



FIFTH COMMITTEE  
8th meeting  
held on  
Thursday, 8 October 1981  
at 11.30 a.m.  
New York

SUMMARY RECORD OF THE 8th MEETING

Chairman: Mr. ABDALLA (Sudan)

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

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AGENDA ITEM 100: PROPOSED PROGRAMME BUDGET FOR THE BIENNIUM 1982-1983

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The meeting was called to order at 11.45 a.m.

AGENDA ITEM 100: PROPOSED PROGRAMME BUDGET FOR THE BIENNIUM 1982-1983 (A/36/6, A/36/7)

1. The SECRETARY-GENERAL, introducing the proposed programme budget for the biennium 1982-1983 (A/36/6), said that, perhaps more than at any time in the history of the Organization, the budget proposals before the Committee called for extensive attention and constructive review. The budget document evaluated the work programme of the Organization as it had developed out of past deliberations, and projected the scope and dimension of proposed activities and their corresponding financial requirements for the forthcoming two-year period. In that broad perspective, the proposed programme budget, in its determination of the financial conditions governing the operation of the Organization, also set out the manner in which the Organization could best react to the economic, financial and social situation of today's world.
2. The proposed programme budget involved no real growth in the forthcoming biennium. After many years of steady budgetary growth, the abstention from proposals for real growth was an important feature of the budget proposals, and deserved most careful attention and appraisal. He was fully aware that the zero-growth approach might find approval among some Member States, while others would feel less satisfied. Such a diversity of views on the evolution of the budget could be most helpful, as it would serve to stimulate a rigorous examination of the approaches and considerations underlying the budgetary policy which had guided the formulation of the budget proposals.
3. The budget presentation reflected an evaluation and projection of the task of the Organization at a certain moment in time, and it must therefore be viewed in the light of the broader perspectives of the Organization's development. The budget could not be drawn up in isolation from the evolution of past commitments, nor could it ignore the economic and financial conditions of the world in which the Organization must discharge its mandates. Successive budgets had resulted in a fairly steady increase over the years. From a situation 20 years before when the budget had amounted to some \$60 million per year and had provided for a staff of approximately 4,000, the Organization had now reached a yearly expenditure level of about \$600 million with a staff of about 11,400. As much as that trend reflected a steady expansion in the mandates and tasks entrusted to the Organization, it also indicated that the time had come for a phase of budgetary consolidation and stock-taking, in order to sustain and strengthen the financial credibility and viability of the Organization. The prudence of such an approach was especially apparent at a time when many Member States faced serious economic and financial difficulties.
4. The prerogative of Member States in setting the financial framework for United Nations operations would not be properly recognized if the budget proposals did not reflect the financial policy considerations expressed in past debates in the Fifth Committee and in the plenary Assembly. There had been growing, yet constructive, criticism voiced time and again in the budgetary and financial

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(The Secretary-General)

debates of the recent past calling for economy and financial containment and restraint. Not only had such appeals been made by Member States who might, in view of the size of their assessments, have a particular interest in that regard; rather, they expressed a growing concern among a cross-section of the Organization's membership, including large and small contributors, developed and developing countries. Quite obviously, the Organization could not in its financial policy neglect the economic and financial position from which Member States viewed its budgetary requirements, as it was they who had to bear the financial burden.

5. The present submission was not based on any specific mandate in respect of the level of the budget. However, having listened to the concerns voiced by Member States in the past and having given careful consideration to present circumstances, he had concluded that the time had come for the Organization to share in the efforts of Member States to implement policies of financial effectiveness and economy in the employment of resources. Thus the budget proposals were designed to lead into a phase of consolidation in the financial life of the Organization.

6. The General Assembly had repeatedly adopted resolutions, most recently resolution 35/209, calling for the identification of obsolete, ineffective and only marginally useful programmes and activities. In responding to that legislative instruction in the most expeditious way, the budget proposals had been tailored to place renewed emphasis on rationalizing the use of resources in all areas of activity. At the same time, he had instituted, on a broad and comprehensive scale, a high-level review of the ongoing work programmes of the Organization in order to identify areas where the respective legislative organs, particularly the General Assembly, might wish to consider reductions or modifications of existing mandates. The effectiveness of such reviews would be enhanced if they were set within the framework of a rational system of priority-setting. The present budget proposals, therefore, were part of a wider process aimed at a more cost-effective utilization of the Organization's resources and the enhancement of work productivity in every unit of the Secretariat.

7. The proposed budget - contrary to the impression generated by the term "zero growth" - was not by any means a curtailment of resources across the board. Any such perception would be erroneous. Rather, the proposed budget was the result of a carefully considered redeployment of resources among the various areas of activity of the Organization. Out of the 33 budget sections, 10 showed increases in real terms, 7 remained constant and 16 sections indicated savings. In the search for areas of possible savings, great care had been taken not to affect adversely the substantive work programmes of the Organization, particularly in the economic and social areas. In analysing that aspect of the budget submission, one could not rely simply on percentage comparisons, which were valid only to the extent that the underlying factors were themselves comparable and could not be isolated from the fact that some items of expenditure were less open than others to discretionary authority in the budget formulation process. In practical terms, the direction of the Secretariat's efforts was clearly illustrated by the fact that there had been a net gain of 11 posts in the economic, social and humanitarian sections.

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(The Secretary-General)

8. To put the zero-growth concept into proper perspective, it was also necessary to examine carefully the structure of the budget submission. Although the budget proposals provided for zero growth in real terms, Member States were being presented with a request for additional financial resources. Expenses of a non-recurrent nature, as well as the amounts over and above the appropriations for 1980-1981 which were required to maintain the level of activity as approved for the current biennium, were not considered real growth. The combined effect of those two items would amount to \$US 39 million. More important, the budget proposals included a provision for \$US 161 million to compensate for the anticipated impact of inflation in the forthcoming biennium, based on a conservative projection of cost movements over the period 1982-1983. The Organization could not be expected to absorb the financial strain of inflation without hampering its operational capacity and detracting from the effective implementation of the programmes and activities entrusted to it.

9. The budget proposals would impose on all the staff of the Secretariat an increased burden. He was confident, however, that, with their usual sense of dedication and devotion to the aims of the Organization, the staff would willingly respond to the challenge and thereby contribute their share towards achieving the objectives of the work programme in the present climate of austerity.

10. The budget submission, by its very nature, was a forecast of the level of resources currently envisaged as being required for the forthcoming biennium. It therefore should not be perceived as a financial straitjacket, unadaptable to any needs which might arise during the budgetary period. Rather, it must be seen as setting a financial frame for the management of the Organization within which the task of implementing the budget had to be carried out in a flexible and responsible manner. The budget proposals indicated the main financial road envisaged for the Organization for the forthcoming biennium but did not preclude adjustments relating to programmes and activities, particularly in the field of economic and social development, which could not be foreseen at the present stage.

11. In summary, therefore, the budget proposals were structured with a view to entering into a phase of financial consolidation in the life of the Organization. In that sense, they tried to respond positively to the desire of Member States to ensure to the greatest extent possible cost-effectiveness and increased productivity in the use of the resources at hand. But, at the same time the budget, by its very nature, must be seen as a framework within which the necessary flexibility was preserved for financial adjustments to changing requirements, particularly in the field of economic and social development.

12. He was convinced that the forthcoming debate in the Fifth Committee would greatly illuminate the conception of the budget which he had just outlined. Complex as the matter was, it required a thorough analysis with a careful view of past developments and a high sense of responsibility and commitment for the future. He deeply appreciated the valuable assistance which had been offered by the Advisory Committee on Administrative and Budgetary Questions under the guidance of its distinguished Chairman, Mr. Mselle.

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(The Secretary-General)

13. As far back as 1975, he had already expressed to the Fifth Committee his concern because the cash situation of the Organization had steadily deteriorated owing to the continued withholding of assessed contributions to the regular budget by Member States, which had increased the deficit year by year. The passage of time had not improved the situation and he felt it necessary to raise the issue again. The withholding of contributions, coupled with the delayed payment of assessments by Member States, were factors which were straining the cash position of the Organization to the breaking-point. He most earnestly requested the Committee to give careful consideration to that matter, and said that he had given instructions that all the relevant financial documentation should be placed before the Committee at the current session.

14. In conclusion, he assured the members of the Committee of his readiness to assist them in every way in the successful completion of their important work.

15. Mr. MSELLE (Chairman of the Advisory Committee on Administrative and Budgetary Questions) said that, as indicated in its report (A/36/7), the Advisory Committee had met in New York from 28 April to 10 July 1981 and had reviewed not only such traditional agenda items as the 1982-1983 United Nations estimates, and the estimates for UNDP, UNFPA and the Fund of UNEP, but also for the first time, responding to a request by the Executive Board of UNICEF, had reviewed that agency's estimates for 1982-1983. As stated by the Chairman of the Board, the decision to request ACABQ henceforth to review UNICEF budgets "reflected the deep concern of members of the Board on how UNICEF could use budget resources most effectively and economically to respond to the vast needs of children in a situation in which only limited financial resources were available". The report of ACABQ would be considered later in the month at a special session of the Board.

16. Except for minor refinements, some of which had been introduced in response to recommendations made by the Advisory Committee, the presentation of the 1982-1983 programme budget proposals showed no major changes compared with the 1980-1981 presentation. There had been considerable improvement in the tabular information but some of the programme narratives were still of uneven quality. He wished nevertheless to pay a tribute to the Office of Financial Services and particularly to the Budget Division for the co-operation accorded to ACABQ and for the timely submission to it of budget documents and other pertinent information. On the subject of documentation, a word of caution was in order. There was evidence of a slow start owing to delays in the issue of documentation on other agenda items. Since the programme budget documents now before the Fifth Committee contained enough information to exhaust even the most dedicated student, he suggested that demands for more budget information should be kept down so as to avoid delays in finishing the work on time.

17. It would be recalled that the 0.8 per cent rate of real growth for the 1980-1981 initial estimates had become a 3.76 per cent rate of real growth by the time the General Assembly had approved the revised appropriations for the current biennium. The initial estimates for 1982-1983 showed a reduction of \$2,399,000 at 1981 rates, and the budget as a whole reflected a negative rate of real growth of 0.2 per cent.

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18. The statement just made by the Secretary-General, when read together with the foreword to the budget and chapter X of his report on the work of the Organization, provided a vivid picture of the environment that had shaped the estimates. An external breeze of monetary conservatism was blowing gently through that environment and the movement that the budgetary branches of the United Nations revealed in the 1982-1983 estimates would, he was certain, interest all Member States, whether they paid at high or low rates of contribution. For example, he had been asked why the Advisory Committee had refrained from commenting on the zero rate of growth that had been explained by the Secretary-General in his statement and in the documents just referred to. In reply, he had stated that ACABQ had no authority under either the Financial Regulations or the rules of procedure to tell the Secretariat what rate of growth should be reflected in budget estimates. And, quite frankly, he doubted whether it was proper to give that sort of power to a committee like ACABQ. He nevertheless wished the Fifth Committee a constructive debate that would not merely zero in on zero rates of growth but would also give advice to the Secretariat on the efficient management of the total assessed and voluntary resources available to the United Nations in the coming biennium.

19. The Advisory Committee was recommending a reduction of \$45,853,700 in the estimate of \$1,535,989,000 on the expenditure side and \$2,145,900 in the estimate of \$284,606,900 on the income side. The reduction recommended on the income side was largely consequential on the reductions recommended on the expenditure side. The reductions were relatively small and should have no adverse effect on the ability of the Secretariat to carry out its mandate. As indicated in the Advisory Committee's report, \$32,876,700 of the proposed reduction was provisional pending receipt from the Secretariat of more up-to-date information. A reduction of \$5,870,300 was proposed to take account of the Advisory Committee's recommendation to increase the turnover deduction where the vacancy situation remained higher than normal. He would have more to say about that reduction when he introduced the sections affected. The balance of \$7,106,700, or about 0.38 per cent, was the sort of reduction which ACABQ regarded as "real".

20. Those with critical minds might regard the division of the recommended reductions into two categories, namely "real" and increased turnover, as of little value. According to them, if one left out of account the \$32.8 million in provisional reductions, the Advisory Committee had recommended reductions in resources totalling \$12,987,000 or 0.84 per cent at 1982-1983 rates. He would not disagree with that view if one point was not forgotten. The turnover deduction did not diminish the Secretariat's ability to commit additional funds if the vacancy rate in the coming biennium turned out to be lower than currently projected. On the other hand, the proposed "real" reduction of \$7,106,700 left the Secretary-General with one option only: that of spending within the limit recommended by the Advisory Committee if it was approved by the Assembly. He hoped that that difference was fully grasped so as to avoid any misunderstanding of the Advisory Committee's recommendations.

21. Salaries and related costs, including staff assessments, accounted for 76 to 80 per cent of United Nations financial resources. For that reason, the Advisory

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Committee had always tried to examine requests for additional posts thoroughly. The 1980-1981 authorized staffing table stood at 11,563: 11,370 established and 193 temporary posts for the expenditure sections and Income Section 3. The 1982-1983 estimates reflected a corresponding staffing table of 11,579 - 11,445 established and 134 temporary posts. The net increase of 16 posts was the result of several proposed changes which ACABQ had explained briefly in chapter I of its report. The Advisory Committee was recommending that the General Assembly should approve a staffing table of 11,418 established and 144 temporary posts for 1982-1983, making a total of 11,562. The net reduction in the total number of posts, therefore was 17. The details of the Advisory Committee's recommendations were given in table 1 of chapter I of its report, with respect to established posts, and in paragraph 39, with respect to temporary posts. He was aware that recommendations to refuse requests for additional posts had in the past incurred displeasure among some delegations in the Fifth Committee, sometimes at the obvious urging of enterprising programme managers. He would not be surprised if that situation was repeated at the current session. It was often easy to understand the motives behind the prodding of delegates in the Fifth Committee but etiquette enjoined one not to say more than one should. He was nevertheless confident that the Advisory Committee's staffing recommendations were reasonable.

22. As in the past, the Advisory Committee had reviewed requests for additional posts taking into account justifications contained in the estimates, the additional written and oral testimony of Secretariat officials and the knowledge that established and temporary posts were not the only means available to the Secretariat for implementing the programme of work of the Organization. The 1982-1983 estimates contained \$68.7 million at 1982-1983 rates comprising: \$17.1 million, equivalent to 350 General Service posts, for general temporary assistance; \$36.2 million, equivalent to 660 Professional and General Service work-years, for temporary assistance for meetings; and \$15.4 million, of which \$3 million was for ad hoc expert groups and \$12.4 million, equivalent to 165 Professional work years, was for consultant services.

23. The Advisory Committee did not normally base its staffing recommendations on the availability or otherwise of extrabudgetary posts and funds. However, as more than half the resources handled by the United Nations were extrabudgetary, it could not ignore the question of the efficient management of such resources. The intensive debate that had gone on for such a long time in the Governing Council of UNDP had had as its main objective the efficient administration of voluntary funds. Information in the 1982-1983 estimates indicated that the United Nations was likely to receive during the coming biennium \$2,025.3 million in extrabudgetary resources for substantive and operational programmes and for support of technical co-operation activities. That figure did not include peace-keeping expenditure, some of which was assessed differently from the regular budget. The estimates also indicated that, excluding operational projects, 2,559 support and substantive posts might be financed from voluntary funds. The Advisory Committee had begun to look more closely at the creation, grading, functions and deployment of extrabudgetary posts. Although the Advisory Committee's role in that regard was still tentative, it was slowly taking shape. For example, on the recommendation of the Advisory Committee, the Assembly had

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already approved a procedure whereby certain extrabudgetary posts at the D-1 level and above should be submitted for approval by ACABQ. In 1981 the Advisory Committee had asked Secretariat officials a number of pertinent questions and had included in its report comments and recommendations which it intended to follow up in future.

24. Under the expenditure sections of the proposed budget, 236 reclassifications were proposed: 17 in the General Service and 219 in the Professional category. Of the reclassifications proposed in the Professional category, 168 were for implementing resolution 35/225 on the career development of language staff. As in previous years, the Advisory Committee had had considerable difficulty in its review of the other reclassifications and its misgivings were reflected in its report, in which it recommended acceptance of 209 reclassifications (11 General Service and 198 Professional).

25. Although it might not have been the intention, the limited number of new posts proposed in the estimates was more than compensated for by the large number of reclassifications. The reclassification proposals together with changes proposed for the staffing table would reduce the proportion of P-2/1 and P-3 posts and increase that of other grades except at the Under-Secretary-General and Assistant Secretary-General levels, the proportion of which would not change. That steady grade creep was a challenge to future personnel management officials. The phenomenon was not new, and the Advisory Committee had already referred to it in previous reports submitted to the Fifth Committee. The factors causing grade creep were many and complicated; they included the policy, often pressed on the Secretariat by Member States acting either privately or publicly, to recruit more staff at higher grades and the lack of procedures to reward long or meritorious service without upgrading the incumbent's post, which should be reclassified only when the job content of the post had significantly changed.

26. The 1982-1983 estimates showed little variation in the distribution of resources between main fields of activities, although at the object-of-expenditure level some resources had been shifted. Despite the considerable stability in the distribution of resources among the main fields, the continuing high level of expenditure on common services should be of concern, especially to those who would like to spend more funds on substantive programmes in the economic, social and humanitarian areas. Excluding staff assessment and capital expenditure, common services, including public information, took up 46.8 per cent of the 1982-1983 resources compared with 45.8 per cent for 1980-1981. Nevertheless, hasty conclusions should be avoided. He believed that a close analysis of expenditure on common services might reveal a relationship between them and the United Nations extrabudgetary programmes. That relationship might not be disliked by everyone present.

27. The evidence gathered in the course of reviewing the 1982-1983 estimates, the testimony of programme managers and other high officials of the Secretariat and discussions in meetings which the Advisory Committee had had with members of the Board of Auditors convinced him that more could be done by Member States and the Secretariat to reduce or at least stabilize the growth of expenditure on common services. The Advisory Committee's report highlighted areas that warranted

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greater management attention in that regard and certain reductions it recommended under sections 28 and 29 resulted from its conviction that better planning and higher productivity should lead to less expenditure. For example, it was well known that the calendar of conferences and its related support services were major items of expenditure under common services. In its report, the Advisory Committee had referred to factors leading to extensive use of temporary assistance for meetings - factors that could be alleviated by the Secretariat and by Member States. Travel, whether on official business or to attend meetings, was an object of expenditure that could easily get out of control. While no evidence of excessive travelling was mentioned in the Advisory Committee's report, it nevertheless believed that despite the small reduction in travel of staff to attend meetings, all travel under the regular budget and under extrabudgetary resources should be planned and scheduled carefully. Expenditure on ad hoc expert groups, consultants and general temporary assistance had been debated in the Fifth Committee for a number of years. That debate should continue, if only to send a message that resources for those items of expenditure should continue to be controlled. And while it was not possible to ban completely the practice of according service agreements to former or retiring staff members, the practice should be carefully scrutinized in order to ascertain whether such agreements were absolutely essential and whether the work for which they were used could not be performed by staff already on board. He also believed that the programme of work of the Organization and the volume of resources handled in any one financial period called for greater vigilance by the internal and the external audit services of the United Nations.

28. He would be available during the general debate to answer any questions that might arise and would give more information on the Advisory Committee's recommendations when introducing the individual sections of the proposed programme budget.

The meeting rose at 12.30 p.m.