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at 3 p.m.  
New York

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SUMMARY RECORD OF THE 29th MEETING

Chairman: Mr. ALOM (Bangladesh)  
(Vice-Chairman)

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

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In the absence of Mr. Sengwe (Zimbabwe),  
Mr. Alom (Bangladesh), Vice-Chairman, took the Chair.

The meeting was called to order at 3.10 p.m.

AGENDA ITEM 111: FINANCIAL REPORTS AND AUDITED FINANCIAL STATEMENTS, AND REPORTS OF THE BOARD OF AUDITORS (continued) (A/49/368 and A/49/943; A/50/985; A/51/5 (Vols. I-V), A/51/5 Add.1-10, A/51/283, A/51/488 and Add.1, A/51/523 and A/51/533; A/C.5/50/51)

1. Mr. TOYA (Japan) said that his delegation was ready to support the extension of the term of Board members from the current three years to an appropriate longer period.
2. In document A/51/488, the Secretary-General mentioned the difficulty of implementing some of the recommendations summarized in volume I, paragraph 10, of the report of the Board of Auditors (A/51/5). There might be a need to bring such problems to the attention of the legislative bodies concerned so that they could make the necessary changes in specific policy decision. Although the Secretariat had signalled its positive reaction to the recommendations on procurement, it had not been very specific about the nature and timing of the measures it intended to take. His delegation urged the offices concerned to make a more serious effort to follow up the recommendations. He was particularly concerned that a high percentage of contracts, especially those in the Department of Peacekeeping Operations, had been drawn up on an ex post facto basis. Moreover, an inordinately high percentage of procurement suppliers were from a single Member State. The Secretariat had listed a number of problems regarding the hiring of consultants. Further efforts should be made to rectify the anomalies identified by the Board. His delegation also believed that closer coordination and cooperation between the Board, the Office of Internal Oversight Services and the Secretariat would be needed to strengthen internal audit and programme planning and monitoring capacity.
3. His Government was concerned about continuing anomalies in the procurement process for peacekeeping operations and about the poor control exercised over cash management, which had led to huge cash losses. The Secretariat should elaborate on the problems it anticipated in implementing the Board's recommendations with respect to peacekeeping operations (A/51/5, vol. II, para. 10), but easy excuses should not be used to explain away failure to perform as expected. His delegation was also interested in the Board's finding that a doubtful receivable of \$175.5 million had been included in the assessed contributions receivable of some \$1,930 million. While he agreed that the arrears should not be cancelled, the Secretariat should nevertheless keep the matter under active consideration with a view to finding an appropriate solution.
4. His delegation urged the United Nations Development Programme (UNDP) to continue following up the recommendations which the Board had addressed to it, and welcomed the initiative by the Office of the United Nations High Commissioner for Refugees (UNHCR) to improve procedures for the selection of implementing partners. His Government also believed that long-term training strategies should be developed by the United Nations University (UNU) and its

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institutes in order to provide appropriate training to younger scholars from developing countries.

5. Actual implementation of the Board's recommendations by the relevant entities was most important. The executive heads of the funds and programmes should meet and exchange views, preferably in the Administrative Committee on Coordination, on experience gained and lessons learned, and plan a coordinated strategy to address the shortcomings identified by the Board. In future the Board should indicate which recommendations had not been implemented, and the recommendations should be more precise and focused so as to leave no room for interpretation. At the same time there should be adequate procedures in place to follow up the implementation of the Board's recommendations in the Secretariat as well as in the funds and programmes.

6. Mr. GJESDAL (Norway) said that, in future, his delegation would appreciate a far more timely processing of the reports of the Board of Auditors. The extreme lateness of their publication had repercussions which undermined the credibility of the Fifth Committee's work.

7. His delegation fully supported the findings of the Board of Auditors and hoped that in future the Board could contribute even more substantially to the reforms currently being undertaken by the United Nations. The overall structure of audit, oversight and inspection bodies was satisfactory and was currently operating in a fairly well coordinated manner. The improved state of overall budgetary control in the Organization and its funds and agencies was a welcome development. His Government was concerned, however, that follow-up to previous audit recommendations had remained uneven to say the least. Systemic procurement problems had still not been resolved, and self-evaluation of subprogrammes was on the decline. The General Assembly should increase its emphasis on compliance with the Board's recommendations.

8. The new horizontal review carried out by the Board had shown that in a number of United Nations bodies internal audits remained deficient owing to inadequate coverage, lack of staff resources and delays in the implementation of internal audit recommendations. The Board's findings should be considered collectively, preferably in the Administrative Committee on Coordination. There was certainly a need for the United Nations system as a whole to cooperate at the country level to create capacity through a variety of means, including coordinated assistance to enhance the capacity of implementing and executing agencies and organizations.

9. Public confidence in the way funds were handled was vital to the perception of whether the Organization was doing a good job through its regular budget programmes and peacekeeping operations. His delegation had favoured more frequent reporting by the Board of Auditors on peacekeeping operations, and it was therefore pleased that reports would henceforth be submitted annually rather than biennially. Strengthening the authority of the audit function in the field, improved asset management and enhanced liquidation capacity for winding down peacekeeping operations continued to be important areas of concern to his delegation.

10. His Government had noted that the Board had qualified its opinion on the financial statements of United Nations peacekeeping operations because it was

uncertain about the valuation placed on long-outstanding assessed contributions receivable. His delegation believed that such long overdue assessments did not lapse and should not as a matter of principle be cancelled. It was important that they should continue to be shown in the accounts as collectable until the General Assembly decided otherwise, even if special solutions had to be adopted for their valuation.

11. In relation to the United Nations Children's Fund (UNICEF), his delegation wished to support the recommendation that the Fund should adhere fully to its own financial and accounting guidelines. He was also concerned about the inadequate priority UNICEF appeared to give to follow-up of internal audit findings and recommendations. The Board's report on the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA) clearly indicated the need for better coordination between the Agency and donors regarding transparency and accountability. His Government had repeatedly stated that the Agency should eliminate and prevent any irregularities in its management and accounting.

12. His delegation welcomed the emphasis placed by UNHCR on the auditing of implementing partners and stressed the apparent need to develop a function within the Office responsible for the entire supply chain. UNHCR headquarters should also provide standards and guidelines for supply activities at local level, including regional offices and implementing partners.

13. Mr. WILMOT (Ghana) said that the Board of Auditors deserved commendation for its efforts in identifying weaknesses in the Organization's internal controls and suggesting possible remedies, and his delegation hoped that the administrations concerned would take the Board's recommendations seriously with a view to implementing them.

14. The qualified opinion of the Board on the financial statements of various United Nations funds and programmes was a serious indictment of those bodies' operations. In particular, his delegation urged the UNICEF administration to review its treatment of cash assistance to Governments in order to enhance transparency and accountability. He further regretted the breakdown of internal controls arising from a failure to adhere to the Fund's own established financial procedures on procurement, recruitment and disbursements. UNICEF should enhance monitoring of its internal control systems in field offices through prompt and effective investigation of acts of mismanagement.

15. The Board's qualified opinion on other funds and programmes confirmed the difficulties which they had experienced in operating within the framework of project agreements. His delegation therefore proposed that technical cooperation agreements should include provision for strengthening the capacity of Governments to deal with audit issues and monitoring of projects, including an assessment of Governments' capacity to carry out such projects.

16. The question of audit featured extensively in the Board's report, and his delegation noted that there was a need to conduct a further study of internal audit control measures to make the system more efficient. The Board's findings in areas such as international procurement for peacekeeping operations and other activities suggested that much needed to be done in respect of compliance with procedures. His Government supported the Board's recommendation that funds and

programmes should prepare annual procurement programmes in order to facilitate consolidation of orders and thus benefit from economies of scale. They should also avoid the practice of placing piecemeal purchase orders for commonly used commodities.

17. As Ghana was a major troop contributor to United Nations peacekeeping missions, his Government was keenly interested in the liquidation of peacekeeping missions. The transfer of property from liquidated missions to ongoing missions without a thorough assessment of the needs of the receiving missions amounted to a waste of resources. The protracted delay and lack of well-defined procedures for liquidating major peacekeeping operations had cost Member States millions of dollars. The Secretariat should therefore ensure that the liquidation of peacekeeping missions was carried out expeditiously and within a specified time frame.

18. His delegation was particularly concerned about the high incidence of fraud and presumptive fraud. Such rampant embezzlement of funds and mismanagement of resources impugned the credibility of the United Nations. The Secretary-General and Member States should establish a joint mechanism to retrieve stolen money or confiscate property acquired with stolen money.

19. The serious irregularities and malpractices in the process of identifying, recruiting, reimbursing and managing consultants revealed by the Board had disturbed his delegation. He found it hard to understand why 80 per cent of consultants engaged at Headquarters were from 12 advanced countries and why no steps had been taken to attract more candidates and researchers from developing countries. Moreover, terms of reference for consultants were not always detailed enough, thus undermining management's ability to control and monitor contracts and determine whether consultants had achieved quality and cost objectives. His delegation therefore supported the Board's recommendation that appropriate norms should be established for selection of consultants from a wider geographical base and that selections based on consideration of a sole candidate should be discouraged. Such irregularities had persisted despite previous recommendations of the Board of Auditors and the Advisory Committee on Administrative and Budgetary Questions (ACABQ). It was time for the Secretary-General to take immediate remedial action in pursuance of General Assembly resolution 48/218, which called for personal accountability of staff in the performance of their duties.

20. Mr. KAMAL (Pakistan) said that the objectives of the United Nations could only be achieved if the Organization made the best use of its resources. His delegation was deeply concerned at the excessive and irregular expenditure incurred by certain United Nations bodies. In future the Board should clearly indicate those recommendations which had not been implemented and point out malpractices and violations of rules with greater precision. Audit reports had been given insufficient attention to date, as witnessed by the large number of recurrent observations. There was a compelling need for significant improvement in the procedures for handling the Board's recommendations.

21. His delegation was particularly concerned that consultants had been hired without taking account of the provisions of the Charter of the United Nations and or the decisions of the General Assembly regarding equitable geographical

distribution. The terms of reference of consultants should be prepared with greater precision to avoid serious irregularities in future.

22. It was surprising that contracts had been awarded by the Procurement and Transportation Division in disregard of the Board's earlier recommendations about open tenders and competitive bidding. In addition, a large number of contracts had been regularized on an ex post facto or partial ex post facto basis. It was as a result of the review of some of those contracts that considerable savings had been realized. In some cases procedures had not been followed by programme managers, and the Organization had suffered huge losses.

23. He trusted that the Secretariat would pay particular attention to the Board's recommendations in the field of budgetary control and budget performance reporting, internal oversight, procurement, administration of letters of assist, liquidation of peacekeeping operations, transfer of assets following their liquidation, programme management, training and establishment of time frames for implementation of audit recommendations. With regard to fraud and presumptive fraud, his delegation strongly recommended the establishment of a transparent and effective system of accountability, as called for in General Assembly resolution 48/218.

24. After carefully considering the matter, his delegation had concluded that it would not be in the Organization's interests to adopt the proposal to extend the term of office of Board members.

AGENDA ITEM 141: REPORT OF THE SECRETARY-GENERAL ON THE ACTIVITIES OF THE OFFICE OF INTERNAL OVERSIGHT SERVICES (continued) (A/50/945, A/50/1004 and A/50/1005; A/51/302, A/51/305, A/51/432, A/51/467, A/51/486 and A/51/530 and Corr.1)

25. Mr. HOEY (Ireland), speaking on behalf of the European Union, Liechtenstein and the associate countries of Bulgaria, Cyprus, the Czech Republic, Estonia, Hungary, Lithuania, Malta, Poland, Romania and Slovakia, said that he agreed that the establishment of the Office of Internal Oversight Services had been one of the most meaningful steps taken by the General Assembly to improve the work of the United Nations. He was pleased that the implementation rates for the Office's audit recommendations had increased significantly, that the Office had established a control system to follow up on its recommendations until they were actually implemented and that cost savings of \$18.7 million had resulted from the Office's actions. However, he was disappointed that the United Nations as a whole had not yet acted on the recommendation to adopt a set of internal control standards, and he shared the concerns of the Under-Secretary-General for Internal Oversight Services about the insufficient resources available to the Office.

26. Peacekeeping was the first of the four priority areas on which the Office had focused in the last year. Since the high cost of peacekeeping operations made it essential to maintain an institutional memory arising from the experience of those involved, he supported the establishment of a Lessons Learned Unit in the Department of Peacekeeping Operations. A basic documentation centre that could provide field offices with information on the procedures applied in other peacekeeping missions would also be very useful.

27. The changing conditions in which peacekeeping operations functioned should be seen as grounds, not for continuous improvisation in their management, but for the establishment of adequate internal controls and an appropriate management structure. He regretted that the main concerns about the Field Administration and Logistics Division which the Office had raised at the preceding session of the General Assembly had not been addressed, and he asked for more information from the Division itself. The review of the management structure in the civilian staff component of the United Nations Peace Forces (UNPF) (A/51/305) had revealed a lack of organizational control and deficiencies in management arrangements which had led to financial problems. Assessments of contingent-owned equipment had been inaccurate, and some of the procurement and accounting procedures and staffing practices had been less than ideal. He hoped that the Office's findings and recommendations on UNPF would be taken into account in the planning of future peacekeeping missions.

28. In the area of humanitarian activities, the restructuring of the Centre for Human Rights had provided for an efficient and coherent division of responsibilities, but the need for a system of programme oversight had also to be addressed. With respect to UNHCR, he was concerned about the weakness of the financial controls of implementing partners and the inability of UNHCR to properly monitor their activities. Although he acknowledged that UNHCR operated in a changing environment that demanded managerial flexibility, some of its weaknesses were troubling, and he supported the strengthening of the UNHCR audit unit of the Office of Internal Oversight Services.

29. In the area of procurement, the reform measures taken to date were insufficient. It was necessary to establish an effective and transparent policy on procurement throughout the United Nations system. Since routine procurement procedures were often flouted and procurement practices were less than ideal, reform in that area should remain a top priority for the Office.

30. He welcomed the Office's decision to focus, as its fourth priority, on the study of problems in establishing new United Nations bodies, which would enable it to warn the Organization of poor practices before they became accepted norms and to highlight practices and decisions which should be avoided in the future.

31. It was important that any overlap in the work of the Office of Internal Oversight Services, the Board of Auditors and the Joint Inspection Unit (JIU) should result in synergy rather than duplication, and that a clear distinction should be maintained between internal and external oversight. However, the Unit's work on the issue of the United Nations access control system seemed to coincide with that of the Office, and the Unit's rather disappointing observations on the work of the Office (A/51/530) implied that cooperation among the oversight bodies left something to be desired.

32. Many of the findings in the Office's reports, such as those on the United Nations Postal Administration, the United Nations access control system and the United Nations Gift Centre, must be seriously considered by Member States. Also worthy of attention were the Office's comments on adjustments to programmes and programme implementation and on the formulation of objectives in the medium-term plan. Indeed, the readiness of the United Nations to act on the Office's recommendations was in some ways a measure of its maturity as an organization.

AGENDA ITEM 114: PROGRAMME PLANNING (continued)

Proposed medium-term plan for the period 1998-2001 (continued) (A/51/6 and A/51/16 (Parts I and II))

Programme 4. Legal Affairs

33. Mr. ARMITAGE (Australia) said that his delegation was satisfied with programme 4 and with the conclusions and recommendations of the Committee for Programme and Coordination (CPC). With respect to subprogramme 4.6 on the custody, registration and publication of treaties, he wished to point out that Australia intended to introduce, in the Sixth Committee, a draft resolution on the activities of the United Nations Treaty Section, under the agenda item on the United Nations Decade of International Law. The draft resolution had two primary aims: to communicate the concern of Member States about the backlog in the publication of treaties, and to express their interest in having the United Nations Treaty Series placed on the Internet as part of the Treaty Section's computerization programme. The draft resolution also endorsed the Secretariat's intention to explore the economic and practical feasibility of charging commercial users for Internet access to the Treaty Series, with the proviso that Member States and Governments, United Nations agencies, international organizations, academic institutions and non-governmental organizations should be given access free of charge. He was not proposing that the Secretariat should redraft paragraph 4.33 of programme 4, but only that it should take note of the Australian initiative.

Programme 6. Africa: New Agenda for Development

34. Mr. SELASSIE (Ethiopia) said that he supported the statements made on programme 6 by the representative of Costa Rica, on behalf of the Group of 77 and China, and the representative of Cameroon, on behalf of the African Group. The New Agenda was a political compact which the international community had made with Africa to help it achieve sustainable and self-reliant socio-economic development, and its implementation should be reflected in the medium-term plan for the period 1998-2001. The narrative part of the document on programme 6 should have given more background information on the progress made thus far and the obstacles encountered, so that the Committee could grasp the magnitude of the existing problems and devise appropriate solutions.

35. The mid-term review of the New Agenda had demonstrated that the United Nations had an important follow-up and monitoring role to play, since inadequate advocacy, monitoring and follow-up and the lack of clear mandates for the relevant United Nations bodies had hampered progress. The activities of those bodies must be coordinated and harmonized, and the Economic Commission for Africa must have the necessary financial and human resources and logistical support.

36. The Organization's activities should focus on mobilizing resources, integrating the African economies into the global economic system, finding lasting solutions to the debt problem and developing management capacity and human resources. The United Nations should also play a pivotal role in strengthening regional integration. Moreover, cooperation between the Organization of African Unit (OAU) and the United Nations must be revitalized to

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ensure complementarity between the New Agenda and regional economic and social initiatives. In conclusion, he endorsed programme 6, as proposed by the Secretariat and amended by CPC.

37. Mr. ATIYANTO (Indonesia) said that the commendable efforts of the African countries to implement the New Agenda should inspire the international community to greatly enhance its support for programme 6. At the same time, implementation of the Agenda had fallen short of expectations, and the problems identified must be vigorously addressed. The recommendations of the mid-term review must be integrated into the Agenda, and the international community must devote more financial resources to African development, since a number of African countries had no access to private development funds. Moreover, investment should be fostered through venture-capital initiatives, institution-building and human resources development. There was also a strong case for increasing concessionary measures and the level of development assistance to Africa. Since the debt problem could not be effectively addressed through a piecemeal approach, a comprehensive solution was needed to ensure sustained and sustainable development. His delegation strongly supported programme 6.

#### Programme 11. Human settlements

38. Ms. PEÑA (Mexico) said that the Secretariat should have provided an introduction to the revised version of programme 11, along the lines of its introduction to the revised programme 9, to indicate which major issues had been addressed by the revisions and to ensure equal treatment of all programmes. Although she was still awaiting comments from her Government, her delegation found the revised programme generally acceptable. She appreciated the promptness with which the Secretariat had prepared the revised text.

39. Mrs. SEALY MONTEITH (Jamaica) said that the revised version of programme 11 reflected the outcome of the second United Nations Conference on Human Settlements (Habitat II) and the importance which many delegations, including her own, attached to the issue of human settlements. Since the Commission on Human Settlements and the Centre for Human Settlements each had a vital role to play in achieving the goals of programme 11, their capacity to carry out those functions should be enhanced.

40. Ms. RODRÍGUEZ ABASCAL (Cuba) and Mr. INNOCENT (Haiti) said that they fully supported the revised version of programme 11, which reflected the Habitat Agenda adopted at Habitat II.

41. Mr. REPASCH (United States of America) said that his delegation was very satisfied with programme 11, which deserved the full support of Member States. Although he agreed with the Mexican delegation that a more detailed introduction would have been preferable, especially since the programme had been extensively revised, the narrative part of the programme document clearly reflected the agreements reached at Habitat II.

#### Programme 16. Economic development in Europe

42. Mr. GUTTEROD (Norway) said that his country had been closely involved in the process of reforming the Economic Commission for Europe (ECE). The reform package provided for greater concentration of the Commission's activities on its

five priority areas of work. The reduction of the number of programme elements from 268 to 105 had enabled ECE to make cutbacks equivalent to 10.5 per cent of its budget, and total savings would be even higher owing to the reduction of the number of intergovernmental bodies, which would lessen the need for conference services. His Government appreciated the willingness of ECE to respond to the demand for greater efficiency and believed that ECE, which was a well-managed agency, had borne its share of the budget cuts imposed on the United Nations system.

43. The CHAIRMAN said that the Committee had concluded its general discussion on the individual programmes of the proposed medium-term plan.

The meeting rose at 4.40 p.m.