



SUMMARY RECORD OF THE 18th MEETING

Chairman: Mr. AMNEUS (Sweden)

later: Mr. MURRAY (Trinidad and Tobago)

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

CONTENTS

- 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)
- AGENDA ITEM 119: JOINT INSPECTION UNIT: REPORTS OF THE JOINT INSPECTION UNIT (continued)

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The meeting was called to order at 10.05 a.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, A/47/16 (Part II), 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. KASTOFT (Denmark), speaking on behalf of the 12 member States of the European Community, said that resolution 41/213 marked an important step in the strengthening of the efficiency of the administrative and financial functioning of the United Nations, in that it called for a new budget procedure. Not all the elements in that procedure had been taken into account in the budget proposals now before the Committee, unfortunately, for they had been drawn up before the resolution was adopted. It was unfortunate also that CPC had been unable to agree on two central issues: the overall budget figure, and the manner in which the contingency fund would function. It was, none the less, very important to reach agreement on the revised programme budget so that the total volume of contributions available for 1988 and 1989 could be predicted with greater certainty.

2. The proposed programme budget, drawn up at a time when the financial viability of the Organization was threatened and its role and activities were being reassessed, was therefore a transitional document. Progressive reform would make it necessary to revise initial estimates during the budget cycle. The outcome of efforts by the Special Commission established by the Economic and Social Council to study the structure and functioning of the intergovernmental machinery in the economic and social fields might also produce some budgetary spin-off. Finally, the uncertainty of the Organization's financial status made the discussion of budget proposals more difficult still.

3. The member States of the European Community had for years advocated improvements in the presentation of the budget. Some fascicles of the new proposed programme budget did provide more details on programmatic content, but a great deal of progress had yet to be made. It was also to be hoped that priorities would be more clearly indicated in different budget sections, as CPC had suggested.

4. The Secretary-General's comments in chapter B of the introduction to the budget called for some remarks. The Twelve welcomed the Secretary-General's efforts to maintain mandated activities despite budgetary constraints. They noted that the volume of outputs had not been scaled down in proportion to the current resources for each programme, and hoped that careful attention to priorities, tight

(Mr. Kastoft, Denmark)

management and improved productivity would help to ensure that the quality of outputs did not suffer unduly from the continuing shortage of resources.

5. Several innovations deserved mention. The proposed programme budget defined two principal priority areas: African economic recovery and development, and the advancement of women. Additionally, provision for temporary assistance at meetings in the three major United Nations conference centres had been included in the initial budget estimates, and add-ons were not envisaged provided there was no change in the pattern of conferences. For the first time, "perennial" activities were covered in the initial budget estimates, and the resources requested were less than had been appropriated in previous budget cycles. On the other hand, the list of programme outputs judged to be obsolete, of marginal usefulness or ineffective was very short. Member States should agree to drop activities of low priority, thus providing increased scope for urgent or new activities.

6. On the purely budgetary aspects of the issue, it was difficult to comment on the Secretary-General's proposals, for they were clearly only a starting point. The Advisory Committee had recommended sizeable reductions in them. Currency fluctuations and inflation could not be predicted, and allowance must also be made for revised estimates and the possible establishment of a contingency fund - something the Twelve would like to see. That said, the total estimates of expenditure for 1988-1989 were lower than the revised appropriations for 1986-1987, despite the inclusion of some "perennial" activities. It seemed that the familiar trend towards bigger budgets every biennium had been reversed. The Twelve hoped that the reforms would confirm the new trend; they regarded efforts to enhance efficiency as crucially important, being the only way that all mandated activities could be carried out at the least possible cost.

7. The cuts in spending were mainly due to the decline in the size of the Secretariat, but also derived from reductions in certain items of expenditure such as official travel and consultants, where the Advisory Committee recommended further cuts. The Advisory Committee also recommended a further increase in the standard turnover deduction, which the Twelve considered warranted by the current level of vacant posts.

8. The question of a contingency fund was an important aspect of the budget procedure. The Secretary-General considered it desirable to include a contingency fund of 0.75 per cent of the total budget in the proposals for 1988-1989. It was unfortunate that CPC had been unable to reach a decision on that proposal. The establishment of the fund obviously raised a number of questions and it was therefore important, as the Advisory Committee had emphasized, to lay down the precise rules and procedures that would govern its operation. The procedure suggested by the Secretary-General in document A/42/255 could serve as a good starting point. It had been suggested, during the CPC session, that a contingency fund should be established on an experimental basis for the biennium 1988-1989. The Twelve supported that proposal, believing that it would allow the fund to be tried out without in any way prejudging how it would eventually operate. The Twelve also endorsed the proposal of CPC to extend the current medium-term plan for two years.

(Mr. Kastoft, Denmark)

9. In introducing his budget, the Secretary-General had rightly dwelt on the precariousness of the Organization's finances, which made the current reorganization and the orderly implementation of resolution 41/213 more difficult. Two of the biggest contributors were largely responsible, having failed to pay their contributions or having withheld part of them. One had announced its intention of remedying its situation; the Twelve looked forward to receiving precise information on that subject, and hoped that the other would soon bring its payments up to date. Still, as the end of the year approached, only half of all the Member States had paid their contributions in full. A process of reform had begun. The Secretary-General had done his part, taking whatever action fell within his authority. Now it was up to Member States to give him the means to continue.

10. Mr. GHAREKHAN (India) noted that the initial appropriation for 1988-1989 of \$1,681 million, compared to the revised appropriations of \$1,711 million for 1986-1987, represented a decrease of \$30 million, or 1.8 per cent. That was in sharp contrast to the growth of 8.1 per cent increase between the initial estimates for the biennium 1986-1987 and the revised estimates for the previous biennium. For the first time the proposed programme budget included estimates for activities of a perennial nature amounting to \$19.5 million. In addition \$94 million had been set aside to cover inflation-related costs. In programmatic terms, the proposed budget was about 9 per cent lower than that of the present biennium.

11. With respect to the funding of the budget, his delegation was concerned to see that so far only 69 Member States had paid their regular budget contribution for 1987 in full and that, of the total of \$756 million which was due for 1987, only \$473 million, or 62.6 per cent, had so far been received. One Member State was responsible for \$140 million of the shortfall. The financial uncertainties resulting from that situation adversely affected the process of sound financial management and could threaten the very survival of the Organization. In order for the reform process to be effective the Secretary-General must be assured of full and timely availability of funds.

12. Perhaps it was time for the Committee on Contributions to review the scale of assessments and to propose a system which would ensure that the Organization was not dependent on one or a few States while, naturally, taking into account the financial constraints of the least developed countries. In that context, his delegation welcomed the recent decision taken by the Soviet Union to pay its full contribution to the regular budget for 1987 and its arrears.

13. In its report on the proposed programme budget, the Advisory Committee had recommended reductions of \$51.4 million, taking into account, inter alia, previous underutilized balances. His delegation endorsed those reductions. However, with respect to the further adjustment in the turnover deduction recommended by the Advisory Committee, which would result in a reduction of \$31.6 million, his delegation was prepared to support it provided that the Secretary-General was given sufficient latitude to proceed gradually with the planned staff reductions and redeployment.

(Mr. Gharekhan, India)

14. Taking advantage of the new procedures outlined in resolution 41/213, Member States should make every effort to narrow their differences on the activities being undertaken; however, once the budget was approved, they must make available to the Secretary-General the resources necessary to implement the programmes.

15. Mr. BROTDININGRAT (Indonesia) expressed concern at the adverse programmatic implications of the economy measures which had been taken to deal with the financial crisis. Instead of simply trying to cut costs, it was necessary to deal with the root of the problem - the refusal of certain Member States to pay their contributions. The crisis would be resolved as soon as all Member States fulfilled their financial obligations fully in accordance with the Charter. His delegation therefore joined with the Secretary-General in urging those Member States which had not done so to pay their assessments. In that connection, he was pleased to note that the Soviet Union had decided to pay all its arrears and that Japan had decided to make a special contribution of \$20 million.

16. The austerity measures approved by the Assembly in decision 41/466 had been taken in a crisis atmosphere and it was therefore not in the least surprising that they had had an adverse impact on programmes. That was not true of the measures outlined in General Assembly resolution 41/213, the purpose of which was to enhance the efficiency and effectiveness of the Organization. To try to link structural reform and settlement of the financial crisis would create an atmosphere of suspicion and could even make the exercise vulnerable to financial blackmail. He therefore agreed with the Secretary-General's view, as stated in the Committee for Programme and Co-ordination, that for the reform process to be successful there should be an end to financial uncertainties.

17. The progress report of the Secretary-General on the implementation of resolution 41/213 called for a number of comments. First of all, his delegation agreed with the general approach taken by CPC. The goal should be to make the Organization more responsive to the problems of the day and better prepared to face the challenges of the coming decades. In that regard it should be ensured that reforms would not have a negative impact on programmes. Secondly, it was necessary to wait for the findings of the in-depth study undertaken by the Special Commission of the Economic and Social Council before making adjustments to the Secretariat structure in the economic and social fields. That should not raise any difficulties if the medium-term plan was rolled over for another two years as CPC had recommended. Furthermore, his delegation was convinced that the Secretary-General would observe the relevant legislative mandates when implementing the recommendations of the Group of 18 on the restructuring of the Secretariat. Thirdly, the recruitment freeze sanctioned by decision 41/466 should not be an instrument for effecting the post reductions mandated by resolution 41/213. The freeze should be lifted as soon as the financial situation improved. His delegation had noted that the scheme to reduce posts had been designed in such a way as to lead logically into a longer-term retrenchment plan. Fourthly, the regrouping of social and economic activities into separate sectors should not adversely affect the integrated, or at least co-ordinated, approach followed so far by the Organization in dealing with economic and social development.

(Mr. Brotodiningrat, Indonesia)

18. Given its features, the proposed programme budget was more a reflection of the past than a model for the future. The incorporation of activities of a perennial character and the systematic reduction of estimates for travel and consultant services were not particularly significant innovations. His delegation fully agreed with the Advisory Committee and the Secretary-General that it was necessary for the process of reform to proceed in an orderly, clear, coherent and timely manner but it wondered how a budget so heavily influenced by the financial crisis could contribute to that goal.

19. Turning to the question of the level of expenditures, he said that his delegation welcomed the prudence demonstrated by the Secretary-General and was confident that he would try to offset the cuts in resources by increases in efficiency so that the negative growth of the programme budget would not adversely affect programme delivery either quantitatively or qualitatively. He concurred with the view of CPC that efforts should be made to reduce the share of administrative and support services so that maximum resources would become available for substantive activities. It had no objection to the proposal to give priority to the issues of African economic recovery and development and the advancement of women but felt that follow-up activities to the major conferences which had taken place that year (UNCTAD VII, the International Conference on the Relationship between Disarmament and Development and the International Conference on Drug Abuse and Illicit Trafficking) also deserved priority treatment.

20. With regard to the contingency fund, given the interim nature of the proposed programme budget and the extraordinary circumstances in which it had been formulated, he was doubtful that it would be advisable to establish such a fund, even on an experimental basis. Having said that, his delegation was ready to co-operate with other delegations so that decisions on the content and level of the budget could be based on the broadest possible agreement.

21. Mr. OTHMAN (Jordan) expressed his disappointment at the current atmosphere of uncertainty that was undermining the process of reform and the collective political will manifested in General Assembly resolution 41/213. He recognized that the proposed budget was of a transitory nature and already reflected a number of reforms, and noted that it contained some innovative measures such as the inclusion of perennial activities. In view of the increasing number of problems that called for multilateral solutions, the decrease of 1.8 per cent over the preceding budget should not set the pattern for future budgets.

22. Assessed contributions should be paid in full and on time. Any other practice ran counter to the Charter and jeopardized the implementation of General Assembly decisions, especially the implementation of the programmes included in the budget. His delegation therefore welcomed the decision of the Soviet Union to pay its arrears and Japan's announcement of a special contribution of \$20 million.

23. His delegation was concerned at the possible adverse effects the economic measures and certain reforms might have on staffing and on programmes requested by Member States. It shared the views expressed that the recruitment freeze was not a

(Mr. Othman, Jordan)

normal management tool and pointed out that it led to imbalances in staffing patterns with regard to age, sex and geographical distribution. It was deeply concerned at the exceptionally high vacancy rate (at least 25 per cent) noted in the Economic and Social Commission for Western Asia and would revert to that matter at the appropriate time.

24. The Advisory Committee had made some valuable comments and suggestions, mainly related to an adjustment in the turnover deduction and the utilization of unobligated appropriations. His delegation would like, however, to revert to those proposals after hearing the Secretary-General's comments. With regard to CPC, there was no doubt that since the adoption of General Assembly resolution 41/213, it had assumed a more pivotal role in programme planning and budgeting. An enlargement of its membership should not become an obstacle to reaching the widest possible agreement on the budget. All regional and sub-regional groups should be represented and no single group should dominate. Decision-making in CPC should continue to be governed by the provisions of the Charter and the rules of procedure of the General Assembly.

25. Priority areas should include not only Africa's economic recovery and the advancement of women but also other questions such as external debt, the relationship between disarmament and development, and human rights. The medium-term plan should be the framework for setting priorities. The Secretary-General's proposal to establish a contingency fund should be studied in detail in line with the annex to General Assembly resolution 41/213.

26. Staff costs represented almost 80 per cent of the total budget. In that connection, the staff deserved commendation for their dedication in the current trying circumstances. Conditions of service should be such that the United Nations could attract the best people on the basis of the broadest possible geographical distribution. Yet, according to information provided by the Secretary-General, certain Governments had to offer their nationals incentives to accept posts in the United Nations.

27. Extrabudgetary resources were estimated at over \$2 billion, or more than the regular budget. His delegation would like to know what relation that bore to the programmes included in the budget and to administrative costs. More information should be given on that point in the future.

28. He reminded the Committee that the Charter imposed on all Member States the same assume obligations and the same rights, whatever their share in the budget; despite its own difficulties, Jordan pledged to do its part to build a stronger Organization.

29. Mr. SEIFU (Ethiopia) said that as a result of the joint efforts of Member States and the Secretary-General the financial situation had improved slightly but it remained a cause for concern owing to the refusal by one major contributor, in disregard of its Charter obligations, to pay its contribution in full. Ethiopia had always maintained that the current crisis was political and not administrative.

(Mr. Seifu, Ethiopia)

Taking advantage of the size of its financial contribution to the regular budget, the Member State in question had attempted to pressure the Organization not simply to undertake necessary reforms but also to follow its political thinking. Such an attitude was contrary to the Charter, in that it contravened the sovereign equality of Member States. It also undermined the reform process, management and programme planning and budgeting. Ethiopia therefore appealed to all the Member States concerned to pay their contributions on time and in full. Ethiopia, for its part, would continue to do so.

30. Although reforms must be implemented in an orderly, clear, coherent and timely manner, as recommended by the Advisory Committee, they must also faithfully respect the decisions of the General Assembly. That was far from the case for the construction projects in Addis Ababa and Bangkok. Efficiency and economy were not an end in themselves, but a means of attaining the purposes of the Charter. They should therefore not prevent the Organization from tackling issues requiring its urgent attention. His delegation was pleased that the Secretary-General gave priority to Africa's economic recovery and development but warned him against excessive rigidity in implementing the reform measures (reduction in staff, consultants and construction, for example) because that might defeat his stated intentions.

31. In view of the circumstances in which the budget proposals had been prepared, the reduction in expenditure should be seen as reflecting reform measures rather than a diminishing role for the Organization. His delegation endorsed many of the Advisory Committee's recommendations. In particular, it considered that the expenditure level for 1986-1987, resulting from the economy measures, should not set a pattern for the 1988-1989 budget; it was too early to decide on the overall level of the latter. It was also premature to establish a contingency fund; that question should be considered in 1988 and be the subject of further consultations.

32. Mr. KASHIRIN (Union of Soviet Socialist Republics) said that his country, which had the greatest respect for the United Nations, aimed to strengthen, develop and improve the Organization in every way. However, the Organization could not carry out its formidable task unless the Charter was strictly observed and its administrative and budgetary base was sound.

33. The Soviet Union strongly opposed any attempts to use the current financial difficulties to bring pressure to bear on the Organization or check its activities. It would co-operate actively with the efforts to overcome its difficulties and had already taken specific practical steps in that direction, as noted by several delegations. In particular, it had decided to pay its arrears and had already acted on that decision by paying over \$28 million on 12 October 1987 in addition to its regular contribution for 1987. It was also ready to give favourable consideration to the question of its participation in eliminating the deficit in the budget of the United Nations peace-keeping forces.

34. The Soviet Union had played a very active role in the preparation of administrative and budgetary reforms. Those reforms focused primarily on three areas, namely, the reorganization of intergovernmental machinery, the restructuring

(Mr. Kashirin, USSR)

of the Secretariat, and the introduction of a new budget process. Reform in the first area had been primarily entrusted to the Special Commission of the Economic and Social Council, whose report would not be submitted until 1988. As to the second area, it was still premature to draw conclusions on the results of the restructuring effort, but the Organization seemed to be headed in the right direction, judging from the Secretary-General's analysis of the perspectives on the work of the United Nations in the 1990s, as contained in his report (A/42/512). However, the process must take place in a spirit of openness and not entail de facto discrimination against any particular country or group of countries. Finally, the third area, which should be the focus of the current session, hinged on two major issues: the contingency fund and its operation, on the one hand, and a comprehensive solution to the problem of additional expenditures, including those deriving from inflation and currency fluctuations, on the other.

35. A decision on the contingency fund could be taken as early as the current session on the basis of the Advisory Committee's observations. The Soviet delegation fully concurred with the Committee that the operation of the fund should not be so intricate or so rigid as to complicate the work of the Assembly. Moreover, the fund should facilitate the redeployment of resources to priority programmes and the elimination of activities which were ineffective, outdated or of little value. There was a tendency to underestimate the resources which could be released through such redeployment and elimination, which, in fact, were consistent with the search for a more rational use of resources, stressed by the Secretary-General in his report (A/42/512). None the less, the slow pace of progress in that area was regrettable.

36. Referring to additional expenditures, he said that the Soviet Union shared the ACABQ Chairman's view that in the absence of a satisfactory solution, the question of the overall level of resources would continue to be a subject of disagreement among Member States. However, there could be no simple and straightforward solution; any solution must consist of a package of mutually reinforcing measures which would also be effective and not very costly.

37. The in-depth study of the problem, which the Advisory Committee planned to conduct, must be accorded high priority and must cover the following points; first, it should summarize the views expressed by Member States at various General Assembly sessions, particularly in connection with the adoption of resolutions 36/230 and 37/120. It was in the context of those resolutions that the possibility had first been raised of absorbing the effects of inflation and currency fluctuations through contributions, including voluntary contributions, to be paid by developed countries which hosted United Nations offices and derived substantial benefits from doing so. Second, a study should be made of the specialized agencies' practice of budgeting additional expenses in the course of the biennium, and particularly the desirability of multi-currency financing. Third, a certain percentage of such expenses should be absorbed by savings, redeployment of resources or the rescheduling of low-priority activities. Fourth, in accordance with resolution 41/213, consideration should be given to constituting a reserve from gains on exchange, savings realized in the execution of the budget and returns

(Mr. Kashirin, USSR)

on investments. Finally, it would be interesting to consider the possibility of introducing a system of material incentives that would induce Member States to pay their contributions on time. In putting forward those proposals, the Soviet Union stood ready to participate constructively in the search for a comprehensive solution acceptable to all parties.

38. The proposed programme budget for 1988-1989 was, as the Secretary-General had said, a "transitional" budget not subject to the planned reforms just getting under way. It would make more sense to consider each of its sections at the following session, by which time the Secretary-General would have submitted revised estimates reflecting the extent to which reform had progressed.

39. The Soviet delegation wished to make a number of comments on the proposed budget as a whole. Expenditures of \$1,681,000,000 were too high and did not adequately reflect General Assembly decisions to reduce personnel by 15 per cent, and consultants' and travel expenditures by 30 and 20 per cent, respectively, all before 1989. For no valid reason, the initial estimates also incorporated several million dollars of unobligated balances and unliquidated obligations. Consequently, the Soviet delegation supported the Advisory Committee recommendations designed to correct such shortcomings, but felt that the proposed reductions could have been more substantial. It also supported the recommendations on printing costs, the recruitment of temporary personnel, rental and maintenance of premises.

40. The proposed budget for 1988-1989 was, in some respects, similar to previous budgets which had never been approved by the Soviet delegation. For example, it included a provision of \$94 million for inflation and the Secretariat intended to add approximately \$80 million before the end of the session as protection against fluctuations in exchange rates. Thus, it seemed that the Secretariat did not wish to adhere to resolution 41/213, which explicitly requested it to attempt, to the extent possible, to absorb such expenditures. It was also intolerable that in a crisis situation, resources from the regular budget were still being used to cover overhead expenses related to the execution of technical assistance projects carried out by other organizations, primarily UNDP. The UNDP Governing Council, UNITAR and other organizations should be fully responsible for the cost of conference services provided to them.

41. It should be borne in mind that the level of the budget proposed by the Secretariat was not final and that in the course of the session, Member States would be requested to approve a whole series of additional appropriations amounting to a rather significant sum. The Soviet delegation had taken note of the Secretary-General's appeal to the effect that a decision on the overall level of the budget should be based on the broadest possible agreement. It was prepared to co-operate constructively in realizing that goal, especially since the level of appropriations recommended by the Advisory Committee seemed to provide a sound financial basis for United Nations activities in the coming biennium.

(Mr. Kashirin, USSR)

42. The Soviet Union was inclined to agree with the conclusions of the Advisory Committee on the matter of establishing a contingency fund within the framework of the 1988-1989 budget. If the technical problems raised in connection with the establishment and operation of such a fund were resolved on time and if a majority of the Member States wished to establish it within the overall level of the 1988-1989 budget, the Soviet Union would be ready to play a part in solving the problem.

43. Mr. Murray (Trinidad and Tobago) took the Chair.

44. Mr. WIJEWARDANE (Sri Lanka) noted that the proposed programme budget presented by the Secretary-General was a transitional one; it was based on the 1986-1987 programme budget and recorded with the 1984-1989 medium-term plan. Since 1974, the United Nations budget had emphasized "programmes" rather than "services". As a result, the document before the Committee reflected an action-oriented approach; it sought to give effect to the second half of the current medium-term plan, which was valid until 1989.

45. His delegation welcomed the structural changes that had been made in the Organization and duly appreciated the fact that the proposed budget fell \$30 million below the current appropriations, although no documentary evidence was to be seen. However, the United Nations was facing the gravest cash-flow problem of its 42 years of existence. According to the Secretary-General, as at 16 October 1987, a total of \$283 million was outstanding for 1987 and arrears for years prior to 1987 amounted to \$189 million, of which \$140 million was owed by one Member State.

46. Sri Lanka, as a small developing country, had to support a strong and effective United Nations whose administrative and financial viability rested on a sound basis. While it was true that an increase in United Nations activities must necessarily lead to an increase in the Organization's structure and size, it was necessary to guard against the proliferation of unproductive expenditures and to cut out the dead wood currently burdening the system. The resources currently available to the Organization should be devoted to programmes that were of use to the world community as a whole and to the developing countries in particular. Therefore, the cost-cutting exercise must not affect activities of special political and economic significance, such as the programmes relating to southern Africa, Namibia, Palestine, decolonization or environmental problems such as housing and water supply, public health and information. Issues such as the external debt, commodity prices, trade and protectionism should likewise be considered. While he welcomed the Secretary-General's reference to the recognition of women in the Organization's administrative hierarchy, their role in the development strategy should likewise be acknowledged in the United Nations programme activities.

47. Member States had an obligation to pay their assessed contributions on time. Delays in doing so impeded the implementation of programmes approved by the General Assembly. To withhold contributions was not in the Organization's best interests;

(Mr. Wijewardane, Sri Lanka)

as the Secretary-General had said, the continuing financial uncertainty rendered his task extremely difficult. His delegation was pleased to say that Sri Lanka had paid its contribution not only in full but on time.

48. The proposal to set up a contingency fund was in line with General Assembly resolution 41/213; however, there did not yet seem to be any agreement regarding the percentage of the budget that should be appropriated and what exactly the purpose of the fund should be. In his view, the fund should not be a means of remedying guesswork but an exercise in accountancy and auditing which took into account the planning, programming and budgeting processes.

49. His delegation agreed with the Chairman of the Advisory Committee that the "across the board reduction" in personnel under each budget section had been merely indicative. The 15 per cent reduction should not be applied uniformly to every unit; each unit should be examined individually in order to determine how Member States, particularly the developing countries, would be affected.

50. Mr. MONTHE (Cameroon) said that the purpose of the general debate was first and foremost to enable Member States to make known to the Secretary-General their views about resources earmarked for the implementation of programmes decided upon by the deliberative organs. It would be useful, therefore, for the Chairman to provide the Secretary-General with a summary of the discussions, outlining the main points raised, in order to prevent budgetary policy from being determined by the views expressed - or even the pressure exerted - by a handful of Member States.

51. Should the current climate of financial uncertainty persist, it would become impossible to make any estimates, programme implementation would be affected and conditions of employment would deteriorate greatly as a result. Therefore, all Member States should fulfil their financial obligations as a matter of urgency. Failure to observe that rule had already affected implementation of the 1986-1987 budget and had helped to distort the very bases of the scale of assessments.

52. It was possible that, through the tax equalization fund, countries which had already paid their assessment might have contributed to a unilateral transfer benefiting countries which were in arrears, including certain major contributors. The Chairman of ACABQ, or the Controller, could clarify the matter for the Committee. As the Chairman of ACABQ had said, current liquidity problems should not give rise to budgetary practices which might lead to increased assessments for those countries which complied scrupulously with their financial obligations. The Committee should look into the matter and should consider short-term and long-term solutions in order to avoid the risk of financial strangulation of the Organization.

53. The possibilities to be envisaged might include: paying contributions into a special savings fund; refunding unused credits to Member States only at the end of the budget period instead of annually as was the current practice; or even paying the balance into the special savings fund; the possibility of borrowing from UNDP, whose liquidity position was generally strong, as the auditors had noted; creating a special account to cover inflation and currency fluctuations; or even

(Mr. Monthe, Cameroon)

establishing a sliding scale for the sharing of costs, in order to reduce further the margins between the various assessments.

54. On the central topic of the overall level of the budget, the current transitional period was likely to involve changes which would affect both the intergovernmental mechanism and the Secretariat. It would, therefore, be preferable to wait until the extent and size of the reforms were known before determining the level of resources required. His delegation agreed with the view expressed by the Chairman of the Advisory Committee in that regard.

55. Resolution 41/213 clearly stated that the Secretary-General should make proposals on the subject of the contingency fund in the context of the outline of the budget which he was to present in 1988. It would therefore be better to stick to that timetable, which had been agreed to by consensus, and, in the mean time, to try to resolve the technical problems raised by the fund. His delegation believed that the fund should cover the budget period. With regard to the elements to be included therein - expenses arising from new activities mandated by the deliberative organs, budget extensions, inflation and currency fluctuations - ACABQ had estimated that the procedure adopted in regard to resolutions having financial implications should not be such as to hamper the work of the various committees and other deliberative organs. With regard to the revised estimates, the three categories indicated by ACABQ were relevant, on the understanding that revised estimates relating to unforeseen and extraordinary expenses would continue to be dealt with in accordance with the current practice. With regard to the last two elements, he supported the proposal by ACABQ to examine the question in greater detail in 1988.

56. Another problem was how to apportion the fund over the two years of the budget period. Flexibility was required in that regard, since a definite programme for the coming years could be based only on practical experience. The fund's budgetary basis should consist of initial estimates, subsequently adjusted before the final estimates were submitted to the General Assembly on 15 October, the date proposed by the Secretary-General. If the outline of the budget was presented to CPC earlier, in other words in September or early October instead of on 15 April, the Secretary-General, when calculating the level of the fund could take into account the implications of decisions taken by deliberative organs during the first nine months of the year. His estimate would thus be more relevant and in line with a medium-term plan sanctioned at least by the Economic and Social Council, provided that the latter kept to its current timetable.

57. Regarding the construction projects at Addis Ababa and Bangkok, it would be wise to confirm the consensus which had led to the adoption of resolution 41/213; there was no justification for reopening the debate on that matter, especially since no additional funds had been requested. If the consensus were challenged, it would introduce a note of discord and upset the delicate balance of interests reflected in resolution 41/213. Cameroon would be the first to extend such an imbalance to many other points in the resolution.

(Mr. Monthe, Cameroon)

58. The delegation of Cameroon was grateful to the Secretary-General for including the United Nations Programme of Action for African Economic Recovery and Development in the priority activities. The Committee for Programme and Co-ordination had asked for more extensive information on how that priority would be reflected in the budget. His delegation hoped that a document on the subject would be distributed before the first reading of the budget. In that connection, the Committee should give favourable consideration to the possibility of allowing the Economic Commission for Africa to relax the current freeze on recruitment in order to obtain the necessary staff for implementing the programme.

59. Member States must be kept fully and regularly informed on the implementation of the reforms jointly agreed in resolution 41/213, but it was equally important for their points of view to be taken into consideration. The reforms must be carried out in a co-ordinated, coherent, balanced and equitable manner. The Secretariat restructuring must be aimed not only at efficiency and rationalization but also at a judicious sharing of powers. That would ensure that the structures did not become the prerogative of one State or group of States or of one language or linguistic group. His delegation would consider the progress of the reforms under the various sections of the budget in the light of those considerations and also of the comments of CPC and the Advisory Committee.

60. Mr. Amneus (Sweden) resumed the Chair.

61. Mr. KIBEDI (Uganda) said that it was almost a year since Member States had reaffirmed their commitment to the Charter and to multilateralism, through the adoption of resolution 41/213, which provided the basic framework for improving the efficiency of the Organization. That resolution had been adopted at a time of serious concern about a situation which his delegation would prefer to call the "continuing" rather than the "current" financial crisis.

62. Despite the consensus on resolution 41/213, the Organization continued to experience cash flow problems brought about by non-compliance by some States with some provisions of that resolution. Withholding and late payment of assessed contributions not only contradicted the letter and spirit of the resolution, but threatened the very survival of the United Nations. Moreover, resolution 41/213 had been adopted as a package and should be implemented as a package. His delegation would view with concern actions aimed at selective implementation.

63. Some of the reforms proposed by the Secretary-General, especially in the field of staff cutbacks, had already had a negative impact on programme delivery. His delegation concurred with the Advisory Committee's view that the process of reform should proceed in an orderly manner.

64. The proposed programme budget for the biennium 1988-1989 had been referred to by the Secretary-General as a "transitional budget". The budgetary process should not be linked to the reform process. It would also be inappropriate at the present stage to decide the overall level of resources for 1988-1989, since expenditure for 1986-1987 had been seriously affected by the economy measures adopted at the time. The reductions should take into account the programme requirements of the various

(Mr. Kibedi, Uganda)

units and should be adjusted accordingly. The reforms proposed by the Secretary-General should also take into account the studies currently being conducted by some bodies, especially the in-depth study carried out by the Special Commission of the Economic and Social Council.

65. The question of the contingency fund should not arise in the 1988-1989 programme budget, but rather in the context of the budget outline to be presented to the General Assembly at its forty-third session: the Assembly had not yet reached a decision on whether there should be a contingency fund and a number of important technical issues concerning its establishment, scope and operation would have to be resolved first. The Committee should spare no effort in seeking solutions to the question of inflation and currency fluctuation and in deciding on the content, scope and level of the budget outline.

66. Resolution 41/213 strengthened the role of CPC. Member States had agreed that the consultations on the programme and budget aspects should be as broad as possible. The present regional and subregional representation on CPC did not seem to meet that purpose. Fears had been expressed by some that an expanded CPC would be an added financial burden to the Organization. His delegation would agree to the present number of members remaining unchanged, if the membership were reorganized so as to respect and preserve the principle of equitable geographical representation. There was another consideration: CPC must remain financially viable. The Fifth Committee must be flexible in that respect in order to arrive at reasonable compromise agreements which reconciled the requirements of geographical representation and of the Organization's current financial situation.

67. The decision on the matter should be taken by the General Assembly before the start of consultations on the new budget process, i.e., before CPC started its consideration of the budget outline at its twenty-eighth session in 1988. The proposal to postpone the start of the new medium-term plan - previously expected to cover the period 1990-1995 - for another two years was a satisfactory solution and would give member States time for consultations on the nature and scope of the new plan.

68. At the current session, the Fifth Committee was doing much more than taking stock of the achievements or failure of the budgetary and administrative reforms undertaken in pursuance of resolution 41/213. It must give the General Assembly clear guidelines on all matters that had to be resolved before consideration of the budget outline in 1988. His delegation was ready to join in a constructive effort to that end.

69. Mr. JEMAIEL (Tunisia) said that one of the innovations in the proposed programme budget now before the Committee was that for the first time it showed a negative growth of 1.5 per cent in real terms, corresponding to a reduction of a little over \$30 million compared with the preceding financial period. That was a lesson in realism, but the budget had been drawn up at a time of exceptional financial crisis. The Organization had just enough resources to operate without major difficulties. Any further reduction would deprive it of the means to

(Mr. Jemaiel, Tunisia)

implement its programmes, especially since the Advisory Committee had recommended that the amount of \$1,680 million requested by the Secretary-General should be reduced by a further \$45 million.

70. The transitional character of the budget, resulting from the partial implementation of the recommendations of the Group of 18, meant that it could only reflect the activity of the organization in an incomplete manner. In his introduction, the Secretary-General had pointed out that it was an economy budget which already reflected reductions in expenditure resulting from the wide-ranging reforms under way. Nevertheless, the integration of hitherto non-recurrent appropriations into the resource base in order to provide finance up to a total of \$19.5 million on a regular basis for certain so-called continuing activities, certainly represented a very positive gain, particularly for such issues as apartheid, Namibia, Kampuchea and human rights.

71. In view of those considerations, CPC had not been in a position to reach a decision on the overall level of the next budget nor on the creation of the reserve fund. It would be imprudent to accelerate the implementation of the new budgetary process, particularly during a period of transition, as the Advisory Committee itself had observed. In fact, the point of departure for the proposed programme budget was the total of the revised appropriations for the previous financial period. Consequently, fixing the total level of later budgets at the present time would institutionalize that level, even allowing that it would at worst equal the amount of the current budget. The current budget had been prepared in exceptional circumstances and took into account the financial crisis which was essentially transient. It was also necessary, as the Secretary-General had said, to apply the reforms in an orderly manner.

72. It would be wise to adopt the same procedure in connection with the creation of the reserve fund. The fund was calculated on the basis of a percentage of the budget; before setting it up, it would be advisable to wait until the budget incorporated all the reforms of resolution 41/213. The creation of the fund would be all the more premature as neither Member States, nor the Advisory Committee, nor CPC had yet reached agreement on the modalities for its operation or on its funding. There was therefore a need to hold consultations in greater depth in 1989 and at the same time to study the problem of additional costs resulting from currency fluctuations. For the moment, the General Assembly should continue to proceed as it had in previous budgets regarding the financial consequences of draft resolutions adopted after the proposed programme budget had been drawn up. Such a step should not cause any problems because of the integration of continuing activities in the budget.

73. His delegation welcomed the priority given in the proposed programme budget to two important questions, namely, the economic recovery and development of Africa on the one hand and, on the other hand, the advancement of women. There was however a risk that the systematic implementation of recommendation 15 of the Group of 18, regarding the substantial reduction of Secretariat staff, would seriously impede programme implementation and the normal operations of the Organization. Pursuant

(Mr. Jemaiel, Tunisia)

to the Advisory Committee's recommendation, efforts must be made to prevent the 15 per cent reduction from being applied uniformly to all departments.

74. That consideration doubtless explained the divergency of views between the Advisory Committee and the Secretariat regarding vacancy rates and the implementation of recommendation 15: the recruitment freeze had been largely responsible for the differences between the rates. The critical situation in which responsible members of the Secretariat found themselves was understandable but that consideration should not prevent Member States from preparing a clear and specific programme budget which would enable them to do everything possible to translate into practical terms their overriding responsibility to the United Nations by helping it to escape from the rut in which it found itself.

75. In conclusion, he paid tribute to two substantial providers of funds to the Organization, namely the Soviet Union and Japan, which had decided to help to replenish the Organization's coffers.

AGENDA ITEM 119: JOINT INSPECTION UNIT: REPORTS OF THE JOINT INSPECTION UNIT (continued) (A/41/34 and A/42/34 and Corr.1 (English only); A/41/137 and A/42/133; A/41/658 and A/42/525; A/40/410 and Add.1 and A/41/686; A/40/988 and Corr.1 and Add.1 and A/41/693; A/41/121 and Add.1; A/41/201, A/41/202, A/41/394 and A/41/409; A/41/591 and Add.1; A/41/640 and A/C.5/41/14; A/41/649 and Add.1; L/41/648, A/42/95 and A/42/672; A/41/806 and Corr.1, A/42/295 and A/42/673)

76. The CHAIRMAN said that it had been agreed that the various reports of the Joint Inspection Unit should be considered at the same time as the agenda items to which they referred.

77. With regard, however, to the report on the publications of the International Court of Justice (A/41/591), it would appear that consideration of that item would be facilitated if the Committee were informed of the views of the legal specialists of the Sixth Committee. He therefore suggested that he should write to the Chairman of the Sixth Committee on the matter.

78. It was so decided.

79. Mr. WILLIAMS (Chairman of the Joint Inspection Unit) expressed his appreciation for the attention devoted by the Committee to the work of JIU during the current session: 14 delegations, speaking on behalf of 28 Member States, had spoken on the agenda item, in statements which were of high quality, informative, instructive, critical but, nevertheless, generally supportive of JIU's work.

80. One thing had come through clearly from the debate, namely, that the Joint Inspection Unit must itself orchestrate the moves required to make it an effective instrument. While the evaluation of the results of its activities, which comprised part VI of its report (A/42/34), had been clearly endorsed, the members of the Committee had made many suggestions for strengthening the reforms therein. For example, while developing its work programme, JIU would, as had been suggested,

(Mr. Williams)

concentrate on the concerns of Member States. As had been said, it must reconcile its assessment of those concerns with its own assessment of areas of priority attention. In so doing, it would perhaps be possible to avoid poor choices in subject-matter and address managerial problems more frequently. Thus, at its January 1988 session, it would give careful consideration to the views of certain Member States regarding the timeliness of some studies on its work programme. It would also make certain in future years to go beyond mere titles of contemplated studies and be more informative about their areas of coverage.

81. The functioning of the Joint Inspection Unit as a collegial body had been the subject of some very important comments. It seemed that the Fifth Committee perceived a need for JIU to function as a closer-knit cell, transcending the individual. As indicated in its report, the JIU would pursue that avenue and report on progress to the General Assembly at its forty-third session; it hoped then to be in a position to inform Member States that collegiality had resulted in a more responsive work programme and in reports of higher quality.

82. The Committee would no doubt continue to allot sufficient time to allow it to reach firm conclusions on its recommendations. Only one weakness would then remain, namely, the lack of follow-up. On that score the Committee might rest assured that JIU would pursue the many suggestions for improvement in follow-up procedures and there would be a more systematic reporting of the disposition of recommendations, perhaps jointly with the Secretariat. .

83. In conclusion, the question of the qualification of inspectors, which had arisen during the discussion, fell within the sole preserve of each Member State. It would no doubt be addressed as occasions arose.

The meeting rose at 1.15 p.m.