



SUMMARY RECORD OF THE 68th MEETING

Chairman: Mr. AMNEUS (Sweden)

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

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Draft report of the Fifth Committee (continued)

COMPLETION OF THE COMMITTEE'S WORK

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The meeting was called to order at 2.05 p.m.

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

Draft report of the Fifth Committee (continued) (A/C.5/42/L.9)

1. Mr. MURRAY (United Kingdom), speaking in explanation of vote after the vote, said that, at the previous meeting, his delegation had voted in favour of the proposed programme budget for the biennium 1988-1989 (A/C.5/42/L.9). Its support for the Secretary-General's proposals marked a change from the position it had adopted in recent years. That change had been decided on against a background in which the following were important elements: the Secretary-General's repeated appeals for the broadest possible agreement on the budget; the adoption by consensus at the forty-first session of the General Assembly of a wide-ranging series of reforms and the incorporation of a number of those reforms in the Secretary-General's proposals; and the worthwhile reductions that the forthcoming budget showed.
2. However, the United Kingdom was not satisfied with all aspects of the proposed programme budget. The budget was something of a fiction. Moreover, his delegation continued to believe that the appropriations requested would prove to be more than sufficient to maintain programme delivery once the mandated reforms began to work through, and that the process of rationalizing, streamlining and real redeployment had only begun. It looked forward to seeing the revised estimates in 1988. It commended the Secretary-General for his efforts so far and encouraged him to press on with his essential task, despite the difficulty of implementing reform in circumstances of financial uncertainty.
3. There was little reason for self-congratulation in the area of the fulfilment by Member States, whether in their capacity as individual sovereign States or as members of intergovernmental bodies, of their obligations under General Assembly resolution 41/213. Attention had, of course, focused on the contribution side, particularly on the major contributor, but there were literally scores of Member States whose financial-contribution performance was in one way or another found wanting. The response of intergovernmental bodies to the requirements of General Assembly resolution 41/213 had also been disappointing. The Committee for Programme and Co-ordination (CPC) had not properly come to grips with its new and vital responsibilities; the United Kingdom hoped that the recent enlargement of CPC would assist in the building of consensus without unduly complicating its operation. The principal vehicle chosen for the major intergovernmental review was as large and cumbersome as it was possible to find at the United Nations. However, the disturbing element in all of that was the visibly reluctant commitment to reform, which had been apparent since early 1987. It was in the interests of no one that reform should fail. While the United Kingdom was glad that guidelines had been agreed for the eventual operation of a contingency fund, it much regretted that the inoffensive idea of an experimental fund for the biennium 1988-1989 had been treated with such suspicion and that even a mild reference to its consideration at the forty-third session of the General Assembly had proved so

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difficult to accept. As in the case of the United Kingdom's recent advance payment of \$9 million, United Kingdom support for the budget proposals was an indication of support for the Organization.

4. Mr. DE CLERCK (Belgium) said that, although his delegation had abstained in the vote on the previous proposed programme budget, it had voted in favour of approval of the proposed programme budget for the biennium 1988-1989 because it believed that some progress had been made at the current session towards reform and because it wished to encourage all the parties concerned to continue with the reforms in question.

5. Ms. MUSTONEN (Finland), speaking on behalf of Denmark, Iceland, Norway and Sweden, as well as her own delegation, said that, although the forty-second session had been a difficult one for the Fifth Committee, the Nordic delegations were pleased to note that the Committee had been able to reach agreement on all major issues relating to planning and budgeting. The decisions on those issues had been adopted in a spirit of consensus and compromise, and the Nordic delegations had hoped that the same spirit would be maintained when the Committee adopted a decision on the proposed programme budget, since there had been a good basis for reaching a consensus on that issue as well.

6. The Nordic delegations had had no difficulty in accepting the proposed overall appropriations for the budget and believed that the cost of the effort to achieve international understanding and co-operation through the United Nations could not possibly be a heavy burden for any country. They noted that the proposed programme budget that had been approved reflected a high degree of restraint on the part of the Secretary-General in the course of drawing up the budget and that in real terms the budget figures were lower than those for the current biennium. However, they had reservations with regard to the very financial foundation of the Organization. Owing to the continued practice of withholding assessed contributions, the financing of United Nations activities would once again be in jeopardy. A sound and stable basis for the financing of United Nations activities was yet to be established. That state of affairs was regrettable, and it was to be hoped that renewed efforts would be made to ensure the Organization's credibility and financial viability.

7. Mr. NYGARD (United States of America) said that the United States had been unable to support the decision to approve the proposed programme budget for the biennium 1988-1989 adopted at the previous meeting.

8. The overall level of the budget itself was higher than the United States delegation and other delegations had hoped it would be. The United States recognized, of course, the impact of current exchange-rate problems reflected in that level but had hoped for more success in absorbing such increases. It noted with appreciation the restraint demonstrated by the Secretary-General in his initial estimates and had been greatly reassured by the restraint shown by Member States in considering both those estimates and the Advisory Committee's recommendations regarding them. For those reasons, the United States had not

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opposed the proposed programme budget despite the serious problems posed by its size.

9. However, the United States abstention reflected a more important concern than the budget level itself. That other concern related to a significant element missing from the proposed programme budget and to the process of reviewing and approving it. Technically, the provisions of General Assembly resolution 41/213 specifying a budget-approval process and contingency fund did not come fully into effect until 1988, but full and early implementation of the reforms in question would have helped to rebuild the confidence of all Member States in the United Nations and to assure broad-based support for United Nations programmes and activities. It was regrettable that that had not been achieved by CPC.

10. The United States Government attached great importance to those reforms, particularly the new processes agreed upon for CPC. That had been a vital achievement of General Assembly resolution 41/213. In considering the proposed programme budget, the United States had placed highest priority on early implementation by CPC of its new mandate to reach agreement by consensus on an overall budget level, programme priorities and a contingency fund for the biennium 1988-1989. It was disappointed that agreement had not been reached under the new mechanism on the proposed 1988-1989 budget. The fact that CPC had not been able to do that meant that the United States could not join in approving the proposed programme budget for the biennium 1988-1989.

11. The United States had abstained in the vote on the proposed programme budget, rather than voting against it, as an indication of its continued commitment to working with others towards achieving full implementation of the budgetary reforms in 1988, as consideration of the proposed programme budget for the biennium 1990-1991 began. However, that task must be approached with the utmost seriousness of purpose and with a determination to assure that the new consensus-based budget process worked satisfactorily. Without such progress in 1988, the initial disappointment would be confirmed and Member States would have to draw their own conclusions about the Organization's ability to manage effectively and efficiently its mandate under the Charter.

12. The United States had looked to the United Nations to provide a model for programme-budget reform. Most of the major United Nations specialized agencies had followed the example set by the United Nations in adopting, in December 1986, its decision to launch reform. The agencies in question - the World Health Organization, the International Labour Organisation, the International Civil Aviation Organization, the United Nations Industrial Development Organization and the World Meteorological Organization - merited great credit for the steps they had taken in 1987 in that regard. Indeed, the United States Government had voted in favour of approval of their budgets not only because of the fiscal responsibility they had demonstrated but also because of the steps taken to institute reform. It had voted against approval of the budget of the Food and Agriculture Organization of the United Nations (FAO) largely because at FAO there had been no such progress on reform. The United States now looked to the United Nations to be in the

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vanguard in implementing reform. In that way, it could continue to provide a useful model for the future throughout the United Nations system.

13. Mr. RYDZOWSKI (Poland) said that his delegation's position of principle on United Nations budgeting remained unchanged. Although Poland had serious reservations about the increase in the overall level of the United Nations budget, it noted that that increase stemmed mainly from currency fluctuations and inflation. Despite its reservations, Poland had been able to cast a positive vote on draft resolution II A (A/C.5/42/L.9 (Part IV)), on the budget appropriations for the biennium 1988-1989, on the understanding that the Secretary-General would make every effort to absorb as much of the increase as possible. The Secretariat had a substantial absorptive capacity, which could be utilized to the benefit of Member States. In that connection, Poland looked forward to the revised estimates for 1988. Poland's positive vote also reflected its commitment to the United Nations and its support for the Secretary-General's efforts to make the Organization more effective.

14. Mr. FONTAINE-ORTIZ (Cuba) said that the proposed programme budget was a modest document and that the final estimates would have been far lower had it not been for exchange-rate fluctuations. A considerable effort had been made to ensure that the budget was approved by consensus, and it was unacceptable that any Member State should try to blackmail the international community. Any State that did not fulfil its obligations under General Assembly resolution 41/213 could not claim that others should implement certain parts of the resolution. The political commitments made in General Assembly resolution 41/213 had not been fulfilled because the financial uncertainty was continuing. If the reform process did not move ahead effectively, that would be entirely due to those who refused to pay their contribution. The vote on the proposed programme budget did not augur well for the future.

15. Mr. LADJOUZI (Algeria) said that it was regrettable that it had not been possible to approve the proposed programme budget for the biennium 1988-1989 by consensus. His delegation had, for example, not opposed the Advisory Committee's general recommendations so as to facilitate the approval of the proposed programme budget, despite its serious reservations concerning the recommendations' implications for United Nations activities. It continued to have reservations about the Organization's ability to carry out its tasks adequately on the basis of the proposed programme budget approved by the Committee. It was to be hoped that United Nations activities could be strengthened through the revised estimates and that the priority given to the economic situation in Africa would be reflected in the entire programme budget. All Member States must fulfil their obligations and thus help the Secretary-General to implement both the proposed programme budget and the reform measures set forth in General Assembly resolution 41/213. It was also to be hoped that the proposed programme budget for the following biennium could be approved by consensus at the following session of the General Assembly.

16. Mr. BIDNY (Union of Soviet Socialist Republics) said that his delegation, which viewed the United Nations as an important instrument in the struggle to ensure international peace and security, considered that the tasks facing the Organization could be carried out only if all Member States strictly observed their obligations under the Charter. Strengthening the authority and enhancing the effectiveness of the United Nations could be achieved only by increasing the efficiency of its administrative and financial functioning. Any attempts to use the Organization's financial difficulties in order to exert pressure on it were unacceptable. The debate at the current session of the General Assembly had stressed that political factors lay at the root of the financial crisis. The actions which had brought about the Organization's financial difficulties had been rightly condemned. The Soviet Union, which shared such views, reaffirmed its readiness to participate actively in efforts to overcome those difficulties.

17. His delegation had taken due note of the Secretary-General's appeal that Member States should reach a decision on the level of the budget on the basis of the broadest possible agreement. The Soviet Union had constructively co-operated in efforts to achieve that goal because a healthy financial basis was possible only if all Member States carried out their financial obligations under the Charter. On the basis of those considerations, the Soviet delegation had felt it possible to vote in favour of the proposed programme budget for the biennium 1988-1989 in spite of the fact that the Soviet Union still had certain reservations concerning its volume and content. The proposed programme budget still contained elements from previous budgets to which the Soviet Union had always objected, such as the practice of using resources from the regular budget to subsidize United Nations organs and bodies financed from extra-budgetary resources.

18. Furthermore, the proposed programme budget provided for expenditure exceeding \$230 million to cover the anticipated effects of inflation and currency fluctuation. More than \$130 million of that sum had been added at the very last stage of the Committee's work. As a result, the appropriations for the biennium 1988-1989 exceeded those for the previous biennium by almost \$60 million.

19. In voting in favour of the proposed programme budget, his delegation hoped that the revised estimates to be submitted by the Secretary-General in 1987 would reflect the measures provided for in General Assembly resolution 41/213 and that concrete steps would be taken to absorb most of the effects of inflation and currency fluctuation. In that connection, it was the Soviet Union's understanding that the level of the revised estimates would not exceed and, to the extent possible, should be lower than the appropriations approved for the previous biennium. Lastly, it was to be hoped that the approval of the proposed programme budget on the basis of broad agreement would be the first step towards ensuring true budgetary effectiveness.

20. Mr. DIECKMANN (Federal Republic of Germany) said that the manner in which the proposed programme budget had been approved was a major step towards achieving broad agreement, and even consensus, on budgetary issues.

(Mr. Dieckmann, Federal Republic of Germany)

21. The Federal Republic of Germany had voted in favour of the proposed programme budget, which represented a major change in its position on such matters. It was not entirely satisfied - for example, with regard to such issues as the additional expenses due to exchange-rate fluctuations and inflation and the contingency fund. However, in casting a positive vote, it had wished, first and foremost, to express appreciation for the efforts made by the Secretary-General in implementation of General Assembly resolution 41/213 and for the reform measures reflected in the programme budget. That vote had also been an expression of appreciation for the constructive positions adopted by all Member States.

22. Mr. VU VAN MIEN (Viet Nam) said that his delegation had voted in favour of draft resolution II A, relating to the budget appropriations for the biennium 1988-1989 (A/C.5/42/L.9 (Part IV)), but had reservations concerning the appropriations under sections 3.E.1 and 3.E.3.

23. Mr. JOSHI (Nepal) said that his delegation had, in part I of the draft report of the Fifth Committee (A/C.5/42/L.9), been wrongly indicated as having abstained in the vote on the appropriation under section 23.A. In fact, his delegation supported the appropriation.

24. Mr. GREGG (Australia) said that his delegation had abstained in the vote on the proposed programme budget for the biennium 1988-1989 since it believed that more could have been done to reach agreement on a level of resources that would have been acceptable to all Member States. In particular, consensus could have been reached on the level proposed by the Soviet Union in paragraph 44 (a) of document A/C.5/42/L.9 (Part II)/Add.1. Further, in view of the current international economic climate it was unreasonable to expect Member States to bear the full brunt of add-ons arising from currency and inflation costs. It should have been possible to have found offsetting savings of some \$60 million. His delegation had voiced similar concerns in CPC but had apparently been ignored. He trusted that, once the new budget procedures had been implemented in full, the views of all delegations would be taken into account. The Organization's budgets should not be approved without the consent of those required to shoulder the major share of the financial burden.

25. Mr. MA Longde (China) said that it was regrettable that, despite the degree of consensus achieved in other areas, it had not proved possible to reach a consensus on the proposed programme budget for the biennium 1988-1989.

26. Consensus on the budget would have been particularly significant in that it would have indicated the commitment of Member States to the Organization and strengthened current efforts at reform. Consensus on the budget required Member States to look beyond their national or regional interests so as to safeguard the interests of the United Nations and promote the role of multilateralism. His delegation failed to understand why a vote had been necessary when the appropriations under various sections and revised estimates had been approved without a vote. China hoped that the countries concerned would reconsider their positions, and trusted that the General Assembly would adopt the proposed programme budget for the biennium 1988-1989 without a vote.

27. Mr. NGAIZA (United Republic of Tanzania) said that he would have voted in favour of the appropriations for the biennium 1988-1989 if he had been present. Concerning the reference in draft resolution A/C.5/42/L.23 to document A/C.5/42/L.22, his delegation understood that a correction to table 3 contained in that document would be issued.
28. Mr. CJPTA (India) said that his delegation welcomed the degree of consensus achieved on the budget. However, flexibility on the part of delegations would be required if the remaining differences were to be further narrowed. It was his hope that the reform of the Organization would continue and that appropriate conditions would be created to enable a strengthened United Nations to foster increased international co-operation, particularly in the economic sphere.
29. Mr. MUDHO (Kenya) said that, had he been present, he would have voted in favour of the budget appropriations for the biennium 1988-1989, including those under section 14. The Committee could find satisfaction in the fact that broad agreement on the budget had ultimately emerged.
30. Mr. NASHASHIBI (Jordan) said that had he been present, he would have voted in favour of all the draft resolutions recommended by the Fifth Committee in part IV of its report - in particular draft resolution II, relating to the programme budget for the biennium 1988-1989, including the appropriations under section 14.
31. Mrs. CUCALON (Colombia) said that she would have voted in favour of the appropriations for the biennium 1988-1989 if she had been present.
32. Mr. SEFIANI (Morocco) said that his delegation had voted in favour of the budget appropriations, despite the decrease in comparison with the previous biennium, as an expression of its support for the Organization. He would have welcomed acceptance of the three proposals made by the Secretary-General in an effort to tackle the short-term aspects of the financial situation. It was difficult to understand the argument advanced by some that the problem was a long-term one and that short-term solutions were thus irrelevant. Clearly both short- and long-term policies were required.
33. Mr. MONAYAIR (Kuwait) said that his delegation had voted in favour of the budget appropriations. It was a cause for regret that a vote had been necessary. His delegation hoped that all Member States would pay their assessed contributions in full without delay.
34. Mr. KHAN (Saudi Arabia) said that, had he been present, he would have voted in favour of the budget appropriations for the biennium 1988-1989, including those under section 14.

COMPLETION OF THE COMMITTEE'S WORK

35. After an exchange of courtesies, the CHAIRMAN declared that the Committee had completed its work for the forty-second session.

The meeting rose at 3.40 p.m.