

raised concerning the ratio of support costs to programme costs, said that UNEP was significantly different from UNDP in that it was a programme and policy co-ordinating agency, not a funding agency, and had not been intended to have the capacity to finance activities. It had endeavoured to use funds as sparingly as possible to get its programme started and to secure funding for its projects from Governments, other United Nations bodies and private sources. Its high support costs should be seen against the background of the total programme it generated; the programme it funded directly was only a small part of that total programme.

54. Explaining the preponderance of high-level posts in the manning table, he said that, since UNEP did not itself execute projects and merely organized and co-ordinated programme activities with the support of other organs of the United Nations and the scientific and technical community, it did not require a vast infrastructure of lower level staff. Indeed, it was understaffed in that respect.

55. The two years of UNEP's existence in Nairobi represented its period of maximum growth. That growth rate

should level off in the next few years so that, when the General Assembly, at its thirty-first session, came to examine the relationship between the functions and staffing of UNEP and the financial resources it required, the situation would be considerably more balanced.

56. Mr. GARRIDO (Philippines) suggested that in future, in order to avoid confusion, the Advisory Committee should direct its critical comments only to items under the regular budget and should not deal with those financed from extra-budgetary sources.

57. Mr. BEATH (New Zealand), supported by Mr. STUART (United Kingdom), proposed that further consideration of section 13 and any decision on expenditure under that section should be postponed until a future meeting.

*It was so decided.*

*The meeting rose at 1.20 p.m.*

## 1712th meeting

Monday, 13 October 1975, at 3.15 p.m.

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

A/C.5/SR.1712

### AGENDA ITEM 103

**Appointments to fill vacancies in the membership of subsidiary organs of the General Assembly:**

**(a) Advisory Committee on Administrative and Budgetary Questions (A/10151, A/C.5/1691)**

1. Mr. MAJOLI (Italy), who had been nominated for reappointment to the Advisory Committee on Administrative and Budgetary Questions (see A/C.5/1691), declared that, since the representative of another European country had come forward as a candidate for the vacancy, he would withdraw his own candidacy in a spirit of European solidarity.

2. He thanked the Chairman of the Advisory Committee with whom he had had occasion to work during the past five years for their co-operation.

### 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 previous documentation, see 1705th meeting; A/C.5/L.1226)**

**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 previous documentation, see 1700th meeting; A/C.5/L.1227)**

### General discussion (concluded)

3. Mr. STOFOROPOULOS (Greece), referring to the proposed programme budget for the biennium 1976-1977 (A/10006), joined other delegations in commending the Secretary-General on the many improvements he had made in the presentation of the document and said that the Secretary-General, in paragraph 3 of his foreword, had given a good description of the difficult task confronting the Fifth Committee, namely searching for solutions to the problem of "seeking to satisfy, within relatively restricted means, a wide variety of virtually unlimited needs and aspirations". It had been decided to try to solve that problem by an integrated system of planning, programming and budgeting. Progress towards that goal, however, was hampered by certain impediments. The first obstacle was a possible lack of co-ordination at the national level: Member States did not always have an integrated long-term approach to United Nations problems; their national policies might change, and the same country might adopt different stands in different intergovernmental bodies. Secondly, it was difficult to achieve a consensus between a large number of States because of the multiplicity of their points of view. It was to that difficulty that the FAO Programme Committee had referred when it had expressed "its deep concern about the impossibility of incorporating national priorities in the definition of regional and, even more, of world priorities", as Mr. Bertrand had noted in paragraph 129 of the report of the Joint Inspection Unit on medium-term planning in the United Nations system (see A/9646). Another obstacle was the inadequate co-ordination and co-operation between United Nations organizations: harmo-

nization of programme budget presentation would constitute an important step in that direction, but it should be noted that international organizations appeared to be as solicitous of preserving their autonomy as States were. A further difficulty lay in the multiplicity of the departments which serviced the various programmes and which competed for scarce resources; that could sometimes be conducive to the emergence of innovative approaches. It was heartening, however, that the Secretary-General and his principal advisers were trying to prevent excessive compartmentalization.

4. The whole idea of budgeting, of allocating resources, presupposed a certain amount of flexibility in the distribution of those resources. But that flexibility was limited if it was accepted that programmes and policies must be maintained from one budget period to the next and that units which had been created to implement them must necessarily continue to exist. There seemed to be a tendency to perpetuate units, and thereby policies and programmes which might have been better terminated. That tendency might have been reduced by a judicious reallocation of resources, in particular personnel resources, to other programme goals, where appropriate. That, however, presupposed a cogent personnel policy and the means to implement it, which meant, *inter alia*, that the authority of the Division of Personnel Administration must be reinforced, so that it could transfer staff from one sector of activity to another, and that there must be training and career development policies and programmes which would ensure the effectiveness of the new appointments.

5. The Secretary-General had admittedly attempted to introduce such concepts, which were both modern and constructive. His delegation strongly supported those efforts, which were designed to enhance the quality of the Secretariat. It also unreservedly endorsed the recommendation of the Advisory Committee on Administrative and Budgetary Questions in paragraph 33 of its report (A/10008 and Corr.2) to the effect that when posts fell vacant, the Secretary-General should fill them only when that was required by the workload of the unit in which the vacancy occurred and that, in situations of declining workload, the vacant posts should remain unfilled and the resources should be reallocated to priority areas.

6. His delegation viewed with some alarm the inexorable increase in the regular budget of the United Nations coupled with the deteriorating financial situation of the Organization. It was all the more alarming in that important activities were not, and could not be, included in the proposed programme budget: for instance, the United Nations Peace-keeping Force in Cyprus still depended on voluntary contributions to discharge its task, despite the full co-operation it received from the host Government, the Government of the Republic of Cyprus. In that connexion, his delegation wished to thank those countries which contributed contingents and money to the Force.

7. With regard to the over-all problem of the financial situation of the United Nations, a co-ordinated approach was required. Until a consensus on that matter had been reached, the specific measures suggested by the Secretary-General could alleviate the immediate situation. The Secretariat would facilitate the search for more general and more

long-term solutions if, as the representative of the Netherlands had proposed at the 1710th meeting, it could produce a short factual working paper on the current financial position of the United Nations.

8. His delegation shared the view that the General Assembly should consider the medium-term plan and the proposed programme budget in alternate years. It also supported the suggestion put forward by the Turkish delegation at the 1702nd meeting that the Secretariat should consider the presentation of the next biennial budget proposals in two formats: a concise and integrated format for the Fifth Committee and the General Assembly, and a detailed format, containing all the required information, for the Advisory Committee and for implementation and accounting purposes.

9. On the question of medium-term planning, he believed that the views expressed by the Joint Inspection Unit in its report on the subject and by ACC (A/9646/Add.1), as well as the comments of the Advisory Committee (A/10081) deserved further serious consideration. The *Ad Hoc* Committee on the Restructuring of the Economic and Social Sectors of the United Nations System would certainly make use of those studies, as well as of the medium-term plan for the period 1976-1979 (A/10006/Add.1), the comments made thereon by CPC in the report on its fifteenth session<sup>1</sup> and by the Economic and Social Council at its fifty-eighth session, and the report of the Working Group on United Nations Programme and Budget Machinery (A/10117 and Corr.1). Those matters were dealt with in draft resolution A/C.5/L.1227, which had just been circulated and which its sponsors would no doubt wish to introduce. In that connexion, however, his delegation felt that it was important to avoid differentiating between interrelated recommendations of the Working Group, except where absolutely necessary. It was not, for instance, by dwelling on the recommendation urging that CPC should have longer sessions that that organ would necessarily be strengthened. Moreover, any recommendation by the Fifth Committee to the *Ad Hoc* Committee asking it to give favourable consideration to the improvement of the work of CPC would be incomplete if the attention of the *Ad Hoc* Committee was not at the same time drawn to the need to find pragmatic solutions to the financial problems arising from the changes recommended by the Working Group. The General Assembly, by its resolution 3362 (S-VII), had requested the *Ad Hoc* Committee to submit a report to it at its thirty-first session, but it would take more than one year to implement, even only once, all the recommendations of the Working Group aimed at improving the work of CPC. Even if the implementation of those recommendations started in 1976, as was desirable, the *Ad Hoc* Committee would not be in a position, before submitting its report to the Assembly at its thirty-first session, to take into account the whole experiment.

10. Mr. OKEYO (Kenya) felt that the presentation of the proposed programme budget for 1976-1977 and of the medium-term plan for the period 1976-1979 showed a very marked improvement compared with previous documents. The proposed programme budget now showed the relation-

<sup>1</sup> Official Records of the Economic and Social Council, Fifty-eighth Session, Supplement No. 7.

ship between United Nations programmes and the resources available for their implementation. The Fifth Committee was therefore in a better position to approve the programmes and activities on which the limited resources of the United Nations would be spent. Although the synthesis between programmes and budget was not yet perfect, it was fair to say that programmes would in future reflect the political will of the international community. The programme budget was a more useful and rational instrument for Member States than the traditional budget.

11. The appropriations requested by the Secretary-General amounted to approximately \$737 million. His delegation concurred with the reductions recommended by the Advisory Committee, which were well reasoned and deserved the Committee's attention. It shared the concern of the Advisory Committee about increases which did not really appear to relate to the activities planned in the budget. The Advisory Committee had noted in paragraph 9 of its report (A/10008 and Corr.2) that the justifications provided in support of requests for new posts were often too vague or inadequate and that increased resources were often requested for areas which consisted only of "continuing activities" governed by legislative decisions taken several years back. A clear distinction should be made between the increases which related to "continuing activities" and those concerning non-continuing activities. The programme budget should be more precise than the medium-term plan and should provide more data on the development of organizational priorities, which presupposed that the Fifth Committee would be informed about obsolete programmes and that those programmes would be terminated.

12. With regard to programme growth, which amounted to 3.8 per cent, and real growth, which amounted to 3.5 per cent, the term "programme growth" was indeed ambiguous. The Advisory Committee was correct in stating that the increase in resources, particularly staff, would not necessarily involve a growth in programmes. Such growth was measured by the effective use of the limited resources available with a view to fulfilling objectives, namely, United Nations programmes. The Committee must therefore study the problem of evaluating growth before it determined the growth rate.

13. The Secretary-General was requesting 826 additional posts, 100 of which were Arabic language posts; since staff costs accounted for three quarters of the United Nations budget, one must hope that restraint would be shown in future in that area. The Secretary-General tended to reclassify posts as a means of promoting officials. While that method, which resulted in a "grade creep," was regrettable, the Secretary-General must, nevertheless, be allowed a certain flexibility in that regard, at least in the areas where he considered reclassification to be absolutely necessary. His delegation therefore endorsed the recommendations of the Advisory Committee that all reclassifications of posts to the P-4 and lower levels and the reclassification to D-1 of 5 out of 12 posts requested by the Secretary-General should be approved. Promotion questions should be solved in a systematic way and the International Civil Service Commission should study those problems and report to the General Assembly as soon as possible.

14. The Secretary-General had shown restraint in the use of experts and consultants, since there had been a reduction

of \$129,000 in the appropriations requested under that item for the forthcoming biennium (\$6,655,000) compared with the preceding budget (\$6,784,000). Such savings might make it possible to complete a programme in a developing country which otherwise might not have been completed. The Secretary-General should therefore continue to engage experts and consultants only when the necessary expertise was not available in the Secretariat.

15. His delegation had no difficulty with the fact that under the full budget principle the Secretary-General had envisaged in the budget hypothetical inflation rates, provided that those rates were not too hypothetical. Perhaps the Committee could look into the possibility of adopting the principle of "semi-full" budgeting, which would enable the Secretariat to provide more accurate figures for inflation by submitting the proposed budget in two parts. That would, however, increase documentation and pose problems of timing and cost. His delegation would, in any case, be interested in having the opinion of the Committee on that matter.

16. He shared the view of the Secretary-General (A/C.5/1685) about the critical financial situation of the Organization. Member States should pay promptly and fully their assessed contributions. The cash flow situation was such that the United Nations might not be able to meet its basic obligations. His delegation would consider very seriously the Secretary-General's request to double the Working Capital Fund. Some action would have to be taken to free the United Nations from its current deficit of \$90 million.

17. The presentation of the medium-term plan was noticeably better than that of the previous one. The perspective analysis which appeared in part one was particularly stimulating and provided an explanation of how the political and historical objectives of the United Nations were put into effect in specific plans and programmes. The fact that the plan and the proposed programme budget established a relation between available resources and programmes proved that progress was being made in the right direction. Programme planning was the only answer for a complex organization like the United Nations, since in most cases wise choices could be made only in the light of analyses submitted by the Secretariat. Priority setting was therefore an essential factor in understanding how the resources of the United Nations could be allocated in a rational manner to the various programmes, all of which, it must not be forgotten, were based on resolutions.

18. Kenya was a member of the Working Group on United Nations Programme and Budget Machinery, which had produced a balanced report. It now devolved upon the Committee to study the recommendations of the Working Group.

19. Mr. BELYAEV (Byelorussian Soviet Socialist Republic) said that he had endeavoured to determine the extent to which the voluminous information before the Committee was useful to it in performing its two tasks of assessing the progress made in the field of medium-term planning and programme budgeting and considering the proposed programme budget for 1976-1977. His delegation was in full agreement with the view of the Chairman of the Advisory Committee (see A/C.5/1686) that the Fifth

Committee was hardly in a position to perform the first of those tasks, since there was no document before it containing information on the experience with programme budgeting and medium-term planning in the United Nations. Although his delegation was of the view that, without an analysis of the results achieved in programme management and the use of resources, it was practically impossible to make an objective assessment of the system adopted for drawing up the budget, it had nevertheless tried to evaluate the new system of presenting the United Nations budget, and was by no means satisfied.

20. In its first report<sup>2</sup> on the proposed programme budget for the biennium 1974-1975, the Advisory Committee had stated in paragraph 18 that only the presentation of the proposed budget and the period covered by it had been changed, but that the method used to ascertain the volume of anticipated expenditure had scarcely been improved, since the concept of a modern resource management system had not been fully appreciated within the Secretariat; there was a real danger that form would become the main end result of the change to programme budgeting, and that the real advantage of the new system, namely the improved utilization of United Nations resources, would be lost. In its report (A/10008 and Corr.2) on the proposed programme budget for 1976-1977, which was the only document containing a detailed analysis of the methods used to prepare the plan and the programme budget, the Advisory Committee, in paragraphs 7 and 8, had welcomed with satisfaction the changes which had been made, but had not found the new format entirely satisfactory and had noted serious short-comings; it had, in particular, criticized the bulkiness of the proposed programme budget and the abundance of questionable information; for instance, instead of indicating in the proposed programme budget (A/10006, foreword, para. 14) that the proposed percentage increase in growth requirements for the next biennium was lower than it had ever been since 1969, or stressing that, should a further upward revision of the appropriations for 1974-1975 become necessary, the percentage increase would be proportionately reduced (*ibid.*, para. 28), it would have been more useful to remind the Committee that in the proposed budget for 1974-1975 the anticipated increase had been only 19 per cent, whereas it had actually been 37 per cent, and that over the years the amounts on the basis of which those percentages were calculated were becoming larger.

21. As to the methods used in the proposed programme budget to plan activities, calculate programme growth and evaluate the probable impact of inflation, they were even less effective and convincing than before. Consequently, the plans and programmes in the proposed programme budget had serious gaps: there were not enough details about the programmes, no mention was made of the duration of implementation, there was no evaluation of activities and the programmes were not related to available resources and to the resources, including extra-budgetary funds, needed to implement them. One of the most serious weaknesses of the new proposed programme budget was that it had not been calculated on the basis of programmes as a whole, taking into account all the elements and the changes in the

programmes during the previous biennium, but only on the basis of programme growth and the resources needed for that purpose. Consequently, the budget did not reflect the considerable savings that might be expected from the modification, completion or cancellation of certain programmes.

22. The most serious defect in those methods of calculation was that at all levels and in all departments of the Secretariat the need to economize was completely lost sight of. The Secretariat was therefore not in a position to propose specific measures to the Committee, designed, for example, to make better use of personnel, to utilize technical resources more effectively, to call less frequently on outside experts or to reduce travel expenses, and there was no indication in any document of probable and actual savings. It was therefore no exaggeration to state that the proposed programme budget for 1976-1977 was not the result of the judicious application of a new system of planning, programming, budgeting, evaluation and control, as understood by the competent organs of the United Nations, but that the Secretariat had sought instead to reconcile obsolete procedures for calculating the budget with a new method of presentation.

23. In the foreword to the proposed programme budget for 1976-1977, the Secretary-General once again cited the "question of adequate time and opportunity for the preparation of the plan and budget by the Secretariat and of a more logical and workable sequence for their review and approval at the intergovernmental and expert level" (*ibid.*, para. 4). Those excuses were too simplistic.

24. In fact, the Secretariat had not taken the necessary steps to implement the decision of the General Assembly to adopt the new system of programme budgeting; it had not submitted the necessary documentation to the expert and intergovernmental organs and it now claimed that those organs had not carried out their tasks. And yet, when they had examined the documents prepared by the Secretariat, the organs in question had encountered the same obstacles as had the Fifth Committee: excessively vague justifications for proposals, lack of precision in formulas, over-abundance of elementary tables. And yet the bureaucratic machinery had swallowed up everything without taking into account the specific proposals which had been designed to improve the new method of programme budget presentation or the observations made by the Advisory Committee and the Fifth Committee on the first programme budget. The Fifth Committee's main task at the current session was therefore to take decisions in order speedily to implement the resolutions of the policy-making bodies concerning the new system of programme budgeting, the specific proposals made during the general discussion and the recommendations of the Advisory Committee; for instance, it should decide to halt programme growth for which additional resources were required, finance new activities by redeploying available resources among programmes and by allocating to new activities the resources thus freed, and consider establishing a ceiling on programme growth.

25. With regard to the Secretariat's claim that it had no time, it should be recalled that the United Nations had had a budget since the Organization's inception and that the current task was to improve the methods utilized for

<sup>2</sup> Official Records of the General Assembly, Twenty-eighth Session, Supplement No. 8 and corrigendum.

planning resources and implementing the approved budget. That was something which the Secretariat should always have done, particularly during the past five years. Moreover, two years were more than enough to devise such elementary methods as those which had been utilized to calculate the proposed programme budget, which consisted of the appropriations for 1974-1975, the additional expenses for 1975, "programme growth" and the effects of inflation. In that connexion, he recalled that the proposed programme budget for 1974-1975 had not been endorsed by many States Members of the United Nations, including four permanent members of the Security Council, because it had made allowance for extremely high rates of growth without analysing the effectiveness of ongoing programmes; that element of the current programme budget proposals could not be approved therefore without appropriate examination and review. Moreover, the Secretariat had not only provided, in the proposed programme budget, for the continuation of nearly all activities currently under way but, on its own initiative, had provided for an increase in programmes, contrary to the resolutions adopted in that connexion. That was inadmissible. The method utilized to calculate "programme growth" and "real growth" had quite rightly been criticized by the Advisory Committee and by most delegations.

26. His delegation was also concerned at the considerable sum—over \$118 million—requested in the proposed budget to cover expenses attributable to the crisis in the monetary and financial system of the capitalist countries and to currency fluctuations, even though the General Assembly and most Member States had recommended that such expenses should be covered mainly by savings in budget implementation or by contributions from the developed countries where Secretariat units were located.

27. The most important item of expenditure in the programme budget was staff costs, which accounted for 80 per cent of the estimates. Of course, the United Nations budget was above all administrative but the Secretariat had not reached maximum productivity and was not efficient enough. Instead of taking radical measures to make better use of available personnel, it preferred to adopt the questionable practice of automatically increasing the number of staff and reclassifying posts. Thus, in the proposed programme budget, the Secretary-General proposed adding 826 new posts to the Secretariat manning table and reclassifying 63 posts, even though every year there were hundreds of vacancies in the Secretariat. His delegation supported the proposal that the Joint Inspection Unit should study the utilization of personnel in the Secretariat with particular reference to the nature of the vacancies.

28. Finally, the proposed programme budget for 1976-1977 contained appropriation requests which his delegation considered to be contrary to the Charter, namely, for the repayment of the United Nations bond issue. Such expenses were a burdensome and regrettable consequence of operations undertaken in the Congo and in the Middle East in violation of the Charter, and the States which had imposed those operations on the United Nations should bear the financial responsibility for them. As it had in the past, the Byelorussian delegation refused to meet those illegal expenses. It also considered that the inclusion in the

regular budget of technical assistance expenses was unjustified and contrary to the spirit of Article 17 of the Charter; those expenses should be removed from the regular budget and financed by UNDP on the understanding that States would, as a result, increase their contribution to that Programme. His country would continue to pay the share of its contribution corresponding to technical assistance activities in its national currency.

29. The representatives of the Secretariat had repeatedly stated that the proposed programme budget represented the minimum amount of resources essential to the normal operations of the Organization; yet out of a proposed budget of \$737 million, the Advisory Committee had recommended reductions of \$15 million, which the Secretariat had accepted, at the same time proudly emphasizing that that reduction represented only 2 per cent of total costs. If the expenses thus eliminated were unnecessary, one might wonder why they had been included in the budget and, if they were indispensable, why the Secretariat was giving them up without a protest.

30. His delegation wished to assure the Committee that, in considering the proposed programme budget for 1976-1977, it was concerned above all with improving the administrative and financial activities of the United Nations in order to increase the Organization's effectiveness as an instrument to strengthen international peace and security. It sincerely hoped that it would have nothing but praise for the next proposed programme budget.

31. Mr. BOUAYAD-AGHA (Algeria) said that the major improvements in the over-all presentation of the budget made many of the sections easy to read. Like the previous biennial budget, the budget for the coming period showed an upward trend in expenditure, which had increased by \$130 million. His delegation did not feel, however, that the increase was to be attributed to the new method of presentation adopted on an experimental basis in 1972 but rather to the expansion of United Nations activities, which it would not be in the interests of Member States to restrict.

32. The total of \$737 million provided for in the current proposed programme budget was shocking to even the most hardened observers, particularly when one compared it with the \$19 million spent by the United Nations in 1946. It was therefore important to economize, not by reducing the number of seminars, meetings and conferences but by cutting, for example, expenditure on staff, which accounted for 75 per cent of the budget.

33. Generally speaking, it was by planning, programming and co-ordinating United Nations activities that substantial reductions could be made in certain expenditures. The budget should therefore be based on the medium-term plan, thus making it possible to establish in detail the total resources regarded as necessary by the Secretary-General and to define the type and number of goods and services in terms of which United Nations activities as a whole could be measured.

34. However, the fact that the medium-term plan and the proposed programme budget were prepared the same year and submitted at the same session of the General Assembly

presented definite disadvantages in that regard. It would be preferable to consider the plan one year and the budget proposals the next year, so that the Economic and Social Council and CPC could give the medium-term plan all the attention that it required.

35. Programme budgeting was, it was true, still in its beginning, but the current programming methods left much to be desired. It was therefore essential to sift and assimilate the mass of data on current and future programmes and, for that purpose, to strengthen the programming and planning functions of the legislative bodies, particularly the regional commissions. In practice, the budget was one thing and its execution, which had to be measured in terms of programme implementation, was another, and the two were not well integrated. That was a matter that should receive attention from the Advisory Committee, whose members consistently refrained from making judgements on programmes—perhaps out of fear of having to take political decisions. That attitude prompted his delegation to call for enlarging the Advisory Committee, a step that would not in any way impair its effectiveness and would make it possible at last to ensure an equitable geographical distribution of the membership by doing away with the so-called permanent seats and opening the way for the application of the principle of rotation.

36. Increased requests for staff and inflation were the two curses of the programme budget, and the Secretary-General was aggravating that situation by padding his staff requirements and taking as a working hypothesis rates of inflation which he did not apply uniformly to all elements in the budget. The Secretary-General was calling for 826 new posts, which represented an increase of 4.7 per cent in staff over the current figure. Since senior posts made up most of those requested, the upward trend was continuing and seemed even to be accelerating before the International Civil Service Commission made definite arrangements regarding careers and promotions. It was incomprehensible that total staff should be constantly increased even though many staff members were not fully employed. More efficient utilization of regular staff would make it a simple matter to dispense with consultants, some of whom were retired staff members who had previously not been thought qualified to serve as experts. It was essential to stop recruiting retired staff members as consultants, including in the regular budget, without a specific decision to that effect by the General Assembly, posts which had previously been financed from extra-budgetary funds, and requesting the reclassification of posts without valid reasons simply in order to provide promotion opportunities, as the Advisory Committee pointed out in paragraph 62 of its report. Duplication and overlapping must be eliminated, and staff serving in certain programmes which had now been completed must be reassigned to other duties.

37. The geographical distribution of Secretariat posts was not satisfactory, and there was continuing recruitment of nationals of overrepresented countries. He therefore formally requested the Secretary-General to suggest to the Fifth Committee a new formula for determining the desirable range of posts which would assign a larger coefficient to the "membership factor": a minimum of 2 to 9 posts instead of the current minimum of 1 to 6, thus permitting an increase for underrepresented States.

38. With regard to inflation, the budget now set aside a total of some \$65 million to allow for its anticipated effects—a decision that substantially reduced the real growth of the programmes proposed for 1976-1977. That so-called integrated budgeting was characterized by neither integrity nor proper procedure, and it had adverse effects on Member States, particularly the developing countries. It was not fair for those countries to be saddled with expenses attributable to inflation and monetary realignments, and it was the developed countries, particularly those in which United Nations offices were located, which should meet the cost of inflation. He questioned whether it was reasonable to take the factor of inflation into account in preparing the budget estimates, particularly since the rate of inflation assumed by the Secretary-General represented only a working hypothesis, and he thought it unfortunate that the United Nations should help to import inflation into the developing countries.

39. Turning to a question which was of great concern to his delegation, he observed that the Office of Technical Co-operation, which dealt with matters of strategic importance to the establishment of the new international economic order, was theoretically responsible for the execution of projects but was in fact dependent for that purpose on various other units, i.e. technical, administrative and financial divisions of the Department of Economic and Social Affairs and staff recruitment and procurement units of the Department of Administration and Management. That fragmentation of responsibility greatly slowed the work of the Office of Technical Co-operation and did not make its work any easier. The Commissioner for Technical Co-operation should therefore be given an opportunity to perform in an effective manner the central role which had been assigned to him in 1959 and which he had never performed up to the current stage. The inadequate authority and resources of the Commissioner for Technical Co-operation and the Office of Technical Co-operation had permitted UNDP to take undesirable initiatives, to expand its role in defining technical co-operation policy and to inject itself increasingly into direct project execution through private research firms (employed as subcontractors) without going through the specialized agencies. That meant in effect bilateralizing assistance, whereas Governments often turned to the United Nations in order to obtain impartial aid with no political or commercial strings attached or to extricate themselves from an onerous bilateral arrangement. Moreover, UNDP did not have the means of technical supervision available to the specialized agencies for the purpose of ensuring that a subcontractor was doing his job properly. Finally, the element of training national cadres and associating them closely with projects was completely missing. The Office of Technical Co-operation should therefore be given the structural and material means it needed in order to perform more effectively. That would enable it to tackle without delay the tasks envisaged in General Assembly resolution 3362 (S-VII) without prejudice to the more basic structural reforms which were to be studied by the *Ad Hoc* Committee set up for that purpose.

40. Mr. BEATH (New Zealand) said that fresh impetus had been given to the work of the United Nations as a result of decisions taken at the seventh special session of the General Assembly. It was the task of the Fifth

Committee, guided by the Advisory Committee, to recommend to the General Assembly the actual level of resources necessary in the forthcoming biennium to implement decisions taken by the legislative organs, bearing in mind the totality of programmes in the United Nations system, and efforts should be made wherever possible to effect economies. Members of the Committee should satisfy themselves that the proposals put before them by the Secretary-General had been prepared with proper regard to the need to make efficient use of the contributions of Member States, particularly since, in the current economic climate, the latter were being forced to trim all but the most essential aspects of their own programmes. As the Secretary-General himself had explicitly acknowledged, the United Nations could not escape the consequences of the current period of austerity.

41. The New Zealand delegation had taken note of the prefatory statement by the Secretary-General in paragraph 12 of the foreword to the proposed programme budget, in which he assured Member States that he had exerted his “best endeavours, as a matter of policy, to strike a reasonable balance between a justifiable expansion of activities of a particularly essential or important nature and the need for moderation and restraint . . . called for in the prevailing economic circumstances”. However, in paragraph 33 of its report, the Advisory Committee had commented that it was “not convinced that those efforts have always been pursued with the same vigour”.

42. The Fifth Committee had been entrusted with several delicate and difficult tasks. In the first place, there was an implicit requirement imposed on the Committee to pass judgement on the level of real growth that should be considered appropriate with respect to existing programmes, having regard to the current economic climate and the expected addition of new activities to be legislated at the current session. Before one could properly get to grips with the growth question, the method of measuring real growth should be determined. Once the level of real growth had been agreed, the Committee should then consider how the real growth in programme activities should be financed. The question was whether all programme growth should be financed by the simple allocation of additional resources, whether growth in new programmes of high priority and current interest should be accommodated by eliminating older activities of lesser interest, or whether it would be appropriate to combine elements of both approaches. Again, there was a fundamental methodological question, namely, whether the Secretary-General, in drawing up the biennial budget, should adopt an incremental approach (the existing practice) or the zero base approach. Another methodological question of considerable importance was whether the Secretary-General should adopt a full budgeting approach—in which full allowance was made for all inflation and currency movements during the biennium—or a semi-full approach. The crucial issue was to determine which of those two methods was more likely to lead to a reduction in unnecessary expenditure and the promotion of efficient management.

43. In connexion with the question of growth, the representative of the Federal Republic of Germany had pointed out at the 1701st meeting that the fact that the United Nations budget dealt mainly with employees of the

Organization told something about the meaning of budgetary growth: it was always a question of maintaining existing personnel or acquiring new staff. While most delegations might accept as reasonable a level of over-all growth in activities that roughly approximated to the real growth in the economies of Member States, it should be borne in mind that growth in the United Nations system did not always result in growth in programme activities of direct benefit to Member States. That was why his delegation much preferred the over-all definition of programme growth offered by the Advisory Committee.

44. In introducing the proposed programme budget to the Committee, the Secretary-General had described it (see A/C.5/1685) as providing “a modest measure of programme growth . . . in critical areas”. While most delegations might agree that the proposed over-all growth in real terms of between 4.5 and 6.1 per cent—depending upon one’s choice of methodology—was not altogether unreasonable for a two-year period, when compared to the current performance of the economies of Member States, annex III to the foreword of the proposed programme budget showed that the level of real growth varied considerably in individual sections of the budget. Thus, while those subsidiary organs of the General Assembly which were most familiar with the precarious financial situation of the United Nations—namely, the Advisory Committee, the Committee on Contributions, the Board of Auditors and the United Nations Joint Staff Pension Board—had all commendably restrained themselves to negative or zero-growth rates in real terms, some units of the Secretariat had apparently not been able to exercise equivalent restraint.

45. If one looked at the figures for section 1 (Over-all policy-making, direction and co-ordination) in annex III, one would see that for the entry entitled “Secretary-General” a real increase of 8.1 per cent was proposed and for the Office of the Under-Secretary-General for Political and General Assembly Affairs a real increase of 12.5 per cent. On the other hand, the budget figures proposed in section 22, for the Office of the Under-Secretary-General for Administration and Management showed no increase in real terms. Even if it was true that the proposed over-all growth of between 4.5 and 6.1 per cent in real terms was relatively modest, one should be aware that there were very wide variations. Moreover, the most rapidly expanding areas of the budget did not necessarily correspond to what one might expect, *prima facie*, to be the most critical areas of United Nations activities. It appeared from annex III that direct development-related activities were not always favoured with high growth rates.

46. At the 1700th meeting the representative of the United Kingdom had very usefully drawn attention to the conflict in methodology used by the Secretary-General to measure growth in expenditures in real terms in various parts of the programme budget. He agreed with the representative of the United Kingdom that the Secretary-General’s methodology was seriously misleading because it conjured out of sight a substantial amount of real growth which ought to be revealed to the Fifth Committee. His delegation was grateful to the Advisory Committee for the thorough discussion of that topic contained in paragraphs 13 to 21 of its report, and supported those delegations which had expressed a preference for methodology B, explained in

paragraph 18. That approach, by taking into account the delayed recruitment deduction factor in both biennia, most accurately identified the growth in expenditures expressed in real terms between one budget biennium and the next. More fundamentally, it also had the elementary virtue of comparing like with like.

47. On the question of how the agreed growth in programme activities should be financed, he recalled that the Advisory Committee had pointed out in paragraph 12 of its report, that the computation, at 1975 rates, of the cost of maintenance in 1976-1977 of the 1974-1975 programmes was the foundation of the whole budget exercise. The Advisory Committee had again called into question the basic approach used in constructing the estimates for the forthcoming period. In his opening statement (A/C.5/1686) the Chairman of the Advisory Committee had pointed out that the Secretary-General's approach was based upon the concept that, in building the programme expenditures for the next biennium, a first step was to establish the resources required to maintain at rates prevailing at the moment of estimation the level of activities currently in operation. The Chairman of the Advisory Committee had added that while that incremental approach was conceptually simple and perhaps politically much more defensible, it nevertheless tended to discourage any meaningful inquiry into the utility, productivity and performance of ongoing activities. A number of delegations had commented upon that particular issue. There was no disagreement that older activities of lesser relevance should be terminated and replaced, wherever possible, by activities of current interest and greater priority. The question was to determine by what institutional means the Secretary-General could be encouraged to intensify his efforts to weed out obsolete activities in the Secretariat. In his intervention at the 1704th meeting, the representative of the USSR had cogently reminded the Fifth Committee of General Assembly resolution 2150 (XXI), approving the recommendations of the *Ad Hoc* Committee of Experts to Examine the Finances of the United Nations and the Specialized Agencies. Included in their recommendations<sup>3</sup> was one directing that unavoidable increases of expenditures caused by price increases and other reasons should be, as far as possible, absorbed through savings, reassessment of programme priorities, redistribution of resources and internal budgetary adjustments. As the Austrian delegation had observed at the 1707th meeting, there were limits to that process, though there seemed to be general agreement in the Advisory Committee and among delegations in the Fifth Committee that more could and should be done. As the Advisory Committee had pointed out in paragraph 34 of its report, it was in the interest of all Member States that the resources of the Organization should be used as effectively and economically as possible.

48. With regard to institutional changes which could encourage the Secretary-General to carry out a more rigorous assessment of programme priorities, there were strong arguments in favour of adopting semi-full budgeting. The Advisory Committee had pointed out in paragraph 32 of its report that much of the increase built into the

proposed programme budget for 1976-1977 resulted from the application of the policy of full budgeting, which consisted in anticipating the impact of factors such as inflation, instead of reacting to them *ex post facto* through the submission of supplementary estimates. In view of the cash-flow situation of the United Nations, his delegation did not advocate that the Secretary-General should make no allowance at all for the effects of inflation and currency instability in the forthcoming biennium. However, there were serious drawbacks to the policy of allowing for such factors in both years of the biennium. One of the drawbacks of the full budgeting approach was that the estimates of inflation and currency movements became more and more uncertain. Any errors in the analysis for the first year of the biennium were compounded in the second year.

49. His delegation did not advocate the introduction of semi-full budgeting simply for the sake of reducing the estimates of expenditure, but also because it was a good means of encouraging restraint and the austere management of scarce resources on the part of the Secretariat, provided of course that supplementary estimates requests were subject to close scrutiny. Other delegations had expressed views, and in some cases reservations, regarding the application of full budgeting in the United Nations system. Some felt that no account should be taken of the effects of inflation, while others believed that efforts should be made, using the most precise analytical means available, to predict and make allowance for the full effect of inflationary and currency movements over the full period of the biennium. Semi-full budgeting might therefore be described as a half-way house between those two extremes.

50. The topic of semi-full budgeting was naturally linked to the question of the submission of supplementary estimates. The latter were an unavoidable phenomenon, whether budgeting was full or semi-full. The important point was that the supplementary estimates, no less than the regular budget estimates, must be submitted in sufficient time to allow Governments to give them reasonable consideration. At the twenty-ninth session of the General Assembly, the progress report of the Secretary-General on the programme budget for the biennium 1974-1975,<sup>4</sup> which had contained, *inter alia*, a presentation of the supplementary estimates, had not been made available to delegations until the week before the end of the session, and the corresponding report of the Advisory Committee<sup>5</sup> had not been circulated to delegations until the day before the session was adjourned. With that experience in mind, his delegation noted with concern the statement in paragraph 3 of the current report of the Advisory Committee to the effect that the Committee's task had been considerably hampered by the late submission of the proposed programme budget which had become available in its entirety only towards the very end of the Committee's session. His delegation appreciated the constraints under which the Secretariat was operating, but felt nevertheless that greater efforts must be made to circulate documentation central to the consideration of regular and supplementary budget estimates at an earlier stage.

<sup>3</sup> *Ibid.*, Twenty-first Session, Annexes, agenda item 80, document A/6343, para. 40.

<sup>4</sup> *Ibid.*, Twenty-ninth Session, Supplement No. 6.

<sup>5</sup> *Ibid.*, Supplement No. 8, document A/9608/Add.16



51. He then read out a working paper which his delegation intended to submit to the Committee and which would be circulated later.<sup>6</sup>

52. Mr. DEBATIN (Assistant Secretary-General, Controller) said that he would confine himself to replying to comments made in the general discussion on general issues and would submit a paper<sup>7</sup> shortly containing answers to the more detailed questions.

53. In view of the constraints imposed on the Secretariat by the need to reconcile theoretical concepts with the practical needs prescribed by the nature of the Organization, to express reservations in respect of some of the criticisms made by delegations was not to reject their validity but to engage in a candid exchange of views on the realities of the Organization's life.

54. The fact that the budget proposals were discussed together with the medium-term plan raised at the very outset the question of how the two documents should be seen in relation to each other. To date no consensus had been reached on the purpose to be served by the medium-term plan, as distinct from the role to be played by the programme budget: that was not surprising, since the selection of programme targets was a question of choices and political evaluation. The medium-term plan could be viewed as a document fixing the over-all objectives—in which case it would be for the budget to choose one possible action proposed to achieve those objectives and to provide the necessary resources—or it could be seen as an addition to the budget period under consideration, in which case it would be more of an outline of budget prospects beyond the current budget period. The difficulty of specifying objectives, which had been the subject of much discussion in the Committee, could be illustrated by attempting to describe, say, conference activities in terms of objectives. One had to decide whether the measurement should be the number of meetings, the volume of documentation prepared or the overriding substantive objective involved, such as the attainment of international agreement on the issues dealt with at those meetings. While the last approach was a vague one, it reflected the basic idea of the formulation of objectives in the context of medium-term planning. In addition to the difficulty of delineating the objective itself, many of the basic goals of the Organization lent themselves only to a very limited degree to being framed in terms of programme objectives. For instance, it was difficult to define in terms of medium-term planning the steps to be taken to maintain peace and security. That difficulty had led to some departures from the ideal of formulating objectives in all cases.

55. To fix priorities was the essential task of the medium-term plan. However, in the context of the pattern of activities of the Organization, establishing priorities presented great difficulties. Moreover, in view of the substantive choices involved, the final answer could be given only by the governing bodies. For that reason the Secretariat had taken note with particular interest of the Economic and Social Council's reactions to the document before the

Committee. However, further clarification was needed in order to arrive at a firm basis for the medium-term plan.

56. Further uncertainty was created by the fact that it was not yet known to what extent the governing bodies considered a medium-term plan, once approved, as binding, and by the fact that the Organization's over-all plans had to be reconciled with those formulated at the regional level. The latter might have definite justification in themselves but, when considered within the framework of the over-all programming of the Organization, they might receive a quite different rating. Desirable as the decentralization of planning responsibility might be, it could not be dissociated from the over-all responsibility of planning for the Organization as a whole.

57. As many delegations had pointed out, programme evaluation was an essential aspect of programme planning. In order to reap all the benefits of programming, a common understanding had to be reached on the methodology for a continuing evaluation of programme results. Continuing evaluation was equally essential in the case of the budget. In that connexion, he fully agreed with the Advisory Committee's comment that one of the most important tasks before the Secretariat was to base its programme evaluation in firm methodologies and to develop meaningful criteria for substantive judgement. If the medium-term plan was to serve the function originally envisaged for it, it had to serve as a guideline for budgeting. Accordingly, he was pleased to note the support expressed for the recommendation of the Working Group on United Nations Programme and Budget Machinery that the plan and the budget should be prepared and considered in alternate years.

58. On the subject of budget presentation, he said that the central question was how to justify the additional requirements that had been anticipated. In order to facilitate a realistic evaluation, the Secretariat had tried to differentiate between the elements of maintenance, growth and inflation. As to the growth element, the Advisory Committee's report (A/10008 and Corr.2) pointed out that programme increases should normally follow rather than precede action by the legislative organs, and some representatives had maintained that the proposed programme budget for the biennium 1976-1977 had been drawn up in violation of the rules relating to budget preparation. The Secretary-General fully realized that his budget submission could not propose any new programme which had not been endorsed first by the legislative organs involved; on the other hand, he had been guided by the legal authorization in paragraph 3 of General Assembly resolution 3199 (XXVIII), which requested the Secretary-General "to ensure that there is a meaningful element of real growth in important programmes". Besides, it should be borne in mind that programme implementation could not be divorced from programme development, and that it was not only impracticable but often a waste of resources to give a programme its full financial weight at the time it was first decided upon. Financing had to reflect the basic experience that most programmes grew as they developed, without, of course, changing their character. Consequently, to deny the Secretary-General the right to request additional capacity for that purpose would merely jeopardize proper programme implementation and, since the whole field of common

<sup>6</sup> Subsequently circulated as conference room paper A/C.5/XXX/CRP.3.

<sup>7</sup> *Idem.*, A/C.5/XXX/CRP.4.

services constituted support for the substantive programme, the Secretary-General should have the authority periodically to reassess real needs in those fields as well.

59. In view of the manner in which the budget was administered, the presentation was a sound compromise between pure programme presentation and a breakdown reflecting the functional structure of the Organization. Accordingly the requirements of central management and conference services continued to be in separate sections, even though, in terms of pure programming, the costs should have been incorporated in the estimates for substantive programmes. However, in order to show the impact of such a concept, the cost of common services had been apportioned to programmes for information purposes in annex VI to the foreword of the budget document. Although, at first glance, the figure of 35.7 per cent of expenditure attributable to common services might seem high, it should be borne in mind that the services involved constituted support for substantive programmes. In fact, the small increase in requirements for those services was attributable to conference services resulting from the need to service additional meetings in response to the programmes adopted by the governing bodies.

60. The Secretariat did not believe that the budget submission was the best solution to the problem of presentation by programme; calls for improvement should, however, be backed by specific suggestions on alternatives. In that context the distinction between the so-called "incremental" and "zero-base" approaches to budgeting had been emphasized. The incremental approach, as explained by certain delegations, implied that the existing budget was taken as an unquestioned starting-point, thereby limiting decision as to what should be added in the new budget. Understood in that sense, the Secretary-General had not applied the incremental approach. He could not, however, follow the zero-base approach, which would have meant completely re-examining and justifying all requirements from scratch, for in the real world such an approach was simply impossible, as the Joint Inspection Unit had pointed out in its report on medium-term planning in the United Nations system (see A/9646). While the Secretariat did not claim that the best balance had been achieved between the two methods of budgeting, it had not confined itself to an examination of additional requirements, on the assumption that the pattern of expenditure in respect of existing programmes was unalterable. It might, indeed, be true that not enough emphasis had been given to re-examining existing programmes, partly because the machinery to cope with the task of final evaluation of completed programmes was not yet available. Constructive proposals on the subject were most welcome, however, and every effort would be made to improve the situation.

61. Some of the difficulty in understanding the Secretariat's budget approach might be due to the size of the budget document; two thirds of the documentation consisted of tables and charts which had been requested by the Committee itself during its discussion of the previous budget. While the cost of preparing, as had been suggested, two budget documents, one containing the full budget, the other a summarized version, would be prohibitive, it might be possible to incorporate the main figures and explanatory narrative in a "central" document, with all charts and detailed information being placed in the annexes.

62. Referring to the comment made at the 1704th meeting by the representative of the Union of Soviet Socialist Republics to the effect that, while the increase in the national income of most Member States had not exceeded 5 to 6 per cent annually, the United Nations budget had risen by almost 30 per cent, he pointed out that the comparison was not a valid one. The magnitude of 30 per cent, if actually reached, would reflect, not real growth, but growth in current money terms; moreover, it would relate to a biennium. In fact, the real growth as reflected in the initial estimates—assuming the Advisory Committee's figure of 6.2 per cent for the biennium, or approximately 3.1 per cent annually—compared with increases forecast for 1976 in gross domestic product, in terms of constant prices, ranging from 4.7 per cent for France and 5.9 per cent for the socialist countries of Eastern Europe to 6.4 per cent for the Federal Republic of Germany. The increases forecast for 1977 were, in most cases, higher; consequently, the budget submission was fully in line with the approach taken by the delegation of the Soviet Union. Comparisons with budgets of Member States were, however, of questionable validity, since the budget of the United Nations contained relatively minor provision for operational programmes and investments. That was characteristic of a servicing organization and accounted for the fact that approximately 75 per cent of expenditures was for salaries and common staff costs.

63. Understandably, in any evaluation of United Nations programmes, particular attention was given to the expenditure for personnel. The proposed increases in the manning table had been made following careful examination, as a result of which the initial estimates had been substantially revised. Moreover, 100 of the 826 additional established posts related to Arabic language staff currently financed under trust fund arrangements, and 275 were posts currently occupied on a temporary assistance basis, so that the real addition would amount to only 451 posts. With regard to the proposed conversion of 275 temporary assistance posts to established posts, he pointed out that only 29 were in the Professional category; 18 of those Professional posts and 41 of the General Service posts related to Geneva where, in view of the fact that there was a more continuous pattern of activities throughout the year, it seemed reasonable to propose converting to established posts staff previously employed on a short-term basis. Another 69 General Service posts also related to the Geneva Office for which a lump sum had been included in the current biennium for engaging personnel to operate and maintain the recently completed extension to the Palais des Nations. When sufficient time had elapsed to make it possible to determine the exact number of staff permanently required for that purpose, it would seem proper to convert those posts, too, to established posts. A further group of posts related to ECA and again involved posts which experience had proved needed to be filled on a full-time basis.

64. He agreed that extreme restraint should be observed in respect of proposed reclassification of posts and that that procedure should not be used merely for purposes of promotion. However, the number of proposed reclassifications for the forthcoming biennium was considerably less than that for the biennium 1974-1975. With regard to the Advisory Committee's comments on "grade creep", he said that, if he had understood them correctly, there appeared

to be no strong objection to the small number of reclassifications proposed in the lower grades. Indeed, the needs of proper management and career planning of staff in those grades required an element of flexibility which should, of course, be exercised with restraint; at the same time, the harm resulting from undue rigidity might in the end outweigh any monetary gains.

65. Strict standards had to be applied also in respect of reclassifications at the higher grades, but it should be remembered that the requirements imposed on the Secretariat by the governing bodies necessitated the recruitment of highly qualified specialists and that the Organization was competing with well-paying private and public institutions. Since the International Civil Service Commission would not be able to make any recommendations on the matter in the near future, it would be appreciated if the Committee would express its confidence in the Controller by not ruling out entirely the possibility of reclassification, on the understanding that restraint would continue to be applied.

66. On the subject of the criticisms concerning the deployment of personnel, he said that the problem did not lend itself to easy solution, since a staff member was seldom engaged solely in one activity and could, on its completion, be reassigned immediately to another area. It was impossible that maximum effectiveness had not been achieved in the utilization of the Organization's resources. Indeed, that objective continued to be given high priority by the Secretary-General and those of his staff who were concerned with administration and management. Every effort would be made to achieve optimum utilization of resources.

67. Referring to the comment made by the representative of France at the 1703rd meeting that expenditures during the biennium did not normally occur in equal parts in the first and second years, whereas contributions were assessed in equal shares, he said that to link contributions to the actual volume of expenditure in each of the two years would vitiate the essential concept of the biennial programme budget. Moreover, practice had been followed in the first programme budget document and had been disapproved of by the Advisory Committee. Of course, careful calculations still had to be made to ascertain the flow of actual expenditures in the two years in order to determine the effects of inflation as precisely as possible. Naturally, the 10.9 per cent increase in the budget estimates attributable to inflation could not be viewed with concern, and although every effort would be made to absorb additional expenditures due to inflation, there were limits to what could be done. The Organization could not be expected to perform increasingly important tasks and accept new responsibilities without the necessary financial support or without some allowance for the effects of inflation. Given that the concept of programme budgeting had been accepted, it had to be recognized that the consequence of a refusal to provide resources to cope with inflated prices would be a reduction in the effective performance of programmes; by so acting, governing bodies would be contradicting the decisions they had already taken.

68. Several delegations had asked whether there would be some merit in having the impact of inflation for the second year removed from the estimates and made subject to a

later decision. He was apprehensive about the consequences of such a procedure. After achieving the benefit of full-scale budget discussions at two-year intervals, the Committee would again be faced with budgetary discussions every year. While that did not seem too much of a problem at first glance, in practice it would mean reverting to annual calculations and isolating what had been spent in the first year from the requirements of the second year in order to justify the additional resources needed to offset the impact of inflation in the second year. While he fully agreed that there had to be strict control to ensure that no unjustified use was made of resources originally designed to offset the impact of inflation, that control was already assured by the Organization's internal procedures and by the Secretariat's obligation to provide performance reports containing detailed information on the pattern of expenditure and the impact of inflation on actual spending.

69. Mr. SAFRONCHUK (Union of Soviet Socialist Republics) replied to the Controller, who had questioned the soundness of the approach taken by the Soviet delegation when, in criticizing the high rate of growth of the United Nations budget, it had made reference to the fact that the gross national product, expressed in terms of constant prices, grew at a rate several times lower. He emphasized that his delegation had wished to point out that, since Member States paid their contributions to the United Nations budget on the basis of their real resources, whose volume was determined by their national income and gross national product, they could not fail to be disturbed by the fact that the United Nations budget was growing at a rate several times higher than the rate of growth of the resources which Member States could make available to the Organization. The national product and national income of the socialist countries were produced by workers and peasants who had the right to ask why they should have to pay to compensate for the effects of an inflation in capitalist countries for which they were in no way responsible. At the same time, the Controller had tried to compare the growth of national income and of the gross national product with the "real growth" of United Nations programmes. Those elements, however, were not at all comparable. The budget of the United Nations served only to pay for administrative expenditures and the salaries of personnel. Administrative activity, as was well known, created no material product, and expenditure connected with such activity was not included in the gross national product and the national income; on the contrary, it was unproductive expenditure, covered at the expense of national income. Such a comparison was therefore erroneous and arbitrary. It was however valid to take into account the rate of growth of the national income of States, expressed in terms of constant prices, in the preparation of the United Nations budget, because that budget could not grow faster than the real resources of Member States and the proportion of those resources which they would be able to devote to the Organization.

70. The CHAIRMAN said that the three-weeks general discussion on the proposed programme budget for the biennium 1976-1977, the medium-term plan for the period 1976-1979 and the review of the intergovernmental and expert machinery dealing with the formulation, review and approval of programmes and budgets had highlighted many new issues and revived many concerns and questions with which the members of the Committee and the Organization

as a whole had been dealing for some time. The discussion had indicated that there was over-all acceptance of and satisfaction with the policy of programme budgeting in itself. Nevertheless, views had varied as to the details of its formulation and content, particularly with regard to the issues of full budgeting, programme analysis and programme growth, the establishment of priorities in formulation and content, the use of voluntary funds for programme support and the phenomenon of "grade creep."

71. A number of suggestions and proposals had been made as to how the programme budget might be better adjusted to fit the changing needs of the Organization. One of the proposals concerned the over-all elaboration of programmes as regards their content and thrust. In that connexion, it seemed that most Members favoured a greater role for CPC in interpreting, formulating and co-ordinating programmes. It had even been suggested that the role of the CPC in respect of programmes should be similar to that of the Advisory Committee in respect of budget examination. Most Members had recognized the necessity of giving greater perspective to programme budgeting. There also seemed to be unanimous support for a staggered time-table whereby the medium-term plan and the programme budget would be considered in alternate years, an idea which had been incorporated into draft resolution A/C.5/L.1227.

72. With regard to the proposed programme budget, there were three main areas of attention. The first was measurement of programme growth. There seemed to be some dissatisfaction with the methodology used by the Secretary-General in evaluating real growth, and many representatives seemed to have preferred the alternative methodology proposed by the Advisory Committee which sought to identify the amount of growth and expenditure in real terms. In that connexion, the question of the desirability of target programme growth had also been raised and a proposed ceiling for over-all programme growth had been advocated.

73. The second area of attention was inflation. The majority of delegations seemed to feel that inflation had to be considered as a reality in budget formulation, although they had not given any clear indications as to how that should be done. A proposal by the Philippines delegation (A/C.5/L.1226) on that matter was before the Committee. The Secretary-General's projected inflationary component in the programme budget for the biennium 1976-1977 had been described as no more than a working hypothesis, and it would seem that many delegations would have preferred

a more standardized mechanism, based on clearly defined criteria.

74. The third area was the utility value of existing programmes. There seemed to be general agreement that it would be advantageous to examine such programmes to determine which programmes were of only marginal utility and thus might be phased out and which others might be streamlined and redefined consistent with more up-to-date objectives. In that regard, the role of CPC might be directly relevant to the future work of the Fifth Committee.

75. In his statement to the Committee at its 1700th meeting (A/C.5/1685), the Secretary-General had referred to the question of the need to increase the Working Capital Fund of the Organization. Various delegations had expressed their views on that question and some difference of opinion had arisen. New views on that question would no doubt emerge after the Committee received the clarifications to be contained in the working paper it had requested from the Secretariat.

76. Unfortunately, owing to a lack of time, the Committee had not been able to discuss adequately the medium-term plan, the broader question of medium-term planning in the United Nations system or the report of the Working Group on United Nations Programme and Budget Machinery. If, however, concrete proposals emerged out of the general discussion on the focal points he had just outlined, the medium-term plan itself would be given fuller treatment in future sessions of the Committee.

77. Having heard the statement made by the Controller, the Committee would no doubt want to give further consideration to certain questions before making other concrete proposals. He was sure the representative of the Philippines would agree to have consideration of his proposal deferred until such time as other proposals had been made, so that all interrelated proposals could be considered together.

78. Mr. TALIEH (Iran) said that his delegation had still not received a reply to its request for information regarding the geographical distribution of Secretariat posts occupied by nationals from developing countries.

79. The CHAIRMAN assured the representative of Iran that the Secretariat had duly taken note of his request and that the desired information would be provided shortly.

*The meeting rose at 6.20 p.m.*