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**FIFTH COMMITTEE**  
16th meeting  
held on  
Friday, 23 October 1987  
at 3 p.m.  
New York

**SUMMARY RECORD OF THE 16th MEETING**

Chairman: Mr. AMNEUS (Sweden)

Chairman of the Advisory Committee on Administrative and  
Budgetary Questions: Mr. MSELLE

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The meeting was called to order at 3 p.m.

AGENDA ITEM 115: PROPOSED PROGRAMME BUDGET FOR THE BIENNIUM 1988-1989 (continued)

AGENDA ITEM 116: PROGRAMME PLANNING (continued)

AGENDA ITEM 41: REVIEW OF THE EFFICIENCY OF THE ADMINISTRATIVE AND FINANCIAL FUNCTIONING OF THE UNITED NATIONS: REPORT OF THE SECRETARY-GENERAL (continued)

AGENDA ITEM 43: CURRENT FINANCIAL CRISIS OF THE UNITED NATIONS (continued)

General debate (A/42/3, A/42/6 and Corr.1, A/42/7 and Add.2, A/42/16 (Part I) and Add.1 and A/42/16 (Part II), A/42/214, A/42/225 and Add.1, A/42/234 and Corr.1, A/42/283, 512, 532 and 640; A/C.5/42/2/Rev.1)

1. Mr. ZSOHAR (Hungary), speaking on behalf of Bulgaria, the Byelorussian Soviet Socialist Republic, Czechoslovakia, the German Democratic Republic, Mongolia, Poland, the Ukrainian Soviet Socialist Republic and the Union of Soviet Socialist Republics, said that there was a need for a stronger and more efficient Organization, equipped with the means to make the world both safer and more just for all peoples of the world. The socialist States envisaged an even more responsible role for the United Nations as the principal architect of a comprehensive security system and the main guarantor of such a system in a future nuclear-weapon-free world. They noted with satisfaction the Secretary-General's expectations of an expanded role for the United Nations in such areas as international security, development and international economic co-operation, social progress, basic rights and fundamental freedoms and human welfare. Nevertheless, they were concerned over recent attempts to undermine the Organization and to replace the multilateral approach to international problems with the unilateral imposition by certain Member States of their wishes over those of others. Attempts to use financial blackmail against other Member States were doomed to failure.

2. Noting the urgent need for decisions by the Fifth Committee on the content, scope and level of the budget to be taken on the basis of the broadest possible agreement, the socialist States believed that the proposed programme budget for the biennium 1988-1989, together with the adjustments proposed by the Advisory Committee, provided an appropriate basis for the sound and economical operation of the Organization as it faced the challenges and opportunities of the years to come. They were aware of the concern of some Member States that the Secretary-General should be given a measure of flexibility in view of the current financial crisis but believed in view of the far-reaching extent of the reforms to be implemented during the next two years, that there should be further substantial reductions in estimated resource requirements. The overall level of expenditures in the next biennium should, therefore, not exceed the level of the current budget, and Member States should make concerted efforts to reduce expenditures even further. In conclusion, the socialist States agreed that the choice for Member States in deciding the size and scope of the United Nations budget lay between adherence to their respective positions - thus producing a stalemate - and a willingness to compromise and choose some suitable middle course.

3. Mr. MURRAY (Trinidad and Tobago) said that the late payment or selective withholding of assessed contributions by certain Member States threatened the very financial viability of the Organization. In striving for greater administrative and financial efficiency, Member States should not lose sight of the basic intention of General Assembly resolution 41/213, namely that each Member State should renew its commitment to abide by the principles of multilateralism and to fulfil its obligations under the Charter.

4. The proposed programme budget was of a transitional nature and was thus not necessarily the standard on which any future budget should be based. His delegation was particularly concerned that the proposed reduction in expenditure was to be achieved by a decrease in programme activities. Although resolution 41/213 stressed that the implementation of projects and programmes already approved by the General Assembly should not be prejudiced, cuts were to be introduced in expenditures on official travel and on consultants. His delegation questioned the ability of the Organization to carry out its mandated tasks in such circumstances.

5. The criteria for the setting of priorities were not yet sufficiently clear to ensure that only the least important programme elements were affected, and his delegation did not fully understand the budgetary implications of the Secretary-General's selection of two particular issues for priority treatment. Considering that the reform exercise suffered from a lack of clarity, it felt that an organizational chart detailing proposed reforms would be useful and suggested that the Fifth Committee should request the presentation of such details. In the case of the Department of Public Information, for example, it appeared that a sweeping restructuring could take place before Member States had any chance, through the Committee on Information or the Committee for Programme and Co-ordination, to provide real inputs to the process. There was therefore a possibility that the restructuring might not address the real concerns of Member States with respect to the Department and, by extension, other units of the Secretariat.

6. In view of the important role played by the Committee for Programme and Co-ordination in ensuring that mandated activities were properly incorporated into the organizational structure, as well as its increased responsibilities under the provisions of resolution 41/213, the Committee should hold two sessions each year as a matter of course. Its membership should also be increased, though not excessively, in order to ensure broader representation of regional and subregional interests. Such an increase should take effect before initiation of the new budget process at the Committee's twenty-eighth session. His delegation agreed that there was little alternative to a revision and extension of the current medium-term plan for a further two years at the Committee's next session but believed that the next medium-term plan, to begin in 1992, should cover a six-year period. As the conceptual policy framework within which United Nations programmes and activities were developed and implemented, the plan would both set out the parameters for the Organization as current reforms began to take effect and create the momentum for the Organization's entry into the next century.

7. With regard to the vital issue of the contingency fund, firm decisions should be taken on the points raised for consideration by the Advisory Committee. It was

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essential to spell out how the fund would operate and which body would have initial responsibility for the allocation of resources from it before the fund was established. His delegation, looked forward to discussing that and other issues in the Fifth Committee in the context of a firm commitment to the general purposes and principles of the Organization.

3. Mr. HARAN (Israel) said that his delegation would discuss agenda item 115 only, while reserving its right to revert to the other items under consideration, particularly item 43, at a later stage. In urging that decisions on the proposed programme budget should be reached on the basis of the broadest possible agreement, the Secretary-General presumably had in mind the need, as stated in resolution 41/213, for Member States to participate in the budgetary preparation from its early stages and throughout the process. That process, as outlined in annex I to the resolution, provided for the submission in off-budget years, of an outline of the programme budget for the following biennium, to include an indication of the size of the contingency fund. The programme budget itself, including expenditures related to political activities of a "perennial" character, was to be submitted in the following budget year, in accordance with the existing procedures. The Secretariat, however, by including political activities of a perennial character before the outline was approved, was failing to comply with those existing procedures. His delegation was strongly opposed to the Secretariat's decision to deal with an individual aspect of its own choosing before resolving the issue of the contingency fund. It also found the Advisory Committee's failure to note that departure from existing procedures entirely unacceptable, particularly since the Committee for Programme and Co-ordination had clearly entertained reservations about the proposed programme budget for that reason. Since it was evident that Member States had not been able to participate in the preparation of the budget from the early stages, his delegation could not accept the proposed budget in its current form.

AGENDA ITEM 121: SCALE OF ASSESSMENTS FOR THE APPORTIONMENT OF THE EXPENSES OF THE UNITED NATIONS: REPORT OF THE COMMITTEE ON CONTRIBUTIONS (continued) (A/42/11 and Add.1)

9. Mr. ALI (Chairman of the Committee on Contributions) explained again how capacity to pay was measured under the current methodology and pointed out that, in the context of the low per capita income allowance formula, per capita income determined the extent of relief to which a country was entitled.

10. Concerning data comparability, he said that the Committee on Contributions believed that the United Nations Statistical Office should be able to obtain, by means of a comprehensive annual questionnaire on national accounts, comparable data in accordance with the definitions and classifications agreed upon under the system of national accounts or the net material product system. There appeared to be general agreement among Member States to support the Committee's efforts to rely on the data base developed by the United Nations Statistical Office.

11. Another kind of data comparability related to national income data expressed in United States dollars. In order to ensure that national income expressed in

(Mr. Ali)

United States dollars did not overstate or understate a country's national product relative to that of other countries, the Committee had continued to develop and refine the price-adjusted rate of exchange (PARE) methodology. Two innovations had been introduced. He had described the first, incorporation of terms-of-trade adjustment, when introducing the report. Concerning the second, which related to the base year used for PARE, he said that the Committee had used the same base period as for the present scale. The advantage of doing so was that PARE-adjusted national income data were consistent with the national income data used for establishing the present scale. Use of any individual base year for PARE would have resulted in a different scale of assessments.

12. While most delegations agreed that capacity to pay should continue to be the fundamental criterion for determining assessments, there were different interpretations of the concept "capacity to pay". Some delegations had emphasized a simplified, transparent system such as that based on national income, with allowance made only for low per capita income. Others had suggested that national income alone could not adequately reflect their capacity to pay and that, while desirable, simplification should not be achieved at the expense of fairness and equity. Several delegations had felt that those who enjoyed specific political privileges should bear corresponding financial obligations and therefore favoured alternative II contained in the report of the Committee on its forty-sixth session (A/41/11).

13. In that context, delegations from oil-exporting countries had reiterated their wish that account be taken of the fact that their economies depended upon a single, non-renewable resource as well as of other economic and social indicators. He recalled that, in 1983 and 1984, the Committee had provided an analysis of the effects of incorporating socio-economic indicators in the assessment scale formula, but that it had not received specific instructions to continue the experiment.

14. While representatives from heavily indebted developing countries had advocated incorporating external debt service burden in the methodology, many other delegations had had serious reservations about that proposal, inter alia, because the debt factor was an ad hoc measure and because interest payments were already deducted in order to arrive at national income.

15. While most delegations supported retention of the 10-year statistical base period for the next scale, several had advocated a shorter base period, such as three years. He said that, since the existing scheme of limits offset excessive variations in individual rates of assessment between successive scales, it would be possible to shorten the base period without affecting the stability of the scale. Indeed, even those who favoured retention of the longer base period agreed that a shorter base period would more realistically reflect their capacity to pay.

16. Most delegations supported retention of the \$2,200 limit for the low per capita income allowance formula and the 85 per cent gradient. A number of speakers had indicated that the limit should be reviewed and, if necessary, updated to take into consideration inflation in the United States.

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17. The question had been asked whether the Committee had attempted to quantify inflation in the United States between 1948 and 1986. It had made that calculation in 1985. Views had been divided on indexation of the per capita income limit in the past; they were reflected in paragraphs 40 to 42 of the Committee's report for that year (A/39/11).

18. With respect to the share in the burden of relief, some delegations had maintained that the Committee should make a distinction between developed and developing countries. He pointed out that the manner in which that burden was shared did not require further technical consideration but only a decision by the General Assembly.

19. The current scheme of limits appeared to be acceptable to most Member States although some had expressed reservations on the grounds that it departed somewhat from the principle of capacity to pay. One delegation had suggested that the scheme be further refined.

20. Most delegations supported the Committee's wish to retain the ceiling and floor rates of 25 and 0.01 per cent respectively. A number had stated that, in the current financial crisis, the principle of capacity to pay might have to be supplemented by other criteria such as the notion of a Member State's commitment to the Organization. The Organization would be less vulnerable if expenses were more evenly apportioned and if it did not rely too heavily on one major contributor. That implied revising the ceiling rate. Other delegations had said that they might consider lowering the ceiling rate if it were to be accompanied by significant redistribution of assessment points among all Member States. Others had felt that lowering the ceiling rate would constitute a further departure from the capacity to pay principle.

21. In conclusion, he stated that although there seemed to be a variety of views on every element of the methodology, there seemed to be more willingness to reach a consensus than had been the case three years earlier. If that was correct, the Committee would be able to work at its next session on the basis of consensus guidelines from the General Assembly.

AGENDA ITEM 113: FINANCIAL REPORTS AND AUDITED FINANCIAL STATEMENTS, AND REPORTS OF THE BOARD OF AUDITORS (continued) (A/C.5/42/L.3)

Draft resolution A/C.5/42/L.3

22. The CHAIRMAN went over the oral revisions to the draft resolution made at the previous meeting, adding that delegations which had participated in the informal consultations felt that, in the first line of paragraph 15, the word "internal" should be added before the words "audit function".

23. Draft resolution A/C.5/42/L.3, as revised, was adopted.

24. Mr. LADJOUZI (Algeria) reiterated that his delegation was not happy with the Committee's practice of adopting the Board's recommendations as a whole, and noted that disagreements between the Committee and certain Administrations regarding the validity of particular recommendations, had become increasingly common. His delegation had not opposed the draft resolution, on the understanding that the Committee would in future consider the Board's recommendations from a different standpoint. If the Committee were to express an opinion on the recommendations individually, before adopting them or referring back those which required further study, it would go a long way towards resolving the existing conflict of competence between the Board and various organizations.

The meeting rose at 4.35 p.m.