



SUMMARY RECORD OF THE 42nd MEETING

Chairman: Mr. OKEYO (Kenya)

later: Mr. ARASTOU (Islamic Republic of Iran)

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

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The meeting was called to order at 10.30 a.m.

AGENDA ITEM 114: PROGRAMME BUDGET FOR THE BIENNIUM 1988-1989 (continued)

Programme budget implications of draft resolutions A/43/L.30, L.32 to L.37 and L.41 concerning agenda item 46 (continued)

1. Mr. VALENCIA (Ecuador) said that he had not been present when decisions had been taken on the programme budget implications of draft resolutions A/43/L.30, L.32 to L.37 and L.41. Had he been present, he would have voted in favour of the appropriations requested in connection with draft resolution A/43/L.37.

Programme budget implications of draft resolution A/C.3/43/L.50/Rev.1, as orally revised, concerning agenda item 101 (A/C.5/43/55)

2. Mr. MSELLE (Chairman of the Advisory Committee on Administrative and Budgetary Questions) pointed out that, in paragraph 8 of his statement of programme budget implications (A/C.5/43/55), the Secretary-General indicated that resources which could cover the activities requested in draft resolution A/C.3/43/L.50/Rev.1 had already been appropriated under section 23 of the programme budget. Adoption by the General Assembly of the draft resolution would not, therefore, give rise to any additional appropriations.

3. The CHAIRMAN suggested that the Committee should inform the General Assembly that, should it adopt draft resolution A/C.3/43/L.50/Rev.1 as orally revised, no additional appropriations would be required under section 23 of the programme budget for the biennium 1988-1989.

4. It was so decided.

Programme budget implications of draft resolution A/C.3/43/L.69 concerning agenda item 12 (A/C.5/43/56 and Add.1)

5. Mr. MSELLE (Chairman of the Advisory Committee on Administrative and Budgetary Questions) said that the costs of holding meetings of the open-ended Working Group on the Drafting of an International Convention on the Rights of All Migrant Workers and Their Families at Headquarters and in Geneva were given in paragraphs 9 and 10 of the Secretary-General's statement (A/C.5/43/56). In paragraph 12 of that same statement, the Secretary-General indicated that the travel and subsistence costs required under the draft resolution could be absorbed within resources already appropriated under section 23 of the programme budget. Similarly, the conference-servicing costs could be met out of existing appropriations under section 29. Accordingly, no additional appropriation would be necessary if the Assembly adopted the draft resolution.

6. The CHAIRMAN suggested that the Fifth Committee should inform the General Assembly that, should it adopt draft resolution A/C.3/43/L.69, no additional appropriation would be required under either section 23 or section 29 of the

(The Chairman)

programme budget for the biennium 1988-1989. The Assembly should also authorize an exception to resolution 40/243, section I, paragraph 4, as recommended by the Committee on Conferences.

7. It was so decided.

Programme budget implications of the draft resolution contained in document A/43/29 concerning agenda item 68 (A/C.5/43/58)

8. Mr. MSELLE (Chairman of the Advisory Committee on Administrative and Budgetary Questions) said that, as indicated in paragraph 9 of the Secretary-General's statement of programme budget implications (A/C.5/43/58), provision was made under section 2 A of the programme budget for the substantive servicing of at least two sessions annually of the Ad Hoc Committee on the Indian Ocean; the related conference-servicing costs could be met from appropriations already made under section 29. Adoption of the draft resolution by the General Assembly would not, therefore, entail any additional appropriation.

9. The CHAIRMAN suggested that the Fifth Committee should inform the General Assembly that, should it adopt the draft resolution contained in document A/43/29, no additional appropriation would be required under either section 2 A or section 29 of the programme budget for the biennium 1988-1989.

10. It was so decided.

Organization and methods for official travel (A/C.5/43/54)

11. Mr. MSELLE (Chairman of the Advisory Committee on Administrative and Budgetary Questions) said that document A/C.5/43/54 provided updated information on the organization of official travel arrangements at Geneva in response to the request made in General Assembly decision 42/453. As the document required no action by the Fifth Committee, he suggested that the Committee should recommend that the General Assembly take note of the Secretary-General's report.

12. The CHAIRMAN suggested that, in the light of the recommendation by the Advisory Committee, the Fifth Committee should recommend to the General Assembly that it take note of the report of the Secretary-General contained in document A/C.5/43/54.

13. It was so decided.

14. Mr. MUDHO (Kenya) drew the Committee's attention to the very careful wording of paragraph 2 of the Secretary-General's report on organization and methods for official travel (A/C.5/43/54). It was his delegation's understanding that the three-year contract to Thomas Cook S.A. would be awarded only after its parent company, the Midland Bank PLC, had in fact been removed from the list of transnational corporations with interests in South Africa. The document used the words "will be removed" which implied that the Midland Bank PLC was still on the

(Mr. Mudho, Kenya)

list. The reason could, of course, be that the competent United Nations authorities had yet to examine the documentation submitted.

Revised estimates under section 28: establishment of an integrated management information system (A/C.5/43/24; A/43/7/Add.10)

15. Mr. MSELLE (Chairman of the Advisory Committee on Administrative and Budgetary Questions) said that the Secretary-General's report (A/C.5/43/24) was based on a study by a consultant of the use of management information and data processing systems in the administrative and management sectors of the Secretariat. Such systems as now existed were based on old technology and had been developed piecemeal; they were inefficient, often overlapped, and were costly to run. The proposed introduction of a new integrated management information system (IMIS) was presented in the context of action on the recommendations of the Group of High-level Intergovernmental Experts to Review the Efficiency of the Administrative and Financial Functioning of the United Nations ("Group of 18"). Enhancing staff productivity and enabling a smaller body of staff to perform better thanks to the introduction of new technology was a central part of such action.

16. The Secretary-General proposed to introduce the new system in three phases: the first, lasting from 1989 to mid-1992, was expected to cost \$31.6 million; the second and third phases would bring the total length of the project to five years and increase the total cost to an estimated \$40.9 million. The Advisory Committee was very concerned that the Secretary-General had not provided any kind of cost-benefit analysis of his proposals. It intended to inquire during the project whether the resources whose appropriation it recommended would in fact be needed in full, for it did not wish to give the Secretary-General carte blanche.

17. The Advisory Committee had been informed that spreading the project over a longer period would result in higher costs, not savings. It noted that the Secretary-General's estimates included \$3.5 million for possible use in reimbursing the Food and Agriculture Organization of the United Nations (FAO) for software which that organization had already developed. Since the question of reimbursement to FAO was still under negotiation, it felt the sum concerned should not be included in the extra appropriations requested for 1989, but should instead form part of the budget submissions for 1990-1991.

18. The Secretary General proposed to pay for the project through a form of mixed financing, details of which were given in paragraph 25 of the Advisory Committee's report (A/43/7/Add.10). The Advisory Committee believed that the proportion of the costs to be borne by peace-keeping operations might have been understated, and the ratios indicated by the Secretary-General would have to be reviewed.

19. The Advisory Committee had asked the Secretary-General to submit a progress report on the implementation of the new system in the third quarter of 1989; that report should cover any voluntary contributions towards the project. The Secretary-General had indicated that he would seek voluntary contributions. The Advisory Committee believed that they should be used, when received, to reduce the overall cost of the project to the Organization.

(Mr. Maella)

20. In paragraphs 26 to 28 of its report, the Advisory Committee recommended an upper limit of \$28 million (at 1988 rates) for the entire project - subject to review in the context of later programme budget submissions. Under the mixed financing arrangements referred to above, that would set an upper limit to additional appropriations under the regular budget of \$18,228,000 for 1988. For 1989, the Advisory Committee recommended an upper limit of \$3,425,700 (at 1988 rates) under section 28 A of the programme budget. A further appropriation of \$358,400 should be made under section 31 (staff assessment), to be offset by an increase in the same amount under income section 1.

21. Mr. KINCHEN (United Kingdom) said that the Advisory Committee seemed to have produced its recommendations with its customary prudence, so far as he was able to tell, but he had received the Committee's report only that morning. The proposed information system was a major item of expenditure. The Secretary-General's estimates referred only to the cost of phase I of a project which would apparently also affect the budgets of peace-keeping operations and the special accounts for programme support costs. Major contributors had every reason to look very closely at the figures provided, as did those who had a claim on the funds involved.

22. It was claimed that the new system would result in substantial productivity gains, but no estimate of the financial savings involved had been provided. The Secretary-General concluded that the system proposed was the one the Secretariat needed. Two other options had, in fact, been suggested, but since they were said to cost just as much, the Administration was likely to end up with the system it wanted. There was no indication that any less ambitious scheme had been considered.

23. The Secretary-General's proposals looked like a "first-best" solution, of the kind consultants tended to suggest before they were confronted with financial and other constraints. The desirability of such an approach must be questioned when arrears in contributions to the Organization amounted to well over half the current year's appropriations, and when management and common services together accounted for over one quarter of the regular budget.

24. He called to be told whether any effort at all had been made to apply a cost-benefit analysis to the Secretary-General's proposal, and if not, why not. Meanwhile, he suggested that the Fifth Committee might like some more time to consider the Advisory Committee's recommendations, and the Secretariat might welcome some time to answer his questions.

25. Mr. KALBITZER (Federal Republic of Germany) agreed that more time was needed to study the ACABQ report. The Committee should therefore defer a decision on the question.

26. Mr. NYGARD (United States of America) said that his delegation recognized the benefits which the United Nations might derive from IMIS. From a technical standpoint, the Secretary-General's proposal appeared sound and reasonable, and the phased approach, although based on an ambitious timetable, seemed consonant with

(Mr. Nygard, United States)

the Organization's future needs. But there was little information in the report to support a conclusion that IMIS would lead directly to improved efficiency, and there was no clear cost-benefit analysis or details of how staffing reductions would produce savings. His delegation agreed with the Advisory Committee that new technologies alone would not achieve the objectives, and it doubted whether the initial amount to be approved would be the total cost to Member States even for the first phase unless top management played an active supervisory role in order to prevent cost-overruns.

27. Improved management information systems should be a high priority for the Organization and the proposed programme should have first call on available resources. The Secretary-General had unfortunately chosen not to absorb the costs but had requested an additional appropriation for 1989. Even allowing for the substantial reductions recommended by the Advisory Committee, his delegation could not support an additional appropriation of more than \$3.4 million for 1988-1989 or the incremental costs for 1990 and 1991 which would be added to the budget outline. Unless the representative of the Secretary-General could give assurances that those costs could be absorbed, the United States would have to request a recorded vote on the item.

28. Mr. Arastou (Islamic Republic of Iran) took the chair.

29. Mr. MARTIRE (Canada) said that his delegation agreed with the Secretary-General that the improvements sought in administrative areas depended on reliable and comprehensive information systems. The situation in the United Nations was a sad one and certainly not characteristic of a cost-effective organization. Furthermore, the need for better information increased as the Organization's activities became more complex. The question was not whether new information systems were required but rather how to manage their development in the most cost-effective manner, especially in the light of rapid technological advances.

30. IMIS must serve two related but different objectives: financial control and, more important, financial management. For the purposes of financial management, IMIS must provide information which defined what a unit planned to accomplish and described the linkage between objectives, results and resource levels. The objectives and principles set out in paragraphs 15 and 16 of the Secretary-General's report dealt adequately with financial control, but his delegation was not convinced that IMIS would provide complete information for financial management. Nowhere could audit resources be employed more productively than in systems development, but it was not clear whether the internal audit division and/or the Board of External Auditors would be involved. Further information from the Secretariat on those points would be welcome.

31. His delegation agreed with the Secretary-General that a decentralized environment would yield the greatest benefit, for its greater reliability and flexibility more than offset the disadvantages of more complex control procedures. It also supported the proposal to use the existing software systems of other

(Mr. Martire, Canada)

international organizations and to custom-build the other requirements, but the Secretariat must be sure that such systems would satisfy future as well as current requirements.

32. Given the magnitude of the costs involved, anything less than a formal implementation methodology would be irresponsible. The Canadian delegation would therefore support the phased approach in the context of the priorities listed by the Secretary-General. However, it would have expected a steering committee already to be in operation and contributing to the discussion. The Secretariat might indicate whether such a committee existed and how active it had been. In view of the need noted by the Secretary-General for project plans to be kept under constant review, strict controls must be established in order to ensure the successful management of the whole project. The Secretary-General might therefore provide the General Assembly with annual progress reports. His delegation fully supported what was a major and overdue project, but its development must follow a clear methodology based on the prior determination of realistic requirements, and the users must be adequately trained and involved in all stages of the process.

33. Mr. DANIELSSON (Sweden), speaking on behalf of the Nordic countries, said that they endorsed the Secretary-General's proposals and the opinion that a modern IMIS was needed. If the administrative reform was to be successful, the Organization must have access to all available modern techniques. However, the introduction of such a new system was a time-consuming and resource-intensive project, and the Secretary-General's intention to proceed cautiously and in an incremental fashion was, therefore, welcome. The Nordic delegations would like to know what estimates of operating costs had been made and whether less-expensive alternatives had been considered for cases where direct access to information was not crucial for management.

34. The introduction of computer-based systems did not in itself solve existing problems. Monitoring and evaluation methods must first be established before the computers could come into play. Information and training were very important in that respect: users must learn how to ask for and use information so that efficiency did actually increase. The Nordic delegations would like to know whether there were any plans with respect to that kind of information and training. The Secretary-General had demonstrated that IMIS would strengthen the administrative reform, and they therefore supported the request for an additional appropriation under section 28A, as recommended by ACABQ.

35. Mr. MAJOLI (Italy) said that his delegation regretted that the Committee had again been requested to take a decision at the eleventh hour. It agreed that the present management information system must be replaced, but the problem had not developed overnight, and the budget for such a big project should be established well ahead of time. Delay now might make the problems worse, but the rapid advances in information technology would ease the damage.

36. The Italian delegation was in principle in favour of the Secretary-General's proposals, but it could not take an immediate decision. The question fell within

(Mr. Majoli, Italy)

the exclusive remit of the Fifth Committee, which must be given sufficient time to study it properly.

37. Mr. BOUR (France) said that for the first time a report by the Secretary-General contained an open admission that the United Nations management information systems did not work. Despite all the past criticism of those systems, including criticism from his own delegation, the Organization had never managed to master or develop them. The Committee was now being asked to decide to start from scratch and achieve in one step something which the Organization had been unable to achieve over the years. The problem was not just a technical one, and the new techniques were not all that was needed. The project must be matched with proposals for reform of the management and control structures of the information systems.

38. His delegation endorsed the questions asked about cost-benefit analyses, for even if all the shortcomings listed in the Secretary-General's report were eliminated, it was not clear what benefits would accrue in terms of savings of staff and documentation. It would also like to know whether phase I of the project, in the event that phases II and III could not be implemented, could operate independently without duplicating the present system. His delegation was worried about the high cost of the 13,325 work-days required for phase I by way of expert consultancy services. It might be better to distribute the work more evenly between consultants and United Nations staff. It would also like to know who in the United Nations would be responsible for operation of the project once the technical system development team had been dissolved.

39. Mr. TETTAMANTI (Argentina) said that his delegation, too, would welcome answers to a number of questions before any decision was taken. When the programme budget for the biennium 1988-1989 had been adopted, the Committee had approved a number of appropriations for computerized systems under various sections of the budget. He would like to know the relationship of those appropriations to the projected cost of the new integrated information management system. He noted that the topic was related to the reform process called for in the recommendations of the Group of 18. It was not clear from the Secretary-General's report what impact the proposed programme would have on that process. He noted, furthermore, that the document was not being considered under agenda item 49 (Review of the efficiency of the administrative and financial functioning of the United Nations). Regarding the proposed system for financing the project, he said that although a mixed-financing approach was referred to, very little information was provided about its possible impact on the peace-keeping and special accounts for programme support costs, which would together be responsible for a large part of the funding.

40. Mr. GREGG (Australia) said that his delegation agreed that there was an important need for the United Nations to introduce modern technology in order to improve its information systems in the areas of administration and management. It could understand that the lack of a proper data base was an obstacle to the efficient functioning of the accounting, personnel and other systems. It was concerned, however, that the Secretary-General's proposal seemed not to have been

(Mr. Gregg, Australia)

properly thought through. As the Chairman of the Advisory Committee had noted, no detailed cost-benefit analysis had been presented in order to persuade the Committee that over a period of time the high cost of the project would be justified. While the Secretary-General claimed that the establishment of an integrated information management system would yield further savings beyond those envisaged in the context of the post reduction exercise, those savings were not quantified. His delegation would welcome further information from the Secretariat on that point. It was also concerned that the cost of the project related not just to 1989 but to the projected levels in the budget outline for the next biennium and beyond. In his delegation's view, proposals of such magnitude should be presented in the context of clearly defined priorities and the cost should be offset by savings in areas of lower priority. His delegation would be unable to support the Advisory Committee's recommendation.

41. Mr. LADJOUZI (Algeria) said that although the question of establishing an integrated management information system was not new, and although the report of the Secretary-General to the current session (A/C.5/43/24) had been available for some time, the report of the Advisory Committee (A/C.5/7/Add.10) had only just been circulated. In view of the importance of the question, he believed that the Committee should have a special meeting with representatives of the Secretary-General for the purpose of examining the proposed system. He realized that it was difficult to quantify the benefits that could be expected from IMIS but a study of the shortcomings of the current system could help to explain the advantages that would accrue. The improvement of the Organization's administration and management was a laudable aim that should not be blocked by purely budgetary or financial considerations. The establishment of IMIS could be envisaged as a response offsetting the negative consequences of recommendation 5 of the Group of 18 for the Organization's programmes.

42. Mr. INOMATA (Japan) endorsed the call for further information on IMIS, including a cost-benefit analysis of the scheme, and asked what impact its approval would have on the budget outline for the biennium 1990-1991. The relationship between the introduction of IMIS and the reforms called for by General Assembly resolution 41/213 should also be clarified. An important point not previously raised was the Secretary-General's stated intention of seeking voluntary contributions. Under the Financial Regulations, such contributions were required to be administered by means of a special account or trust fund. Crediting them to general income, as envisaged by the Secretary-General, would need an explicit decision by the General Assembly to that effect. The Advisory Committee had not addressed that problem and he would be glad of some clarification from the Secretariat. In his delegation's view, the matter could not be dealt with simply from the point of view of its programme budget implications. No decision should be taken until further information had been made available.

43. Mr. GUPTA (India) said that the Committee needed more time to give the proposal the detailed consideration it deserved. While his delegation agreed in principle with the desirability of introducing a system that incorporated the latest technology, it believed that, before proceeding with such a large-scale

(Mr. Gupta, India)

project, clear information should be provided on the expected benefits to the Secretariat, Member States and the Organization's programmes. He supported the suggestion that a special meeting should be devoted to information from the Secretariat regarding the benefits of the scheme.

44. Mr. MLADENOVIC (Yugoslavia) said that his delegation recognized that an integrated information management system was necessary. He would like to know, however, how much had been spent over the last four years on introducing the computer systems currently in operation and what would happen to them when the proposed system was introduced.

45. Mr. JEMAIL (Tunisia) said that the introduction of an integrated information management system would undoubtedly assist the United Nations in its world-wide operations. The Organization should be supported in its efforts to achieve administrative efficiency. On the question of staffing the system, he noted that, although high-level engineers would be needed to install it, regular staff would be able to run it after a short training period. The real problem was the cost of the system and how it was to be financed. His delegation agreed with the Chairman of the Advisory Committee that it was important to proceed with caution and that the Secretary-General should continue his efforts to seek voluntary contributions for the project. His delegation was, in principle, in favour of the project and looked forward to receiving more detailed information at a later stage.

46. The CHAIRMAN said that the Committee would revert to the discussion of the Secretary-General's report on the establishment of an integrated management information system at its next meeting and representatives of the Secretary-General would answer the questions that had been raised.

The meeting rose at 12.25 p.m.