

annex I of the foreword to the programme budget. Clearly, the working hypotheses could not reflect what would actually happen in 1976 and 1977 and there was no justification for including that unknown factor in the programme budget. It would be wiser to wait until the thirty-first and thirty-second sessions of the General Assembly before assessing the impact of inflation and currency instability on budgetary requirements for 1976 and 1977, respectively. In the meantime, the Committee should continue to seek a satisfactory solution to the problem. While the system of full budgeting might be applicable to the Secretariat, it had adverse consequences for most Member States.

### ORGANIZATION OF THE COMMITTEE'S WORK

28. The CHAIRMAN announced that the list of speakers for the general discussion would be closed on Friday, 3 October, at 6 p.m. In order to make the best use of the time available, he intended, subject to the agreement of the Committee, to take up the first reading of non-controversial sections of the proposed programme budget for the biennium 1976-1977 whenever there was a pause in the general discussion. Those sections were: 13 (United Nations Environment Programme), 14 (International narcotics control), 16 (Office of the United Nations High Commissioner for Refugees), 18 (Human rights), 19 (International Court of Justice) and 20 (Legal activities).

29. Mr. ABRASZEWSKI (Poland) endorsed the Chairman's suggestion.

30. Mr. BOUAYAD-AGHA (Algeria) proposed that the consideration of section 13 should be deferred, since his

delegation intended to discuss at some length the question of the use of consultants in UNEP.

*The proposal was adopted.*

31. Mr. NZUE N'KOGHE (Gabon) suggested that the Committee should also discuss the question raised by the representative of Cuba, namely, the advisability of incorporating assumed inflation rates in the budget estimates.

32. The CHAIRMAN said that, if he heard no objection, he would take it that the Committee wished to begin its first reading of sections 14, 16, 18, 19 and 20 of the proposed programme budget at the following meeting.

*It was so decided.*

33. The CHAIRMAN invited the Committee to be prepared, by the end of the general discussion, to formulate concrete proposals with regard to the report of the Joint Inspection Unit on medium-term planning in the United Nations system (see A/9646) and the report of the Working Group on United Nations Programme and Budget Machinery (A/10117 and Corr.1).

34. He suggested that the Committee should agree to invite the Controller to provide explanations, at the following meeting, on certain fundamental questions concerning the proposed programme budget.

*It was so decided.*

*The meeting rose at 11.55 a.m.*

## 1702nd meeting

Tuesday, 30 September 1975, at 11 a.m.

*Chairman:* Mr. Christopher R. THOMAS (Trinidad and Tobago).

A/C.5/SR.1702

### AGENDA ITEMS 96 AND 97

**Proposed programme budget for the biennium 1976-1977 and medium-term plan for the period 1976-1979 (*continued*) (for the documentation, see 1701st meeting)**

**Review of the intergovernmental and expert machinery dealing with the formulation, review and approval of programmes and budgets: report of the Working Group on United Nations Programme and Budget Machinery (*continued*) (for the documentation, see 1700th meeting)**

### *General discussion (continued)*

1. Mr. KIVANÇ (Turkey) recalled that the goal of the establishment of the programme budgeting system in the United Nations had been to achieve an integrated system of programming, planning and budgeting that would provide Member States with a clear picture of the programmes,

activities and priorities of the Organization and of the resources allocated to them. The Turkish delegation welcomed the innovations of the United Nations programme budget described in annex VII to the Secretary-General's foreword to the proposed programme budget for the biennium 1976-1977 (A/10006) and in the report of the Advisory Committee on Administrative and Budgetary Questions (A/10008 and Corr.2). The structure of the budget had been modified in order to reduce the number of the expenditure sections from 35 to 26, and also to present a more consolidated view of requirements, especially in trusteeship and decolonization sectors; the sequence of the main parts of the budget had been reorganized; and unnecessarily detailed background descriptive material had been replaced by statements of medium-term objectives, activities and projects; the tabular presentation, finally, had been expanded and an attempt had been made to present resource requirements under the regular budget and also from extra-budgetary sources. In each case a uniform table

indicated: first, the direct costs, from both resources; secondly, for the first time, the apportioned costs involving the allocation to substantive programmes of programme support and common services provided in the same or other sections of the budget; and thirdly, extra-budgetary funds available, or likely to be so, for the purposes of operational projects such as those relating to UNDP and projects in the field of population and drug abuse control. In view of the distortion caused by inflation and currency fluctuations, the components of the additional credits had been presented in a systematic manner. A separate analysis had been provided at all levels of the budget indicating real growth in percentage terms.

2. Every Member State appreciated the complex and time-consuming process of budget preparation. It was also expected, however, that the proposed budget should be presented to the Advisory Committee in time and in proper form.

3. The Turkish delegation shared the concern expressed by the Advisory Committee in paragraphs 8 and 9 of its report relating to the programme budget: the presentation varied from section to section and even within sections; comparative data on output in 1974-1975 were not given in every instance; additional information on extra-budgetary resources was needed; adequate justifications were sometimes not provided for requests for new posts; increased resources were often requested for areas consisting of "continuing activities" governed by decisions taken several years back; data were usually lacking on activities being terminated during the biennium and on the redeployment of resources; and the data on the estimated volume of manpower resources to be devoted to particular activities were not given. There was thus still a long way to go.

4. Since 1973 the object-type, line item classification budget system of the United Nations had been changed into a programme-budgeting classification system. However, the old-type review and examination techniques were still being practised in the subsidiary and legislative organs of the Organization. In order to allow an adaptation of budget review techniques in accordance with the concepts of programme budgeting, the Turkish delegation suggested that the Secretariat should consider the presentation of the next biennial budget in two formats: a concise and integrated format for the Fifth Committee and the General Assembly; a detailed format, containing all the required information, for the Advisory Committee and for implementation and accounting purposes.

5. The Turkish delegation shared the concern of the Advisory Committee on the "incremental methodology" once again employed by the Secretariat, and was of the opinion that, in the absence of the analysis suggested by the Advisory Committee in paragraph 11 of its report, the results obtained were disputable.

6. He noted the discussion in paragraphs 12 to 21 of the report of the Advisory Committee of the methodology used to calculate, at 1975 rates, the cost of maintenance in 1976-1977 of the 1974-1975 programmes. He pointed out that the term "programme growth" should mean at least an addition to the proposed budget of a new activity or a new project and not merely the addition of personnel posts or

material in order to achieve previous objectives. Such an addition might be called an increase in expenditure but not a programme growth. In that connexion, the Turkish delegation would welcome an official document containing the remarks of the Secretariat on methodologies A and B suggested by the Advisory Committee in paragraphs 18 to 21 of its report. Other subjective factors used in the calculation of the proposed budget were also disputable: the estimates of inflation in 1976-1977 given in paragraph 26 of the foreword to the proposed programme budget –8 per cent in 1976 and 7 per cent in 1977 in New York, and 9 and 8 per cent, respectively, for all other office locations—were too optimistic; whereas a rate of 3.10 Swiss francs to the United States dollar had been used in calculating the proposed biennial budget for 1976-1977, the actual rate used by the Organization in May 1975 had fallen to 2.57. The dollar was at the moment going strong in the European markets, but that was still an open question.

7. The Secretary-General had submitted a proposed programme budget totalling \$737 million for the biennium 1976-1977 which was a gross increase of 21.6 per cent over the revised appropriations for 1974-1975. The proposed 21.6 per cent, when compared with the average biennial increase for 1970-1971 and 1974-1975 (24.4 per cent), appeared at first glance to be a very moderate increase. However, the additional requirements might be something of the order of \$45 million. Out of that sum \$30 million (or an increase of 4.9 per cent) could be added as a result of potential shortfalls in currency rates and \$15 million (or an increase of 2.4 per cent) as a result of the unbudgeted items. To that sum could be added at least \$15 million (or an increase of 2.4 per cent) as a result of inflation. The proposed budget should be evaluated as almost \$800 million, which represented an increase of 31.3 per cent over the 1974-1975 revised appropriations. The Turkish delegation therefore supported the reductions recommended by the Advisory Committee. The Secretary-General, however, would have to fill that gap by revising the budget estimates during the current session or by requesting supplementary appropriations sooner or later.

8. The information provided in the annexes to the foreword to the proposed programme budget and the figures shown in the report of the Advisory Committee were very valuable for the evaluation of the proposed allocation of resources by the main fields of activity. The Secretariat should provide that type of comparative information tables, figures, and charts for the next biennial budget proposals.

9. Another important process of the United Nations budgeting system was the maintenance of the sufficient flow of cash for the effective implementation of the programme budget. That was a particularly serious problem at the current time and the Turkish delegation shared the hope of the Secretary-General that a new approach to the Organization's financial questions would be seriously considered during the session. Few Member States were prompt in the payments of their contributions to the budget of the Organization and in their advances to the Working Capital Fund. Such a delay was due to the fact that in many countries the budget year started on 1 March or in mid-summer; therefore, when they received the notification

from the Secretary-General at the beginning of January, Governments had to apply to Parliament for supplementary appropriations. That took time. One solution would be to authorize the Secretary-General, under the terms of a resolution, to call on Member States to add to their budgetary rules a provision which would allow automatic appropriations that did not have to go to Parliament. The provision might read:

"The Government is authorized to increase the amount requested in the budget for the payment of contributions to the United Nations budget and of advances to the Organization's Working Capital Fund under the required conditions."

Moreover, since the Working Capital Fund was wholly exhausted and for the past 12 years the size of the Fund had remained unchanged, despite an almost fourfold increase in the size of the expenditure budget, the time was ripe for consideration of the proposal of the Secretary-General concerning the size of the Working Capital Fund.

10. The Turkish delegation was of the opinion that the medium-term plan should cover a period of six years. That would allow the Secretary-General's rolling-plan approach (A/10006/Add.1, para. 20 (i)) or the Joint Inspection Unit's fixed-horizon planning approach (see A/9646, para. 140) to be discussed in a more meaningful and rational way. In that connexion, the Turkish delegation shared the concern expressed by the Advisory Committee in paragraphs 81 and 83 of its report. The dynamism of a programme budgeting and medium-term planning machinery required the establishment of a rational and effective evaluation system, which did not exist in the United Nations.

11. The Turkish delegation fully supported the recommendations of the Working Group on United Nations Programme and Budget Machinery (A/10117 and Corr.1). Some of the recommendations of that Group could be adopted by the Fifth Committee before the remaining recommendations were referred to the *Ad Hoc* Committee on Restructuring of the Economic and Social Sectors of the United Nations System, set up by the General Assembly at its seventh special session. A decision should be reached during the current session on the recommendation that the medium-term plan and the budget should be considered in alternate years.

12. It was in the interest of all Member States that the limited resources of the United Nations should be used as effectively as possible and should be concentrated on the economic, social and humanitarian sectors to which the developing countries attached the greatest importance, in accordance with the decisions of the sixth and seventh special sessions.

13. Mr. DEBATIN (Assistant Secretary-General, Controller) observed that the biennium 1976-1977 was only the second period to which the concept of programme budgeting was being applied and he was therefore all the more appreciative of both the favourable and the critical comments which had been made concerning the Secretariat's efforts to improve the presentation of the programme budget. In the preparation of the budget proposals, the Secretariat had been guided by General Assembly reso-

lution 3199 (XXVIII), which called, *inter alia*, for information on the allocation of indirect costs of programmes and for further information on extra-budgetary resources. An effort had been made to meet those requests to the greatest possible extent. However, he was desirous of serving the Committee further by providing information and clarifications where they would assist the discussion, reserving for comment at a later stage such basic issues as the relationship between the medium-term plan and programme budgeting, calculation of the magnitude of the inflation and currency instability factors, the question of an incremental approach versus a zero base concept and weighing of the advantages of programme budgeting against its limitations as a practical instrument for the United Nations.

14. Before explaining the Secretary-General's approach to the presentation of the budget document before the Committee, he wished to dispel the concern expressed by the representative of Italy at the 1700th meeting that there might be a discrepancy in the figures for staff members given in various documents. In reality, they were correct both in the proposed programme budget (A/10006) and in part five, chapter VI, of the Secretary-General's report on the work of the Organization.<sup>1</sup> However, the figure of 15,092 Secretariat members given in the latter document included the staffs of UNDP, UNICEF and UNITAR and only 10,163 represented permanent or temporary staff employed in the United Nations Secretariat for the performance of substantive work and financed either from the regular budget or from extra-budgetary resources.

15. The proposed programme budget submitted by the Secretary-General compared the initial estimates for the biennium 1976-1977 with the revised appropriations for 1974-1975. Since in any one year initial estimates were inevitably exceeded by the final revised appropriations, Member States might have been better forewarned if, as the representative of Japan had suggested at the 1701st meeting, the initial estimates for 1976-1977 had been compared with the initial appropriations for 1974-1975. On the other hand, given the uncertainties regarding the cost and extent of revised estimates, such a comparison might not have been realistic. The solution might be to present both comparisons, as the Advisory Committee had done in its report.

16. Since the budget, by its very nature, sought to estimate increased capacity required rather than to measure programme delivery, the Advisory Committee had correctly interpreted the term "programme growth" to mean growth in expenditure. Any programme had to be seen against the background of input—that is, expenditure in money and manpower—and output, or the benefits produced by the programme, such as number of meetings and documentation, which could not be measured in terms of money. An increase in input was not equivalent to an increase in output; much would depend on the efficiency with which resources were utilized and deployed. In the budget proposal, the proposed growth in expenditure was shown against the background of resources deployed for certain programmes and programme targets and was not synony-

<sup>1</sup> Official Records of the General Assembly, Thirtieth Session, Supplement No. 1.

mous with growth in programme as measured by its results. In future programme budgets, the point would be made more explicit by using the expression "growth in expenditure expressed in real terms".

17. Referring to annex VI to the Secretary-General's foreword to the proposed programme budget, he explained that to the initial estimate under the regular budget had been added extra-budgetary resources given in direct support of the particular budget section. The total represented direct costs. The costs of programme support were then apportioned to the various substantive programmes within the section. Finally, the common service expenditures were apportioned to the various substantive programmes. The total represented apportioned costs. The aim was to present a realistic picture of how the resources were being used, which would help to define the relationship between supporting and substantive programmes and to identify areas where further economies could be achieved.

18. Clarifying a point raised by the representative of the United Kingdom at the 1700th meeting, he pointed out that technical backstopping was not a supporting activity, but a substantive one; it therefore could not be shown as a distinct item in the breakdown of supporting costs in annex VI. Yet, even with respect to the substantive work programme of the Department of Economic and Social Affairs, some estimates of technical backstopping costs had been shown, but they should be regarded as no more than indicative figures because the actual needs for support of particular projects would vary in accordance with the needs of the project. Moreover, the programme budget did not deal with the question whether reimbursement of overhead costs was sufficient to compensate for the Organization's technical and administrative backstopping expenditures. Although earlier studies indicated that it was insufficient, it should be recognized that the question was a political one and that full reimbursement should not necessarily be sought.

19. Directing his remarks particularly to the representative of Italy, he explained that the total of extra-budgetary funds shown at the end of annex VI represented resources made available for administrative and substantive Secretariat activities as opposed to resources made available for actual projects, which were called "operational funds". As compared with total estimated requirements under the regular budget totalling about \$737 million, and the estimated total of about \$80 million which would be available in extra-budgetary resources, the level of funds likely to be available for operational projects would amount to some \$331 million. Of that total, roughly \$172.5 million represented projects to be financed by UNDP, approximately \$64 million those to be financed by the Fund of the United Nations Environment Programme, \$26.8 million those to be financed by the United Nations Fund for Population Activities, \$10 million those to be financed by the United Nations Fund for Drug Abuse Control and approximately \$57.8 million represented projects to be financed by miscellaneous trust funds. All that information concerning "outside funds" could not have been detailed in the budget without substantially increasing the already bulky documentation before the Committee, which had been made necessary because the Controller had decided to save money by disallowing printing of the proposed budget.

In that connexion, he noted that it would have been possible to analyse the impact of inflation and currency instability on an over-all basis instead of showing it for each budget section; the latter procedure had been followed in order to present as complete a statement as possible of the total anticipated expenditures connected with each programme.

20. In contemplating a departure from the principle of full budgeting, it was important to realize that inflation affected the different categories of expenses (budget sections) to a different extent and that, in addition, the United Nations was suffering from serious cash flow problems. Without full budgeting it would lose the benefit of an adequate inflow of contributions at the beginning of the biennium to finance expenditures during the first half of the biennium. The representative of Japan would note that, while it was true that UNESCO did not project inflationary trends beyond the first half of each financial period, the risk was minimized because the General Conference appropriated a reserve of \$10 million to meet contingencies and granted the Executive Board standing authority further to appropriate up to 5 per cent of the approved budget for such contingencies. The United Nations would have to set up similar safeguards to counteract the loss of cash inflows which were essential to its effective performance.

21. It was difficult to understand the methodology used in the budget presentation because the figures for the base period, or current biennium, did not appear to be calculated the same way as the figures for 1976-1977. In the first instance, the figure given was the actual appropriation, which reflected a substantial turnover deduction. When measuring the increase required, however, the point of departure was the expenditure needed to finance those approved posts after the delayed recruitment period was over. With the disappearance of that factor of delay, the amount required to finance the same staff was inevitably increased. For the additional staff to be recruited under the new budget, the presentation showed only the appropriations requested after again applying the deduction for delayed recruitment. Since the budget could show only the level of appropriations actually required in a given financial period, the figure for the 1976-1977 biennium could be only the amount actually needed to finance the proposed new posts. It would be beyond the scope of the budget presentation to show the full potential cost of those posts to be incurred in the 1978-1979 biennium, when there would be no deduction for delayed recruitment any more.

22. If methodology B suggested by the Advisory Committee in paragraph 18 of its report were applied, the second end of the comparison would have to be the actual expenditures to be incurred for the new posts in 1976-1977. The question was what figure in the current biennium should be taken as the first end of the comparison. The answer seemed doubtful only because, in an effort to provide a more detailed breakdown, the budget presentation distinguished between maintenance and growth. Whereas the Advisory Committee wanted the amounts required in the 1976-1977 biennium to finance approved posts to be shown as "growth", the budget presentation showed them as "maintenance". As a result, the growth figure was lower because the maintenance base

was higher than in the method proposed by the Advisory Committee. The Secretary-General had endeavoured to explain how he had determined the maintenance requirement in paragraph 11 of his foreword to the proposed programme budget. He had considered it preferable to include the additional amounts required in the new biennium to finance the posts approved in the current budget period under the heading of "maintenance". Indeed, all expenditures resulting from keeping the approved number of posts in the forthcoming budget represented "maintenance": they were the financial implications of maintaining approved capacity and not of increasing capacity. The distinction between "maintenance" and "growth" was intended to differentiate between cases of strictly financial follow-up of decisions already taken and financial commitment where a new choice had to be made. In that sense, maintenance did include growth in expenditure but the additional appropriation was only a further reflection of what had already been decided by the General Assembly.

23. His remarks should not be construed as prejudging the view of the Committee. If the Committee were to decide that additional staff requirements should be shown as an element of growth because of the disappearance of the delayed recruitment factor, the Secretary-General would follow that method in the preparation of his next programme budget proposals.

24. Mr. GARRIDO (Philippines) congratulated the Controller on his excellent and very comprehensive explanations, which complemented the statement made by the Secretary-General at the 1700th meeting (A/C.5/1685), and which would undoubtedly constitute an extremely useful document of reference for all delegations wishing to speak in the general discussion.

25. He would appreciate, however, some explanations on a few points of detail. First, with regard to the salaries paid to staff in such organizations as UNICEF, UNITAR and UNDP, he would like to know what percentage of the costs was borne by the United Nations and what percentage by the organizations. Secondly, the United Nations, as the executing agency for certain projects, was entitled to reimbursement of part of the overhead costs incurred; it would be interesting to have some further information on that point.

26. Mr. MAJOLI (Italy) thanked the Controller for his extremely lucid and helpful statement. On the question of the manning table, he pointed out that the figure of approximately 15,000 staff was mentioned in the report of the Secretary-General on the work of the Organization, but that no distinction was made between the different categories of staff according to duration and type of contract or according to organization. His delegation would like a more detailed breakdown of the over-all figure.

27. The CHAIRMAN, referring to the implied suggestion of the representative of the Philippines that the text of the statement made by the Controller should be issued as a document in the same way as the opening statement given by the Secretary-General, observed that, under the terms of General Assembly resolution 2538 (XXIV), a statement of the financial implications must be submitted before a decision could be taken. The financial implications for

issuing the statement would amount to approximately \$2,000.

28. Mr. BOUAYAD-AGHA (Algeria) felt that the Controller's statement, although of great interest, should not be issued *in extenso*. The Fifth Committee should set an example by endeavouring to limit as far as possible any financial implications that might result from its decisions. Moreover, it was during the reading of the individual sections of the programme budget that members of the Committee would want to exchange views with the Controller, who could be expected at that time to provide every guidance for a better understanding of the highly complex programme budgeting system, which was still at an experimental stage.

29. Mr. STUART (United Kingdom) endorsed the comments of the representative of Algeria. The Controller's statement would be summarized in the provisional summary record, and there was no reason to doubt that a faithful account of his views and explanations would be given.

30. Mr. NAUDY (France) said that, for reasons of economy, he shared the opinion of the representatives of Algeria and the United Kingdom. The summary record would certainly provide a very comprehensive account of the Controller's statement. Furthermore, having spoken very early in the general discussion, the Controller would undoubtedly have other opportunities to address the Committee on substantive questions. If the Committee decided to reproduce that particular statement *in extenso*, it would be setting a precedent for the future, and that did not seem desirable.

31. Mr. GARRIDO (Philippines) explained that, although he had indeed said that the Controller's statement would very usefully complement that of the Secretary-General, he had not proposed that the text of the statement should be issued in full.

32. The CHAIRMAN noted that the members of the Committee appeared to be in agreement that the Controller's statement should be fully summarized in the summary record.

## AGENDA ITEM 96

**Proposed programme budget for the biennium 1976-1977 and medium-term plan for the period 1976-1979 (*continued*) (for the documentation, see 1701st meeting)**

### *First reading of individual sections of the programme budget*

33. Mr. SERRANO AVILA (Cuba) felt that, before proceeding to a consideration of the individual sections of the proposed programme budget for the biennium 1976-1977 (A/10006), the Committee should take a decision on a general question that concerned the entire exercise of programme budget approval. The question at issue was whether, during its consideration, the Committee should take account of the assumptions as to inflation rates which were incorporated in the budget estimates but which had not been broken down in sufficient detail in the corre-

sponding report of the Advisory Committee on Administrative and Budgetary Questions (A/10008 and Corr.2). Before the Committee began to consider the individual sections, it must decide upon the procedure it would follow.

34. The CHAIRMAN said that, as he understood it, the representative of Cuba felt that it would be undesirable for the Committee to begin its consideration of the proposed programme budget before taking a decision on the "inflation" factor, for which provision had been made in the budget estimates. He suggested two alternative procedures: the Committee could decide to take no notice of the "inflation" factor in its first reading of the individual sections; or, bearing in mind that it was the first reading and that the Advisory Committee had approved many of the Secretary-General's proposals, the Committee, without prejudice to the decisions that it would subsequently take in the course of the second reading, could decide to embark forthwith on the first reading of the individual sections, taking into account the inflation factor as currently shown in the proposals. He felt that the second procedure would be preferable.

35. Mr. SERRANO AVILA (Cuba) reminded members that the inflation factor was not shown separately in the report of the Advisory Committee and that consequently it was impossible to ascertain to what extent the inflation factor was reflected in any of the recommendations of the Advisory Committee that the Fifth Committee might adopt. His delegation therefore preferred the first of the procedures suggested by the Chairman.

36. Mr. GARRIDO (Philippines) supported by Mr. SCHMIDT (Federal Republic of Germany) and Mr. McCARTHY (Australia) favoured the second procedure.

37. Mr. OUEDRAOGO (Upper Volta) observed that, in its report, the Advisory Committee had pointed out that the inflation rates selected by the Secretary-General were no more than working hypotheses. These hypotheses apart, the question arose whether it was acceptable to reflect the inflation factor in the budget estimates; his delegation felt that it was. There was a danger, however, if the Committee had at the outset to resolve a question of principle, that the discussion might continue indefinitely. Consequently, his delegation supported the second procedure advocated by the Chairman, namely, that the Committee should take a decision, in first reading, on the recommendations in the form in which they had been submitted, subject to the possibility of making any adjustments that might be necessary, in second reading, to the appropriations approved in the first reading.

38. Mr. STUART (United Kingdom) said that for the reasons given by the representative of the Upper Volta, he was in favour of the second procedure suggested by the Chairman.

39. Mr. PALAMARCHUK (Union of Soviet Socialist Republics) said that at the appropriate time his delegation would deal in detail with the problems of inflation; however, for the time being it strongly supported the Cuban proposal that each section should be considered at the first reading without regard to the inflationary component.

40. Mr. BOUAYAD-AGHA (Algeria) thought that the Cuban proposal warranted consideration, but it would seem more logical to have a first reading of the entire programme budget and then to go back and consider the estimated inflation rates. It was indeed an important problem since the inflationary factor represented a total of more than \$65 million for the whole budget and since, in many sections, the rate of inflation exceeded the growth rate of the programme in question. The Advisory Committee had, of course, emphasized that problem.

41. However, unless a third solution could be found, his delegation would support the Chairman's first suggestion.

42. The CHAIRMAN pointed out that many delegations had not yet made their general comments on the proposed programme budget. In their statements they would no doubt put forward new views on the problem of inflation. Perhaps the Cuban delegation would wish to take that factor into account.

43. Mr. SERRANO AVILA (Cuba) said that he understood the practical difficulties which the adoption of his suggestion would present. In view of that consideration and the argument just put forward by the Chairman he would not press his proposal.

44. The CHAIRMAN said that he took it that the Committee wished to begin its first reading of the sections of the proposed programme budget, without prejudice to later decisions concerning the inclusion of the inflationary component in the budget figures, or its exclusion, and concerning the way in which that factor should be treated.

*It was so decided.*

#### SECTION 14. INTERNATIONAL NARCOTICS CONTROL (A/10006, A/10008 AND CORR.2)

45. The CHAIRMAN recalled that the funds requested by the Secretary-General under section 14 of the proposed programme budget for the biennium 1976-1977 (A/10006) amounted to approximately \$4,023,000. The Advisory Committee, in paragraph 14.13 of its report, had recommended reducing that amount by \$167,000. Furthermore, the reduction in the estimated cost of the representation allowances, which the Advisory Committee recommended in paragraph 65 of its report, would involve an additional reduction of \$2,000 in the estimated requirements under that section. The total allocation recommended by the Advisory Committee in section 14 was therefore \$3,854,000.

46. Mr. MSELLE (Chairman of the Advisory Committee on Administrative and Budgetary Questions) pointed out that the estimated requirements under section 14 were for two organs, the Commission on Narcotic Drugs and the International Narcotics Control Board, and their respective secretariats: the Division of Narcotic Drugs and the Control Board's secretariat. The programme also had a further component, namely, the United Nations Fund for Drug Abuse Control.

47. The funds requested by the Secretary-General, i.e. \$4,023,000, represented an increase of 33.9 per cent over

the revised estimates for 1974-1975. Real growth for the section was estimated by the Secretary-General at 5.9 per cent—a rate higher than that of the proposed programme budget as a whole. If extra-budgetary funds and apportioned costs were taken into account, the estimated requirements for international narcotics control would become \$9,900,000.

48. In its first report<sup>2</sup> on the proposed programme budget for the biennium 1974-1975 the Advisory Committee had already expressed its concern over the lack of co-ordination and the duplication which might result from the existence, side by side, of two secretariats in the field of narcotics control. The Economic and Social Council had itself requested the Secretary-General to continue his efforts for the best possible co-ordination between the various organs. But little progress had been made in that direction. In paragraph 14.12 of the current report the Advisory Committee suggested that the Committee for Programme and Co-ordination might be invited to study the problem. In the last analysis the decision rested with Member States, and the Fifth Committee's views on the matter would be useful.

49. In its consideration of the Secretary-General's proposals, the Advisory Committee had taken into account the justifications submitted and the current resources available to the programme. It concluded that the request to add 6 posts—2 Professional and 4 General Service posts—to the current manning table of the two secretariats could be reduced. If one took into account extra-budgetary resources, the current manning table stood at 88: 47 Professional and 41 General Service posts. The Advisory Committee believed that even with the slightly increased work-load referred to in the Secretary-General's estimates, the current staff should be able to handle that extra work. Accordingly, the Advisory Committee recommended the addition of 1 P-4 post to the secretariat of the International Narcotics Control Board for the reasons given in paragraph 14.9 of its report. It was not convinced, however, that a case had been made to justify the request to reclassify the post of the Secretary of the Board from D-1 to the D-2 level and, as stated in paragraph 14.10, the Advisory Committee was unable to endorse it. The request for reclassification of a P-4 to a P-5 post was covered by the recommendation contained in paragraph 61 of the report.

<sup>2</sup> *Ibid.*, Twenty-eighth Session, Supplement No. 8 and corrigendum, para. 18.3.

50. Lastly, he drew the Committee's attention to paragraph 14.11 of the report of the Advisory Committee in regard to paragraph 14.16 of the Secretary-General's estimates.

51. Mr. MAJOLI (Italy) said that his delegation did not wish to recommend any new cuts in the funds requested by the Secretary-General in section 14, because the money spent in the fight against those scourges of mankind which were the abuse of, and illicit traffic in, narcotic drugs was money well spent.

52. His delegation wished to make a renewed appeal for the merger of the Division of Narcotic Drugs and the secretariat of the International Narcotics Control Board. The Commission on Narcotic Drugs and the International Control Board did, of course, have different functions and responsibilities, since the Commission's task was to help the Economic and Social Council, while the Board supervised narcotic-drug production, manufacture and trade and tried to identify leakages to the illicit drug traffic. But the staff servicing each of the two organs must be perfectly acquainted with the activities of the other in order to avoid duplication of effort and ensure that information was circulated in a satisfactory manner. It could be seen from the list of staff of the United Nations Secretariat<sup>3</sup> that there were 29 persons working for the International Narcotics Control Board and 44 working for the Commission, plus 5 for field projects.

53. After a survey of the United Nations Office at Geneva, the Administrative Management Service had concluded that from the administrative viewpoint there would be advantage in integrating the two secretariats in question. Furthermore, in its resolution 1935 (LVIII) of 6 May 1975 the Economic and Social Council had requested the Secretary-General to continue his efforts for the best possible co-ordination in the struggle against drug abuse and it had also requested him to invite governmental assistance with a view to achieving the maximum results and avoiding overlapping and duplication of effort. His delegation submitted therefore that as a first step the Fifth Committee, in its report, should urge the unification of the two narcotic-drug secretariats.

*The meeting rose at 1 p.m.*

<sup>3</sup> Document A/C.5/L.1224, dated 15 August 1975.

## 1703rd meeting

Wednesday, 1 October 1975, at 10.50 a.m.

*Chairman:* Mr. Christopher R. THOMAS (Trinidad and Tobago).

A/C.5/SR.1703

### AGENDA ITEMS 96 AND 97

**Proposed programme budget for the biennium 1976-1977 and medium-term plan for the period 1976-1979 (*continued*) (for the documentation, see 1701st meeting)**

**Review of the intergovernmental and expert machinery dealing with the formulation, review and approval of programmes and budgets: report of the Working Group on United Nations Programme and Budget Machinery (*continued*) (for the documentation, see 1700th meeting)**