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SUMMARY RECORD OF THE 43rd MEETING

Chairman: Mr. SENGWE (Zimbabwe)

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

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The meeting was called to order at 10.20 a.m.

AGENDA ITEM 112: REVIEW OF THE EFFICIENCY OF THE ADMINISTRATIVE AND FINANCIAL FUNCTIONING OF THE UNITED NATIONS (continued)

Proposed programme budget outline for the biennium 1998-1999 (continued)
(A/51/289 and A/51/720)

AGENDA ITEM 116: PROGRAMME BUDGET FOR THE BIENNIUM 1996-1997 (continued)

First performance report (continued) (A/51/7/Add.6 and A/C.5/51/38)

1. Mr. OGAWA (Japan) said that he strongly supported the Secretariat's continued efforts to realize budgetary savings by improving productivity and efficiency, and was pleased to note that the proposed level of the 1998-1999 budget was slightly lower than that of the 1996-1997 budget. However, achieving zero or negative budget growth was not an end in itself; the proposed budget outline should be examined with a view to strengthening the Organization's effectiveness as well. Therefore, the overall budget level for the next biennium could not be established until the relevant intergovernmental bodies had determined whether the proposed level would provide adequate resources for the full implementation of all mandated programmes and activities. The same issue arose in connection with the savings that would be necessary to maintain the ceiling of \$2,608 million in the current programme budget.

2. The Secretariat should state candidly whether it could implement all mandated programmes within the proposed budget outline so that Member States could set priorities and decide whether some programmes should be eliminated or delayed. He supported the recommendation, contained in paragraph 17 of the report of the Advisory Committee on Administration and Budgetary Questions (A/51/720), that the General Assembly should take note of the proposed budget outline pending its final decision.

3. Although the proposal to include the costs of special missions in the budget deviated from the procedure prescribed in General Assembly resolution 41/213, it represented a pragmatic solution which his delegation supported; the necessary legislative adjustments should be made so that it could be put into practice. He supported the Advisory Committee's recommendation that the Secretary-General should submit policy proposals on the matter. He also agreed with the proposal to change the accounting method for expenditures relating to the Joint Inspection Unit, the International Civil Service Commission (ICSC) and the Vienna International Centre. With respect to the contingency fund, the specific level should be adjusted in the light of recent experience; one possible solution would be to set it at an intermediate level between the level proposed by the Secretary-General and that proposed by the Advisory Committee. Lastly, payment by Member States of their assessed contributions was indispensable for the effective implementation of programmes.

4. Mr. GOKHALE (India) said that the increased recognition of the need for reform to make the United Nations more responsive to the needs of Member States was accompanied by an unwillingness on the part of those States to invest in measures which would enable the Organization to enhance the cost-effectiveness

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and efficiency of the Secretariat. Instead of merely demanding further cost reductions, Member States should balance cost-cutting with resource provision to consolidate the reforms already implemented.

5. The Secretary-General's proposed budget outline for 1998-1999 involved a reduction of nearly \$200 million in real terms in comparison with the current budget. Since a reduction of over \$200 million had already been achieved in the current budget, careful consideration must be given to whether the proposed budget outline would allow for the full implementation of all mandated programmes and activities. Moreover, it must be borne in mind that the Secretary-General's budget projection was only a preliminary estimate of the requirements for 1998-1999, since the impact of future decisions of United Nations organs and of inflation and currency fluctuations could not be accurately predicted.

6. The impact of the reform process on the budget estimate for 1998-1999 did not have to be unidirectional. For example, the United Nations Conference on Trade and Development (UNCTAD), the Centre for Human Rights and the Office of Legal Affairs had made restructuring efforts which had resulted in considerable savings, yet further budget reductions would be detrimental to their activities. To preserve the benefits of reform, adequate funds should be provided for such activities in the next budget. Since funding for international and regional cooperation for development was to be reduced further, he asked the Secretariat for assurances that the reduced allocations would be sufficient to cover all mandated programmes and activities arising from the recent world conferences in Copenhagen, Beijing, Cairo and Istanbul.

7. The Secretary-General's proposal to reduce the level of the contingency fund was based on the experience of the first quarter of the current biennium. However, it must be borne in mind that activities which deserved financing were likely to arise at different times during the biennium, and the contingency fund must be able to cover them. The only area in which the Secretary-General was not proposing reductions was that of special missions. However, it was premature and inconsistent with current budgeting procedures to make provision for expenditures which had no legislative mandate yet. Such activities should be financed according to the procedures laid down in General Assembly resolution 41/213. Lastly, his delegation supported the general approach taken by the Secretary-General, which reflected a concern for efficiency and cost-effectiveness, on the understanding that it would not adversely affect any mandated programmes and activities.

8. Ms. GOICOCHEA (Cuba) said that she fully supported the statement on the items under consideration which the representative of Costa Rica had made on behalf of the Group of 77 and China. Although the current session was not taking place in a budget year, budget-related issues had arisen because of the political position of one Member State which had tried to contravene the letter and spirit of General Assembly resolution 50/214, and even the procedures laid down in resolution 41/213. The latter resolution should be completely revised if any of the decisions adopted at the current session deviated from the procedure it had established.

9. Unfortunately, the reports of the Secretary-General did not provide detailed information, and the related recommendations of the Advisory Committee

were equally unspecific; her delegation therefore could not endorse the latter. With respect to the performance report (A/C.5/51/38), she questioned the validity of the proposed level of resources for the biennium, since it did not reflect revised estimates or the programme budget implications of the resolutions being adopted at the current session of the General Assembly. She asked why the report and the recosted budget did not include the costs of conference services arising from a number of those resolutions and requested the Secretariat to provide updated information on those figures. Although she did not oppose the proposal to absorb the cost of new mandates through the surplus generated by changes in exchange rates, she wondered why the Secretary-General had not proposed to use part of that surplus to reinstate some of the activities which had been cancelled or delayed. Moreover, that surplus had obviated the need to increase the vacancy rate beyond its current level of 6.4 per cent. She asked what vacancy rate would be required for the biennium after the application of the \$29 million remaining from the surplus once the expenses of unfunded mandates had been met.

10. Her delegation would like a written explanation of why the expenses of the fact-finding mission referred to in paragraph 16 (a) (i) c of document A/C.5/51/38 had been classified as unforeseen and extraordinary, when the financing of such activities was provided for in section 21 of the current programme budget. She recalled that, pursuant to General Assembly resolution 41/213, appropriations resulting from the use of the contingency fund should be added to the total amount of the budget for the biennium.

11. The proposed programme outline for the biennium 1998-1999 (A/51/289) seemed to reflect political decisions more than the need to implement all mandated programmes and activities, and thus deviated from resolution 41/213. It should be recalled that the concept of zero growth had never been endorsed in any General Assembly resolution. It was inconceivable that the Secretary-General should have taken the current level of appropriations as a starting point, instead of the level of expenditure approved in General Assembly resolution 50/214 (\$2,712,265,200). On the basis of the latter figure, the proposed budget reductions amounted to 10 per cent in real terms, and clearly could not be implemented without substantively affecting mandated programmes and activities. Moreover, the proposed budget outline ignored paragraph 4 of General Assembly resolution 50/230, which specified that the programme budget for 1996-1997 had been adopted under unique circumstances and did not constitute a precedent. The Secretariat should provide an explanation in that regard.

12. She fully agreed with the Group of 77 that the expected budget reduction of \$204.7 million in 1996-1997 should be added to the overall amount of the budget outline for 1997-1998 and that the number of posts to be abolished should be reduced accordingly. The Secretariat should not have used the budget outline to propose changes that required political decisions. She was particularly concerned about the proposal to include \$70 million to activities related to the maintenance of international peace and security, which was tantamount to the arbitrary and selective establishment of mini-contingency funds and seemed to spring more from intergovernmental negotiations than from technically sound reasons. That amount should therefore be subtracted from the total.

13. Expenditure for the procurement of equipment for the Department of Administration and Management ought to have been included in the budget, and the

level of the contingency fund should be maintained at 0.75 per cent. Lastly, she reiterated her request that the Secretary-General should provide delegations with the information requested in paragraph 18 of the Advisory Committee's report (A/51/720) in order to facilitate the decision-making process.

14. Mr. KELLY (Ireland), speaking on behalf of the European Union and the associate countries of Bulgaria, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania and Slovakia, reminded the Committee that the budget outline was intended to represent a preliminary estimate, and should therefore be regarded as simply a planning figure. Nevertheless, if current assumptions persisted, that figure should be respected in the subsequent formulation of the programme budget to ensure budgetary responsibility and discipline. Current procedures, such as those set out in General Assembly resolution 41/213, provided for the treatment of certain additional expenditures; therefore, the budget figure, once adopted, should not be considered as a rigid ceiling. From that standpoint, then, the proposed savings of \$200 million in the current budget, to be generated by increased productivity, was a planning figure. Any further productivity gains or efficiency savings in the budget outline should be fully justified in the proposed programme budget, as called for in paragraph 10 of the Advisory Committee's report (A/51/720).

15. The maintenance of any vacancy rate should be efficiency-driven rather than economy-driven, and due consideration should be given to the results of the Performance Appraisal System in achieving such vacancies. There was a need to safeguard priority areas of the programme budget, and a higher proportion of regular budget resources should be allocated to peacekeeping, human rights and humanitarian affairs. The proposed reduction in common support services, including conference services, was considerably greater than the overall average proposed reduction, and he sought assurances that the proposed economies would neither erode the quality of language services nor result in reductions in conference services which were higher than the average for the budget as a whole.

16. He welcomed the proposed provision for special missions, which would ensure that their eventual operation was not endangered by a lack of assured funding. The European Union was flexible as to how that provision might be appropriated and assessed in the framework of the programme budget and endorsed the relevant recommendation of the Advisory Committee (A/51/720, para. 5). The proposal to reflect provisions on a net rather than gross basis for jointly financed activities and services would more accurately reflect the true level of expenditure. However, he wondered whether that change should be taken into account when comparing the overall level of requirements for 1998-1999 with the level for the current biennium.

17. He supported the list of priorities for the coming biennium which appeared in paragraph 10 of the proposed outline. However, in view of the importance of the contingency fund established under current budgetary procedures, the Secretary-General should provide a fuller explanation of why that fund should be reduced to 0.25 per cent of the overall level of resources.

18. Mr. GODA (Japan) said he was pleased that, despite additional mandates and unforeseen and extraordinary expenses, the level of revised appropriations reported by the Secretary-General (A/C.5/51/38) was lower than the amount of the

1996-1997 programme budget, even though the reduction was due primarily to changes in exchange rates. His delegation had taken note of the estimated requirements for the missions in Guatemala, El Salvador and Afghanistan, and requested the Secretariat to provide a comprehensive list of estimated additional requirements. He understood that the current trend in exchange rates might reduce actual requirements and that the financial implications of the recommendations of ICSC could not be ascertained until the Fifth Committee had completed its consideration of those recommendations. His delegation would determine its final position after the outstanding questions that had been raised had been addressed by the Secretary-General and considered by the General Assembly, as noted in paragraph 21 of the Advisory Committee's report (A/51/7/Add.6).

19. Mr. ATIYANTO (Indonesia) said that his delegation fully supported the statement made on the items by the representative of Costa Rica on behalf of the Group of 77 and China. The additional reduction in resources proposed for the biennium 1998-1999, particularly in the area of international and regional development cooperation, was a matter of deep concern to his delegation. All mandated programmes and activities in that area should receive sufficient resources for full implementation.

20. Since the proposed programme budget outline was only a preliminary estimate, delegations should continue to work together and study all available options. He questioned whether it was appropriate to adopt a zero or negative growth programme budget in view of the increasingly urgent need for the Organization to fulfil its unique role in world events.

21. Mr. NOUR (Egypt) also endorsed the statement made by the representative of Costa Rica on behalf of the Group of 77 and China.

22. Priority should be given to full implementation of programmes and activities approved by the General Assembly. Any new activities for the maintenance of international peace and security should be approved after the budget was adopted, and new appropriations should be possible without adversely affecting other activities.

23. It was regrettable that the performance report had not been submitted in accordance with General Assembly resolution 50/214, as Member States would be unable to judge the extent of implementation of approved programmes and activities. While his delegation welcomed the continuing efforts to increase efficiency and productivity, no convincing explanation had been provided in support of the saving of \$204.7 million in the proposed programme budget outline. Further details should be provided as to how those savings would be achieved. His delegation supported the recommendations of the Advisory Committee concerning the contingency fund.

24. Ms. CHEN Yue (China) fully supported the statement made by the representative of Costa Rica on the subject of the performance report.

25. The most important objective of the budget was to ensure that sufficient resources were made available for mandated programmes and activities, the full implementation of which should not be adversely affected by economy measures. Any savings from sources such as exchange rate variations should be recovered in

the budget. Further explanations were needed regarding the proposed saving of \$204.7 million, and allowances must be made for possible increased mandates and for unexpected or extraordinary expenses.

26. A proposal for a zero or negative increase for the biennium 1998-1999 at the current stage would be arbitrary and unrealistic, and a proposal to set the general level of the contingency fund simply on the basis of the experience of the previous biennium would be of doubtful reliability and validity.

27. Mr. MAIGA (Mali) expressed support for the statement made by the representative of Costa Rica on behalf of the Group of 77 and China. Priority must be given to the implementation of mandated programmes and activities.

28. While the form of the proposed programme budget outline complied with General Assembly resolution 41/213, its substance did not. Insufficient provision had been made for the financing of new mandates, which were of an unforeseeable nature, and the contingency fund should remain at 0.75 per cent rather than 0.25 per cent of the regular budget, particularly at a time of financial difficulties.

29. Ms. FIGUERA (Venezuela) supported the statement made by the representative of Costa Rica on behalf of the Group of 77 and China. The Secretary-General should submit general policy proposals before his proposed programme budget for the biennium 1998-1999.

30. Mr. TAKASU (Controller) recalled that the purpose of the performance report, as stated in paragraph 1, was "to identify adjustments required owing to variations in the rates of inflation and exchange and in standards assumed in the calculation of the initial appropriations"; in other words, it was a technical exercise in recosting. The Secretary-General's proposed cost reductions of \$154.1 million in response to General Assembly resolution 50/214, set out in document A/C.5/50/57/Add.1, remained valid. The Assembly had also requested the Secretary-General to produce a report on possible means of absorption of the cost of new mandates. As a result of recosting, savings had been achieved which would be sufficient for that purpose. However, the General Assembly had not instructed the Secretary-General to make use of any savings from recosting to offset any proposed cost reductions; to do so would require an additional decision by the Assembly.

31. Turning to the question of conference services, he recalled that the Secretariat had been asked to provide services for a number of meetings additional to those scheduled in the calendar of conferences. He recalled that, in document A/C.5/51/22, three sets of meetings had been identified for which conference services could not be provided without additional resources, while document A/C.5/51/22/Add.2 had stated that, should the Fifth Committee exercise the option to use the entire 15 weeks of meeting services reserved for its inter-sessional meetings in 1997, no resources would be available to service those three sets of meetings. On the other hand, should the Fifth Committee agree to meet for a maximum of eight weeks between its regular sessions, the residual provision for seven weeks could be allocated for the servicing of the three sets of meetings.

32. Replying to a question about the Secretary-General's decision to send a representative to Nigeria, he recalled that General Assembly resolution 50/199 had asked the Secretary-General to carry out a good offices mission in that country. If desired, the Secretariat would provide further details in an informal meeting.

33. In response to a question concerning additional requirements to be submitted to the Committee before the end of 1996, he said that the amount referred to by the Chairman at the previous meeting had been calculated on a net basis, whereas it should have been given on a gross basis. The programme budget implications of draft resolutions on United Nations peacekeeping missions that had yet to be considered were: for Afghanistan - \$3,516,000; for Guatemala - \$7,602,000; and for El Salvador - \$476,000. It was understood that a further draft resolution would be forthcoming, concerning the civilian mission in Haiti; its programme budget implications would be calculated in due course.

34. As in previous years, the performance report had taken into account the recommendations of ICSC. Appropriate adjustments would be made once the Committee reached a decision on those recommendations. As for the programme budget outline for the biennium 1998-1999, he hoped that the General Assembly would again provide the Secretariat with the necessary guidelines, drawing on the outline, to enable it to prepare a programme budget. If a decision of the General Assembly was not forthcoming, the Secretariat would consider that it must in any case prepare a proposed programme budget, since under the established budgetary cycle the Secretary-General had a mandated duty to submit it early in 1997, and it would do so on the basis of the outline before the Committee.

35. Responding to questions from Committee members, he pointed out that the outline was intended to serve as a basis for deliberations and negotiations: the level and allocation of resources was a political decision to be taken by Member States, while the role of the Secretary-General was to facilitate consensus-building. In recent months, the Committee had reaffirmed General Assembly resolution 41/213, but it had also taken actions which were not in line with that resolution and which caused the Secretariat to experience considerable difficulties in responding to the financial implications of draft resolutions submitted by Member States. The purpose of the Secretary-General's proposal was to facilitate that situation; if Member States considered that it was a concept worth pursuing, the Secretariat would be glad to enter into discussions on that matter.

36. Determining the size of the contingency fund was a policy issue and a matter for judgment, rather than a scientific exercise. The decision in that regard lay with Member States.

37. The Secretary-General had identified six priority areas so as to elicit guidance from Member States regarding the allocation of resources.

38. Regarding the questions of immediate relevance identified by the Advisory Committee in its report (A/51/720), the rates of exchange and inflation used in the outline (para. 18(a)) were those in the initial appropriations for the biennium 1996-1997, which had been approved in December 1995. Outputs deferred, postponed or curtailed (para. 18(b)) would need to be taken into account by

programme managers in the context of the Secretary-General's ultimate proposals for the programme budget. No breakdown could be given of the amount of \$204.7 million (para. 18(c)) until submissions had been received from programme managers, as the Advisory Committee had indicated.

39. It had been proposed to maintain a 6.4 per cent vacancy rate (para. 18(d)) for the biennium 1998-1999, when the amount would be larger than the approximately \$50 million for the biennium 1996-1997. Two activities accounted for the \$8 million referred to by the Advisory Committee (para. 18(e)): Habitat II, held in 1996, and the acquisition of equipment for the International Court of Justice. In accordance with the standard methodology, both had been eliminated from the outline.

40. Programme managers needed to take account of ongoing, deferred and newly approved activities for 1996-1997 as well as new activities for 1998-1999 in formulating their budget proposals (para. 18(f)). In the context of the proposed programme budget for 1998-1999, newly approved activities for the biennium 1996-1997 must have priority.

41. Mr. NOUR (Egypt) said that his delegation was not convinced by the explanations given by the Controller regarding the procedure followed in connection with the financing of peacekeeping activities approved after the adoption of the budget. The political positions of States should not concern the Secretariat as long as there was no specific political mandate, and the only relevant authorization was General Assembly resolution 41/213, which the Secretariat should implement strictly.

Request for subvention to the United Nations Institute for Disarmament Research (continued) (A/C.5/51/33)

42. Mr. STEIN (Germany), Vice Chairman, said that agreement had been reached in informal consultations to take note of the note by the Secretary-General and of the Advisory Committee's recommendations.

43. Mr. KELLER (United States of America) said that his delegation had hoped to wean the United Nations Institute for Disarmament Research from its subventions, but had been persuaded that mid-biennium was not the appropriate time. Nevertheless, he would welcome some indication of that in the Committee's draft budget resolution.

44. The CHAIRMAN suggested that the Committee should recommend to the General Assembly that it should take note of the note by the Secretary-General (A/C.5/51/33) and the recommendations thereon of the Advisory Committee on Administrative and Budgetary Questions.

45. It was so decided.

The meeting rose at 12.35 p.m.