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at 10 a.m.
New York

SUMMARY RECORD OF THE 56th 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 10.05 a.m.

ORGANIZATION OF WORK

1. The CHAIRMAN announced that in a recent meeting he had had with the President of the Assembly he had expressed the opinion of the officers of the Fifth Committee that an orderly completion of the Committee's work would require meetings and negotiations to continue until 16 or 17 December 1987. The President, whose original intention had been for the Fifth Committee to conclude its work by 11 December, had found that forecast unacceptable but had agreed that the Fifth Committee might conclude its work on Sunday, 13 December, with a view to the closure of the General Assembly session on Tuesday, 15 December.

2. Mr. FONTAINE-ORTIZ (Cuba) said he was not certain the Fifth Committee could comply with the President's wishes. Although the possibility of limiting the forty-second session to 10 weeks had been considered, he had understood that the General Assembly would finally decide in the light of the circumstances prevailing at the time. His delegation would not accept any deadline which forced the Committee to take hasty decisions on matters concerning the functioning of the Organization, and it refused to work under pressure. If the Committee was not allowed enough time for an orderly consideration of all the items before it, he would propose deferring some items to the forty-third session.

3. Mr. MA Longde (China) said he was disappointed at the reaction by the President of the Assembly, who did not seem to have considered that the Fifth Committee had been held back by the resumed session of the Committee for Programme and Co-ordination, or that the items left unresolved represented the "hard core" of the Fifth Committee's agenda. Ample time must be allowed for discussion, in particular, of the agenda item on the financial crisis.

4. Ms. BYRNE (Ireland), Mr. VAHER (Canada), Mr. SEFIANI (Morocco), Mr. LOPEZ (Venezuela) and Mr. MENDEZ (Philippines) said that, while they were sure every effort would be made to comply with the wishes of the President of the Assembly delegations were already working extremely hard to resolve the outstanding issues. It was very important for the Fifth Committee to reach the broadest possible agreement on the items before it.

5. Mr. LADJOUI (Algeria), agreeing with the previous speakers, said that speedy progress could be made if delegations would talk about the real issues instead of secondary matters in the informal consultations currently being held.

6. Mr. MURRAY (Trinidad and Tobago) remarked that extending the General Assembly by a few days would evidently cost money; the hidden costs of hasty decisions or of deferring some items until the forty-third session should also, however, be borne in mind. Much time and energy had been spent in negotiations on uncommon problems, and he believed the Committee was now close to agreement on many of them. It would be a pity to waste the opportunity that delegations had been working towards.

7. The CHAIRMAN said he would convey the views of the Committee to the President of the General Assembly.

AGENDA ITEM 43: CURRENT FINANCIAL CRISIS OF THE UNITED NATIONS (continued)
(A/42/7, A/42/16 (Part I) and Add.1, A/42/283, 841 and 861)

AGENDA ITEM 117: FINANCIAL EMERGENCY OF THE UNITED NATIONS (A/C.5/42/31)

8. The SECRETARY-GENERAL, introducing his report on the current financial crisis (A/42/841), said that action to deal with the Organization's immediate financial situation could no longer be delayed. Although he would be very happy if his forecasts proved inaccurate, the financial data and patterns of contributions over recent years indicated that the United Nations might become insolvent in the third quarter of 1988. He had proposed certain measures which, if adopted, would permit essential operations to be continued at least until the end of 1988 and allow time for the implementation of long-term solutions. He therefore requested that the Fifth Committee should give urgent and favourable consideration to those or to other measures which would have the same effect.

9. Paradoxically, the crisis had occurred just when there were indications of an increased awareness throughout the world of the need for a strong and effective United Nations. The means were available to Member States to ensure such effectiveness, and it was in their common interest to do so. It was essential, if irrevocable damage to programmes and structures was to be avoided, that Member States should meet their past and current financial obligations in 1988, promptly and in full. The timely payment by Member States of assessments in accordance with a scale decided by the General Assembly and with the Financial Regulations remained the most important element in endeavours to establish a more durable, reliable and stable financial foundation for the Organization. It was also necessary for the programme budget to enjoy the broad agreement and support of Member States.

10. The notable spirit of accommodation embodied in General Assembly resolution 41/213 constituted another important element in those endeavours. While it was true that all the understandings which lay behind that resolution had not yet been fully realized, it was vital that the Organization's future should be safeguarded. The United Nations was clearly in jeopardy and he therefore appealed to all Member States to maintain the agreement reflected in the resolution.

11. The initial programme budget estimates which he had presented provided a sound and realistic basis for the implementation of mandated programmes, and the detailed and comprehensive work of the Advisory Committee on Administrative and Budgetary Questions greatly facilitated their consideration by the Fifth Committee. Since the reforms approved by the General Assembly on the basis of the recommendations of the Group of High-level Intergovernmental Experts to Review the Efficiency of the Administrative and Financial Functioning of the United Nations would not be fully implemented until the end of the biennium, there was a need for flexibility during the period of transition. He had, nevertheless, taken account in the draft budget of the effect which progressive implementation of those reforms could be expected to have in terms of resource requirements. Similarly, although the revised budgetary procedure could not be brought fully into effect until 1988, he believed that a start should be made with the budget for the biennium 1988-1989 in the use of a contingency fund, if only at the modest level which had been suggested during current discussions. It would thereby be possible to begin to follow the clear

(The Secretary-General)

intent of resolution 41/213 and to gain experience which might facilitate the full and effective implementation of the new procedure in the biennium 1990-1991.

12. It was his hope that the Fifth Committee would move expeditiously to decide on its recommendation to the General Assembly with respect to the content and level of the budget. The programme budget, while sometimes seen as a largely administrative document, was central to the effectiveness of the United Nations and thus had high political importance. He would be available to assist in overcoming any difficulties that might arise in the course of the Committee's coming discussions and he remained hopeful that Member States would initiate the necessary action to ensure the solvency of the Organization and its future financial stability.

13. Mr. MSELLE (Chairman of the Advisory Committee on Administrative and Budgetary Questions), introducing the report of the Advisory Committee on the current financial crisis (A/42/861), said that, as at 3 December 1987, \$276.5 million of regular budget assessments for 1987 remained unpaid, while total assessed contributions outstanding amounted to \$356.8 million. Assuming that the timing and amount of payments in 1988 followed the pattern of 1987, cash depletion was anticipated in August 1988. In the face of the possible funding shortfall in 1988, the General Assembly had been requested: (a) to increase the Working Capital Fund by \$100 million to a level of \$200 million; (b) to authorize the Secretary-General to borrow an amount of up to \$50 million at commercial rates; and (c) to authorize him to issue certificates of indebtedness in the amounts of the arrears, to be repaid, without interest, when the arrears were paid in full.

14. The Advisory Committee concurred with the Secretary-General's view that the only long-term solution to the current financial crisis was the payment by all Member States of their assessed contributions in full and on time and shared his concern over the gravity of the crisis which, being essentially political in origin, demanded a long-term political solution. Pending the achievement of such a solution, the Secretary-General had presented his proposals in document A/42/841, and the related views and recommendations of the Advisory Committee were contained in paragraphs 5 to 7 of document A/42/861. For a number of reasons, the Advisory Committee had been unable to agree to recommendations (a) and (b) but had no objection to the issue of certificates of indebtedness, subject to the conditions outlined in paragraph 7 of its report.

15. With regard to the financial emergency of the United Nations, section II of document A/C.5/42/31, supported by annexes I to VII, dealt with the current and foreseen deficit and the cash-flow situation of the Organization. The short-term deficit, as defined in paragraph 8, projected to 31 December 1987, was currently estimated at \$351.6 million. Paragraphs 14 to 20 provided information on the payment of assessed contributions to the regular budget. The Advisory Committee had noted that, despite the willingness of certain Member States to advance their dates of payment, the percentage of contributions paid as at 30 September 1987 was lower than the corresponding 1986 percentage. It also noted that total contributions outstanding as at 30 September 1987 amounted to \$522.1 million, by comparison with the figure of \$356.8 million as at 3 December 1987, as mentioned in the Advisory Committee's report on the current financial crisis.

(Mr. Mselle)

16. Pursuant to General Assembly resolution 41/204 A, section III of the Secretary-General's report contained a review of practices of other organizations of the United Nations system for achieving prompt and full payment of assessed contributions. The Advisory Committee noted that the United Nations did not apply penalties or incentives based on the timing of payment of assessed contributions and that the experience of the other organizations of the United Nations system did not yet provide a basis for evaluating the effectiveness of such schemes.

17. Annex IV of the report showed the results of suspension of the provisions of financial regulations 4.3, 4.4 and 5.2 (d) in respect of the surpluses existing at the end of 1972 and at the end of the period 1980-1985. The maximum amount expected to be realized as a result of that suspension was estimated at \$59.6 million. Although it was not clear from the report whether there was a definite proposal that those regulations should be suspended in respect of any regular budget surpluses existing at the end of the biennium 1986-1987, the Advisory Committee recommended, in view of the situation described by the Secretary-General, that they should indeed be suspended for that biennium. Should the situation with respect to unpaid assessments improve in the future, the General Assembly could at that time decide on the disposition of the amounts held in suspense (or portions thereof).

The meeting rose at 11.45 a.m.