to know how that draft resolution would affect the Secretary-General's stated intention in paragraph 5 of document A/41/901.

(Mr. Loza, Egypt)

34. A proposal had been made under the item on personnel questions to lift the freeze on recruitment activities for external candidates at the earliest possible date. The Secretary-General had stated that he intended to continue the freeze on recruitment. Egypt wished to know how the Secretary-General would interpret a resolution adopted by the General Assembly which contained such a provision.

35. Paragraph 6 of document A/41/901 stated that the relevant intergovernmental bodies would be consulted as necessary on all adjustments affecting programme activities. Did the word "adjustments" refer to the adjustments mentioned in paragraph 5 of that report or to any adjustments to programme planning adopted by the General Assembly for the biennium 1986-1987? He inquired whether the Secretariat would have to seek the concurrence of the Advisory Committee before transferring resources between budget sections. The Secretariat should confirm that consultations would occur before any adjustment was made affecting programme activities.

36. While recognizing that the course of action outlined in paragraph 5 of document A/41/901 was the most workable from the Secretariat's point of view, his delegation wished to place on record its reservation with respect to it.

37. Mr. KHALEVINSKIY (Union of Soviet Socialist Republics) said that, in view of the need to rectify the unbalanced representation of Member States in the Secretariat, the recruitment freeze had been an economy measure which had had adverse effects. The Secretariat had shown inertia in that regard, and had not come forward with any alternatives. His delegation intended to raise the question of alternative measures for achieving savings.

38. Mr. OTHMAN (Jordan) said that it had been calculated that the United Nations would save \$66.9 million by shortening the forty-first session of the General Assembly by three weeks. He asked what the additional expenditure would be if the Assembly continued beyond the target date of 5 December 1986.

39. Mr. TAKASU (Japan) asked whether the Committee could assume that the financial situation of the United Nations in 1987 would be the same as had been projected in paragraphs 3 and 4 of document A/41/901. Referring to the "judicious adjustments" mentioned in paragraph 5 of the same report, he wished to know how many exceptions had been made to the recruitment freeze, and on what grounds. He inquired whether it was the intention of the Secretary-General to continue that policy in 1987. His delegation wished to know how the proposal to recruit the successful candidates from competitive examinations held in 1987 as soon as possible would affect the Secretary-General's plans to continue economy measures in 1987. In that connection, the Secretary-General should be more specific with regard to the nature of the "judicious adjustments" contemplated.

40. Mr. MAKTARI (Yemen) asked how much the United Nations had earned in 1986 by investing the assessed contributions of Member States. He also wished to know the amount of savings the Organization had achieved by not supplying drinking water in conference rooms at the forty-first session.

41. Miss DURRANT (Jamaica) said that, in paragraph 6 of document A/41/901, the Secretary-General had indicated that a number of changes would have to be made in the timing, venue and possible duration of conferences and meetings listed in the report submitted by the Committee on Conferences (A/41/32). In that connection, she asked whether it had been proposed that those changes should be resubmitted to the Committee on Conferences in order to allow it to make a recommendation before the Fifth Committee took a final decision.
42. Mr. RUEDAS (Under-Secretary-General for Administration and Management), replying to questions raised concerning the reports of the Secretary-General on the current financial crisis of the United Nations (A/41/850 and 901), emphasized his earlier statement that even the best structured programme of work or the most imaginative personnel and recruitment policies could not be implemented if the resources were not available. The concerns expressed by the representatives of Japan, the Soviet Union and Egypt with regard to the recruitment freeze were fully shared by the Secretary-General. During informal consultations on personnel questions, agreement had been reached to request the Secretary-General to lift the freeze on recruitment for certain countries "at the earliest possible date". The Secretary-General had expected that by now a firm basis would have existed for the full funding of the Organization's programme of work for 1987. His intention to recruit junior-level staff in 1987 had not been influenced by the financial situation and he had been fully prepared to discontinue the freeze even if the Group of High-Level Intergovernmental Experts had not made a recommendation along those lines since, without fresh blood, no organization could survive for very long. The fact of the matter, however, was that the resources were unavailable and since staff costs accounted for a very large part of expenditures, that was usually the first item to receive attention when the need to effect savings arose.
43. In response to questions put by the representative of Egypt, he said that the Secretariat would seek the approval of ACABQ for the transfer of resources between sections of the budget. He doubted, however, whether the need to make such transfers would arise. While the representative of Egypt was within his rights to express a reservation with respect to the report of the Secretary-General (A/41/901), the wording of that report in no way implied a fait accompli. The measures which the Secretary-General proposed to continue were not new and were familiar to Member States.
44. In response to questions put by the representative of Japan, he said that a total saving of \$27.6 million was expected under salaries and common staff costs in 1986. Of that amount, \$15 million to \$16 million was expected to be a direct result of the freeze on recruitment. Apart from the exceptions provided for staff servicing conferences and meetings, very few staff members had been recruited during 1986. He would have further details on recruitment during 1986 the following day.
45. The Secretary-General intended to continue all the measures relating to staff costs that had been implemented in 1986, with the exception of cost-of-living adjustments to the salaries of staff in the General Service and related categories which he believed were long overdue and should be implemented in 1987. The contracts of staff members over 60 years of age would not be extended and the

(Mr. Ruedas)

suspension of the payment of half of the representation allowance of staff members at the D-2 level and above would continue in force. The six-month deferment of the promotion process would continue in 1987 and it was also proposed to defer implementation of any further cost-of-living adjustments to the salaries of General Service staff which might fall due in 1987.

46. Mr. FORAN (Controller), replying to questions concerning the reports of the Secretary-General on the current financial crisis, said that the curtailment of the current session of the General Assembly would result in savings of approximately \$1 million. If the meetings of the Fifth Committee continued beyond the current week, it would be possible to service those meetings with staff from the permanent establishment.

47. Since the drafting of the Secretary-General's report (A/41/901), there had been no developments which would change the assumptions of the Secretary-General in forecasting revenues for 1987.

48. The total amount saved as a result of economy measures in 1986 was approximately \$67 million. It had cost the Organization \$100,000 annually to provide drinking water in conference rooms. The posts of the three General Service staff on the permanent establishment and the two temporary staff recruited during the General Assembly had been eliminated as part of the cost-saving measures.

49. Mr. GOMEZ (Assistant Secretary-General for Programme Planning and Co-ordination), in response to a question concerning paragraph 6 of the report of the Secretary-General (A/41/901), said that the Secretary-General intended that programme managers should consult the relevant intergovernmental bodies as the need for programme adjustments arose.

50. The CHAIRMAN drew the attention of the Committee to a letter he had received from the Chairman of the Second Committee containing the text of a draft decision entitled "Drinking water in conference rooms", which had been referred to the Fifth Committee for appropriate action. He suggested that that letter (A/C.5/41/61) should be considered by the Fifth Committee together with the reports of the Secretary-General on the current financial crisis of the United Nations and the technical views of the Committee should be transmitted to the General Assembly.

51. It was so decided.

AGENDA ITEM 110: PROGRAMME BUDGET FOR THE BIENNIUM 1986-1987 (continued)

First performance report (continued) (A/C.5/41/40)

52. Mr. SALARIAN (Islamic Republic of Iran) said that, had his delegation been present at the preceding meeting, it would have voted in favour of the revised estimates submitted by the Secretary-General in the first performance report (A/C.5/41/40).

The meeting rose at 5.55 p.m.