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FIFTH COMMITTEE  
7th meeting  
held on  
Wednesday, 1 October 1980  
at 10.30 a.m.  
New York

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**SUMMARY RECORD OF THE 7th MEETING**

Chairman: Mr. BUJ-FLORES (Mexico)

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

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Report of the Advisory Committee on Administrative and Budgetary Questions

Report of the Board of Auditors on the United Nations International School

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

AGENDA ITEM 90: FINANCIAL REPORTS AND ACCOUNTS, AND REPORTS OF THE BOARD OF AUDITORS (continued)

- (a) UNITED NATIONS (A/35/5, vols. I-IV; A/C.5/35/L.3);
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Report of the Advisory Committee on Administrative and Budgetary Questions (A/35/437)

Report of the Board of Auditors on the United Nations International School (A/C.5/35/5)

1. Mr. SCHMIDT (Federal Republic of Germany) introduced draft decision A/C.5/35/L.3, in which the Secretary-General was requested to review the question of reintroducing the term "Controller" in the nomenclature of the United Nations Secretariat. The draft was being introduced because of the many statements made concerning the use of that term and because of the need to harmonize the terminology of various United Nations documents. The question should be studied in depth in its context in order that steps might be taken, if necessary, to clarify and correct the situation. That responsibility rested with the Secretary-General, who under the Charter, was the chief administrative officer of the Organization. The General Assembly should not take a final decision without knowing the historical evolution of the functions of the Controller and the present and future distribution of the responsibilities involved, since there was a risk that it might increase the confusion concerning authority and interfere with the functioning of the financial control systems of the United Nations instead of strengthening them.

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(Mr. Schmidt, Federal Republic of Germany)

2. His delegation did not intend to take a position on one side or the other, nor to combine the problem of the use of the term "Controller" with that of the need to strengthen financial control. The draft decision he was introducing was aimed at channelling the debate towards the meaning and use of the term "Controller" and avoiding any unnecessary division. In the draft decision the Secretary-General was requested to submit a report on the matter to the General Assembly at its thirty-sixth session, in order that the Assembly might take a decision with full knowledge of the facts.

3. Mr. STUART (United Kingdom) said that his delegation supported the draft decision introduced by the delegation of the Federal Republic of Germany with regard to the use of the term "Controller". The question obviously was not merely one of terminology but involved important matters of financial management. It must be considered calmly and objectively, and it was therefore desirable for the Secretary-General to prepare a report for consideration at the thirty-sixth session. Although his delegation was inclined to support the prerogatives conferred on the Secretary-General by the United Nations Charter, it would reserve its opinion until the following session if, as it hoped, the Fifth Committee approved draft decision A/C.5/35/L.3.

4. Mr. LAHLOU (Morocco) said that although his delegation favoured the institution of control in the United Nations, it wished to make two comments concerning the text of the draft decision introduced by the delegation of the Federal Republic of Germany. First of all, the draft decision referred to the reintroduction of the term "Controller". It should be noted that the idea of internal control had not existed previously, and therefore one could not speak of any reintroduction. Secondly, the draft decision mentioned "the various functions of financial management and control", two types of functions which, in his delegation's view, were not compatible, since management functions belonged to the administrative hierarchy, while control activities should be the responsibility of officials who were absolutely independent of the organic structure of the United Nations. He therefore proposed that the draft decision should refer only to control functions.

5. Mr. MAROTO (Spain) said that his delegation had considered the draft decision introduced by the Federal Republic of Germany and had carefully studied the question that had arisen with regard to the term "Controller" and the important functional aspects related to it. Without going into the substance of the question, he expressed agreement with the initiative taken by the delegation of the Federal Republic of Germany and wished to give his explicit support to that proposal because he believed that it could contribute to a reasoned solution of the problem.

6. Mr. BROCHARD (France) said that the explanations given by the representative of the Federal Republic of Germany with regard to draft decision A/C.5/35/L.3 agreed completely with the views of his delegation, which therefore supported it.

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7. Mr. GUBSCI (Hungary) said that his delegation supported the draft decision which accorded with its view that greater financial control should be achieved in the United Nations.

8. Mr. RAKOTO (Madagascar) said that his delegation believed that the exercise of financial control should be a completely independent function and that, consequently, the term Controller should be reintroduced in the nomenclature of the Secretariat. He therefore supported the draft decision.

9. Mr. CAVAGLIA (Comptroller, United Nations Children's Fund) said that the Board of Auditors, in its report on the accounts of the United Nations Children's Fund (A/35/5/Add.2, chap. II) drew attention to four main points which had also been referred to by the Executive Director of UNICEF in his observations on the comments and recommendations of the Board (A/35/5/Add.2, chap. IV).

10. Members of the Committee had requested some clarifications about travel costs, the procurement system, and the UNICEF Greeting Card Operation. With regard to travel costs, the external auditors had felt that the administrative instructions and policy material of various types which UNICEF issued on the subject should be consolidated. To that end, the UNICEF administration had distributed a comprehensive circular to staff members and was preparing a UNICEF administrative manual containing detailed information on policies, standards and procedures related to travel. With regard to the procurement system, he said that in its report the Board of Auditors mentioned two specific cases in which the procurement procedure had not been properly recorded in submissions to the Contract Review Committee. In his observations on the recommendations of the Board of Auditors, the Executive Director stated that, on future occasions, the Secretariat would ensure that all the information recommended by the external auditors in their report was supplied to the Contract Review Committee. On the subject of the Greeting Card Operation, delegations had commented about the proportion of designs which had religious themes and the possibility of having the cards printed in developing countries. Those matters had been considered at the 1979 session and UNICEF had prepared comments and observations on the subject in two documents (E/ICEF/L.204 and E/ICEF/AB/214). Basically, the production of UNICEF greeting cards was based on certain criteria the object of which was to ensure that UNICEF's universal image, its international, multi-religious and multi-racial nature, and the ideals of the United Nations were projected. In the 1979-1980 season, 25 per cent of the cards had had strictly religious themes. Of that percentage, 68 per cent showed Christian themes and the remainder showed Islamic, Hindu and other religious themes. In 1981 the proportion of cards with religious themes had increased, and a sales campaign had been begun for which promotional material had been prepared in various languages, including the language of Islam. With regard to the production of cards in developing countries, the Executive Board of UNICEF had requested the Director of the Greeting Card Operation to prepare a study on the subject. The Director had visited three countries in Asia and explored production prospects, including methods of printing, the equipment and paper available, storage facilities and support services. The conclusion drawn from the study had been that the prospects for the production of cards in developing countries by means of various offset systems were very favourable. The study would continue in order to explore the feasibility of decentralizing the printing and production of cards. National committees for UNICEF and other

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(Mr. Cavaglia, UNICEF)

organizations in Europe, North America and other regions had been invited to include in their seasonal selection card designs which could later be produced in the developing countries on hand-made paper by such techniques as silk-screening, embossing and thermography.

11. Mr. MILES (Director, Liaison Office for the United Nations Relief and Works Agency for Palestinian Refugees in the Near East) said that, as could be seen from the report of the Board of Auditors (A/35/5/Add.3), the Agency had accepted most of the recommendations made by the Board and had taken or would soon be taking steps to implement them, especially those concerning cash management and inventory control. With regard to the Board of Auditors' recommendation that the financial regulations should be reviewed and revised to reflect current requirements, he said that the Agency would soon be beginning a review of the regulations. As to the low level of the Agency's working capital and the recommendation that efforts should be made to retain the balance at a level consistent with operational needs (paras. 8 and 9), he said that the Agency was well aware of the problem. Unfortunately, because of insufficient income, the Agency had been forced to draw upon its working capital to enable it to maintain its services. Successive Commissioners-General had tried to avoid drawing down working capital and to replenish the Fund. In recent years the Commissioners-General had aimed at raising the level of the working capital to \$6 million and a similar target had been set in 1980. However, income had never been sufficient to achieve that goal, and in the year under review a further drawdown on working capital had again been unavoidable.

12. The representative of India had spoken in general terms of the desirability of investing funds in the developing countries and had referred to the low return on an investment which the Agency had made in a bank in a developed country. He noted in that respect that the investment in question had been made in connexion with the Area Staff Provident Fund, which was administered by a Board composed of representatives of the UNRWA administration, of the Secretary-General and of participants. The investments of the Fund were entrusted to three investment managers of international repute. Because of the nature of the Fund, investments had to be made in bonds and fixed-term deposits which could be liquidated at relatively short notice. A balance had to be achieved between security and yield, and it also had to be borne in mind that yields varied from year to year. The bank mentioned by the representative of India, which had produced the worst results in 1979, had given the best yield in 1977 and 1978.

13. The representative of Canada had pointed out that the actual expenditure on the education, health and relief service programmes had been less than the amount budgeted, while expenditure on staff separation costs had been greater, and had asked whether that meant that the Agency was making payments to the staff at the expense of its services to refugees. He assured the Committee that that was not so. The differences between actual expenditure and budgeted expenditure in education, health and relief services represented items originally budgeted for which, because of insufficient income, could not be implemented. Most of those items related to payments due to the staff to compensate them for increases in the cost of living. Thus, instead of benefiting the staff, those "savings" had been made at their expense. Nevertheless, there were some items of the budget which

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(Mr. Miles, UNRWA)

had not been implemented and which related to the reduction in the ration provided to refugees, but they were largely accounting items, since in recent years the Agency had not purchased any commodities but had simply distributed what it received from donor Governments. Despite its financial difficulties, and apart from the reduction in the flour content of the ration, the Agency had so far been able to maintain its basic services at normal levels. The item of the budget for which actual expenditure had exceeded the estimate to which the representative of Canada had referred, was for increasing the provision for staff separation costs as a result of a change in the Staff Rules providing for early retirement; it was explained fully in note 10 to the financial statements for the General Fund.

14. The representative of Canada had also asked about the strength of the Agency's internal audit unit. Since 1978 the unit had been at full strength, with 7 staff of the Professional category at P-3 to P-5 and six area staff of various grades. In view of the comments which had been made in previous years by the Board of Auditors, it was important to note that for the preceding two years none of the internal audit staff had been engaged in operations other than auditing.

15. Mr. FELDMAN (Deputy Regional Representative of the United Nations High Commissioner for Refugees) said that the High Commissioner greatly appreciated the work of the Board of Auditors and was following its recommendations. Most of the issues raised in the Board's report (A/35/5/Add.5) had already been rectified and the remaining problems were currently being addressed.

16. Concerning the observations made by the representative of Canada at the 5th meeting with reference to paragraphs 24 and 25 of the report of the Advisory Committee (A/35/437), he said that shortcomings with respect to the administration of contracts to provide supplies for refugees had indeed arisen in the programmes concerning the "boat people" in South-East Asia. Throughout 1979 the numbers of "boat people" arriving at shores as well as departing for final destinations had fluctuated considerably. After the meeting on the subject in July, arrivals had decreased and departures had increased. Even so, the average daily caseload had been over 54,000 persons. The food supplies mentioned, which had deteriorated and could not be used, consisted of daily ration packs, but less than 1 per cent of the total rations had been affected. Fortunately, the situation had changed for the better and the problem had not recurred.

17. The lack of co-ordination in procurement function mentioned by the Board (paras. 9 and 10) had concerned a country where a serious food shortage had been aggravated by considerable internal disorder, which had made it impossible to transport the seed purchased by UNHCR headquarters in Geneva to the country. The seed had eventually been diverted to refugees in a neighbouring country, where it was needed and utilized. All the seed purchased locally had been distributed and planted.

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(Mr. Feldman, UNHCR)

18. The High Commissioner shared the Board's concern over the inadequate financial records (paras. 15 and 16) of an implementing agency. The authorities of the country in question had investigated the matter and had taken action.

19. Finally, with regard to internal audit, UNHCR had already commenced discussion with the Department of Administration, Finance and Management to work out arrangements for a more comprehensive audit of UNHCR activities. The High Commissioner would welcome the strengthening of the internal audit coverage which was being carried out by the United Nations Office at Geneva and concurred fully with the Board of Auditor's recommendations, especially those relating to project implementation and accountability and it was implementing those recommendations.

20. Mr. SADDLER (United States of America) expressed the hope that the senior officials of the United Nations agencies covered by addenda 1-8 of document A/35/5 had taken note of the general comments he had made when stating his delegation's views on the item before the Committee and, in particular, of his comments on the systems approach to auditing currently used by the Board of Auditors.

21. With regard to the financial report and audited financial statements of the United Nations Development Programme, he observed that the integrated systems improvement project was progressing satisfactorily and that most of the systems would be put into operation in 1980. It was to be hoped that the project would yield the desired results and would help to resolve UNDP's problems. The Administrator should resolve the problem of amounts due from staff members by either collecting those sums or writing them off. One possible solution to the problem of travel advances would be to deny a second advance to staff members whose first advance had not been liquidated. Measures must be taken as a matter of urgency to resolve that problem which was a long-standing one. His delegation was satisfied with the observations made by the Advisory Committee concerning unspent allocations.

22. With regard to UNITAR, his delegation supported the recommendation made by the Board of Auditors to the effect that the General Fund and the special purpose grants should be kept in separate bank accounts. It took note of the favourable comments by the Board of Auditors concerning the greater utilization of voluntary contributions in non-convertible currencies. In that connexion it wished to place on record its firm conviction that utilization of such funds should be to the benefit not of specific countries but of the international community as a whole.

23. With respect to UNEP, his delegation drew attention to paragraph 11 of the report of the Board of Auditors (A/35/5/Add.6, chap. II), which noted that certain implementing organizations did not submit statements of account on completed projects to UNEP. UNEP must improve its monitoring procedures in order to ensure that such statements were submitted promptly. Concern had been expressed on several occasions at the accumulation of non-convertible currencies, which had

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(Mr. Saddler, United States)

amounted to \$19 million as at 30 May 1980. The Governing Council of UNEP had requested the Executive Director to evaluate the impact of the accumulation of non-convertible currencies on the selection and implementation of projects and to report to the Governing Council at its ninth session. His delegation looked forward with great interest to the report, which should help to resolve the problem of the accumulation of non-convertible currencies.

24. With regard to the accounts of the Office of UNHCR, the Advisory Committee had reported that the Administration was implementing the recommendations of the Board of Auditors on project execution and accountability and, in consultation with the Internal Audit Division of the Secretariat, was trying to strengthen the internal audit coverage. He hoped that all those measures would contribute to resolving the serious problems of UNHCR.

25. Mr. RICHTER (German Democratic Republic) said that the purpose of the important work carried out by the Board of Auditors was to give Member States the assurance and certainty that the financial resources provided by them had been properly administered and used in accordance with the resolutions and decisions adopted. Particular significance should be attached to the activities undertaken by the Board of Auditors with a view to examining basic problems in financial management and to improving the situation in that sector as far as possible. His delegation noted with satisfaction that progress had been made in financial management. On the other hand it noted with regret that advice given on previous occasions about changing existing practices or using certain generally recognized methods of financial management had been taken into account either not at all or in a very sluggish and incomplete manner. It was incomprehensible why the serious deficiencies in the financial and administrative control of trust funds which had been revealed during the 1976-1977 audit had not yet been eliminated. Strict regulations were essential in that area since large sums were involved and the activities undertaken in the framework of those funds benefited the whole world.

26. His delegation had taken note with satisfaction of the remark by the Assistant Secretary-General for Financial Services that the financial manual would soon be completed, without the allotment of additional funds for that purpose.

27. His delegation shared the astonishment expressed by other speakers at the fact that in some Secretariat units practices were in effect which were not in line with the basic regulations of financial management. It was inexplicable how responsible, well-trained and experienced staff members could permit such things. The concern expressed by the Board of Auditors with regard to the numerous shortcomings in that respect vividly illustrated how much remained to be done in the field of financial management. It was no less surprising to learn from the report of the Board of Auditors that more than 500 people were employed in the Secretariat without having been registered in any staffing table system. The procedures that were followed with respect to expenditures for experts and consultants were inadmissible, as was the attempt to make Member States believe that decisions they had adopted had been implemented. He hoped that the competent

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(Mr. Richter, German Democratic Republic)

official would immediately tackle the task of remedying the deficiencies outlined by the Board of Auditors, for it was impermissible that directives given by the Member States should be ignored or implemented slowly and incompletely.

28. It was indispensable to define the position of the Controller in such a way as to enable him to provide functional leadership, guidance and central direction of all financial functions; he must desist from taking over any function which could affect the independence and impartiality which were expected from a person entrusted with that function. On the other hand, steps must be taken to guarantee that the executives working in the field of financial administration adhered to existing regulations and decisions and provided real and incontrovertible proof of the administration of all resources of the Organization, irrespective of where they were used.

29. The Board of Auditors had examined the accounts of the so-called United Nations International School. The fact that the Advisory Committee had not reported on the matter seemed to indicate that the advisory committee considered the International School to be a private institution for which the United Nations was in no way responsible as far as budgetary questions were concerned. The report of the Board of Auditors (A/C.5/35/5) underlined once more that the United Nations would have been well-advised to clarify some fundamental questions before providing financial assistance to the School. It was undeniable that the considerable deficit of UNIS had been caused by serious deficiencies in its administration, namely, a significant and unjustified increase in salaries and maintenance costs, a considerable imbalance between projected and actual income, inaccurate and incomplete financial records, insufficient income recording and inadequate inventory controls, all of which had been problems for years and appeared to have been fostered by the fact that the necessary independence between auditors and the School was not guaranteed, so that the recommendations made to overcome the deficiencies had produced no change whatever. For several years, too, various United Nations services had been used at no cost to the School and bursaries had been awarded to students apparently without justification. His delegation could not accept such a policy and was not prepared to contribute funds to meet the financial obligations of the School.

30. Mr. BELYAEV (Byelorussian Soviet Socialist Republic) said that the debate on the item now before the Committee was evidence of the growing concern of the international community and the Board of Auditors over the way in which the financial resources of the United Nations were administered, especially in view of the very considerable level of those resources.

31. His delegation was in favour of enhancing the efficiency of the Board of Auditors and maintaining its present status and functions. The Board's proposals concerning reorganization should be considered with great circumspection. Reorganization was justified only if there was something to be gained by it.

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(Mr. Belyaev, Byelorussian SSR)

32. The reports of the Board of Auditors (A/35/5 and Add.1-8) and the report of the Advisory Committee (A/35/437) were very comprehensive studies that enabled the Committee to analyse thoroughly all aspects of the financial situation and management of the Organization. His delegation would not enter into details, since that would mean repeating opinions which had been expressed on the subject at previous sessions and which had been reflected in the Board's reports. It was enough to cite the case of the United Nations International School. At the previous session, his delegation had opposed an appropriation to wipe out the School's deficit because the activities of UNIS had no connexion with those of the United Nations. The report of the Board of Auditors on the School (A/C.5/35/5) vindicated his delegation's position.

33. The recommendations and conclusions of the Board of Auditors were justified and relevant, and the main objective of the Committee should be to ensure that they were applied rapidly and efficiently. Some of the main recommendations focused on the improvement of financial management and control in all the organizations of the system. Though progress had been made in that direction, thanks to the implementation of recommendations made in the past by the Board and the Fifth Committee, it was essential that the Secretariat should continue to concern itself with improvements. In addition, it was necessary to apply the Board's recommendations concerning the need to restore liquidity, the control of extrabudgetary resources, improved administration of technical co-operation activities, the control of staff resources, the recruitment of experts and consultants, staff travel, procurement procedures for peace-keeping operations, and so on.

34. In conclusion, he said that his delegation fully supported all the conclusions and recommendations of the Advisory Committee and hoped that they would be implemented.

35. Mr. LAHLOU (Morocco), referring to the United Nations International School, observed that there were two aspects to the problem of the International School. First, the United Nations was responsible for the maintenance of the School and must provide it with the necessary assistance in its present financial predicament. Second, there was the matter of the deficiencies in the administration of the School; those deficiencies called for radical measures. Although steps had been taken to improve the administration, shortcomings persisted, including the failure of the School to employ generally accepted accounting practices and the fact that audit functions were not carried out by external auditors. The unjustified increase in salaries had also given rise to problems. In that respect, UNIS should follow the example of other New York schools. In addition, it was not clear how the selection procedure for the award of bursaries worked. His delegation must repeat its view that, while the United Nations unquestionably had a responsibility towards the International School, measures must be adopted to improve the administration of UNIS.

36. With respect to the financial situation of UNICEF, his delegation proposed that the greeting cards market should be studied with greater objectivity, with a view to changing the proportion of greeting cards on religious themes devoted to

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(Mr. Lahlou, Morocco)

each religion. As an example, he cited the pilgrimages to Saudi Arabia, in which more than a million persons participated, some of whom might buy UNICEF greeting cards. That observation was not based on religious considerations but reflected concern for the financial situation of UNICEF.

37. Mr. MBAPILA (United Republic of Tanzania) said that his delegation took a very keen interest in the proper management of the financial resources of the United Nations, not because it doubted the honesty of the financial managers, but because it believed that proper use of the limited resources available was imperative in order to be able to maximize results at the lowest possible cost. Accordingly, procedures and managerial systems must be streamlined so as to avoid waste, duplication and uncontrolled expenditure. His delegation shared with the Board of Auditors the concern expressed in its comprehensive and excellent reports over the disorder within the system and the propensity of some of the organizations to perpetuate mistakes in spite of the decisions taken by the General Assembly and the manifold recommendations of the Board of Auditors.

38. In seeking the reasons for the poor state of the financial affairs of the United Nations, one might be tempted to think that it lacked staff of the right calibre. However, in his delegation's view, that possibility must be discounted, since the United Nations had the most highly qualified and experienced experts and the most advanced technological gadgets. A real reason might be that accountability in the United Nations system was so diffuse that it was difficult to attribute a wrong decision to any particular individual. Moreover, at times one person had so many responsibilities that it was impossible for him to retain control over all of them. Another factor contributing to the poor financial situation was that disregard for established financial rules and procedures was a common occurrence and there were no punitive measures for staff members who disregarded financial rules. At the 6th meeting, the Director of the UNDP Division of Finance had stated that an expenditure of \$11,487 incurred in the period 1972-1975 was likely to be written off; his delegation would like to know why. Another reason for the unsatisfactory financial situation was the excessive central control in the system; internal auditing should be decentralized to the country, regional or subregional level, thereby reducing travel costs and improving efficiency.

39. With respect to other specific areas dealt with in the reports of the Board of Auditors, his delegation was pleased to note that attempts were being made in the United Nations to correct mistakes and to implement the recommendations of the Board of Auditors. But those attempts were being negated by some serious shortcomings, which the report of the Board of Auditors had revealed. For example, the Board's previous recommendations on certain aspects of cash management and on the responsibility of the Assistant Secretary-General for Financial Services to strengthen offices away from Headquarters had not been fully implemented. That was an example of one of the major problems facing the Organization: offices were created but were not made functional enough to carry out the tasks given to them.

40. His delegation would strongly support any initiative to strengthen the role of the Controller and stressed the urgency of the matter.

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(Mr. Mbapila, United Republic of Tanzania)

41. With regard to the use of consultants, it seemed as though the system reproduced itself: one consultant required another, one report called for another, which in turn demanded another consultant. Although his delegation did not dispute the need for consultants, it felt strongly that much care must be taken in their use so as to reduce costs and maximize outputs. One way of doing that was to save on travel and living expenses for consultants by endeavouring to appoint most of them near the areas where the work was to be performed.

42. Travel costs must be reduced by conducting business by telephone or by mail and especially by making increased use of the regional and subregional offices and the UNDP resident representatives. It should also be possible to decentralize the procurement systems.

43. The various measures whose implementation had been initiated in the United Nations should be continued. It was unfortunate that UNDP, which was doing an excellent job in the field, was hurt by certain shortcomings, such as the one mentioned above and others relating to the repatriation grant of staff members.

44. The Board of Auditors' report showed that there were serious defects in the procurement systems used by UNICEF and the United Nations High Commissioner for Refugees. The matter was very serious, as was the question of contracts. The organizations involved should, for example, set up proper agreements with the agencies that provided services and supplies for refugees and the needs of refugees should be determined before purchases were made; whenever possible, purchases should be made near the area in which the refugees were situated.

45. In conclusion, his delegation stressed the importance of the recommendation of the Board of Auditors and expressed the hope that those concerned would implement them.

AGENDA ITEM 92: MEDIUM-TERM PLAN FOR THE PERIOD 1980-1983 (continued)

Proposed revisions to the medium-term plan for the period 1980-1983 (A/35/6 and Corr.1 and Add.1 and 2)

Report of the Committee for Programme and Co-ordination on the work of its twentieth session (A/35/38)

Programme performance of the United Nations for the biennium 1978-1979 (A/C.5/35/1 and Corr.1 and Add.1 and Add.1/Corr.1 and 2)

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Model medium-term plans (A/C.5/35/3 and Corr.1)

Draft calendar for the preparation of the proposed medium-term plan 1984-1989 (A/C.5/35/4 and Corr.1)

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First report of the Advisory Committee on Administrative and Budgetary Questions  
(A/35/7)

46. Mr. LAHLOU (Morocco) said that, although the idea of planning United Nations programmes had emerged nearly 20 years ago, there was still no evidence that that planning had freed itself from trivialities and general and vague formulas. An undertaking of such significance required a period of preparation and consultation among the organizations of the United Nations system and the Member States in order to be able to formulate programmes that were reasonably effective. Measures should be taken to define clearly the objectives sought and to describe with the greatest degree of precision possible the nature and type of activities that would favour the attainment of those objectives.

47. The Committee for Programme and Co-ordination had studied the time horizon of the plan. His delegation reserved its position concerning the choice between a fixed or rolling basis for the plan and was for the moment unable for three reasons to give its views on the extension of the length of the planning cycle. Firstly, planning, especially over the medium term, should make it possible to set objectives according to a precise time-table, which would mean that, in the case of certain special procedures, the time-table should be such as to make it possible to overcome limitations that were sometimes contradictory. Secondly, the planning cycles of the specialized agencies and the United Nations funds should correspond to those of the national development plans and any change in the length of the planning cycles would affect that synchronization. Therefore, the possibility of reaching consensus in the international community on the objectives of United Nations plans would depend on the interest of the users. Thirdly, it was not possible to establish an over-all view of the total resources available or envisaged because of the reluctance of the industrialized countries to announce ahead of time the size of their future contributions. The uncertain nature of the contributions made planning difficult.

48. It was now time to move beyond the experimental stage in planning. There were no longer the confusions which had existed in the beginning as to which activities were programmable and which had objectives that could not be defined exactly. It was now also evident that plans should correspond to projections for the future and not just continue existing activities. The principles of the new international economic order and the objectives of the third United Nations Development Decade provided a solid basis for preparing and formulating the next series of plans. It was also clear that the subsidiary bodies of the Economic and Social Council, the sectoral bodies and the regional economic commissions must play a role in formulating and considering the plan and in establishing priorities. It had been shown that priorities could not be set as a function of the relative growth rate of the budget but must be based on a theory of economic growth and give effect to the concepts, policies and strategies of programmes and projects that met needs, both at the national and the multinational and regional levels, and took into account the characteristics of the various countries and established better

(Mr. Lahlou, Morocco)

co-ordination between the international institutions and national planning bodies. In that connexion, he pointed out the need to assign a privileged position in future plans to the African development strategy, known as the Monrovia strategy, and the Lagos economic plan adopted by the first Summit Conference on the African economy held at Lagos.

49. Consultations at the national level should also make it possible to see whether the opinions of the relevant national services should be obtained. The Fifth Committee should not imagine that it could express its views on the relative importance of various programmes without giving delegations reasonable time to consult adequately the technical departments of their respective Governments.

50. His delegation shared the concern expressed by CPC (A/35/38, para. 67) concerning the duplication of effort in information systems. The overlapping data-gathering efforts of UNCTAD and the Centre on Transnational Corporations were an example of waste that must be corrected in order to make the best possible use of the very limited resources available for development and in order to increase the credibility of international organizations. When the information system for development had been established, one of its important features was its compatibility with other information systems. It had been felt that the numerous information systems, with the same objective as, but with different content from the information system for development, should try to make use of the knowledge already gained and learn from those mistakes and successes.

51. The General Assembly had entrusted UNESCO and the Department of Public Information, each in its own sphere of competence, with the task of developing and carrying out a broad-ranging programme aimed at the establishment of a new world information order. In that area, as in other areas, there were difficulties resulting from the differences in the administrative structures, but such an important activity required harmonization and adaptation in order to complete the tasks entrusted to more than one organization at the same time. In that connexion, he cited as an example the special programme on the generalized system of preferences funded by UNDP, where UNCTAD had been given the task of providing information and advice to Governments, exporters and producers in developing countries; the activities of UNICEF and WHO in the area of health could also be cited as an example.

52. Although study of the structure of the programmes showed certain anomalies, it would not be difficult for the organizations to adapt their administrative structures and their resources in order to achieve harmonious co-ordination, which would make it possible to achieve the objectives set forth in the plans. However, it would be necessary to maintain the autonomy of the specialized agencies; improvement in planning should not give rise to dominance in the relations between bodies but to improved co-operation and mutual understanding.

53. Planning should help to improve the efficiency of the organizations. For that to happen, there was a need for appropriate administrative flexibility so that the planning system as a whole would allow verification of the adaptation of the

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activities and outputs described in the plan to the strategies which had been planned. It was also necessary to clarify the concept of strategy. Unless it were adapted to objectives, and unless it comprised more than a mere list of the activities to be carried out, the fundamental problem of generalization would persist and programme managers would formulate strategies which were vague enough to encompass all the usual activities, even those falling outside the framework of planning.

54. Mr. KUYAMA (Japan) said that the primary purpose of medium-term planning was to introduce a comprehensive and systematic order into United Nations programme activities, and to provide a suitable framework for the preparation and examination of the biennial budgets. The mechanism of medium-term planning was important, since it allowed effective use of scarce resources through the establishment of priorities, the elimination of duplication, and the identification of obsolete or marginally useful programme activities.

55. For continued progress to be made, all intergovernmental bodies should be more involved in the planning process. He therefore welcomed the conclusions and recommendations of CPC to the effect that the next medium-term plan should be reviewed by the relevant sectoral, functional and regional intergovernmental bodies prior to its review by CPC, the Economic and Social Council and the General Assembly. However, reconciliation of the priorities established by intergovernmental bodies at different levels could create difficulties. The Director-General for Development and International Economic Co-operation should take that into account when preparing what had been termed "the introduction to the plan", which CPC had recommended should be issued as a separate document to facilitate its review at policy levels.

56. With reference to the question of the "link with the budget", his delegation had always taken the position that there should be an appropriate division of labour between CPC and the Advisory Committee on Administrative and Budgetary Questions. He thus welcomed the CPC recommendation for an inclusion in the medium-term plan of financial information, in accordance with the relevant provisions of General Assembly resolution 34/224.

57. His delegation had read with considerable interest the report of the Secretary-General entitled "The identification of output in the programme budget of the United Nations" (A/C.5/35/2). As stated in paragraph 35, one of the basic purposes of identifying output was "to provide to the international community a comprehensive list of the intentions of the Secretary-General for the delivery of final output". That purpose was broadly consistent with the *raison d'être* of the United Nations, which was to deliver outputs or contribute to the international community. It was therefore appropriate to draw a distinction between what were termed "intermediate activities" and "final outputs". Although there were many essential activities, such as co-ordination, which did not necessarily generate any final output, the ultimate objective of identifying outputs should be to promote, quantitatively and qualitatively, the final outputs of the United Nations.

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(Mr. Kuyama, Japan)

58. His delegation endorsed, inter alia, the statement contained in paragraph 37 of the report (A/C.5/35/2) that one of the purposes of codifying the narrative in the programme budget was "to ensure equivalent treatment of similar activities in different parts of the Secretariat". That would not only make it possible to identify duplication or overlapping of activities in various parts of the Secretariat, but would also help to enhance the co-ordination of activities. Concerning the coverage of the codification, he agreed, as stated in paragraph 38 (b) of the report, that the narrative in the programme budget should show all final outputs, including those financed by extrabudgetary funds.

59. Paragraph 44 of the report included intergovernmental meetings in final outputs. His delegation did not consider that the number of meetings was meaningful in terms of the contributions of the United Nations to the international community. It was rather artificial to draw a distinction between intergovernmental meetings considered by definition as final outputs, and expert group meetings not considered as such. He wished to know the rationale for that distinction.

60. With reference to the implementation of United Nations programmes, it went without saying that, generally speaking, the effective monitoring of programme activities or the evaluation of programme effectiveness was an important precondition for the sound functioning of the United Nations system. Indeed, since the introduction of the programme budget system, programme evaluation had constituted an indispensable follow-up for restraining unnecessary budgetary growth. His delegation supported the recommendations of the Joint Inspection Unit on the matter, and welcomed the report of the Secretary-General on "Programme performance of the United Nations for the biennium 1978-1979" (A/C.5/35/1).

61. The evaluation of programme activities contained in the report of the Secretary-General (A/C.5/35/1) seemed to be the first sincere attempt by the Secretariat to comply with the Secretary-General's statement that "a system for monitoring and programme performance at the programme element level and for reporting thereon at the various management levels in the Secretariat and to the competent intergovernmental organs would be established". Indeed, his delegation wished to encourage the creation of an atmosphere conducive to the establishment of an effective internal system for monitoring and evaluating programme activities.

62. Although document A/C.5/35/1, paragraph 6, stated that "following the tabular presentation, information is presented on all outputs which were completed or in progress with deviations, postponed or terminated", the narrative was not necessarily appropriate nor comprehensive, nor was it sufficiently clear in indicating which output in the table it referred to. For example, in the programme on ocean economies and technology on page 23 of the report, it was indicated that there were Delays (2) and that there were narratives on programme elements 2.1 and 2.2. Yet it was not clear which figure in the table those explanations corresponded to. Nor could it be determined which figure in the table the explanation given in paragraph 5 C.5 concerning Reformulations (2) corresponded to.

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(Mr. Kuyama, Japan)

63. It would be advisable to standardize terminology or at least to define it clearly. For example, in connexion with the natural resources programme (sect. 8 of the report), was there any actual or material difference between Delays (5) and Postponements (4) as indicated on page 52? Was it correct to infer that "delays" meant slow as compared with the programme, but that the element had been in progress during the period 1978-1979, whereas "postponement" meant postponement until after the 1978-1979 period?

64. Mr. STUART (United Kingdom) said that in 1978 his delegation had set out in detail its views on what the planning process in the United Nations should involve and on particular deficiencies in the format of the medium-term plan. Since that time CPC had made titanic efforts which had resulted in the elimination of many of those deficiencies.

65. The plan's goal should be to enable member States to decide at the policy level how the general objectives laid down in resolutions should be translated into activities, and to give guidance to the Secretariat. Member States' policy decisions should enable the United Nations to achieve the maximum effect with regard to its objectives. They should facilitate co-operation and joint planning with the specialized agencies. They should assist programme managers and intergovernmental bodies to improve the practice of evaluation in the United Nations. They should act as a framework for the preparation of the programme budgets. Two years earlier, his delegation had stated, as a major criticism of the medium-term plan, that it was not set out in the form of objectives, but was too rigidly tied to the structure of the United Nations administrative units. Since then CPC had done valuable work in testing the feasibility of the United Kingdom's theory that the plan should be derived from its objectives. Paragraphs 333 to 338 of the report of the Committee on the work of its twentieth session (A/35/38) contained core recommendations on the process of programme planning, which his delegation fully supported.

66. As for the deficiency noted previously by his delegation in the procedures for review of the plan at the drafting stage by intergovernmental bodies, CPC and the General Assembly had agreed that there should be full involvement of intergovernmental organs in the formulation, consideration, review and evaluation of the plan; with the detailed proposals to be found in paragraphs 319 and 320 of its report, his delegation thought that a balance had been struck between the need for intergovernmental involvement in the review process and the practical difficulties of rewriting the calendar of conferences.

67. His delegation believed that the recommendations made by CPC in paragraphs 331 and 332 of its report concerning the financial information to be included in the plan were appropriate and should be endorsed by the Assembly.

68. Evaluation should undoubtedly be an integral part of the planning cycle. His delegation fully supported paragraph 335 of the report, in which the Committee recommended that Secretariat objectives should, to the greatest possible extent, be concrete and time limited in order to serve as tools for evaluation.

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(Mr. Stuart, United Kingdom)

69. In part one of the first programme performance report of the United Nations (A/C.5/35/1) his delegation was particularly disturbed to note that certain United Nations administrative units claimed that they were unable to implement certain subprogramme elements because of lack of resources, when in fact the necessary resources had been voted but not used; that did not constitute an excuse for failure to carry out work which had been mandated; still less was it a justification for voting more resources.

70. One of the areas which would require considerable improvement was that of determining priorities between major programmes. His delegation was not in agreement with CPC in its interpretation that its mandate in that field meant that it should propose relative real growth rates among major programmes; on the contrary, his delegation considered that CPC should propose priorities among major programmes which would justify, if necessary, first claim on resources. That problem must be worked out in 1981, since his delegation did not believe that it fell within the mandate of the Committee to propose relative real growth rates, which should be determined by reference to budgetary criteria.

71. Another question closely linked with the previous one was that of the identification of high and low priorities at the lower levels of the plan. In the past the plan had failed to attempt to distinguish between activities of greater and lesser importance; that failure was particularly unfortunate at a time when many new proposals could only realistically be accommodated through the termination of marginal activities. In resolution 34/225, the Assembly called upon the Secretary-General to exercise his judgement without further delay, so as to identify marginally useful and ineffective activities and to report thereon to CPC at its twentieth session. Unfortunately, the report received by CPC in compliance with that request was inadequate, since the Committee was informed of activities which had already been terminated but was not given a list of continuing activities which the Secretary-General judged to be marginally useful or obsolete. Faced with that situation, CPC had recommended to the Economic and Social Council that the Secretary-General again be requested to provide the necessary information in a report to be presented to the Fifth Committee at the present session. Unless his delegation received the report and the Fifth Committee was thereby able to identify and terminate marginal and obsolete activities, it would not be able to agree to further appropriations for new activities during the present session of the General Assembly.

The meeting rose at 1.10 p.m.