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

#### Letter dated 4 December 1986 from the Permanent Representative of Panama to the United Nations addressed to the Secretary-General

I have the honour to write in my capacity as Chairman of the Latin American and Caribbean Group for this month to request that the paper entitled "Planning and budget mechanism: possible elements of agreement" be circulated as a document of the General Assembly, under agenda item 38.

As you are aware, during this past year the Latin American and Caribbean Group has given careful consideration to the question of the improvement of the efficiency of the administrative and financial functioning of the United Nations with a view to further increasing the Organization's capacity to fulfil the purposes and principles of its Charter.

The Latin American and Caribbean Group has taken an active part in the consultations in the Fifth Committee, both formal and informal, and in the consultative group 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. It believes that it is highly desirable for the General Assembly to be able to adopt as soon as possible a set of recommendations on this subject, which will certainly redound to the Organization's benefit.

With the aim of contributing to the discussion of this important issue, the Latin American and Caribbean Group adopted, in early November, the paper which I have the honour to transmit herewith, which continues to reflect the views of the Group on this subject.

(Signed) David SAMUDIO, Jr.  
Ambassador  
Permanent Representative

ANNEX

Planning and budget mechanism: possible elements of agreement

1. There is a need to make adjustments in the budgetary procedures to enable Member States to take a more active role in its earliest stages and throughout the process. Any new procedure must recognize the authority and responsibility of the Secretary-General as the chief executive officer of the Organization and should be aimed at providing him with guidance by the General Assembly on the overall level of resources which would accommodate the expenditures during the biennium.

The medium-term plan

2. The current procedures for the formulation of the medium-term plan and the programme budget are governed by two sets of regulations adopted by the General Assembly, namely, the financial regulations and those on programme planning annexed to resolution 37/234 of 21 December 1982. The medium-term plan shall be a translation of legislative mandates into programmes. Its objectives and strategies shall be derived from the policy orientations and goals set by the intergovernmental organs. It shall reflect Member States' priorities as set out in legislation adopted by functional and regional intergovernmental bodies within their spheres of competence and by the General Assembly, on advice from the Committee for Programme and Co-ordination.

3. The regulations and rules adopted pursuant to resolutions of the General Assembly pertaining to the medium-term plan should be fully implemented so that:

(a) The introduction of the plan will constitute a key integral element in the planning process and should be subject to wide consultations among Member States;

(b) In formulating the plan, sectoral, technical, regional and central bodies in the United Nations should be consulted in a systematic way regarding major programmes in the plan;

(c) The Secretary-General should, in co-operation with the Committee for Programme and Co-ordination, draw up calendars for the consultations described above.

The programme budget

4. The programme budget should include a contingency fund to accommodate expenditures related to add-ons, which should be expressed as a percentage of the overall budget level of the Organization.

5. Add-ons are defined as additional expenditures derived from legislative action taken in the year in which the budget is approved or in the following year, or from revised estimates.

6. Expenditures related to the political activities of a "perennial character" and their related conference costs are to be included in the basic budget and shall

not constitute add-ons. Re-costings derived from fluctuations in the estimated rate of inflation or in exchange rates do not constitute add-ons and shall be treated independently, in accordance with procedures currently applied.

7. If additional expenditures are approved that require greater resources than those available within the contingency fund, such expenditures can only be included in the budget through the deferral of low priority activities, redeployment of resources from low priority areas, or modification of subprogrammes. Otherwise, such additional expenditures and the related activities will have to be deferred to a later biennium.

8. In order to obtain the early resource indications referred to in paragraph 1 above, the Secretary-General should submit to the Committee for Programme and Co-ordination in the non-budget year an outline of the programme budget for the next biennium. This outline should be based on the medium-term plan and decisions by the legislative organs of the United Nations, with an indication of the resources that the Secretary-General deems necessary.

9. The Committee for Programme and Co-ordination would consider this outline and submit its conclusions and recommendations thereon, including an indication of the overall level of resources for the programme budget, to the General Assembly.

10. In the above-mentioned process it is necessary to ensure that the mandate and responsibilities of the Advisory Committee on Administrative and Budgetary Questions are fully respected.

11. The Secretary-General would then prepare his draft programme budget for the biennium on the basis of the relevant decisions of the General Assembly and submit this proposed programme budget in the budget year, in conformity with regulations 4.8 of the Rules and Regulations Governing Programme Planning, the Programme Aspects of the Budget, the Monitoring of Implementation and the Methods of Evaluation, for a final decision by the General Assembly.

12. While the Committee for Programme and Co-ordination should make all efforts to continue to reach its decisions by consensus, the decision-making process shall be maintained in accordance with the provisions of the Charter and the rules of procedure of the General Assembly and its principal organs.

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(a) It shall be necessary to adjust the schedule of meetings of the Committee for Programme and Co-ordination to allow for a proper consideration of the outline of the programme budget. It shall also be necessary to adapt present rules and regulations so as to include appropriate reference to the consideration of the outline of the programme budget, in accordance with paragraphs 8, 9 and 11 above, and to enable the Committee for Programme and Co-ordination to submit its conclusions and recommendations in this regard directly to the General Assembly.

(b) The relevant recommendations of the Committee for Programme and Co-ordination in its report to the forty-first session of the General Assembly (A/41/38) should be implemented.