

112. Mr. SETHI (India) suggested that the draft report should reflect the wording of the draft resolutions introduced by the representative of Algeria at the 1751st and 1766th meetings (A/C.5/L.1261/Rev.1 and A/C.5/L.1261/Rev.2).

113. Mr. ABOUL GHEIT (Egypt), Rapporteur, said that the texts of those draft resolutions had been omitted by mistake and would be added to paragraph 32.

114. Mr. SERRANO AVILA (Cuba) requested that the Spanish version of the draft resolution relating to investment in developing countries, in paragraphs 22 and 37, should be brought into line with the English version.

115. Mr. STOTTLEMYER (United States of America) noted that paragraph 27 of the draft report failed to reflect the views of delegations like his own which had voiced strong objections to the draft decision concerning the nationality of the members of the Pension Board, although it set forth the views of the sponsor. In order to remedy the lack of balance, he proposed the addition of the following two sentences at the end of paragraph 27:

“The draft decision was questioned by a number of delegations on the ground that the procedure for appointment of members to the Board did not provide for account to be taken of the factor of nationality, and, accordingly, that the form in which the information had been supplied by the Board at the twenty-ninth and current sessions was adequate. It could not be expected that the members of the Board should be appointed or elected on any other basis than competence.”

116. Mrs. DERRE (France) requested that the original wording of her delegation's amendment to the penultimate sentence of paragraph 11 in the French version of the draft report should be restored.

117. Mr. PALAMARCHUK (Union of Soviet Socialist Republics) asked when the Committee might expect to receive the information requested in paragraph 38 (a).

118. Mr. ABOUL GHEIT (Egypt), Rapporteur, replying to the representative of the United States of America, said that the issue was a very delicate one and had required special treatment in the draft report. After some reflection,

he had concluded that it would be best to refer briefly to the sponsor's introduction of his proposal and then simply to state that there had been a lengthy debate, leaving the reader to consult the summary records for a full picture of delegations' views. However, if the Committee agreed, he was willing to add the sentences proposed by the United States delegation at the end of paragraph 27.

119. Mr. STOTTLEMYER (United States of America) welcomed the Rapporteur's concern for concision and said that, if paragraph 27 was deleted, he would not press his delegation's amendment.

120. Mr. FELLAH (Algeria) requested that paragraph 25 should indicate the fact that his delegation had supported the oral amendments by the representative of Italy.

121. Mr. SETHI (India) noted that his delegation had also supported those amendments.

122. Mr. ABOUL GHEIT (Egypt), Rapporteur, said that he was prepared to comply with the wishes of the representatives of Algeria and India. However, he would point out that some members of the Secretariat felt that it was preferable for a draft report to omit reference to the delegations which had supported an amendment.

123. The CHAIRMAN, summing up the discussion, observed that two questions were pending: the suggestion of the United States representative that paragraph 27 should be deleted and the request of the representative of the Soviet Union concerning information on the nationality of the members of the Pension Board.

124. Mr. PIRSON (Belgium) suggested that the Committee should adopt the draft report subject to the possible deletion of paragraph 27.

125. Mr. PALAMARCHUK (Union of Soviet Socialist Republics) felt that it would be improper to take the action suggested by the representative of Belgium. He proposed that the adoption of the draft report should be postponed until a future meeting.

It was so decided.

The meeting rose at 7.25 p.m.

1771st meeting

Monday, 15 December 1975, at 3.25 p.m.

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

A/C.5/SR.1771

AGENDA ITEM 106

United Nations pension system (*continued*):

(a) Report of the United Nations Joint Staff Pension Board (*continued*);

(b) Reports of the Secretary-General (*continued*)

Draft report of the Fifth Committee to the General Assembly (concluded) (A/C.5/L.1287 and Corr.1)

1. The CHAIRMAN said that as a result of the consultations concerning paragraphs 26 and 27 of the Committee's draft report on the United Nations pension system

(A/C.5/L.1287 and Corr.1) it had been agreed that paragraph 27 would be retained as it stood and that it would be followed by a new paragraph 28 which would read as follows:

“28. The draft decision was questioned by a number of delegations on the ground that the procedure for appointment of members to the Board did not provide for account to be taken of the factor of nationality and, accordingly, that the form in which the information had been supplied by the Board at the twenty-ninth and the current sessions was adequate. It could not be expected that the members of the Board should be appointed or elected on any other basis than competence.”

The subsequent paragraphs would be renumbered and the correction appearing in document A/C.5/L.1287/Corr.1 would no longer apply.

2. Several delegations had inquired about the status of the recommendation of the Advisory Committee for Administrative and Budgetary Questions concerning the arrangements for death and disability coverage of the members of the Joint Inspection Unit described in document A/C.5/1697, paragraph 4. Since the Advisory Committee had supported (A/10374, para. 2) the proposals of the Administrative Committee on Co-ordination on that subject, the postponement to the thirty-first session of the question of pension coverage of members of the Unit did not apply to those proposals of the Administrative Committee on Co-ordination. He therefore suggested that a paragraph should be added to the Committee's draft report stating that it concurred with the recommendation made by the Advisory Committee in paragraph 2 of its report with regard to provision of death and disability coverage for members of the Joint Inspection Unit. If there were no objection, he would take it that the Committee adopted the draft report (A/C.5/L.1287 and Corr.1), as amended.

It was so decided.

AGENDA ITEM 96

Proposed programme budget for the biennium 1976-1977 and medium-term plan for the period 1976-1979 (continued) (for the previous documentation, see the 1759th meeting; A/10008/Add.14, 16, 17, 18 and Corr.1, 21 and 26, A/C.5/1715/Rev.1, A/C.5/1730/Add.1, A/C.5/L.1286, A/C.5/L.1292)

Revised estimates under section 12. United Nations Industrial Development Organization (concluded) (A/10008/Add.26, A/C.5/1715/Rev.1, A/C.5/L.1292)

3. Mr. MSELLE (Chairman of the Advisory Committee on Administrative and Budgetary Questions) said that when the Advisory Committee had considered the Secretary-General's initial programme budget proposals, it had decided to defer consideration of the estimates under section 12 pending the submission of revised estimates which would take into account the effect of the Lima Declaration¹ on UNIDO's programmes and the structural changes

required to implement the Declaration. The Advisory Committee had taken into account the request of the Executive Director of UNIDO to give him an opportunity to assess the programme and budget requirements for UNIDO in the light of the Lima decisions. The Advisory Committee had accordingly included in its first report (A/10008 and Corr.2) on the proposed programme budget for the biennium 1976-1977 the provisional amount of \$43,870,000 under section 12, representing the revised 1974-1975 UNIDO appropriation, as recosted by the Secretariat at 1975 rates with provision for inflation in 1976-1977.

4. He wished to make two points clear, particularly with a view to avoiding possible confusion with regard to the Advisory Committee's recommendations. First, the Advisory Committee had not recommended any reductions in the estimates submitted by the Secretary-General for UNIDO beyond that of 2 posts at the level of Assistant Secretary-General. Second, it would be misleading to attempt to link the level of the Secretary-General's estimates with the conversion of UNIDO into a specialized agency. UNIDO would become a specialized agency after the completion of the necessary constitutional changes and not because of the level of its budget estimates.

5. The report of the Advisory Committee (A/10008/Add.26) was more critical than its reports on the other sections of the programme budget. That criticism should not give the impression that the Advisory Committee was insensitive to the needs and importance of UNIDO as an organization charged with the task of assisting the developing countries in their efforts to achieve greater development in industry and related fields. On the contrary, it was precisely because of the Advisory Committee's awareness of the importance to UNIDO of the Lima Declaration that it had decided to postpone consideration of the initial estimates. Its criticism should therefore be regarded as an attempt to pinpoint areas of weakness in UNIDO's programme and budget process which would have to be corrected if UNIDO was to rise to the new challenges posed by the Lima decisions. The Advisory Committee had been disappointed by the revised estimates submitted by the Secretary-General concerning section 12 (A/C.5/1715/Rev.1): they did not indicate the degree to which the estimates had been affected by the Lima Declaration, and no clear picture had emerged of the extent to which subsequent discussions in the Industrial Development Board and at the seventh special session of the General Assembly had affected the structural changes in UNIDO or the programmes formulated to implement the Lima Declaration. The Advisory Committee had been unable to assess from the revised estimates or the oral testimony it had been given how the reorganization exercise would promote the attainment of UNIDO's new objectives.

6. The Secretary-General's revised estimates represented an increase of \$8,647,000 over the 1974-1975 revised appropriation. The Advisory Committee had found it almost impossible to analyse them in the same manner as the other sections of the programme budget. No information had been available as to how the reorganization of UNIDO affected the shifting of existing staff and other resources between the various organizational units and programmes, and no attempt had been made to justify the

¹ See document A/10112 of 13 June 1975, chap. IV.

request for additional resources in terms of actual new tasks to be performed. He drew attention to the Advisory Committee's observations in paragraphs 8 to 13 of its report, in particular the conclusion reached in the last sentence of paragraph 13.

7. In paragraphs 14 to 24 the Advisory Committee dealt with requests for additional posts and with overhead and programme support costs for the delivery of projects financed from UNDP funds. The revised estimates gave the impression that UNIDO was confident that a higher rate of project delivery would be achieved in the coming biennium with fewer overhead posts financed from the 14 per cent reimbursed by UNDP and with a reduced volume of administrative back-stopping. In view of the fact that UNIDO had been implementing a large volume of small-scale projects which tended to require more overhead costs and administrative back-stopping than larger projects, it was difficult to see how UNIDO would achieve that objective unless there was a change in the nature of the projects it was requested to implement. The Advisory Committee appreciated the drive for economy and efficiency and hoped that UNIDO's expectation with regard to project delivery would be realized. But, as it commented in paragraph 18 of its report, on the basis of past experience and in the light of the programme budget performance for the biennium 1974-1975, the shifting of staff and other resources in UNIDO might have led to a reallocation of those requirements to areas where they were less needed than in the past. The Advisory Committee had great difficulty in understanding the rationale behind the request for 3 posts at the level of Assistant Secretary-General. It had received the impression that those posts were being requested as a package deal—in other words, that all three had to be granted or none at all. Neither paragraph 12.8 of the revised estimates nor the oral submission made in the Advisory Committee indicated why those 3 posts should be in the office of the Executive Director and what their specific areas of competence and responsibility would be. The Advisory Committee had seen merit in the argument that the Executive Director should be able to delegate some of his responsibilities in order to ensure increased efficiency in the management of UNIDO programmes, but it had seen no reason why that objective could not be met by granting only 1 post at the level of Assistant Secretary-General. Accordingly, it had recommended that 1 such post should be authorized for UNIDO.

8. Mr. BOUAYAD-AGHA (Algeria) said that his delegation was disturbed by the confusion in the report on the revised estimates submitted by the Secretary-General, which did not come up to the normally high standard of work of the Budget Division. UNIDO must be given the resources to enable it to discharge the new responsibilities entrusted it at its Second General Conference, held at Lima in March 1975. His delegation asked that the Director of the Budget Division should explain how the confusion had arisen. It fully supported the statement made by the Chairman of the Advisory Committee.

9. Mr. OUEDRAOGO (Upper Volta) said that his delegation was disappointed with the revised estimates and with the report of the Advisory Committee, because neither document established a clear link between the revised estimates and the Lima Declaration and Plan of Action.

10. In different circumstances the reduction of 51 from the 57 additional posts originally requested would be welcome as an attempt to reduce the human resources requested for a specific programme, but the timing of the reduction was inappropriate. As was stated in paragraph 15.21 of the report of the Secretary-General on budget and programme performance of the United Nations for the biennium 1974-1975,² UNIDO had been compelled to charge against vacant regular budget posts staff whose posts should have been financed from overhead funds, had such funds been available. It seemed unwise therefore to reduce the regular staff until UNIDO's future had become clear. Provided that the decision taken by the Fifth Committee at the twenty-ninth session³ was applied flexibly, the increased recourse to consultants and expert groups would not be a problem. In view of the statement in paragraph 15.22 of the Secretary-General's report to the effect that the savings in terms of consultancy and *ad hoc* expert groups were due to difficulties encountered in recruitment, the reductions in permanent staff seemed even less wise. Nevertheless, his delegation still had full confidence in UNIDO and it would go into greater detail on the question in the Industrial Development Board.

11. The Fifth Committee was not in a position to judge the extent to which the Lima Declaration and Plan of Action were reflected in the revised estimates; it could only endorse the Advisory Committee's recommendations. His delegation and the other sponsors of draft resolution A/C.5/L.1292 were not concerned so much with the principle of growth as with the implementation of the Lima decisions. To that end, the Secretary-General would be justified in requesting a higher growth rate than the average for the 1976-1977 budget, because the Lima Declaration and Plan of Action had been endorsed by the General Assembly at its seventh special session and all Member States were therefore committed to them. He hoped that the draft resolution would be adopted by consensus.

12. Mr. GARRIDO (Philippines) asked whether the Secretary-General had reflected faithfully the amounts required by UNIDO for consultants and expert groups. He believed that the estimates were based on the annual standard cost per expert of \$36,000, which would not remain constant even in 1975. Furthermore, he had difficulty in accepting that overhead costs would remain the same as in 1974. The revised estimates for overhead costs might not even be correct in view of the fact that UNDP was suspending some of the projects in connexion with which programme support costs were reimbursed to UNIDO. He asked for clarification of paragraph 35 of the revised estimates, which did not make it clear exactly what could be charged under direct costs. In particular, he wished to know whether projects relating to technical co-operation among developing countries could be so charged.

13. Mr. PIRSON (Belgium) said that the revised estimates were confusing, while the Advisory Committee's report merely asked questions, and its recommendations, given the comments it had made in paragraphs 6 and 7, were an act of faith. Since inflation was generally thought to be

² Document A/10035 of 13 November 1975.

³ *Official Records of the General Assembly, Twenty-ninth Session, Annexes*, agenda item 73, document A/9960, para. 30.

abating, he agreed with the Advisory Committee's comment in paragraph 9 that the reason for the increase attributed to further inflation in 1976-1977 was unclear. It was apparent from paragraph 23 that project support overheads might well amount to almost 50 per cent of total project delivery; that was an enormous proportion.

14. Mr. ABOUL GHEIT (Egypt) endorsed the comments made by the representative of Algeria; he regretted that the revised estimates did not reflect the importance which his delegation attached to the Lima Declaration and Plan of Action and looked forward to the Secretariat's comments.

15. Mr. LAVAU (Director of the Budget Division) said that the Secretariat had done its best to present a document describing the way in which the new elements resulting from the Lima Conference were being incorporated in existing programmes, as well as the far-reaching restructuring which would be necessary. The work had been done in an extremely short time and the result was certainly inadequate. The Budget Division took full responsibility. There was, however, nothing to prevent the General Assembly from considering at its thirty-first session a document more in line with the expectations of the Member States.

16. The apparently modest growth of 1.2 per cent might seem inadequate for an industrial development programme, but it was dangerous to look at a global growth rate applicable to a whole section of the budget without also examining how that rate was broken down. In the revised estimates UNIDO had been given all the resources it had requested, with the exception of the funds for consultants and expert groups. That exception was due to the restrictions which the General Assembly had imposed on the use of consultants and expert groups. If a distinction was made between administrative costs and direct costs, it would be seen that the cost of decision-making organs had declined by 2.2 per cent and the cost of conferences by 3.7 per cent, while the amount of funds allocated to substantive programmes had increased by 5.6 per cent. Those figures were not exact because some of the costs which had been charged to administration in the previous budget came under substantive programmes in the current estimates. Nevertheless, it was clear that the growth rate for substantive programmes was far from negligible. The reduction in administrative costs might seem optimistic in the light of UNIDO's new commitments, but the Budget Division had merely complied with the wishes of UNIDO, which had judged it possible to implement increased programmes while maintaining support costs at the same or a lower level.

17. In reply to the question asked by the representative of the Philippines, he pointed out that the average cost for consultants per man-month in UNIDO was, as indicated in paragraph 30 of the Secretary-General's report, \$5,000, a figure higher than that mentioned by that representative. As to the question of what became of appropriations for overhead costs if UNDP programmes to be executed by UNIDO were cut back, he said that corresponding reductions would, of course, be made in the estimates. He stressed, however, that the estimates had been prepared on the basis of the planned level of programme activity and it was safe to assume that the planned programmes would actually be implemented.

18. With regard to the methods for calculating overhead costs (A/C.5/1715/Rev.1, para.35), there was no unanimity among the Secretariat, UNDP and the various executing agencies as to what should or should not be regarded as programme support costs.

19. With regard to the observations of the representative of Belgium regarding inflation, he explained that the considerable increase over appropriations approved for 1974-1975 in funds needed for the maintenance of 1974-1975 programmes was due to an error of judgement in the calculation of common staff costs. Information which had become available after the preparation of document A/C.5/1715 had led the Secretariat to revise those costs upwards.

20. Mr. BOUAYAD-AGHA (Algeria) said that the Director of the Budget Division had virtually acknowledged that the Secretary-General had had to patch up the revised estimates for UNIDO owing to lack of time. His delegation believed, therefore, that the Secretary-General had not given due attention to a new factor affecting UNIDO's activities, namely, the Lima Declaration. In the circumstances, draft resolution A/C.5/L.1292 came at the right time.

21. The Secretariat appeared to have taken too literally the decision of the Fifth Committee at the twenty-ninth session concerning the use of consultants. While his delegation had been among those which had in recent years criticized the excessive use of consultants, it also reproached the Secretary-General for not having applied the Committee's decision consistently. The Secretary-General had, for example, been quite generous regarding the use of experts of UNEP. Moreover, there was a contradiction between the view expressed in paragraph 26 of the Secretary-General's report and paragraph 27, in which the Secretary-General acknowledged that the only effective procedure for UNIDO would be to rely on consultants. The word "consultant" was perhaps inappropriate within the context of UNIDO and a new term was needed to refer to the use of contractual services by that organization. In short, the Secretary-General had not given sufficient thought to UNIDO's new requirements. Fortunately, the Advisory Committee had questioned certain aspects of his report and thus left the door open for the submission of draft resolution A/C.5/L.1292, which would remedy the situation.

22. In conclusion, he asked how many staff members of the Budget Division had been assigned to study the implementation of the Lima Declaration. He suspected that the task had been assigned to subordinates who had not fully grasped the import of the Lima Declaration.

23. Mr. GARRIDO (Philippines) asked how the Director of the Budget Division had arrived at the figure of \$5,000 per man-month for consultant costs. It was his understanding that the maximum amount allowable for consultants' fees was \$40,000 per year, while the figure given by the Director of the Budget Division for UNIDO would yield \$60,000.

24. Mr. SETHI (India) said that his delegation endorsed the provisions of draft resolution A/C.5/L.1292. The Lima Declaration and Plan of Action marked a turning-point in

the efforts of the United Nations to promote the industrial development of the developing countries. It had been intended ever since UNIDO was created that it should become a specialized agency. At the two recent special sessions of the General Assembly the developing countries had reaffirmed that their salvation lay in industrialization, since their terms of trade had become increasingly unfavourable in recent decades and the existing international division of labour had become unacceptable.

25. His delegation noted that the Advisory Committee had not found certain necessary information in the report of the Secretary-General. In the view of his delegation, the two main questions were to what extent the proposed restructuring of UNIDO reflected the decisions of the Lima Conference and what approach should be taken in the matter of appropriations in order to get programme activities under way in the period until UNIDO became a specialized agency. The Director of the Budget Division had said that actual programme growth was not reflected in the over-all growth figure for UNIDO's budget. His delegation believed that when preparing UNIDO's revised estimates the following year, the Secretary-General should consult the relevant intergovernmental bodies such as UNIDO's Permanent Committee and the Industrial Development Board.

26. It was imperative that the implementation of the Lima Declaration should start as soon as possible. The total amount of appropriations for UNIDO could be determined only in relation to the desired level of programme activity, and accordingly, his delegation supported the provisional solution proposed in draft resolution A/C.5/L.1292.

27. His delegation was well aware that the use of consultants had given rise to abuses in some cases. It recognized the need for restraint in the use of consultants, but it had reservations regarding the imposition of a ceiling for that purpose, especially in the case of UNIDO, since the use of contractual services was probably the only way that organization could carry out its activities.

28. Mr. PONCE (Peru) said that the increase in the budget of UNIDO did not seem to be commensurate with the new responsibilities placed on it by the Lima Declaration. The Declaration had been adopted by an overwhelming majority of Member States and had been endorsed by the General Assembly at its seventh special session. Everything possible should be done, therefore, to facilitate its implementation, and his delegation hoped that the estimates for UNIDO would be revised at the earliest possible date in order to take into account the importance which the developing countries attached to the Lima Declaration.

29. Accordingly, his delegation proposed the addition of a second preambular paragraph to draft resolution A/C.5/L.1292, reading as follows:

“Reaffirming its resolution 3362 (S-VII) of 16 September 1975 in which it endorsed the Lima Declaration and Plan of Action on Industrial Development and Co-operation”.

The purpose of the amendment was to have the international community, through the General Assembly, endorse the decisions of the Lima Conference.

30. His delegation also proposed that the words “taking fully into account” in operative paragraph 2 should be replaced by the phrase “providing a considerable increase, which would take fully into account”.

31. Mr. GAMBOA (Venezuela) said that his delegation found it strange that, in the light of the adoption of the Declaration and Plan of Action of Lima, the Secretary-General could still submit revised estimates which some delegations had characterized as poorly organized. The Advisory Committee had taken the only possible course, since it lacked information on which to base its assessment of the revised estimates submitted by the Secretary-General. In the circumstances, his delegation had no choice but to support draft resolution A/C.5/L.1292 and the amendments proposed by the Peruvian delegation.

32. Mr. CARRANCO AVILA (Mexico), supported by Mrs. DE ZEA (Colombia), endorsed the amendments proposed by the Peruvian delegation and hoped that the sponsors of the draft resolution would accept them.

33. Mr. OUEDRAOGO (Upper Volta), speaking on behalf of the sponsors of the draft resolution, said that they accepted the first Peruvian amendment as the first preambular paragraph of their text. The second amendment was, however, not acceptable because the words “considerable increase” were open to varying interpretations. The revised estimates for UNIDO to be submitted at the thirty-first session would be acceptable only if they took fully into account all elements of the Lima Declaration and Plan of Action.

34. Mr. AKASHI (Japan) said that his delegation would vote in favour of the draft resolution. It shared the sponsors' view of the Peruvian amendments.

35. The estimates submitted by the Secretary-General were on the conservative side since UNIDO was in a transitional phase. It was appropriate, therefore, for the General Assembly to request the submission at the thirty-first session of revised estimates fully reflecting the impact of the Lima Conference and other changes on UNIDO's objectives and programmes. The Secretary-General should continue to prepare UNIDO's budget until it became a specialized agency, and in so doing he should take full account of the observations of the Advisory Committee.

36. The high costs incurred for consultants were unavoidable in view of the special character of UNIDO's activities, which required it to have access to a wide range of expertise. His delegation endorsed the view expressed by the Advisory Committee in paragraph 16 of its report that prudent management of funds appropriated for outside expertise and strict observance of General Assembly directives would make further requests for appropriations unnecessary.

37. In conclusion, his delegation hoped that there would be an improvement in UNIDO project delivery in future.

38. Mr. ABOUL GHEIT (Egypt) said that his delegation supported draft resolution A/C.5/L.1292 and that it hoped that both Peruvian amendments would be taken into account. The second Peruvian amendment should be taken

to mean that the growth of UNIDO's budget should be greater than the 1 per cent already planned, especially in view of the fact that the budgets of other bodies were increasing at higher rates; the effect would be to leave it to UNIDO to determine the desirable rate of growth.

39. Mr. PONCE (Peru) said that his delegation accepted the comments of the sponsors of draft resolution A/C.5/L.1292 regarding the amendments proposed by his delegation and, in a spirit of co-operation, would withdraw its second amendment.

40. Mr. OUEDRAOGO (Upper Volta) thanked the representative of Peru for his co-operation and announced that Chad had become a sponsor of the draft resolution.

41. Mr. RAMAMONJISOA (Madagascar) said his delegation attached great importance to UNIDO's role in the implementation of the Lima Declaration. It regretted, therefore, that some confusion had arisen among the developing countries regarding the draft resolution. Had suitable budget proposals been submitted which reflected UNIDO's programme objectives, his delegation would have supported them. It had some difficulty, however, with operative paragraph 1 of the draft resolution, and for that reason proposed that a separate vote should be taken on each of the operative paragraphs.

42. Mr. LAVAU (Director of the Budget Division), replying to the representative of the Philippines, said that the figure of \$5,000 per man-month included \$3,600 to \$4,000 in fees for the expert himself and \$1,000 to \$1,400 for travel expenses. In the case of experts of exceptionally high calibre, the figure could be as high as \$4,000 for 20 days.

43. Replying to the representative of Algeria who had asked what the Budget Division would have done if it had not been required to make a new submission in 1976, he drew attention to paragraph 12 of document A/C.5/1715/Rev.1; the Secretary-General emphasized in that paragraph that the revised estimates were to be regarded as applicable to a provisional programme to deal with responsibilities, the precise scope of which could not yet be finally determined. Should the estimates be approved and prove inadequate for performance of the functions of UNIDO as they evolved during the biennium, the Secretary-General might find it necessary to propose appropriate adjustments in his progress report on UNIDO to the General Assembly at its thirty-first session. Similar reservations were expressed in paragraphs 25 and 31.

44. The Budget Division had been criticized for interpreting General Assembly recommendations concerning consultants over-literally. The recommendations applied to all kinds of external expertise and the restriction was therefore general. In the light of the Lima Declaration, Headquarters was prepared to consider higher appropriations if the need for them was satisfactorily substantiated. The Budget Division felt that to a certain extent the justifications already given were acceptable, and it had increased the provision for consultants by approximately 25 per cent.

45. Doubts had been expressed about whether the Budget Division was co-operating fully with UNIDO. The Budget

Division had sent an official of the appropriate rank to Vienna on the agreed date. That undertaking had been fruitless, however, since at the time the decisions which were required at Vienna had not yet been made. Several senior staff members had worked for almost a month on section 12; indeed, the Budget Division had never before assigned so many high-level staff to study a single section and, with its modest resources, could not have co-operated more fully.

46. Concerning the remarks made by the representative of the Upper Volta regarding the interpretation which the Secretariat might give to the term "considerable increase", he pointed out that what was important was the actual growth in the programmes themselves. UNIDO had at least two major programmes—industrial studies and operations and policy co-ordination—which were both action programmes.

47. The CHAIRMAN invited the Committee to vote on draft resolution A/C.5/L.1292, as amended; in accordance with the request to that effect, he put each operative paragraph to the vote separately.

Paragraph 1 was adopted by 82 votes to 1, with 8 abstentions.

Paragraph 2 was adopted by 84 votes to none, with 6 abstentions.

The draft resolution as a whole, as amended, was adopted by 83 votes to none, with 9 abstentions.

48. The CHAIRMAN invited the Committee to vote on the appropriation recommended by the Advisory Committee under section 12 (A/10008/Add.26, para. 25).

An appropriation of \$45,167,000 under section 12 for the biennium 1976-1977 was approved in first reading by 82 votes to 7.

49. Mr. SCHMIDT (Federal Republic of Germany) said that his delegation had had the same difficulties as the majority of delegations with the proposals concerning the programme budget of UNIDO. Since it was impossible to discuss the revised estimates properly, it had considered that the best course was to vote in favour of the appropriation recommended by the Advisory Committee and of draft resolution A/C.5/L.1292.

50. His delegation understood that operative paragraph 2 of the draft resolution did not necessarily mean that after careful scrutiny of UNIDO's budget in 1976 a considerable increase in appropriations would be approved. It was aware of the need to restructure UNIDO. Too often, however, such a term as "considerable increase" was not adequately defined. There was a tendency merely to consider figures and not the actual quality of growth.

51. The Secretary-General had been criticized for not co-operating sufficiently with UNIDO. It was to be hoped that 1976 would see greater co-operation on both sides. Until UNIDO was an independent agency, full responsibility for the preparation and submission of its budget should remain with the Secretary-General. However, the

need to prepare UNIDO to become a specialized agency should be borne in mind.

52. Mr. STOTTEMYER (United States of America) said that his delegation had voted in favour of draft resolution A/C.5/L.1292 because it believed that the Advisory Committee had submitted a very good report; its recommendations had been accepted in paragraph 1 of the draft resolution.

53. With regard to operative paragraph 2 of the draft resolution, he drew attention to paragraph 12 of document A/10008/Add.26, and said he hoped the Secretary-General would take full account of the comments therein when submitting revised estimates in future.

54. Had there been a separate vote on the preambular paragraphs of the draft resolution, his delegation would have been unable to support the first preambular paragraph of the original text for reasons already stated in the Second Committee.

55. Mr. NAUDY (France) said that his delegation regretted the uncertainty, discrepancies and confusion to which the submission of the revised estimates for section 12 had given rise. It was grateful to the Advisory Committee for its clarifications and approved the conclusions contained in document A/10008/Add.26. The difficulties could have been avoided if there had been a constructive dialogue between the Administration and the delegations of Member States in Vienna and New York.

56. His delegation had voted in favour of draft resolution A/C.5/L.1292 in order to demonstrate its support for UNIDO. It hoped that the recommendations in operative paragraph 2 would be followed.

57. Mr. RHODIUS (Netherlands) said that it was regrettable that a decision on an issue as important as the budget of UNIDO should have to be taken so late in the session. No constructive dialogue had been possible between the Administration and delegations, although such a dialogue should form the basis of relationships between Governments and intergovernmental organizations. His delegation had voted in favour of draft resolution A/C.5/L.1292, which offered a way out of an unfortunate situation.

58. Mr. HART (Australia) said that his delegation had voted in favour of draft resolution A/C.5/L.1292 and the appropriations recommended by the Advisory Committee under section 12. Like other delegations, it was disappointed by the quality of the Secretary-General's estimates. It considered that there was a need for an effective procedure for co-operation and control during the period of transition in which UNIDO found itself. His delegation associated itself with the remarks made by the representative of the Federal Republic of Germany.

59. Mr. PALAMARCHUK (Union of Soviet Socialist Republics) said that his delegation had voted on the appropriations under section 12 on the basis of its position of principle regarding the unwarranted expenditures contained in that section. It had been unable to support draft resolution A/C.5/L.1292.

60. Mr. STUART (United Kingdom) said that his delegation had voted in favour of draft resolution A/C.5/L.1292 for reasons which were, in part, similar to those explained by the representative of France.

61. With regard to the overhead costs of project delivery, the United Kingdom would be prepared to support any fully justified proposal. At the moment, however, there was too much obscurity surrounding the proposals.

62. Mr. RAMAMONJISOA (Madagascar) said that his delegation had intended to abstain in the vote on appropriations under section 12, but had accidentally pressed the "yes" button.

63. Miss FORCIGNANO (Italy) said that her delegation had voted in favour of the appropriations under section 12.

64. In connexion with operative paragraph 2 of draft resolution A/C.5/L.1292, her delegation supported the Federal Republic of Germany; it did not take it for granted that the estimates submitted for UNIDO in 1976 would automatically be approved.

Revised estimates resulting from decisions taken by the Trade and Development Board at its sixth special session and the first part of its fifteenth session (A/10008/Add.17, A/C.5/1708)

65. Mr. MSELLE (Chairman of the Advisory Committee on Administrative and Budgetary Questions) said that in his report (A/C.5/1708) the Secretary-General indicated that the decisions of the Trade and Development Board at its sixth special session and the first part of its fifteenth session involved expenditure estimated at about \$835,000 for the forthcoming biennium. For reasons stated in paragraphs 2 and 3 of the report of the Advisory Committee on Administrative and Budgetary Questions (A/10008/Add.17), the Secretary-General was requesting \$240,000 only to implement resolutions 132 (XV) and 136 (XV) of the Trade and Development Board.⁴

66. In resolution 132 (XV) the Secretary-General of UNCTAD was requested to render assistance, in the manner indicated in the resolution, to developing countries experiencing debt problems, by convening meetings between creditors and debtors with a view to examining, at the international level, a debtor country's situation in a wider development context, prior to debt renegotiations in the customary forums. The Secretary-General estimated that the expenditure required would amount to \$216,000, which included \$100,000 for consultants, \$25,000 for general temporary assistance, \$15,000 for travel, and \$76,000 for conference servicing. The meetings involved would be held and the related assistance would be given at the request of the country experiencing debt problems. Such being the case, the Advisory Committee believed that it was only after receiving such a request that the Secretary-General could determine the level and type of outside expertise required, and the nature of conference services that would have to be provided. Because of that element of uncertainty, the Advisory Committee, in paragraph 8 of its report, recommended that no provision for

⁴ *Ibid.*, Thirtieth Session, Supplement No. 15, part three, annex I.

additional appropriations should be made at that stage, and that the Secretary-General should be authorized to enter into the necessary commitments initially under the terms of the General Assembly resolution on unforeseen and extraordinary expenses, with the prior concurrence of the Advisory Committee.

67. With regard to resolution 136 (XV), the Advisory Committee accepted the Secretary-General's request for \$24,000 to cover travel costs.

68. The Advisory Committee's recommendation concerning the assistance requested by countries experiencing debt problems did not imply that it was denying such assistance. It was simply recommending what it considered to be the best course in the circumstances. Should the Secretary-General of UNCTAD find himself confronted with numerous requests for assistance, there was nothing to prevent him from submitting the requests in the manner recommended by the Advisory Committee.

69. Mrs. DE ZEA (Colombia) stated that UNCTAD had done crucial work on behalf of the developing countries. For that reason, her delegation regretted the Advisory Committee's decision not to recommend approval of the \$216,000 required to implement resolution 132 (XV) of the Trade and Development Board. That resolution was aimed at helping the developing countries to overcome the external debt problems which were severely hampering their development.

70. She drew attention to the operative part of resolution 132 (XV) which authorized the Secretary-General of UNCTAD to convene meetings between creditor countries and debtor countries, to provide appropriate assistance to debtor countries in relation to the holding of such *ad hoc* meetings, and to keep the question of the debt problems of developing countries under continuous review.

71. She noted that \$240,000 had been requested for conference services under section 23 and \$140,000 under section 11 for consultants, general temporary assistance and travel. The sum for consultants was extremely important in the light of the activities of UNCTAD following the decisions taken by the Trade and Development Board at its sixth special session and the first part of its fifteenth session. Her delegation therefore formally proposed that the revised estimates submitted by the Secretary-General in document A/C.5/1708 should be approved.

72. Mr. OUEDRAOGO (Upper Volta) said that his delegation was surprised to learn from paragraph 6 of its report that the Advisory Committee had concluded that medium-level outside experts were required rather than very high-level consultants. However, the consultants required in connexion with the implementation of resolution 132 (XV) of the Trade and Development Board were very high-level consultants on short-term contracts. Many developing countries were obliged to pay a high proportion of their export earnings back in interest and other debt service. It was certain that during the forthcoming biennium highly qualified consultants on short-term contracts would be needed to help those countries to tackle their debt problems. His delegation felt that the conclusions of the Advisory Committee derived from the way it interpreted

what kind of experts were required. The Upper Volta would welcome some reaction from the Secretariat with regard to paragraph 6 of the Advisory Committee's report. Further, since the meetings envisaged in resolution 132 (XV) of the Trade and Development Board should be held during the forthcoming biennium, it would be desirable to try to determine the necessary appropriations.

73. Mr. SETHI (India) said that UNCTAD was the tribune of the developing countries and high-priority programmes should be given priority in its budget. The representative of Colombia had already outlined the problem facing the developing countries, which should not be at the mercy of unpredictable circumstances.

74. The meetings to be held to consider the indebtedness of the developing countries did not fall under the heading of unforeseen and extraordinary expenses; that was a point of principle. The problem of the indebtedness of the developing countries was of extreme importance; far from an influx of capital to those countries, there was in fact an outflow, and the burden of indebtedness was becoming intolerable. What was at stake was the implementation of Trade and Development Board resolution 132 (XV), which had been submitted on behalf of the entire Group of 77. Nothing should be done to prevent the implementation of the objectives of that resolution. For the reasons stated by the representative of Colombia, it would be preferable not to tie the hands of the Secretary-General by excessively rigid budgetary procedures. Certain *ad hoc* meetings might have to be convened on such short notice that the procedures described in paragraph 8 of the Advisory Committee's report could not be used. The Secretary-General must be able to undertake the tasks entrusted to him by the developing countries as a whole. For that reason, while his delegation agreed that from the administrative and financial standpoint the views expressed by the Advisory Committee were well founded, it believed that an exception must be made in that particular case. His delegation therefore fully supported the proposal of the Colombian delegation.

75. Mr. FELLAH (Algeria) said that economic development was the most crucial contemporary issue and noted with concern the gap between objectives and the means provided to achieve them. Algeria was deeply concerned about the considerable reductions in the appropriations requested for the Trade and Development Board. Such a reduction would be tantamount to an amputation which would paralyse the Board's work and particularly the programme for reordering the external debt, which was of vital significance for the developing countries. The reductions would also drastically curtail the studies to assess the progress and the difficulties of the least developed among the developing countries. For those reasons, his delegation could not accept the reductions recommended by the Advisory Committee. It supported the Colombian proposal and wished to make a formal request for a vote on the appropriations requested by the Secretary-General.

Mr. Matseiko (Ukrainian Soviet Socialist Republic), Vice-Chairman, took the Chair.

76. Mr. GHAFOURZAI (Afghanistan) agreed with the views expressed by the delegations of Colombia, Algeria

and India concerning the report of the Advisory Committee. His delegation would support the proposal by Colombia and hoped that the representatives of the other developing countries would do the same.

77. Mr. STOTTLEMYER (United States of America) said that it was his delegation's understanding that the delegation of Colombia had made its proposal because the Advisory Committee's recommendation would in effect make it impossible for the *ad hoc* meetings on debt problems to take place. He would like the Chairman of the Advisory Committee to comment on the matter.

78. Mr. MSELLE (Chairman of the Advisory Committee on Administrative and Budgetary Questions) said that he had the impression that the Advisory Committee was regarded as having rejected the request by the Secretary-General; that was a misunderstanding. The Advisory Committee had said that the Secretary-General should be authorized to enter into commitments in the amounts indicated, but that he should do so under the resolution on unforeseen and extraordinary expenses since he did not know at that time how many countries would request the assistance in question. Secondly, it had been said that the Secretary-General of UNCTAD would request funds for preparing the meetings. However, to do so, he must know how many countries would request aid. The work involved was highly complex and required a selective approach. He could not, for example, envisage the Secretary-General of UNCTAD making preparations to hold meetings of all Latin American countries, all African countries and all Asian countries on the assumption that those countries would all request aid in the form envisaged by the resolution of the Trade and Development Board. Preparations along those lines would hardly prove effective. He would surely proceed on the basis of the requests submitted to him and, after the submission of requests, he would make the necessary preparations. One representative had said that the Secretary-General of UNCTAD would have to monitor the debt problems of the developing countries. He agreed with that statement but pointed out that very few countries would wish to indicate the extent to which they were experiencing debt problems until such time as they were ready to seek assistance from the Secretary-General of UNCTAD.

79. Mr. ABRAHAMSON (Denmark) said that to inflate the UNCTAD budget by a further \$216,000 for which there was no real justification would not be good budgetary policy. If the proposal by Colombia were put to the vote, his delegation would be unable to support it.

80. Mr. PALAMARCHUK (Union of Soviet Socialist Republics) regretted the efforts again being made by certain delegations to reverse the recommendations of the Advisory Committee. The Advisory Committee gave deep and serious consideration to the questions submitted to it and had certainly not reached its decision without considering the views of the Secretariat. It might be useful to hear the views of the representatives of the Secretary-General.

81. Mr. SETHI (India) agreed with the Soviet representative that the Advisory Committee was in a position to study issues much more thoroughly than the Fifth Committee and felt that in general its conclusions should be

respected. However, at times, delegations added a political element and arrived at conclusions which might be different from those of the Advisory Committee. His delegation was of the opinion that the restoration of the appropriations requested by the Secretary-General would be justifiable.

82. Mr. FELLAH (Algeria) said that the Soviet delegation had not always shared the views of the Advisory Committee and should not expect other delegations to do so. His delegation was not satisfied with the clarifications given by the Chairman of the Advisory Committee and would like to request the representative of the Secretary-General to tell the Committee on what basis and using which data the Secretary-General had made his estimates.

83. Mrs. DE ZEA (Colombia) pointed out that the Group of 77 in its entirety had proposed and sponsored Trade and Development Board resolution 132 (XV) because of the urgency of the problem of indebtedness and the need for UNCTAD assistance. Her delegation greatly respected the members of the Advisory Committee but considered that they were not the final judges and that it was the function of the Fifth Committee to adjust the Advisory Committee's recommendations to political realities.

84. Mr. ABRASZEWSKI (Poland) appealed to the delegation of Colombia not to press its proposal.

85. Mr. LAVAU (Director of the Budget Division) said, with regard to the point raised by the representative of the Upper Volta, that there seemed to be some misunderstanding about the request for consultants and the kind of task which would be entrusted to them. UNCTAD intended to recruit 3 highly qualified consultants to carry out studies for a period of six months and might subsequently engage a further 18 experts, because it believed that it must prepare itself as quickly as possible and before any specific requests were received to undertake on a permanent basis a review and consideration of debt problems in Africa, Asia and Latin America.

86. Mr. MOLTENI (Argentina) moved the closure of the debate under rule 117 of the rules of procedure of the General Assembly.

87. The CHAIRMAN said that, if he heard no objection, he would take it that the Committee agreed to close the debate on the item.

It was so decided.

88. Mrs. DE ZEA (Colombia) requested a recorded vote on her delegation's proposal.

89. Mr. HOLMES (United Kingdom), explaining his vote before the vote, said that his delegation agreed with previous speakers concerning the importance of the role of UNCTAD in development and the seriousness of the problem of foreign indebtedness. The point at issue was not whether resolution 132 (XV) of the Trade and Development Board would be implemented: as the Chairman of the Advisory Committee had explained, the meetings requested in the resolution would be held in due course and the Secretary-General would be able to avail himself of the necessary expertise. It had been suggested by some delega-

tions that the Secretary-General's estimates should be restored because the activity was a priority one. His delegation did not dispute that the activity was of a priority nature but believed that it was in the interests of all States that the United Nations should observe sound financial principles and follow the best financial and administrative advice in all circumstances; however great the priority, there should not be financial irresponsibility. That was why his delegation would vote against the estimates submitted by the Secretary-General and for the Advisory Committee's recommendation, if it were subsequently put to the vote.

90. Mr. OUEDRAOGO (Upper Volta) said that his delegation intended to vote for the Secretary-General's estimates. In so doing, it did not regard itself as financially irresponsible. Admittedly, there was a foreseeable element—meetings would unquestionably be held—and an unforeseeable element—the number of meetings was as yet unknown. If the funds requested by the Secretary-General proved insufficient for all the meetings held, the Secretary-General would be empowered to follow the formula outlined by the Advisory Committee and to request additional funds under the terms of the resolution on unforeseen and extraordinary expenses.

91. He regretted that the debate had been closed before it had been possible for the Committee to ascertain whether the information given by the Director of the Budget Division had also been provided to the Advisory Committee or whether it had become available after the Advisory Committee's report had been issued.

92. Mr. STOTTLEMYER (United States of America) said that, in keeping with his delegation's endorsement of the recommendation in paragraph 8 of the Advisory Committee's report, he would vote against the Secretary-General's estimates. The Advisory Committee had followed the proper course in its report, as was clear from the statement made by the Chairman of the Advisory Committee.

93. His delegation had been taken aback by the most recent statement of the Director of the Budget Division. He agreed with the representative of the Upper Volta that it was a pity that the Committee had been unable to establish whether the information in that statement had been provided to the Advisory Committee. Moreover, it was not the first time that the Secretariat had provided information to the Fifth Committee which differed from or even conflicted with that given to the Advisory Committee.

94. After a procedural discussion in which Mr. TALIEH (Iran), the CHAIRMAN, Mrs. DE ZEA (Colombia), Mr. MSELLE (Chairman of the Advisory Committee on Administrative and Budgetary Questions), Mr. SETHI (India) and Mr. ABRAHAMSON (Denmark) participated, Mr. RUEDAS (Acting Secretary of the Committee) reminded the Committee that, under the terms of the Colombian proposal, the Committee would vote on the additional appropriation of \$240,000 requested by the Secretary-General under sections 11 and 23 of the proposed programme budget (A/C.5/1708, para. 5).

At the request of the representative of Colombia, a recorded vote was taken.

In favour: Afghanistan, Algeria, Argentina, Bangladesh, Benin, Brazil, Burma, Chad, Chile, China, Colombia, Congo, Cyprus, Democratic Yemen, Egypt, Ethiopia, Ghana, Greece, Guyana, India, Indonesia, Iran, Kenya, Kuwait, Madagascar, Mauritania, Mexico, Morocco, Mozambique, Niger, Nigeria, Pakistan, Panama, Peru, Portugal, Qatar, Romania, Rwanda, Saudi Arabia, Senegal, Sri Lanka, Sudan, Togo, Tunisia, Uganda, United Arab Emirates, United Republic of Tanzania, Upper Volta, Uruguay, Yugoslavia.

Against: Bulgaria, Byelorussian Soviet Socialist Republic, Denmark, France, German Democratic Republic, Germany (Federal Republic of), Hungary, Mongolia, Poland, Ukrainian Soviet Socialist Republic, Union of Soviet Socialist Republics, United Kingdom of Great Britain and Northern Ireland, United States of America.

Abstaining: Australia, Austria, Belgium, Canada, Finland, Ireland, Israel, Italy, Ivory Coast, Japan, Jordan, Liberia, Malaysia, Netherlands, New Zealand, Norway, Sierra Leone, Singapore, Spain, Swaziland, Sweden, Thailand, Turkey.

An additional appropriation of \$240,000 under sections 11 and 23 for the biennium 1976-1977 was approved by 50 votes to 13, with 23 abstentions.

95. The CHAIRMAN said that the adoption of the Secretary-General's estimates required that an additional amount of \$30,000 for staff assessment be included under section 25, offset by the same amount under income section 1.

96. Mr. LELLKI (Sweden) said that the importance of the matter that had formed the subject of the discussion was not in dispute. His delegation attached as much significance to the proper and adequate financing of the activities referred to in the annex to document A/C.5/1708 as any of the delegations which had spoken in favour of the Colombian proposal. However, in the light of the explanation of the Chairman of the Advisory Committee, it seemed to his delegation that the question at issue was of a technical rather than of a financial nature. While it agreed with the views expressed by the Advisory Committee, it had abstained in the vote because of the very great importance which many developing countries seemed to attach to a formal appropriation.

97. Mr. HART (Australia) associated his delegation with the statement made by the representative of Sweden and said that his delegation had abstained for the same reason.

98. Mr. OH (Singapore) said that his delegation, too, had abstained. While it was aware of the importance attached to the question by developing countries, it had been convinced after hearing the explanations of the Chairman of the Advisory Committee that nothing in paragraph 8 of document A/10008/Add.17 would prevent the Secretary-General from requesting additional appropriations if they were needed.

99. Mr. NKIELE-ATYPO (Congo) said that his delegation had voted for the additional appropriation because it was increasingly apparent that UNCTAD constituted a platform for the developing countries.

100. Miss FORCIGNANO (Italy) said that her delegation had abstained because, in its opinion, the Chairman of the Advisory Committee had made it plain that the question to be resolved related simply to financial procedures, not to the substance of a question which was, of course, vitally important for developing countries.

Mr. Thomas (Trinidad and Tobago) resumed the Chair.

Financial problems of the United Nations (concluded)
(A/C.5/1730 and Add.1, A/C.5/L.1240, A/C.5/L.1286)

101. The CHAIRMAN recalled that at the 1770th meeting the representative of Pakistan had introduced draft resolution A/C.5/L.1286 and the representative of the Union of Soviet Union Socialist Republics had proposed two oral amendments to operative paragraph 4.

102. Mr. SCHMIDT (Federal Republic of Germany) said that it was in the overriding interest of all States to have a smoothly functioning and financially viable Organization. His delegation was prepared to participate in any effort that would restore the financial solvency of the United Nations. The problem was a political as well as a financial one and could not be solved simply by financing techniques. Three causes of the financial plight had been enumerated by the delegation of Pakistan: late payment of contributions, depletion of the Working Capital Fund and withholding of contributions. His delegation believed that, even though the early payment of contributions would make the problem far less acute, it could not provide a complete solution. The withholding of contributions was the root cause of the problem and could not be brushed aside, as the Secretary-General's answers in documents A/C.5/1730 and Add.1 demonstrated very clearly; past, current and future withholdings must be taken into account in any lasting solution of the financial problems of the United Nations.

103. Turning to draft resolution A/C.5/L.1286, he said that the provisions laying down the mandate of the proposed negotiating committee referred in rather a restricted way to the problem of the withholding of contributions and the question of the Working Capital Fund. It would be noted that the reasons for the current plight of the Working Capital Fund had not been fully explained by the Secretariat either in statements to the Committee or in documents A/C.5/1730 and Add.1. That point would have to be examined by the negotiating committee before it suggested an appropriate level for the Fund. Furthermore, the negotiating committee, if it was to be successful in its work, would have to probe into the cash deficit situation, on which very little information had been provided in documents A/C.5/1730 and Add.1. Indeed, it was necessary to have full explanations concerning the current deficit, how it had been financed and the size of the cash problems in relation to that financing before any decision could be taken regarding a settlement. Such problems could not be glossed over by invoking the principle of collective responsibility, even though that principle was generally valid. His delegation could subscribe to the mandate of the negotiating committee as defined in draft resolution A/C.5/L.1286 because it was clear from operative paragraph 4 that the mandate could be broadened if necessary. It also subscribed to paragraph 7, which it understood to mean that any decision on a solution to the

financial problems of the United Nations must be taken by the General Assembly.

104. In conclusion, he thanked the delegations which had submitted the questions contained in document A/C.5/L.1240 and the sponsors of draft resolution A/C.5/L.1286 for their initiative.

105. Mr. KEMAL (Pakistan) said that Ecuador had become a sponsor of draft resolution A/C.5/L.1286.

106. As a result of the sponsors' acceptance of one of the Soviet amendments to the draft resolution, operative paragraph 4 (b) would become paragraph 4 (a), the words "The need to implement" would be added before the words "the consensus of the Special Committee" and the words "and the terms of General Assembly resolution 3049 (XXVII)" would be replaced by the words "on 1 September 1965 regarding the financial difficulties of the Organization". As a consequential change, the words "and the terms of General Assembly resolution 3049 (XXVII)" would be added at the end of former paragraph 4 (a), which would now become paragraph 4 (b). The sponsors had been unable to accept the second Soviet amendment, which would have added a fifth subparagraph to paragraph 4 reading:

"(e) The need to eliminate the causes in the United Nations budget leading to the annual increase of the sum of the financial deficit of the Organization",

on the ground that the inclusion of such wording in the draft resolution might prejudice discussion of the question in the negotiating committee. However, in view of the fact that under paragraph 4 (d) the negotiating committee was required to address itself to "the elimination of certain differences between Member States as a result of supervening action by the General Assembly at its twenty-eighth session", he hoped that the delegation of the Soviet Union would not press its second amendment.

107. With regard to the size of the negotiating committee, he said that a membership of 54 appeared to be the best compromise between total representation and manageability. He hoped that interested non-members of the proposed committee would participate fully in the proceedings as observers but felt that an open-ended committee might present procedural problems. Since time was pressing, he suggested that Member States wishing to participate in the committee should make their desire known as soon as possible.

108. Mr. STOFOROPOULOS (Greece) recalled that Greece was one of the sponsors of draft resolution A/C.5/L.1286, and stressed the need for negotiations to reach a lasting solution of the financial problems of the United Nations because it felt that a spirit of realism, conciliation and moderation was essential. A major financial crisis would undermine the common political will on which the United Nations was based. He trusted that the negotiating committee provided for in the draft resolution would bear those considerations in mind.

109. The negotiating committee, as well as seeking a comprehensive solution to the financial problems of the

Organization, would also examine the appropriate level of the Working Capital Fund and the financial regulations governing it in the light of the changing requirements of the Organization. Although the cash flow difficulties of the United Nations were a matter for concern, many delegations had reservations regarding an increase in the Fund. It was said that such an increase might be interpreted by some Member States as an attempt to make them pay contributions to cover deficits created by the withholding of assessed contributions on grounds of principle by certain Members. Another objection was that, if the problem of the accumulating deficit was not solved, even an increased Fund would soon be depleted. To overcome those two objections, he suggested that the Secretary-General might be requested to replenish the Working Capital Fund at the end of each financial year or at some fixed point during the year, the financial regulations and rules being amended accordingly. If that solution was adopted, it would become clear that replenishment of the Fund was not connected with the so-called uncollectable assessed contributions, and it would also allay fears that the Fund would be depleted.

110. Another objection to increasing the Working Capital Fund was that the Organization would survive anyway. Yet he did not take lightly the appeals of the Secretary-General, recently reiterated in document A/C.5/1730/Add.1. That document also showed that the Organization was trying to solve its cash flow problems by borrowing from trust funds and from UNEF, UNDOF and UNFICYP, which he felt should be considered trust funds even if not formally so described. While UNFICYP was not entitled to borrow from the Working Capital Fund, the UNFICYP reserves were being used as though they were part of the Working Capital Fund.

111. Yet another objection was that, under existing regulations, advances from the Working Capital Fund could not be used to liquidate obligations of the Organization, its main financial requirements. He hoped that the negotiating committee would take that objection, which might be valid, into account in studying and reviewing the regulations governing the Fund. The negotiating committee might also study ways and means of increasing the special account, including amendments to regulations pertaining to the balance of surplus accounts and miscellaneous income.

112. A final objection was that increasing the Working Capital Fund would adversely affect negotiations on a comprehensive solution to the financial problems of the United Nations. He felt, however, that an increase of the Fund within the framework of adequate measures would enable all Member States to alleviate the financial situation of the United Nations.

113. As the Secretary-General had indicated, the need to increase the Working Capital Fund was related to the size of the expenditure budget. In 1946 the Fund had been established at \$20 million—roughly 103 per cent of the expenditure that year. In 1952, 1953, 1959 and 1960, the level of the Fund had been increased through the temporary transfer of the balance of surplus account not already applied against assessments. In 1960 and 1963, the Fund had been increased by direct additional advances by Member States. Yet, since 1963, although the budget had increased fourfold, the Fund had not changed, so that now

the Fund represented only 17 per cent of the expenditure. He believed that the negotiating committee should take up that matter, although he did not underestimate the importance of paragraph 1 of the draft resolution calling on all Member States to pay contributions promptly.

114. As to the size of the negotiating committee, he felt it should be open to countries wishing to send observers who should be able to participate in its work without the right to vote.

115. In conclusion, he urged the Committee to adopt draft resolution A/C.5/L.1286, as amended.

116. Mr. BEATH (New Zealand) said that the Controller had sent a letter dated 20 November 1975 to his Government—and, he presumed, to other Member States holding United Nations bonds—referring to the Organization's cash flow problems and proposing that Member States holding bonds agree to offset the principal and interest payments due to them on 15 January 1976 against their assessed contributions to the regular budget. His Government accepted that proposal and trusted that other Governments concerned would also accept it.

117. His delegation, a sponsor of draft resolution A/C.5/L.1286, intended to submit its proposals to the negotiating committee in 1976.

118. Mr. SAFRONCHUK (Union of Soviet Socialist Republics) said that his delegation had submitted amendments to draft resolution A/C.5/L.1286 because of its concern over the financial situation of the United Nations and to ensure that the mandate of the proposed negotiating committee would be broad enough to allow it to give full consideration to the problems and make acceptable recommendations. He expressed appreciation to the sponsors for accepting his first amendment. He regretted that the second amendment had not been accepted, however, as he considered it very important to resolve the reasons for the continuing deficit; he had simply wanted to stress that the negotiating committee should deal with the main problem, as otherwise the Organization would be trapped in a vicious circle. He withdrew his second amendment in view of the sponsors' reaction to it. He could not, however, accept the draft resolution as it stood and intended to abstain in the vote on it.

At the request of the representative of Singapore, a recorded vote was taken on draft resolution A/C.5/L.1286, as amended.

In favour: Afghanistan, Algeria, Australia, Austria, Bangladesh, Belgium, Brazil, Burma, Canada, Chad, Chile, Colombia, Cuba, Denmark, Egypt, Ethiopia, Finland, France, Germany (Federal Republic of), Ghana, Greece, Guyana, India, Indonesia, Iran, Ireland, Israel, Italy, Ivory Coast, Japan, Jordan, Kenya, Madagascar, Malaysia, Mauritania, Mexico, Mozambique, Netherlands, New Zealand, Niger, Nigeria, Norway, Pakistan, Panama, Peru, Portugal, Qatar, Rwanda, Sierra Leone, Singapore, Spain, Sri Lanka, Swaziland, Sweden, Thailand, Togo, Tunisia, Uganda, United Arab Emirates, United Kingdom of Great Britain and Northern Ireland, United Republic of Tanzania, United States of America, Upper Volta, Uruguay, Yugoslavia.

Against: None.

Abstaining: Benin, Bulgaria, Byelorussian Soviet Socialist Republic, Congo, German Democratic Republic, Hungary, Mongolia, Poland, Romania, Ukrainian Soviet Socialist Republic, Union of Soviet Socialist Republics.

The draft resolution was adopted by 65 votes to none, with 11 abstentions.

119. Mr. WOLDE-AREGAY (Ethiopia) said that his delegation had voted in favour of the draft resolution although it would have preferred the negotiating committee to be established on an *ad hoc* basis and to have fewer members than the number recommended by the representative of Pakistan. His vote in no way prejudged his delegation's position on the findings of the negotiating committee.

The meeting rose at 7.55 p.m.

1772nd meeting

Tuesday, 16 December 1975, at 10.40 a.m.

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

A/C.5/SR.1772

AGENDA ITEM 100

*Pattern of conferences (continued):**

*(b) Report of the Secretary-General (concluded)**

Draft report of the Fifth Committee to the General Assembly (Part II) (A/C.5/L.1288/Add.1)

1. Mr. ABOUL GHEIT (Egypt), Rapporteur, introduced the second part (A/C.5/L.1288/Add.1) of the Committee's draft report, which dealt with the inclusion of Vienna in the pattern of conferences.

The draft report was adopted.

Letter from the Chairman of the Fifth Committee to the President of the Economic and Social Council

2. The CHAIRMAN, recalling that at the 1757th meeting he had informed the Committee about a communication addressed to him by the President of the Economic and Social Council, read out the following draft letter which he planned to send to the latter:

"Thank you for your letter of 11 November 1975 and the attached summary record of the 1981st meeting of the Council. As you requested in your letter, this summary record was brought to the attention of the Fifth Committee when it considered agenda item 100, concerning the pattern of conferences. Members of the Fifth Committee were fully aware of the competence of the Economic and Social Council in setting the dates of its meetings and, accordingly, the Committee left the dates of the Council in the report of the Committee on Conferences unaltered.

"During the discussion I informed the Fifth Committee that, in order to accommodate the Third United Nations Conference on the Law of the Sea, which, it was recommended by the Committee on Conferences, should meet from 15 March to 7 May 1976, the Council had

agreed, in subparagraph (b) of its decision 125 (LIX), to reconsider and, if necessary, alter the dates of the sixtieth session of the Council, consequent on the decision of the General Assembly on the subject."

3. If there were no objection, he would take it that the Committee agreed that he should send the letter to the President of the Economic and Social Council.

It was so decided.

4. Mr. SETHI (India) reserved his delegation's right to make a statement on the matter at a later meeting.

AGENDA ITEM 12

Report of the Economic and Social Council [chapters III (sections F, G and J to L), IV (sections G and H), V (sections A and B), VI (sections A to C, and F and G) and VII (section G)] (A/10003)

5. The CHAIRMAN recalled that certain parts of the report of the Economic and Social Council (A/10003) had been referred to the Fifth Committee by the General Assembly. Some of those parts had been dealt with during consideration of relevant items, the exceptions being those which the Committee was to deal with at the current stage in connexion with agenda item 12.

6. If there were no objection, he would take it that the Committee wished to recommend to the General Assembly that it should take note of the relevant sections of the report of the Economic and Social Council.

It was so decided.

7. Mr. PALAMARCHUK (Union of Soviet Socialist Republics) said that his delegation wished to reaffirm the positions stated by representatives of the Soviet Union in the relevant United Nations bodies concerning all the questions referred to the Committee for consideration in connexion with agenda item 12.

* Resumed from the 1770th meeting.