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REVIEW OF THE EFFICIENCY OF THE ADMINISTRATIVE AND FINANCIAL
FUNCTIONING OF THE UNITED NATIONS

Note verbale dated 18 December 1986 from the Permanent Mission
of Cape Verde to the United Nations addressed to the
Secretary-General

The Permanent Mission of the Republic of Cape Verde to the United Nations presents its compliments to the United Nations Secretariat and, on behalf of the African Group, has the honour to request that the present note and the document attached herewith concerning the position of the African States on agenda item 38 be circulated as an official document of the General Assembly.

ANNEX

Proposals by the African Group

Suppress the two last preambular paragraphs in the President's non-paper of 6 December and replace by the following:

Deeply concerned by the negative impact of withholding assessed contributions on the administrative and financial functioning of the United Nations.

Determined to improve the financial situation of the United Nations.

The following should be part I of the draft resolution:

I

Recommendations of the Group of High-level Intergovernmental
Experts to Review the Efficiency of the Administrative and
Financial Functioning of the United Nations

1. Endorses the recommendations contained in the report of the Group of 18 and the findings thereon of the Fifth Committee in its report (A/41/795) subject to the following provisions:

(a) The implementation of Recommendation No. 5 shall be without prejudice to the full implementation of the existing projects which have already been approved by the General Assembly. Furthermore, it shall not prejudice the present process of programme formulation, approval and implementation.

(b) The study called for in Recommendation No. 8 shall be carried out by CPC.

(c) The percentages referred to in Recommendation No. 15, which were arrived at in a pragmatic manner, shall be regarded as desirable indicative guidelines that should be utilized by the Secretary-General in formulating his plans to be submitted to the General Assembly and also in implementing this recommendation. In this connection the Secretary-General is requested to implement this recommendation with flexibility in order to avoid inter alia negative impact on programmes and on geographical composition of the Secretariat.

(d) The implementation of Recommendation No. 24 shall be in line with resolution 41/201 adopted by the General Assembly on the recommendation of the Second Committee.

(e) In implementing Recommendation No. 41 in the light of the findings of the Fifth Committee (A/41/795, para. 51), the Secretary-General is requested to submit to the forty-second session of the General Assembly the report called for in resolution 40/258.

(f) Recommendations Nos. 42, 43, 45, 48, 49, 50, 52, 53, 58, 60 and 61 affect the common system or deal with issues over which the ICSC advises and makes recommendations to organizations. They should be referred to the ICSC.

Improvement of the financial situation of the United Nations:

1. Strongly deplores the practice of unilateral withholding which causes serious damage to the administrative and financial functioning of the Organization.
2. Notes with regret that the administrative and financial functioning of the United Nations will not be improved until the problem of withholding is solved.
3. Requests all Member States to abide fully by their obligations under Article 17 of the Charter.
4. Requests once again all Member States to pay promptly their assessed contributions in accordance with the financial regulations of the United Nations.
5. Encourages Member States to continue to provide voluntary contributions to the Organization.
6. Decides that should there be savings resulting from currency fluctuations or inflation, this should be credited to a special fund or such savings should not be credited to Member States before the end of the biennium.
7. Requests the Negotiating Committee on the Financial Emergency of the United Nations to study the question of withholding assessed contributions in all its implications on the administrative and financial functioning of the United Nations and submit its conclusions and recommendations to the General Assembly's forty-second session.

II

Planning and budgetary process

1. Decides that further improvement in the planning and budgetary process as contained in the annex to this resolution shall be governed by the following considerations:
 - (a) Strict adherence to the ideals, principles and provisions of the Charter, in particular Articles 17 and 18, paragraphs 1 to 3.
 - (b) Adherence to the principle of democratization of international relations.
 - (c) Strengthening of multilateralism.
 - (d) Full respect for and preservation of the authority and prerogative of the Secretary-General as chief administrative officer of the Organization.
 - (e) The need to safeguard the present balance of interests of Member States under the Charter.

2. Decides that the method of work of CPC shall be improved along the following lines:

(a) Implementation of CPC recommendations as contained in paragraphs 25 to 54 of its report on the twenty-sixth session.

(b) Improvement of timeliness and quality of documents submitted to the CPC.

(c) Improvement of Secretariat services in terms of number and quality of personnel.

(d) Improvement of representation of Member States in the Committee in conformity with resolution 32/197, annex VI, paragraph 46.

(e) Allocation of adequate time for the work of the Committee.

(f) Ensuring follow-up of implementation of CPC recommendations.

(g) Full implementation of programme planning regulation 4.8 governing co-operation between CPC and ACABQ

3. Decides to improve the consultative process for the formulation of the medium-term plan which is the framework of the programme budget as follows:

(a) Full implementation of the regulations governing the planning programme aspect of the budget, monitoring and evaluation as contained in resolution 37/234.

(b) Submission of the introduction to the plan to a wide consultation among Member States.

(c) Carrying out a systematic process of consultation on the major programme of the plan within sectoral, technical, regional and central bodies in the United Nations.

(d) Drawing-up by the Secretary-General of a calendar of such consultations.

(e) Submission by the Secretary-General of a periodic report on the progress made in the implementation of the above measures.

4. Decides that activities requiring supplementary funding should be taken into account in the formulation of the next programme budget unless any of these activities is considered a priority item which cannot be postponed or cannot be absorbed within existing programmes and institutes a practice of not returning to Member States savings on currency and inflation until the financial period is over.

5. Decides that the decision-making process in the United Nations should be governed by existing practices, procedures and rules.

6. Strongly deplores the practice of unilateral withholding which causes serious damage to the administrative and financial functioning of the Organization.

7. Notes with regret that the administrative and financial functioning of the United Nations will not be improved until the problem of withholding is solved.

8. Requests all Member States to abide fully by their obligation under article 17 of the Charter.

ANNEX

A. Budget process

This should be as follows:

In off-budget years:

1. In the spring of the off-budget years the CPC shall consider or revise the medium-term plan both in terms of programmes and resources and submit recommendations to the Economic and Social Council.
2. Based on this and other legislative mandates, the Secretary-General, in accordance with his prerogative, should propose an outline of the next budget to the Fifth Committee. This outline should include:
 - (a) Proposal for real growth;
 - (b) Proposal for priority-setting;
 - (c) Proposal for a contingency fund: all three expressed in terms of percentage and margin.
3. The Fifth Committee should examine and recommend to the plenary a decision by way of a resolution no later than 15 October.
4. After the decision of the General Assembly which will constitute the legislative guidance the Secretary-General should start the detailed preparation of the budget. The proposals should include expenditures related to political activities of a perennial character and their conference costs.

In budget years:

5. The Secretary-General should submit his detailed programme budget proposals to the CPC and ACABQ in accordance with the present procedures. The two Committees will study the proposals in accordance with their respective mandates. The co-ordination between the two Committees should be governed by regulation 4.8. Decisions in the two Committees should continue to be taken on the basis of the present practices and rules. The reports of the two Committees should be submitted to the Fifth Committee in accordance with established procedure. The Fifth Committee will examine and make recommendations for the final approval by the General Assembly of the programme budget.

B. Definitions

1. Contingency fund and add-ons

The use of the term "add-ons" has arisen recently and has introduced an element of confusion in the United Nations budgetary process. In fact "add-ons" should mean supplementary estimates authorized by the General Assembly after it has adopted the budget for a biennium. Supplementary estimates in the United Nations involve the following elements:

- (i) Currency and inflation;
- (ii) Implication of decisions taken by intergovernmental bodies;
- (iii) Requirements for maintenance for peace and security;
- (iv) Unforeseen requirements of the ICJ;
- (v) Interorganizational security measures;
- (vi) Emergency situations, e.g., earthquakes and other disasters.

The contingency fund should accommodate only additional expenditure resulting from decisions taken by legislative bodies. It should cover the budget period as mentioned in paragraph 69 (c) of the report of the Fifth Committee (A/41/795). For reasons of flexibility, the fund should be expressed in terms of margin and percentage. Supplementary estimates related to other circumstances including those mentioned above should be handled in accordance with existing practice.

2. Priority-setting

With regard to the setting of priorities, it should be noted that the definition of priority-setting is clearly set out in resolution 36/227, section II, and in articles 3.2, 3.15, 3.16, 3.17, 4.3 and 4.6 of the regulations governing programme planning adopted in resolution 37/234. Accordingly, priority-setting should be set in accordance with this definition and the existing rules and regulations during the review of the medium-term plan and the programme budget. In this respect the most appropriate operational level is the subprogramme level.

SUGGESTED AMENDMENTS

(a) To the Annex

Heading: replace "budget procedure" by "budget process"

Paragraph 1: delete "inter alia" and "pertinent"

Paragraph 1 (a): reflect the idea of range.

Paragraph 1 (b): should read as follows:

"General trend and broad priorities"

Paragraph 4: Add the following as the last sentence to the paragraph

"The Committee's report on the outline shall also be submitted to the General Assembly before 15 October"

Definitions of "add-ons" and purpose of the contingency fund

- (a) "Add-ons" shall mean supplementary estimates for the biennium.
- (b) They usually cover inter alia the following:
 - (i) Currency and inflation;
 - (ii) Implication of decisions taken by intergovernmental bodies;
 - (iii) Requirements for maintenance of peace and security;
 - (iv) Unforeseen requirements of the ICJ;
 - (v) Interorganizational security measures;
 - (vi) Emergency situations, e.g., earthquakes and other disasters;
- (c) The purpose of the contingency fund referred to above shall be to cover during the biennium implications of decisions taken by intergovernmental bodies;
- (d) Supplementary estimates related to other elements including those mentioned above should be handled in accordance with existing practices;
- (e) If supplementary estimates are needed that exceed the level of resources within the contingency fund, activities requiring such supplementary funding should be taken into account in the formulation of the next programme budget unless they are considered priority items that cannot be postponed or cannot be absorbed within existing programmes.

(b) To Part II

Planning, programming, and budgeting process

Operative paragraph 2: delete expression "the intergovernmental machinery for"

Operative paragraph 5: should read as follows:

Reaffirms that the decision-making process shall be governed by the provisions of the Charter and the rules of procedure of the General Assembly.

Without prejudice to the above, the Committee for Programme and Co-ordination should make all efforts to reach its decisions by its existing practices.

Operative paragraph 6: delete

Operative paragraph 7: replace expression "in consultation with" by the expression "through".

Chapter VI

Issues to be resolved:

The following issues remain to be resolved:

1. Involvement of Member States in the budgetary process.
2. Decision-making process.
3. Intergovernmental machinery.
4. The definition of "add-ons".
5. Basis of determining level of resources.
6. Where Member States should consider and approve the outline.
7. Question of withholding, arrears and late payment of contributions.

Efforts to seek solutions to each of the above must be based on the following considerations:

1. Strict adherence to the ideals and principles of the Charter and in particular Article 18, paragraphs 1 to 3.
2. Promotion of adherence to the principle of democratization of international relations.
3. Strengthening of multilateralism.
4. Rejection of weighted voting in all its manifestations.
5. Full respect for and preservation of the authority and prerogative of the Secretary-General as chief administrative officer of the Organization.
6. Full recognition and acknowledgement of the prerogatives of the principal legislative organs of the United Nations with respect to programme or budget formulation and approval.

7. The need to safeguard the present balance of interests of Member States under the Charter.

Taking into account the above considerations, the African position on the main issues is as follows:

1. Involvement of Member States in the budgetary process

In this connection, there is a misconception that Member States are not involved. In fact they are involved extensively in planning, programming and in the budgetary process. As stated in the Fifth Committee by the Under-Secretary-General for Administration and Management:

"The present involvement of Member States in the budgetary process starts with their consideration and approval of the medium-term plan which, as I have just indicated, provides the programmatic framework for the following three biennial programme budgets. Member States are also involved in a number of governing bodies, commissions, councils and related intergovernmental machinery whose deliberations have a direct bearing on the content of and a resultant bearing on the size of the programme budget of the United Nations.

"As I have indicated earlier, the participation of Member States under current procedures is extensive and provides many opportunities for them, both individually and collectively, to present their views to the Secretary-General on the entire range of issues covered by the programme planning and budgeting process. Many of these opportunities, and I am thinking in particular of meetings of the regional and functional committees and commissions, enable Member States to comment on an early draft version of the work programme that will eventually be reflected in the programme budget. This draft work programme is, in other words, the subject of consultation between the Secretariat and Member States in these specialized intergovernmental bodies well before the programme budget proposals of the Secretary-General are finalized in New York. Apart from these programmatic consultations there has been no other consultation procedure on the programme budget.

"With respect to the process of definition, the description I have just given of the involvement of specialized, functional and regional intergovernmental bodies in the formulation of the medium-term plan, and the scrutiny given by CPC to both the plan and to the programme aspect of the budget, and by the ACABQ to the financial aspects thereof, would seem to the Secretariat to constitute a considerable amount of supervision in the programmatic definition of the budget. If we add to this supervision the understanding that the plans and programmes presented in this document are derived from legislation adopted by Member States it is clear that Member States do have the opportunity to influence the programmatic content of the Organization's plans and budgets."

However, if Member States need additional involvement, the Group shares the view of the Secretary-General as stated by his representatives in the Fifth Committee that

"the Secretary-General would welcome the earlier involvement of Member States in the budgetary process, say in the year of issuance of the budget instructions, at which time they could give their views on the appropriate level of real growth in the forthcoming budget and also on such policy matters as the priorities to govern the distribution of resources in that forthcoming budget. Such guidance would not entail additional work for the Secretariat. To be really useful, it would require, of course, provision of clear direction to the Secretary-General, by way of a resolution, decision or other appropriate formulation."

As far as real growth is concerned, the position of the Group is that it should be expressed in terms of margin and percentage in order to give flexibility to the Secretary-General.

With regard to the setting of priorities, it should be noted that the definition of priority-setting is clearly set out in resolution 36/227, section II and in articles 3.2, 3.15, 3.16, 3.17, 4.3 and 4.6 of the regulations governing programme planning adopted in resolution 37/234. Accordingly, priority-setting should be set in accordance with this definition and the existing rules and regulations during the review of the medium-term plan and the programme budget. In this respect the most appropriate operational level is the subprogramme level.

2. Decision-making process

It should be noted that Article 18, paragraphs 1 to 3 of the Charter is very clear with respect to decision-making in general and in particular to budgetary and other important questions. Furthermore, the Charter provisions are incorporated in articles 82, 83 and 85 of the rules of procedure of the General Assembly. Therefore any proposal to institutionalize decision-making by consensus, or introduce weighted voting, composite voting, extension of two-thirds majority to subsidiary organs of the General Assembly or its Main Committees is contrary to the Charter provisions referred to above. It will also upset the present balance of interests of Member States under the Charter. Accordingly, existing practices, procedures and rules should continue to be followed.

3. Intergovernmental machinery

Here also the position of the Group is clear. There should be no change in the present mandates of CPC and ACABQ. There is unanimous agreement on the excellent performance of ACABQ. With regard to CPC, it should be noted that the Committee discussed extensively the question of its mandate during its twenty-sixth session and reached the following conclusions: "The Committee acknowledged that there was no need to recommend any modification of its terms of reference as set out in the annex to Economic and Social Council resolution 2008 (LX)" - see paragraph 27 of the CPC report (A/41/38). ECOSOC has endorsed the above conclusions in resolution 1986/51, sections I and II.

Even though CPC has been criticized, it should be recognized that CPC has played a major role in the development of planning, programming, evaluation and co-ordination in the United Nations. This led to the promulgation of the new

regulations and rules governing planning, programming, monitoring and evaluation. The performance and method of work of CPC can further be improved along the following lines:

- (1) Implement CPC recommendations as contained in paragraphs 25 to 54 of its report of the twenty-sixth session.
- (2) Improve timeliness and quality of documents submitted to the CPC.
- (3) Improve Secretariat services in terms of number and quality of personnel. There is no need for a permanent secretariat for CPC; and no need to elect the Chairman of CPC for more than one year. The practice in the Organization is for one year which, of course, can be renewable if the Committee so decides.
- (4) Improvement of representation of Member States in the Committee in conformity with resolution 32/197, annex VI, paragraph 46.
- (5) Adequate time to be allocated for the work of the Committee.
- (6) Ensuring follow-up of implementation of CPC recommendations.
- (7) Full implementation of programme planning regulation 4.8 governing co-ordination between CPC and ACABQ.

4. The definition of "add-ons"

The use of the term "add-ons" has arisen recently and has introduced an element of confusion in the United Nations budgetary process. In fact "add-ons" should mean supplementary estimates authorized by the General Assembly after it has adopted the budget for a biennium. Supplementary estimates in the United Nations involve the following elements:

- (i) Currency and inflation;
- (ii) Implications of decisions taken by intergovernmental bodies;
- (iii) Requirements for maintenance of peace and security;
- (iv) Unforeseen requirements of the ICJ;
- (v) Interorganizational security measures;
- (vi) Emergency situations, e.g. earthquakes and other disasters.

It should be noted that the Group of 18 envisaged a fund which would accommodate additional expenditure resulting from decisions taken by legislative bodies. If the fund is accepted, it should cover the budget period as mentioned in paragraph 59 (c) of the report of the Fifth Committee (A/41/795). For reasons of flexibility, the fund should be expressed in terms of margin and percentage.

5. Basis of determining level of resources ("available", "necessary", "amount of resources that Member States can and are prepared to make available")

The following points should be noted:

(1) The Secretary-General as chief administrative officer has the prerogative to formulate and present the budget. As any chief executive, this means he should have the authority, the flexibility and the judgement to assess the level of resources for the implementation of the programme of work decided by Member States themselves.

(2) In order to assess these resources the Secretary-General has at his disposal the information in the medium-term plan. In fact regulation 3.3 states that the medium-term plan "Gives an indicative estimate of the necessary resources" and rule 103.3 states furthermore in (j) "At the major programme level the medium-term plan shall include indicative estimates of its resource implication by stating alternative-growth assumptions; the estimates shall include assumptions of the availability of extrabudgetary funds." In (k) of the same rule it is again stated "where an entire subprogramme or an entire identifiable segment thereof is expected to be financed from extrabudgetary resources, this shall be indicated". Regulation 3.8 of the financial rules confirms these requirements. Based on all the above provisions, the Secretary-General is in a position to formulate the required resources in the outline to be submitted to the General Assembly. In his third statement of 30 October 1986 before the Fifth Committee, Mr. Ruedas confirmed, as he said before, that there is no problem of practicability from the point of view of the Secretariat in such a procedure.

6. Where should Member States consider and approve the outline during the non-budget years?

The answer is very clear. This should be set by the General Assembly - in the Fifth Committee, which is the budgetary committee. There are two main reasons to support this procedure. The first is practical and logical. As the planning regulations provide (see regulations 3.3, 3.11, and rule 103.3 and regulation 3.8 of the Financial Regulations), the medium-term plan, which is the framework for the formulation of the programme budget, is reviewed and frequently revised, in fact every two years, both in the programmatic and financial contents. CPC has furthermore elaborated, in paragraphs 29 to 31 of its report (A/41/38), on how it will conduct that review under the specific criteria contained in paragraph 17 of the Secretary-General's note (E/AC.51/1986/13).

Secondly, for legal reasons:

- (i) The existing CPC, it should be noted, is only a subsidiary organ both to ECOSOC and to the General Assembly. Therefore, it cannot approve the outline presented by the Secretary-General.
- (ii) If the CPC mandate is changed so that it should approve the outline as stated by some delegations, then CPC will be elevated to the status of a principal organ with powers of decision-making. This will require a Charter amendment.

- (iii) Even if this were the case, the CPC still cannot approve the programme of work of other principal organs. For example, the General Assembly does not decide on the programme of work of ECOSOC, the Security Council, the ICJ or the Trusteeship Council. Therefore, it is not necessary to change CPC, as has been proposed.

It should be noted that during the off-budget years CPC considers proposals of the Secretary-General for adopting or revising the medium-term plan. If Member States request submission of proposals for the outline of the budget to the same CPC and in the same off-budget year, bearing in mind that the outline is formulated on the basis of the medium-term plan, the consequence is that such submission will be tantamount to a request for proposals which have as a basis the proposals for the revision or adoption of the medium-term plan; in other words, CPC will receive proposals based on proposals. This would involve duplication and the absence of a legislative base.

It is also not appropriate to make the outline of the budget too detailed; otherwise this may result in overloading the work of Member States during off-budget years and lead to the de facto return to the system of one-year budgeting which was already abandoned.

Based upon all the above considerations, the budgetary process should then be as follows:

In off-budget years:

1. Adoption or revision of the medium-term plan both programmatically and financially by CPC, which recommendations will be submitted later on to ECOSOC.
2. Based on this and on other legislative mandates, the Secretary-General, in accordance with his prerogative, should propose an outline of the next budget to the Fifth Committee. This outline should include:
 - (a) Proposal for real growth;
 - (b) Proposal for priority-setting;
 - (c) Proposal for a contingency fund; all three as indicated above.
3. The Fifth Committee should examine and recommend to the plenary a decision by way of a resolution.
4. After the decision of the General Assembly, the Secretary-General should start the detailed preparation of the budget which should include expenditures related to political activities of a perennial character and their conference costs.

In budget years:

5. The Secretary-General should submit his detailed programme budget proposals to the CPC and ACABQ in accordance with the present procedures. The two committees will study the proposals in accordance with their respective mandates. The co-ordination between the two committees should be governed by regulation 4.8.

6. Decisions in the two committees should continue to be taken on the basis of the present practices and rules. The reports of the two committees should be submitted to the Fifth Committee in accordance with established procedure. The Fifth Committee will examine and make recommendations for the final approval by the General Assembly of the programme budget.

Withholding, arrears and late payment of contributions:

7. The administrative and financial functioning of the United Nations will not be improved upon until the problem of withholding, late payment and arrears in contributions is solved. No amount of reform will have any appreciable impact if the present practice continues.
