

SUMMARY RECORD OF THE 63rd MEETING

Chairman: Mr. BUJ-FLORES (Mexico)

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

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AGENDA ITEM 91: PROGRAMME BUDGET FOR THE BIENNIUM 1980-1981 (continued)

Draft report

COMPLETION OF THE COMMITTEE'S WORK

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The meeting was called to order at 2.55 p.m.

AGENDA ITEM 91: PROGRAMME BUDGET FOR THE BIENNIUM 1980-1981 (continued)

Draft report (A/C.5/35/L.48 /Parts I-III and III/Add.1/)

Part I

1. Part I was adopted.

Part II

2. Mr. LAHLOU (Morocco) pointed out that paragraph 27 failed to give a complete list of the sponsors of draft resolution A/C.5/35/L.19.
3. Mr. EL-SAFETY (Egypt) drew attention to the fact that the text of draft resolution A/C.5/35/L.27 as reproduced in paragraph 48 gave an incorrect figure for the appropriation approved by the General Assembly at the thirty-fourth session.
4. Mr. FAUTEUX (Canada) said that paragraph 62 incorrectly listed the Sudan as one of the sponsors of draft decision A/C.5/35/L.28.
5. The CHAIRMAN said that the errors pointed out by the representatives of Morocco and Canada would be corrected, and an additional paragraph would be inserted to make it plain that the incorrect figure that draft resolution A/C.5/35/L.27 had originally given for the appropriation approved by the General Assembly in 1979 for United Nations accommodation at Nairobi had subsequently been corrected by the representative of Iraq. On that understanding, he took it that the Committee agreed to adopt part II of the report.
6. It was so decided.

Part III

7. Part III was adopted.

Part III/Add.1

8. The CHAIRMAN announced that recorded votes on draft resolutions X A and C had been requested.
9. Mr. PALAMARCHUK (Union of Soviet Socialist Republics) observed that the General Assembly had decided some time ago that new expenditure by the United Nations during a biennium should be financed primarily by making economies, re-evaluating programme priorities and reappportioning resources. More recently, Member States had also decided that resources released by curtailing or eliminating obsolete and ineffective activities should serve as a further source of funding for new objects of expenditure. Unfortunately those decisions continued to be disregarded, and the

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(Mr. Palamarchuk, USSR)

Secretariat was still unjustifiably asking for supplementary appropriations during the biennium. Almost \$48 million extra had been requested in the performance report alone, and the additional appropriations called for during the thirty-fifth session totalled \$98.5 million.

10. At the previous session the States which together contributed the bulk of the United Nations budget had voiced their concern at the intolerably rapid growth of the budget; at the same time it had been stressed that the main reason for such growth was the entirely unjustified increase in Secretariat staff, swollen administrative expenses and the lack of any real effort to increase the efficiency of the Secretariat or counter the effects of inflation and currency instability. His delegation had expected the Secretariat to ponder the fact that States together providing two thirds of the Organization's budget had found it impossible to support the budget for the biennium 1980-1981. It had hoped to see energetic attempts to cover additional expenses through savings and to be presented with proposals relating to activities that were obsolete or of little utility and indicating the resources that could be released by ending them.

11. The fact, however, showed that the Secretariat was dragging its heels. Indeed, supplementary appropriations had been requested for almost every new activity. New posts had been created to no real purpose, and the General Assembly had been asked to increase the amounts spent on experts and consultants, despite its instruction to the contrary. More funds had been requested to cover the costs of inflation and currency fluctuations. Posts previously funded by extrabudgetary resources and voluntary contributions continued to be transferred to the regular budget. Provision had been made to service and pay off debts incurred in connexion with illegal activities banned by the Charter. The Soviet Union had opposed those activities from the start and neither did accept nor would accept any responsibility for them or their costs. Under Article 17 of the Charter, moreover, the regular budget was supposed to cover the Organization's administrative expenses only, and not to extend to technical assistance. Such assistance should be provided on a voluntary basis and the cost thereof should accordingly be deleted from the regular budget and shouldered by UNDP.

12. His delegation would vote against approval of the revised budget appropriations and hoped that the Secretariat, in the light of his delegation's comments and the similar views held by other delegations, would draw the appropriate conclusions.

13. Mr. SCHMIDT (Federal Republic of Germany) said that his delegation would vote against approval of the revised budget appropriations out of frustration at the Organization's inability to restrain its budgetary expansion. The austerity with which contributing Governments had to grapple ought to have had an effect on administrative and budgetary policy but appeared not to have done so. The blame did not belong primarily with the Secretariat itself, which had made an appreciable, if so far insufficient, effort towards budgetary stringency in recent years. The problem of budgetary expansion was to a large extent a reflection of the half-heartedness with which delegations came to grips with United Nations

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(Mr. Schmidt, Federal
Republic of Germany)

spending. It was to be hoped that CPC would devote its energies to setting proper priorities among programmes and deciding what were the real needs of the Organization.

14. Mr. KUYAMA (Japan) said that, for the first time, his delegation would vote against the revised budget appropriations, for the reasons it had already stated in discussing the performance report.

15. Mr. MONTAGNA (Italy) said that his Government's commitment to the United Nations and its willingness to contribute to the indispensable efforts the Organization was making in the cause of peace and progress had been reiterated time and time again. However, it would vote against the revised appropriations because it felt that the real growth of the budget during the current biennium exceeded all reasonable limits, and that no serious attempt had been made to absorb costs arising from inflation, currency fluctuations and new programmes. In the light of the difficult international economic climate, the restraints being placed on national budgets should also extend to the United Nations budget.

16. He could not fail to note that most of the additional resources requested would not directly benefit the developing countries but would be used instead to meet administrative costs: new posts, more travel, more consultants, and a larger bureaucracy. None of that was in the interests of the Organization or the effectiveness of its activities. While new programmes proliferated, little progress had been made in identifying programmes that were obsolete, of marginal usefulness, or ineffective. A decisive effort was called for to release resources for new programmes and to cushion the impact of inflation and currency fluctuations by redeployment. His delegation's negative vote was indicative of its belief that the Secretariat and Member States should shoulder their responsibilities with respect to the administrative and financial management of the Organization.

17. Mr. PEDERSEN (Canada) expressed his delegation's gratification at the Secretary-General's efforts to restrict the growth of the budget, but regretted that the still substantial rate of growth was out of keeping with the realities of the 1980s. It seemed to be taken for granted that the tens of millions of dollars required to compensate for inflation and currency fluctuation should be contributed by Member States, which themselves were experiencing difficulties as a result of the same phenomena. Governments could not just ask tax-payers to contribute more, they had to cut programmes; the United Nations should do likewise.

18. The revised appropriations, representing a 7-per-cent increase in the budget for the biennium 1980-1981, were unacceptable. The years of plenty were over; worth-while programmes could not be maintained and new ones added except through redeployment. The Secretary-General had finally taken a first step in that direction, but Member States had to become much more aware of the need for financial restraint in their requests to the Secretary-General, who was by no means alone in bearing responsibility for the lack of budgetary restraint.

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(Mr. Pedersen, Canada)

19. Politically-oriented decisions were to be expected, but it was not too much to expect that they should be tempered by a genuine sense of financial responsibility. In submitting the budget for the next biennium, the Secretary-General should impose a zero net growth rate; that could be done if priority programming and redeployment of resources were taken seriously. His delegation would vote against the revised budget appropriations.

20. At the request of the representative of the Union of Soviet Socialist Republics, a recorded vote was taken on draft resolution X A.

In favour: Algeria, Argentina, Austria, Bahamas, Bahrain, Bangladesh, Benin, Brazil, Burundi, Central African Republic, Chile, Colombia, Congo, Costa Rica, Cuba, Democratic Yemen, Denmark, Egypt, Ethiopia, Finland, Gabon, Ghana, Greece, Guinea, Guyana, India, Indonesia, Iran, Ireland, Ivory Coast, Jordan, Kuwait, Liberia, Libyan Arab Jamahiriya, Madagascar, Malawi, Malaysia, Mali, Mauritania, Mexico, Morocco, Mozambique, Netherlands, Niger, Nigeria, Norway, Oman, Pakistan, Panama, Peru, Philippines, Rwanda, Senegal, Sierra Leone, Singapore, Somalia, Spain, Sudan, Swaziland, Sweden, Syrian Arab Republic, Thailand, Togo, Trinidad and Tobago, Tunisia, Turkey, United Republic of Cameroon, United Republic of Tanzania, Upper Volta, Uruguay, Venezuela, Yugoslavia, Zaire, Zambia.

Against: Afghanistan, Belgium, Bulgaria, Byelorussian Soviet Socialist Republic, Canada, Czechoslovakia, France, German Democratic Republic, Germany, Federal Republic of, Hungary, Israel, Italy, Japan, Mongolia, Poland, Ukrainian Soviet Socialist Republic, Union of Soviet Socialist Republics, United Kingdom of Great Britain and Northern Ireland, United States of America.

Abstaining: Australia, China, New Zealand, Portugal.

21. Draft resolution X A was adopted by 74 votes to 19, with 4 abstentions.

22. Mrs. SANDIFER (Portugal) explained that her delegation had abstained on the revised appropriations, not because it did not fully support the activities of the United Nations, but because it felt that they could be carried out more efficiently and more economically.

23. While her delegation was gratified at the efforts made by the Assistant Secretary-General for Financial Services and his staff to keep costs down, it regretted that their exhortations to absorb costs through redeployment of resources and the termination of obsolete, marginally useful or ineffective activities had not always been taken to heart by substantive Departments. The high level of expenditure on conference servicing, travel and the maintenance of the Vienna offices gave particular cause for concern. Her delegation also had strong reservations about the all too frequent use of consultants; most of the work they

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(Mrs. Sandifer, Portugal)

performed could be carried out by the existing staff. Too many requests were made for additional staff at the midpoint of the biennium, without adequate indications being given of increased work-loads and productivity. Governments had to streamline their operations and absorb at least some of the effects of inflation, and the United Nations must do likewise. The cause of peace, international security and development must take precedence over the perpetuation of bureaucracy.

24. Mr. STUART (United Kingdom) said that his delegation had made it abundantly clear from the start of the session that it would have to vote against revised budget appropriations unless they were offset by redeployment of resources from dispensable activities. Despite that warning, the General Assembly had authorized many new activities, the cost of which far out-weighed the potential savings to be derived from the Secretary-General's meagre list of activities which might be terminated. His delegation was profoundly concerned at the continued failure of the Secretariat to respond more substantially to the reiterated requests of the General Assembly, although it commended the Secretary-General on his budgetary restraint. Naturally, he was expected to follow that up with equal resolution in identifying marginal and ineffective activities which could be terminated. It also had some serious doubts about the implementation of the financial rules relating to the letting of contracts.

25. However, it would be altogether wrong to make the Secretary-General the scapegoat for the failings of Member States. Ultimately, the system of assessed contributions rested on a foundation of consent and that foundation could only be weakened by the action of a majority of Member States, against the will of a significant minority, in transferring to the regular budget of the Organization charges which self-evidently belonged elsewhere. The grant-in-aid to UNITAR was only one, although the most glaring, example. While the whole world was in recession, it was unacceptable that the United Nations should continue along the path of financial expansion. For the first time in the history of the Organization, his delegation had therefore felt obliged to cast a negative vote against the revised budget appropriations. It hoped that its warnings would be heeded and that it would not have to do so again.

26. Mr. SADDLER (United States of America) explained that his delegation had voted against the revised budget appropriations for the biennium, which would increase the budget approved at the thirty-fourth session to \$1,339,151,200. That vote had been cast only after the most careful study of the information available and after serious reflection upon the implications of such a vote by the major contributor to the United Nations budget.

27. The fact that Member States paying some 86 per cent of the budget had either voted against the revised appropriations or had abstained clearly showed that a significant constituency was alienated by United Nations budget growth and *budgetary practices*.

28. In abstaining in the vote on the programme budget for the biennium 1980-1981 at the previous session, his delegation had hoped to give the Secretary-General

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(Mr. Saddler, United States)

and Member States an opportunity to exercise budgetary restraint in 1980. It had therefore been disappointed by the imprudent financial attitude marking the decisions taken at the current session; some delegations had apparently considered that "expansion as usual" was the order of the day, and requests for appropriations had been easily approved, without regard to the circumstances faced by those Member States that were endeavouring to control governmental expenditure in order to cope with inflation and economic instability.

29. His delegation's specific reasons for voting against the revised budget appropriations were: first, because the zero net programme growth policy had not been followed; secondly, because programme managers had not complied satisfactorily with General Assembly resolutions calling for the elimination of completed, obsolete, marginal and ineffective activities; thirdly, because it could not accept the very casual attitude displayed by the Secretariat in simply presenting Member States with the totality of the requirements to offset inflation and currency fluctuations; and, fourthly, because the revised appropriations included items which it felt should not be charged to Member States. He referred in that connexion to the financing of meetings which precluded attendance by some Member States; his delegation would remain adamant that when groups of States desired to hold exclusive meetings they should meet the costs thereof. Then there were expenditures connected with the New York office of the South West Africa People's Organization, the Committee on the Exercise of the Inalienable Rights of the Palestinian People and the Special Unit, assistance to liberation movements, and grants to the Fund for Namibia, as well as activities transferred from voluntary contributions to the regular budget, such as UNITAR and the Information Systems Unit.

30. In preparing future budget requests, the Secretariat should avoid any imprecision in presenting data on the rate of real growth, and should bear fully in mind the need for maximum budget restraint in the light of world economic conditions, global inflation and crucial domestic budget considerations by a number of Member States. It would be unwise for the Secretary-General to disregard the concerns expressed by Member States in that connexion.

31. However, he did not wish to leave the impression that all responsibility for budget growth lay with the Secretariat, since Member States, by their initiatives and decisions, gave rise to substantial additional requirements. Both the Secretariat and Member States should act prudently, and with restraint. Reductions in the future level of the budget and in the rate of increase were essential if the necessary public support for the United Nations was to be sustained.

32. Mr. VICARIO (Spain) said that his delegation's vote in favour of the revised budget appropriations did not mean that it was happy either with the volume of those appropriations or the rate at which the budget was growing. Its vote had been determined by the position it had taken when individual requests for additional appropriations had been considered in the Fifth Committee.

33. The responsibility for the increasing costs lay both with the Secretary-General and with Member States. When deciding on new programmes and activities

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(Mr. Vicario, Spain)

the Main Committees should take a more pragmatic approach and, in an effort to reduce costs, should assist the Secretary-General in the task of identifying activities which fell within their competence that were obsolete, of marginal usefulness or ineffective. It would be an interesting experiment to involve Member States, through the Main Committees, in the identification of such activities and in the establishment of priorities. In that way, they would become more aware of the need to maintain a spirit of austerity and solidarity in the cause of sound management.

34. Ms. GUIMARÃES (Brazil) said that her delegation had voted in favour of the revised appropriations. Although it was concerned at the expansion of the regular budget and the increasing burden being placed upon Member States, it felt that any curb on expenditure should not be at the expense of the urgent needs of developing countries, which should have first priority. The Secretary-General should be given clear guidelines to promote the continuous rationalization of administrative systems, to adjust administrative methods to priority programming, and to identify activities that were obsolete, marginally useful or ineffective by means of ongoing evaluation.

35. Miss MILGROM (Israel) said that her delegation had joined others at the preceding session in urging the Secretary-General to control expenditure by reviewing ongoing activities and eliminating those of lesser priority and effectiveness and to avoid additional appropriations through the redeployment of existing resources. The efforts which had been made had not been sufficient to meet the challenge of maximum budgetary restraint. Her delegation could not agree to the approval of funds for activities of a one-sided political nature and had therefore voted against the revised appropriations.

36. Ms. MUSTONEN (Finland), speaking also on behalf of Denmark, Norway and Sweden, said that the delegations of the four Nordic countries continued to support a policy of financial restraint and economy. They attached importance to the economical administration of the Organization and to the flexible utilization of resources. As a reflection of their concern, they had co-sponsored draft resolution A/C.5/35/L.7 on medium-term planning and draft resolution A/C.5/35/L.36 on the identification of activities that had been completed or were obsolete, of marginal usefulness or ineffective. While believing that greater efforts could be made to finance new activities from within available resources, the four delegations maintained that the approach of the Fifth Committee should not be solely that of a financial manager or auditor. The administration and finances of the United Nations must be viewed from a broader perspective, with due regard for the principles and objectives of the Organization. Accordingly, the four delegations were opposed to any step which might hamper the flexibility and dynamic character of the United Nations. On the basis of those views, they had voted in favour of the additional appropriations.

37. Mr. HAMZAH (Syrian Arab Republic) said that the requests for additional appropriations had been carefully scrutinized before being approved. There had been no lack of financial restraint. The activities for which extra funds were

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(Mr. Hamzah, Syrian Arab Republic)

required, particularly those provided for in the draft resolutions on assistance to national liberation movements, were all essential. The budgets of all States were increasing each year and, since the United Nations merely mirrored conditions in its Member States, its regular budget was bound to increase as well. Accordingly, his delegation had voted in favour of the revised appropriations.

38. Mr. SPETSIOS (Greece) said that his delegation had voted in favour of the revised appropriations, bearing in mind the dynamic role which the United Nations was called upon to play. Nevertheless, the Secretariat should endeavour in executing the budget to achieve savings and should display greater financial prudence in preparing the programme budget proposals for 1982-1983, in line with the steps being taken by Member States themselves to practise restraint.

39. Mr. EL-SAFY (Egypt) said that his delegation had voted in favour of the additional appropriations because the increases had resulted either from inflation, which affected all countries, or the approval by the General Assembly of important activities. Inflation stemmed primarily from conditions in the developed countries; accordingly, the developing countries should not be penalized for its effects. The principles of democracy advocated by some Member States required that the activities approved by the majority of the General Assembly must be implemented. The argument that the additional appropriations were opposed by States contributing the greater part of the budget was totally irrelevant.

40. It had been stated that the Secretariat had not shown adequate financial restraint. Out of fairness to the Secretariat, it had to be recognized that it was not an independent body but rather the agent of Member States, and was required to implement their decisions. The estimates submitted by the Secretariat in connexion with the new activities authorized by the General Assembly at the current session had been reasonable and had been carefully scrutinized by the Advisory Committee. His delegation was satisfied that the Secretariat had done its duty.

41. Draft resolution X B was adopted without objection.

42. A recorded vote was taken on draft resolution X C.

In favour: Algeria, Argentina, Austria, Bahamas, Bahrain, Bangladesh, Benin, Brazil, Burundi, Central African Republic, Chile, Colombia, Congo, Costa Rica, Cuba, Democratic Yemen, Denmark, Egypt, Finland, Gabon, Ghana, Greece, Guinea, Guyana, India, Indonesia, Iran, Ivory Coast, Jordan, Kenya, Kuwait, Liberia, Libyan Arab Jamahiriya, Madagascar, Malawi, Malaysia, Mali, Mauritania, Mexico, Morocco, Mozambique, Netherlands, Niger, Nigeria, Norway, Oman, Pakistan, Panama, Peru, Philippines, Rwanda, Senegal, Sierra Leone, Singapore, Somalia, Spain, Sudan, Swaziland, Sweden, Syrian Arab Republic, Thailand, Togo, Trinidad and Tobago, Tunisia, Turkey, United Republic of Cameroon, United Republic of Tanzania, Upper Volta, Venezuela, Yugoslavia, Zaire, Zambia.

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Against: Afghanistan, Belgium, Byelorussian Soviet Socialist Republic, Canada, Czechoslovakia, France, German Democratic Republic, Germany, Federal Republic of, Hungary, Israel, Italy, Japan, Mongolia, Poland, Ukrainian Soviet Socialist Republic, Union of Soviet Socialist Republics, United Kingdom of Great Britain and Northern Ireland, United States of America.

Abstaining: Australia, China, New Zealand, Portugal.

43. Draft resolution X C was adopted by 73 votes to 18, with 4 abstentions.

COMPLETION OF THE COMMITTEE'S WORK

44. The CHAIRMAN commended the Committee for having set a record for punctuality and expressed the conviction that other Main Committees at future sessions would endeavour to emulate its efficiency.

45. In view of the great demands placed by the work of the Fifth Committee on the Advisory Committee, and in particular on its Chairman, and in view of the likelihood that the Advisory Committee would have to hold simultaneous meetings with the Fifth Committee with increasing frequency, he suggested that consideration might be given to the possibility of appointing a full-time Vice-Chairman with an honorarium. Delegations, for their part, should try to be represented in the Fifth Committee and the Advisory Committee by different individuals.

46. The problems faced by the Advisory Committee were closely linked to the very serious problem of documentation. It seemed at times that the Committee's programme of work was dictated more by the flow of documentation than by considerations of rational planning or priorities reflecting the political requirements of Member States. Some of the causes of delay in the timely distribution of reports were well known and the General Assembly had adopted numerous resolutions aimed at remedying the serious deficiencies of the Secretariat in that respect. Since effective administration was one of the main concerns of the Fifth Committee, it should take the lead in that area rather than wait for others to devise solutions which sometimes lacked realism.

47. An effort should be made to streamline the agenda by dispensing with the ritual consideration each year of items which did not warrant such attention. Another step that might be taken would be to divide the Fifth Committee into two committees, one to deal with personnel questions, the work of ICSC, the pension system and other related questions, and a second to deal with budgetary matters. Of course, such an arrangement could not be put into effect until the Fourth Committee completed its work, thereby releasing resources for redeployment.

48. The establishment of working groups to deal with individual items was not only practical but productive. In that connexion, the officers of the Main Committees would be called upon to play an ever-greater role. The omnibus resolution prepared by the Working Group on Personnel Questions was destined to become a corner-stone of the Organization's personnel policy. The agreement reached on desirable ranges would serve to avert tensions on that issue in the future. He expressed the hope -

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(The Chairman)

tempered by a moderate degree of scepticism - that the members of the committee of governmental experts would be successful in their difficult endeavour. It was well known that the approach sometimes adopted in the United Nations when the aim was to avoid solving a delicate problem was to set up some ad hoc committee with a vague mandate, or one so broad as to be unattainable. The success of the committee of experts would be in direct proportion to the talent and dedication of the individuals chosen to serve on it.

49. Among the Fifth Committee's achievements at the current session was the adoption of a pension system based on the "Washington proposal". In a display of collective courage the Committee had also adopted without objection the recommendation of ICSC on the scale of staff assessment for the General Service category and other locally recruited staff. That had been a bitter pill to swallow, but he assured the General Service staff that the Committee never acted rashly and that its aim was never to affect adversely the interests of those who so faithfully served the United Nations system. The solution adopted would in the long term guarantee that equity and justice were the sole criteria for determining the allowances and benefits of all staff.

50. During the session, he had been fully aware of the intense lobbying of delegations carried on by some Secretariat units. He should have reacted more energetically and had not done so. As a result of that abominable and dangerous practice, recommendations of the Advisory Committee had been overturned and appropriations had been approved based on considerations other than efficiency and effectiveness. He condemned such lobbying, which, he understood, was totally forbidden by the Secretary-General. Should the need arise in future, he would, as a representative of his country, propose drastic measures to ensure that the decision-making process and the harmony which should prevail between the Advisory Committee and the Fifth Committee would not be disturbed in that manner.

51. He shared the concern expressed by delegations in discussing the structure of the Secretariat that the authority in administrative matters conferred on the Secretary-General by the Charter should not be undermined. The temptation to legislate stemmed from situations which appeared to the Assembly to be anomalous. Thus, while expressing absolute confidence in the current Administration, the General Assembly had been prompted to express its wish that, in future, potential interdepartmental conflicts over authority and jurisdiction would be resolved in accordance with the statutory provisions in force.

52. He expressed gratitude for the honour bestowed on him personally and on his country and the Latin American region in choosing him to guide the Committee's deliberations, and he thanked all delegations for the assistance they had afforded him in the performance of his functions.

53. After an exchange of courtesies, he declared that the Committee had completed its work for the thirty-fifth session.

The meeting rose at 5 p.m.