



SUMMARY RECORD OF THE 15th MEETING

Chairman: Mr. AMNEUS (Sweden)

later: Mr. MURRAY (Trinidad and Tobago)

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

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The meeting was called to order at 3 p.m.

AGENDA ITEM 119: JOINT INSPECTION UNIT: REPORTS OF THE JOINT INSPECTION UNIT (continued) (A/41/34, A/42/34 and Corr.1; A/41/137 and A/42/133; A/41/658 and A/42/526; A/40/410 and Add.1 and A/41/686; A/40/988 and Corr.1 and Add.1 and A/41/639; A/41/121 and Add.1; A/41/201, 202, 304 and 409; A/41/591 and Add.1; A/41/640 and A/C.5/41/14; A/41/649 and Add.1; A/41/648 and A/42/95; and A/41/806 and Corr.1 and A/42/295)

1. Mr. VAHER (Canada) said that discussion of the reports of the Joint Inspection Unit (JIU) at the current session had been greatly assisted by two factors. First, the recommendations on monitoring, evaluation and inspection by the Group of High-level Intergovernmental Experts to Review the Efficiency of the Administrative and Financial Functioning of the United Nations (Group of 18) had given the Committee a set of guidelines for improving the Unit's performance; secondly, the Unit itself had provided a clear assessment of its accomplishments and many useful reflections on its future role and functioning in document A/42/34.

2. It was, to his delegation, self-evident that the Unit bore a great responsibility in regard to the effectiveness and efficiency of the United Nations and its agencies. No other United Nations body had a mandate providing so wide a cross-organizational range, so unconstrained a choice of subject-matter or so great a freedom to focus on detailed or general issues. The Unit's problems lay not so much with its mandate as with certain operational characteristics.

3. Among the topics the Unit chose for investigation, some lacked immediate operational relevance and others had no direct application. His delegation supported the suggestions that there should be more input from external bodies, including the Administrative Committee on Co-ordination (ACC), and those concerned with budgetary control, investigation, co-ordination and evaluation; that closer attention should be paid to the Unit's internal guidelines in the preparation of its work programme, and that more explanatory details should be provided on future studies. It was important for each study to have a clearly identified client or client group, in order to ensure that governing bodies and Member States were prepared to discuss the Unit's reports and administrators were willing to act on the resulting recommendations. His delegation could see benefit in allowing bodies to propose specific studies, for that would ensure that the Unit reviewed areas and bodies with which member States were currently concerned. Nevertheless, JIU must continue to bear the final responsibility for its programme of activities.

4. The quality and content of JIU reports had also been a source of difficulty. It was of the utmost importance to have inspectors with appropriate qualifications, relevant experience and follow-up abilities; the United Nations had not always been served as well as it might. It was the responsibility of Member States to nominate individuals who met the most demanding standards. The Unit must continue to enjoy the access, independence, authority and resources it needed to carry out in-depth reviews. His delegation endorsed the suggestion that there should be a more collegial approach within the Unit to project preparation.

(Mr. Vaheer, Canada)

5. The Unit should try to present its conclusions and recommendations, especially in horizontal studies among agencies and other organizations, in a series of packages that could be discussed and, preferably, adopted by the various governing bodies concerned. Limited reviews conducted over short periods of time, which could be submitted in a format and to a schedule designed to suit the legislative bodies concerned, might be a practical alternative.

6. There was, at present, no adequate system for following up on the Unit's recommendations. The General Assembly had instructed the Secretary-General to report on implementation of any recommendations of interest to the Assembly, a Main Committee or other subsidiary organ. But, as the Unit pointed out, such reports were usually issued too late for consideration in the Fifth Committee, and they lacked important details. Few other organizations in the United Nations system were even that systematic. His delegation therefore supported the Unit's proposal for earlier follow-up reports from the United Nations and specialized agencies, and an annex indicating the disposition of recommendations throughout the system. It also believed that the existing system might be replaced to advantage with one in which a report by the Unit was followed by a summary of follow-up discussions with the appropriate secretariat and governing body. The Fifth Committee could thus take note of problems identified and the follow-up action taken, and possibly ask the Unit to do further work in a particular area. It might also be appropriate for an intergovernmental body to review the impact of reports by JIU and the Board of Auditors, in order to ensure that system-wide improvements were made more or less in the same direction and at the same rate.

7. The United Nations needed a body capable of independent analysis and assessment, and the Joint Inspection Unit was the body currently best suited to the task. Endorsement by the General Assembly of the internal reforms which the Unit suggested in its report would make JIU a more effective body.

8. Mr. DANIELSSON (Sweden), speaking on behalf of the Nordic delegations, said that monitoring and inspection in the United Nations system were particularly important in ensuring administrative efficiency and the proper use of funds. The Nordic countries had always supported independent audit and inspection functions in the United Nations. JIU, in parallel with the Board of Auditors and other bodies, should be able to play an important role in improving management and promoting co-ordination between organizations. It was therefore very important to see why the Unit seemed to have so little impact.

9. The lack of quality control over some of the Unit's reports had undermined its reputation and credibility. In several recent instances, secretariats had been able to deflect criticism by the Unit by pointing out factual mistakes in the reports. The choice of subject-matter had in some cases also been unfortunate. The adoption of a more collegiate approach to the Unit's reports might be helpful in improving their quality. Appointing highly qualified individuals as inspectors, however, was still fundamental.

(Mr. Danielsson, Sweden)

10. Member States had not always taken a very active part in discussing the work and reports of JIU. The Fifth Committee was no exception. In the Nordic countries' view, the possibility that the General Assembly should give more advice on the Unit's work in so far as it related to the United Nations deserved further consideration. Such involvement by the General Assembly must not, however, interfere with the independence of JIU.

11. The Nordic countries paid tribute to the Unit for the frank opinions and self-criticism expressed in chapter VI of document A/42/34. The Unit's self-assessment was of great interest and assistance to both the Fifth Committee and the General Assembly. The Nordic delegations subscribed to the views on follow-up reports expressed in paragraphs 44 and 45 of the report, but felt that proper follow-up needed more discussion. Even if many organizations failed to report fully on their implementation of JIU recommendations, the Unit itself could make systematic follow-up reports to the General Assembly.

12. Mr. TETTAMANTI (Argentina) said that, in his delegation's view, the report of JIU contained in document A/42/34 was of extreme importance. The Unit displayed a laudable aptitude for self-criticism and made a number of noteworthy proposals for improvement. The Group of 18, in recommendation 63 (A/41/49), had said that the Unit should put more emphasis on the evaluation aspect of its work, and the Unit intended to do so. That to his delegation certainly did not mean that the inspection function of JIU should suffer, and the recommended change in the Unit's name should go no further than that. He noted that the recommended change in name had provoked no comment from JIU, and would be grateful if the Unit would clarify its position on that point.

13. The Unit next proposed to indicate what studies it planned to conduct in the following two years. The Group of 18 had recommended that the General Assembly should give the Unit greater guidance on its programme of work. The Fifth Committee bore particular responsibility in that regard, and ought itself to engage in some self-criticism. There was no point in listing all the reports of JIU under one agenda item if they were not going to be considered in detail: the item would serve only as a catch-all for reports of which the Committee would take note as a formality. The reports of JIU were coming to be regarded as principally the responsibility of the Fifth Committee, when in fact only some were of concern to it. Consideration should, perhaps, be given to discussing in the Fifth Committee only those JIU reports which fell directly within its purview, and providing a list of the rest.

14. His delegation had no difficulty with the draft work programme presented in document A/42/133. The Unit might in future, however, consider indicating the intended recipients of its planned reports, and when it expected those reports to be discussed.

15. His delegation was concerned that the reports of JIU did not always receive the treatment they deserved, and agreed fully with the Unit's discussion of the matter in paragraphs 25 to 27 of document A/42/34. The connection between the

(Mr. Tettamanti, Argentina)

Unit's reports and the substantive work of the various governing bodies concerned must be strengthened: the governing bodies should not take the reports up in isolation, but in the context of specific items on their agendas. They should also receive JIU reports in good time, as an integral part of the basic documentation for each session. On occasion, JIU reports had not been presented in time for discussion at meetings to which they could have contributed. Others had been submitted in time, but taken up only after the legislative body had finished dealing with a related item. The Fifth Committee, for example, had concluded its recent debate on the pattern of conferences with scarcely a reference to the JIU report on the subject (JIU/REP/86/5). His delegation therefore welcomed the Unit's suggestions for bringing its reports more forcefully to delegations' attention. As a first step, it hailed the third new feature of the work programme, mentioned in paragraph 34 of document A/42/34.

16. It was already clear that the Fifth Committee was not going to go into detail on the 19 JIU reports before it. His delegation took particular interest in some of those reports, and hoped that they might be taken up in the relevant committees; that was especially true of document A/41/591, on the publications of the International Court of Justice. His delegation was interested by any proposal to publicize the work of the Court more widely. The current practice of publishing the Court's judgments and opinions in English and French only did not make the task easy. People in his country took a lively interest in the Court, but not all of them had a command of English or French. Distribution of the records of the Court in the official languages of the United Nations would be a substantial improvement.

17. Another report to which he wished to draw attention was that on technical co-operation between UNDP and ECLAC (JIU/REP/87/1). The Inspector concerned noted that co-operation was advancing fairly smoothly. More attention needed to be paid, however, to the difficulties ECLAC faced in carrying out its plans because of the severe financial cuts it had suffered - to the point where the Committee for Programme and Co-ordination (CPC) had felt it necessary to express concern at the interruption of some programmes for lack of resources. A further report, on office accommodation at ECLAC, was listed among the Unit's reports but had not been circulated. It would have been interesting to discuss it before taking up the proposed programme budget for the biennium 1988-1989.

18. Finally, on the question of a more collegiate approach to the conduct of JIU studies, his delegation shared the view that article 11.2 of the Unit's statute must be applied rigorously. Furthermore, concern for quality and the need for all JIU reports to receive equal attention must be balanced against the need to uphold the independence of the Inspectors called for in article 5 of the statute.

19. Mr. ORTEGA (Mexico) expressed his appreciation of the frankness with which the Chairman of JIU had introduced the Unit's reports, notably that contained in document A/42/34. His delegation believed JIU had an important function to perform. To avoid any controversy on the matter, its mandate should be suitably clarified in order to ensure that the Unit did not duplicate the functions of other United Nations bodies. Accordingly, his delegation had some reservations about

(Mr. Ortega, Mexico)

recommendation 63 by the Group of 18, but endorsed the views of the Fifth Committee in that regard (A/41/795, paras. 61-62). It agreed that the General Assembly should give the Unit more guidance on its programme of work, which should be closely related to the Assembly's own agenda, and heartily supported the views just expressed by the Argentine representative. It also agreed that special attention needed to be paid to the training and qualifications of candidates for appointment to JIU. And it welcomed the idea that JIU might take a more collegiate approach to its reports, without necessarily allowing its independence to be diluted as a result.

20. The report on publications of the International Court of Justice (A/41/591) seemed to have been misunderstood by some delegations. The Inspector's recommendations were not, as a whole, intended to produce savings but rather to ensure that the judgments and opinions of the Court were disseminated as widely as possible at no additional cost, by publishing them in the official languages of the United Nations. The idea was not new: a number of delegations had expressed support for it at the fortieth and forty-first sessions of the General Assembly. It should be recalled that the Court had recently decided to have the Rules of Court translated into Arabic, Chinese, Spanish and Russian.

21. His delegation had no objection to seeking the view of the Sixth Committee, which could consider the report under an existing item. It did not, however, believe that the view of the Sixth Committee was strictly necessary. He hoped that during the current session the Fifth Committee would be able to endorse the recommendations of the Unit on the publications of the Court.

22. Mr. EL AMRANI (Morocco) said that JIU had an important part to play in improving the financial and administrative management of the United Nations and bringing about better co-ordination among the various parts of the United Nations system. Member States should ensure that the recommendations presented in JIU reports were given appropriate follow-up whenever they were endorsed by the Fifth Committee.

23. Although JIU, under its statute, must select its own subjects for investigation, Member States, as those most concerned with the smooth functioning of the United Nations, should share their views on the priority of the various areas considered for study. His delegation welcomed the Unit's decision to make the selection of studies to be conducted a collective rather than individual matter (A/42/34, para. 37). It was also glad that the Unit wished to involve Member States more closely in its work by inviting their comments on the general quality of reports and the value of the recommendations they contained (ibid., para. 39).

24. The independence of the Inspectors called for under the statute of JIU must be preserved, although Member States should be entitled to express their concerns in a particular area and, perhaps, set broad guidelines in keeping with them. In performing their task, the Inspectors should combine their view of the problem with that taken by Member States. The results of such an enterprise could not but be beneficial to the Organization.

25. Mr. KABIR (Bangladesh) said that, according to its statute, the Joint Inspection Unit was mandated to provide "in full independence and in the sole interest of the organizations" evaluations aimed at improving management and achieving greater co-ordination between organizations. That task was particularly relevant in the current atmosphere of reform and renewal, and the Unit should be encouraged to pursue its objectives vigorously.
26. Two long-standing problems required urgent attention: first, that intergovernmental bodies did not give sufficient consideration to JIU reports; and second that, when reports were considered, those bodies did not clearly indicate what recommendations they approved. There was also a general problem of delayed response to the reports, possibly stemming from disagreements between JIU and the secretariats concerned about the Unit's conclusions. It was not easy to assess the overall performance and impact of the Unit, mainly because of the difficulty of establishing quantifiable indicators, the lack of information in dollar terms about the benefits of introducing improved methods, and the difficulty of assigning a value to JIU's part in a co-operative endeavour. The transitory and imprecise nature of some of the Unit's recommendations also made it difficult both to assess and to implement them. The task of the Unit was, of course, stupendous, but unless its reports were taken seriously and acted upon, the time and effort and the funds spent would be wasted. The situation should be rectified as soon as possible. Some positive steps had already been initiated but, clearly, more were needed.
27. In his delegation's view, the mandate and functioning of JIU should be reviewed in the light of its own self-assessment and the recommendations of the Group of 18, with a view to achieving improved efficiency, less duplication, more co-ordination with other organizations, better reports, and more decisive follow-up action. A more co-operative relationship should be forged between JIU and the secretariats, while maintaining the Unit's independence. More co-ordination among organizations proposing studies, advance notice of the studies planned for future years, and more specific requests from legislative organs and from ACC and other bodies would all help to improve the quality of the work programme. A smaller number of reports, more closely focused on areas of serious concern, would allow JIU to provide in-depth studies and evaluations.
28. The Unit's recommendations on development co-operation, calling for the integration of operations at the country and regional levels and the decentralization of authority and resources from Headquarters, were steps in the right direction which the various specialized agencies should follow. Progress by the agencies in implementing them was uneven; however, and he stressed that they should be implemented system-wide.
29. His delegation welcomed the favourable reception given to the Unit's report on cash management. It supported the use of computers in bank reconciliations and the need for constant review of policy on currency exchange to meet changing circumstances. It regretted that no firm conclusion had been reached on rates of return for short-term investment, and agreed that steps should be taken to standardize the method of calculating organizations' investment performance.

(Mr. Kabir, Bangladesh)

30. The critical situation of the administration of justice in the United Nations called for urgent attention. The JIU report on the system stressed its obsolete components, the lack of any clear distinction between the conciliatory and judicial procedures, the structural defects, and the need to institutionalize the conciliation and mediation process. The proposals for an independent office of Ombudsman to replace the Joint Appeals Board, and for a two-stage judicial procedure consisting of a claims court and the Administrative Tribunal, merited examination.

31. The JIU report on UNICEF stressed the need to halt the increase in indirect costs. His delegation welcomed the recommendations on restructuring the UNICEF secretariat and on the monitoring and follow-up of programme implementation. It could not, however, support the proposal to hold sessions of the Executive Board only in alternate years as that would seriously impede the working of UNICEF. He noted that the proposal was under consideration by the Special Commission of the Economic and Social Council on the In-Depth Study of the United Nations Intergovernmental Structure and Functions in the Economic and Social Fields.

32. Mr. MAKTARI (Yemen), referring to the Unit's report on publications of the International Court of Justice, said that the Court's judgments and advisory opinions should be published in all six official languages of the United Nations. Apart from the reasons included in the summary of the report (document A/42/34), it should be noted that the Court's Statute was published in five languages; that the use of all six official languages would help nations throughout the world to benefit from the Court's publications; that publication only in English and French was extremely expensive; that neither the Court's Statute nor its Rules provided for the publication of its judgments only in English and French; and that sales of publications in the six languages would help to recoup expenses. The Court's argument that publication costs would be increased was not convincing. His delegation supported the Inspector's proposal (A/41/591, para. 21) that the Court should report the income derived from sales of its publications, as well as the recommendations made in paragraphs 33 and 34 of the report, but wished to know what benefit would be gained from the use of all official languages on the covers of its publications.

33. With regard to the administration of justice in the United Nations, his delegation was astonished by the number of problems faced by employees of an Organization which was responsible for settling international disputes. At a time of financial crisis, it was unfortunate that the Organization should have to waste so much money on the appeals process. It was essential, therefore, to streamline the appeals procedures.

34. Turning finally to the management of interpretation services, he said his delegation could not support the proposal that informal consultations should take place without interpretation services or in a limited number of languages only, as mentioned in document A/42/95 (para. 11). Neither could it support recommendation (e), contained in paragraph 110 of document A/41/648 since developing countries would thereby be deprived of the possibility of hosting sessions.

35. Mr. EPIMOV (Joint Inspection Unit) introduced the report "Problems of storage and its costs in organizations of the United Nations system" (A/41/806), which lack of time had prevented the General Assembly from taking up at its forty-first session. The report covered the system as a whole and showed that both the United Nations and the specialized agencies had storage problems, although they varied in seriousness. The report analysed the storage situation and the factors affecting it, pointing in particular to insufficient provision of storage space at the initial construction stage and inadequacies in physical layout. It also noted the increase in the level of activities, and consequently in the volume of documentation, and commented in some instances on the lack of modern machinery to reduce manpower requirements and facilitate quicker access by users. The renting of warehouses in Long Island City and Park Avenue in New York and the use of temporary assistance to handle documentation at some 35 different storage sites in Geneva cost Member States more than \$1 million a year.

36. Estimating the costs of storage had proved a major difficulty because, as a general rule, the budgets of organizations did not include a special storage item. The major components of direct expenditure on storage that had been identified were staff costs, rent paid for outside premises, and maintenance. In Geneva especially, storage problems created additional difficulties for conference services, in that they made those services more costly and affected the sale of United Nations publications.

37. The report offered a number of recommendations addressed to all organizations. Those to the United Nations specifically were designed to limit the volume of documentation, improve the management of records and make the management of storage space more efficient. In particular, it was recommended that, for financial as well as safety reasons, the warehouses in Long Island City and Park Avenue should be vacated and stocks moved to the United Nations garage. The report also recommended a more rational relocation of the numerous storage places at the United Nations Office at Geneva, where the situation was most critical. Wherever efficiency and cost savings could be achieved, the report also recommended a wider use of compactus equipment, microfilm and computer-based systems (para. 53). The Inspectors had sought outside advice on advances in storage technology and had visited a number of companies in France, Switzerland and the United States specializing in mass storage and retrieval of information. The results of that examination and the potential costs involved were set out in chapter IV of the report. As a result of their investigation, the Inspectors were convinced that optical-disc-based technology should be tested in the United Nations, beginning with Geneva where the need appeared to be greatest. Accordingly, they recommended that the General Assembly should authorize a pilot project to test an optical-disc-based system in the United Nations Office at Geneva. The project promised to save about 90 per cent of the annual storage costs, and to cover its purchase price in less than 18 months.

38. In the Inspectors' opinion, all the organizations of the United Nations system needed the new technology immediately. The addendum to the report showed that some organizations, for example the World Intellectual Property Organization (WIPO), were already taking steps in that direction. Thought must be given to the future,

(Mr. Efimov)

even during the current financial crisis, particularly when there was an opportunity to improve management and reduce costs in the years to come. The Inspectors were aware that obtaining the necessary financial resources was a major problem in the current circumstances. As suggested in the report, some Member States might pay a part of their contributions to the regular budget in advance, or make voluntary contributions, specifically for the purpose of installing the pilot project. According to the latest information available, the optimum system could be purchased for approximately \$200,000, which included one year's maintenance. In the Inspectors' view, that was a very reasonable investment, and they urged the General Assembly to take a favourable decision on the matter at the current session.

39. The CHAIRMAN suggested that delegations should make their comments on the report on storage in connection with section 29 of the proposed programme budget. The Committee would revert to the general consideration of agenda item 119 at a later meeting.

AGENDA ITEM 113: FINANCIAL REPORTS AND AUDITED FINANCIAL STATEMENTS, AND REPORTS OF THE BOARD OF AUDITORS (continued) (A/C.5/42/L.3)

40. Mr. MURRAY (Trinidad and Tobago), Vice-Chairman of the Committee, introduced draft resolution A/C.5/42/L.3 which was the outcome of intensive informal consultations. The text reflected the desire of members to continue to make the fullest use of the reports issued by the Board of Auditors as effective instruments of management. He indicated a number of minor drafting changes to be made in paragraphs 2, 5 and 11, and expressed the hope that the draft resolution could be adopted by consensus.

41. Mr. MURRAY (United Kingdom) said that he had no difficulty in agreeing to the revisions proposed by the Vice-Chairman. However, he proposed that the word "internal" should be inserted before "audit function" in paragraph 15..

42. Mr. BOUR (France) said that the importance of an internal audit function had been stressed in the informal consultations. He wondered whether the words "non essentiel" in the last line of the French text of paragraph 14 were the best translation of the term "non-core".

43. The CHAIRMAN suggested that the Committee should take a decision on the draft resolution at a subsequent meeting.

AGENDA ITEM 121: SCALE OF ASSESSMENTS FOR THE APPORTIONMENT OF THE EXPENSES OF THE UNITED NATIONS: REPORT OF THE COMMITTEE ON CONTRIBUTIONS (continued) (A/42/11 and Add.1)

44. Mr. ADJOUZI (Algeria), noting that the Committee on Contributions recommended retaining the current method of calculating assessments, said that his delegation would have welcomed some new proposals that took into account the continuing financial crisis of the United Nations.

(Mr. Ladjouzi, Algeria)

45. Since the Organization's establishment in 1945, the scale of assessments had been founded on the principle of capacity to pay. The current methodology, however, did not faithfully reflect that principle. For instance, a number of oil-exporting countries had already protested during the current debate that the trend towards regular increases in their assessments was not based on reliable economic indicators. In some cases, countries' assessments were not in keeping with their level of development, and therefore did not reflect their true capacity to pay, while the contributions of other States were not commensurate with the privileges they enjoyed in the Organization. It was generally admitted that national income, which was the basic criterion in the current methodology, was not a reliable indicator of a given country's economic situation and level of development and thus of its capacity to pay. Exceptions to that principle had already been made in the form of the ceiling and floor rates, but the ceiling rate, which had been progressively reduced from 39.89 per cent in 1946-1949 to 25 per cent since 1974, and the floor rate, arbitrarily fixed at 0.04 per cent, followed by 0.02 per cent, and currently 0.01 per cent, did not reflect the capacity to pay of the countries concerned. As statistics provided by the Committee on Contributions in its report (A/42/11, para. 37) showed, almost half the developing countries assessed at the floor rate of 0.01 per cent paid proportionately more to the regular budget than the developed countries.

46. The exceptions to the principle of capacity to pay in the current methodology were so numerous that the principle was more an objective than a basis for calculation. The way to achieve the objective was to establish the scale on the basis of the level of development of each Member State.

47. As far as the base statistical period of 10 years was concerned, in order to take account of more recent developments the reference period should include the statistical data for 1986 that were already available from international bodies in contact with the United Nations Statistical Office. Regarding the low per capita income allowance formula, he noted that the Committee had decided to re-examine the possibility of raising the current per capita income limit to \$2,500 in the light of the review of data available in 1988.

48. His delegation accepted the proposed scheme of limits to avoid variations between successive scales, and the formula for taking into account the effects of the external debt burden on capacity to pay. He noted with satisfaction that the Committee had solved the problem of the availability of data in that connection. His delegation shared the view expressed in paragraph 24 that the new data available should make it possible to use an external debt-service burden index which would be more relevant to the various countries' capacity to pay than the ratios of debt-servicing to export earnings and external debt outstanding to national income which had been employed in 1985. His delegation also accepted the Committee's decision to discontinue the special questionnaire and to rely on the data compiled by the United Nations Statistical Office. Obviously, statistics would gain in comparability if they were obtained from the same source for all Member States. Towards that end, the Statistical Office might consider using only information communicated by international organizations. His delegation had no objection to the use of private sources if necessary.

(Mr. Ladjouzi, Algeria)

49. At its next session, the Committee on Contributions should consider reducing the current ceiling rate of 25 per cent, and examine the impact which that measure would have on the assessments of other Member States. The views expressed on that subject by the representative of Tunisia deserved special attention. The Committee might also propose formulas for a more balanced assessment of the permanent members of the Security Council. While a considerably reduced ceiling rate would represent an even greater departure from the principle of capacity to pay, it would spare the United Nations financial uncertainty.

50. His country welcomed the Soviet Union's decision to pay its arrears over three years and hoped other Member States would follow suit. Algeria had paid its assessed contribution to the regular budget for 1987 very promptly and intended to continue paying on time. His delegation would welcome a more detailed study by the Committee of the problem of the collection of contributions, and found the statistical tables in the annex to the Committee's report to be inadequate.

51. Algeria agreed with the Secretary-General that the crisis would have implications on budget and reform. In the meantime, perhaps the time had come to revise the method of calculating assessments. Ideally, the new method would reconcile the principle of capacity to pay - still the most objective way of apportioning the Organization's expenses - and the need to end financial uncertainty.

AGENDA ITEM 115: PROPOSED PROGRAMME BUDGET FOR THE BIENNIUM 1988-1989 (continued)

AGENDA ITEM 116: PROGRAMME PLANNING (continued)

AGENDA ITEM 41: REVIEW OF THE EFFICIENCY OF THE ADMINISTRATIVE AND FINANCIAL FUNCTIONING OF THE UNITED NATIONS: REPORT OF THE SECRETARY-GENERAL (continued)

AGENDA ITEM 43: CURRENT FINANCIAL CRISIS OF THE UNITED NATIONS (continued)

General debate (A/42/3, A/42/6 and Corr.1, A/42/7 and Add.2, A/42/16 (Part I) and Add.1 and A/42/16 (Part II), A/42/214, A/42/225 and Add.1, A/42/234 and Corr.1, A/42/283, A/42/512, A/42/532 and A/42/640; A/C.5/42/2/Rev.1)

52. Ms. MUSTONEN (Finland), speaking on behalf of the Nordic countries, said that the proposed programme budget was the culmination of a state of affairs best described as uncertain, experimental, ad hoc and transitional. The Nordic delegations were concerned over the Secretary-General's recent statement that the continuing financial crisis could affect programme delivery. They would attempt to resolve the current budgetary problems by promoting well planned and timely implementation of General Assembly resolution 41/213, by supporting the Secretary-General and the Secretariat in their efforts to implement the necessary changes, and, most important of all, by accepting their share of the responsibility for the full implementation and financing of all General Assembly mandates.

(Ms. Mustonen, Finland)

53. The Nordic countries were mainly concerned with two questions: the level and content of the budget, and the implementation of resolution 41/213 with respect to the proposed budget. They recognized that the level of the proposed budget was chiefly a result of adjusting the vacancy rate for Professional and General Service posts, decreasing travel and consultants' costs and incorporating previously non-recurrent items into the resource base. At the same time, there were several pending matters. Some information had not yet been incorporated into the proposed budget figures and the impact of currency fluctuations and inflation had not been assessed. Another open question was the impact of any changes that might be recommended by the Special Commission of the Economic and Social Council which was reviewing the structure and functioning of the intergovernmental machinery in the economic and social fields, or of other reviews conducted by the Secretariat. It was the Nordic countries' understanding that the proposed \$45 million in net reductions would be considered in the light of the comments by the Advisory Committee. It was also their understanding that the suggestions concerning staff turnover could be seen in the light of the Advisory Committee's statement that across-the-board reductions were indicative measures to ensure a realistic overall estimate for 1988-1989. The Nordic countries noted the Advisory Committee's intention to monitor changes in the vacancy rate and, if necessary, review the situation in the context of the revised estimates during the biennium. They welcomed the Committee's intention to examine inflation and currency fluctuations with a view to formulating specific recommendations to the General Assembly at its forty-third session.

54. It was to be hoped that the Secretary-General's proposals and the Advisory Committee's recommendations provided the basis for agreement on the level of the budget. The United Nations regular budget was modest by any standard, covering less than 40 per cent of the Organization's total costs. If, like assessed contributions, voluntary contributions were expressed in relative terms - as a per capita contributions, for instance - the picture of the Organization's major contributors would be very different.

55. It seemed that some delegations viewed the new budgeting process as an exercise in reducing estimates. The Nordic delegations, however, believed that the more focused discussion of budget priorities was meant to elicit the greatest possible support from Member States. The budget process, an integral part of reform, would contribute to better, more efficient implementation of the General Assembly's political decisions. That, in turn, would make resource needs more predictable and allow far more orderly planning of activities. The new procedures would also constitute a more structured approach to budgetary planning, the definition of perennial activities, the contingency fund and the impact of inflation and currency fluctuations. Deadlines for submitting the outline of the budget would also serve to increase the predictability of the resources needed.

56. The new planning and budgetary procedures would give Member States a better basis for negotiating and, ultimately, agreeing on the content and level of resources. Resolution 41/213, however, did not emphasize reductions, but rather the full implementation of General Assembly resolutions. If it turned out that

(Ms. Mustonen, Finland)

there was a need for agreement on a revised timetable for the implementation of resolutions or on the setting of priorities substantive decisions should be taken by relevant intergovernmental bodies, or even the Main Committees of the General Assembly.

57. While the proposed contingency fund would be geared primarily to programmatic contingencies, a much larger question was how to deal with additional expenditures related to cost increases. The Nordic countries welcomed the Advisory Committee's finding that recourse to the fund would extend over three years for activities covering a biennium. They hoped that a compromise could be reached on the basis of the Advisory Committee's observations. That compromise should aim to use experience acquired in 1988-1989 for the proper implementation of the fund in 1990-1991. A compromise should also reflect agreement on the scope, coverage and flexible use of the fund. In addition, procedures to be followed by the General Assembly for determining the use of the contingency fund must be clearly understood. In conclusion, while resolution 41/213 provided a basis for resolving the Organization's financial problems, it was no substitute for political agreement among Member States on the substantive issues.

58. Mr. GREGG (Australia), said that reform and the financial crisis were closely linked to wider budgetary issues. Australia had consistently advocated the reforms decided on by the General Assembly at its forty-first session, and hoped the Secretary-General would act speedily to implement the recommendations of the Group of 18 by the deadlines. Far from reducing programme output, reform would facilitate resource transfers from administrative to programme areas. In that regard, the proposed restructuring of the Department of Public Information was a useful paradigm. Australia looked to the Special Commission of the Economic and Social Council to make far-reaching recommendations on rationalizing the existing system. The Council's subsidiary bodies could be greatly reduced in number by abolishing some functions and combining others.

59. Australia had supported recommendations on a new budget process in the belief that they would yield three important results. The first would be that Member States would be able to determine resource allocations in accordance with more clearly defined priorities. The current system left too much responsibility to the Secretariat. Second, for the first time, Member States would have a precise indication of the upper limit of their financial obligations in any one biennium, because the overall level for the budget would include finite funds to cover additional expenditure. Third, the new procedure was expected to secure wider support for the budget since decisions would be taken by consensus. By failing to reach agreement on budgetary reforms at its recent session, the Committee for Programme and Co-ordination had missed an important opportunity to maintain the momentum of reform.

60. For the first time in several years, Australia was able to support the Secretary-General's initial budget estimates for 1988-1989. It agreed with the Advisory Committee that whatever their shortcomings, preliminary estimates were an important transitional step in formulating future budgets. Australia welcomed

(Mr. Gregg, Australia)

budget innovations such as the incorporation of perennial activities and the structural changes introduced to increase efficiency and reduce costs. Like other delegations, it had hoped for a more detailed proposal from the Secretary-General on implementing recommendation 15 of the Group of 18.

61. Australia fully supported the Advisory Committee's recommendations targeted for reductions. Along with Japan, it believed that in the light of the recent pattern of actual unspent balances, \$20 million could have been cut from the estimates without loss of flexibility. It also agreed entirely with the Chairman of the Advisory Committee that budgetary practices must not be used to increase the assessments of countries which met their financial obligations in full.

62. Australia's support for the Secretary-General's estimates was based on the assumption that unneeded additional expenditures would be minimal. It was therefore concerned that a depreciating United States dollar would result in significant upward revision of the proposed budget. The United Nations system must make greater efforts to absorb the cost of exchange rate fluctuations and find a long-term solution to the problem of annual variations in Member States' assessed contributions.

63. As the Chairman of the Advisory Committee had observed, it was crucial to have the broadest possible agreement on the budget. Such agreement depended, however, on finding a solution to the problem of additional requirements. The withholding of regular budget contributions was placing an unfair burden on other major contributors who always paid promptly. What amounted to a de facto subsidy to a major contributor must not be perpetuated by reducing that country's assessment below its capacity to pay. Continued large-scale withholdings might well block the reform process and the major achievements of the forty-first General Assembly session. In Australia's view - which was not shared by everyone - the crisis and reform were two separate matters. The current financial crisis merely made the inevitable task of reform that much more pressing.

64. Australia was strongly committed to the United Nations, but was facing serious budget problems of its own and the difficulties of economic adjustment. That meant it did not have unlimited resources to finance the rising cost of multilateralism. The United Nations was already associated with too much rhetoric and not enough negotiation, a proliferation of subsidiary bodies and over-staffed secretariats. The Organization must address such image problems if its credibility was to be restored.

65. Mr. Murray (Trinidad and Tobago) took the Chair.

66. Mr. YU Mengjia (China) said that his delegation shared the Secretary-General's concern at the extraordinary financial constraints under which the proposed programme budget for the biennium 1988-1989 had been prepared. The direct cause of the Organization's financial crisis was the fact that one Member State had refused to pay its assessed contributions on time and in full. All Member States, regardless of their size and wealth, had equal obligations under the Charter. The

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arbitrary withholding of contributions, the subordination of the Charter to a State's national legislative action or the linking of payments to the institution of certain reforms all ran contrary to internationally accepted practice and could constitute a destructive precedent for the United Nations. Normal operations had already been jeopardized, and it was to be hoped that the Member State concerned would take immediate steps to repair the damage it had done to the Organization.

67. His delegation agreed with the opinion of the Advisory Committee that a transitional budget was essential in current circumstances. It intended to study the Advisory Committee's views on the Secretary-General's initial estimates and to state its position in future discussions. However, the negative growth provided for in the initial estimates should be regarded as an exception necessitated by special circumstances and not be taken as a basis for future budget proposals. It was logical that, under normal conditions, United Nations activities should register a reasonable rate of positive growth, helping to ensure the implementation of programmes beneficial to Member States and to strengthen the Organization's role in international affairs. The fact that some programmes had already suffered adverse effects as a result of the financial crisis was a matter of grave concern. General Assembly resolution 41/213, among others, had emphasized that reform measures should not prejudice the implementation of programmes. The Secretariat should provide information indicating which programmes had been postponed or terminated, in order to ensure that there was no adverse impact on development-oriented programmes mandated by the General Assembly which were of vital importance to developing countries.

68. The continued recruitment freeze was disturbing in view of the problems it posed for application of the principle of equitable geographical distribution, as well as for countries whose nationals served mostly on fixed-term contracts. The freeze had been intended as a temporary measure in response to the financial crisis, and no endorsement had been given by the General Assembly for its use by the Secretariat as a mechanism to attain the 15 per cent staff reduction target. His delegation supported the view of the Committee for Programme and Co-ordination that the freeze should not be used as a policy tool in personnel matters and was particularly concerned by the impact of the freeze on language posts.

69. With regard to the Secretary-General's suggestions, as contained in documents A/42/225 and Add.1, on the question of expenditures over and above appropriations, his delegation agreed with the suggestion of the Advisory Committee that existing methods should be applied until such time as a proper solution to all related aspects was identified. The establishment of a contingency fund to accommodate additional budgetary expenditures other than those arising from fluctuations in rates of exchange and inflation constituted an important reform which his delegation supported. However, the scope of application, method of allocation and operational procedure for such a fund must be decided after serious consideration and by consensus. The Secretary-General's outline of the programme budget for the following biennium in off-budget years should, as provided for in General Assembly resolution 41/213, contain an indication of the size of the contingency fund expressed as a percentage of the overall level of resources. His delegation hoped

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that the Secretariat could, on the basis of the preliminary recommendations of the Advisory Committee, formulate a set of procedures for operation of the fund in order that the Fifth Committee might take a decision on such procedures at the current session. Subject to a satisfactory solution of all pertinent questions, his delegation would be willing to accommodate the wishes of Member States if a majority should favour the earlier establishment of a contingency fund on an experimental basis.

70. While there was clearly a need to streamline the United Nations and to reduce unnecessary expenditure, the basic thrust of reforms must be positive. In an increasingly interdependent and diversified world, the United Nations had to respond to increasingly complex and intractable global problems. His delegation, which reserved the right to make further comments on the items under consideration at a later date, stood ready to work with others to help the Organization play an expanded role in preserving world peace and promoting economic development and social progress.

71. Mr. ČABRIĆ (Yugoslavia) said that the current financial crisis had created unacceptable conditions for the normal functioning of the United Nations. Concern over the Organization's solvency was diverting attention from the most important international problems. Meanwhile, the use of political pressure in order to wrest certain concessions ran contrary to the basic democratic character of the Organization. His delegation refused to believe that political short-sightedness and national selfishness could prevail over reason and thus threaten the very survival of the United Nations. Every Member State, including those countries which had fallen into arrears for reasons beyond their control, must immediately fulfil its obligations under the Charter. Despite its considerable economic and financial difficulties, his country was doing its utmost to do so.

72. Full implementation of the recommendations of the Group of 18 was more important than ever. However, the fulfilment of financial obligations could not be made contingent on the implementation of those recommendations. While the financial crisis might have provided impetus for the work of the Group of 18, the recommended measures remained independent of the crisis. It was essential that the measures should be based on thorough and comprehensive studies and not on concessions exacted by force.

73. Reorganization in the economic and social fields should be harmonized with measures to restructure the intergovernmental machinery. Hasty action might be seen as an attempt to pre-empt proposals by Member States and could even run counter to the basic intention of such reorganization. It should be possible to begin defining proposals for a reorganization of the intergovernmental structure - which was inefficient, and did not serve the interests of the developing countries - by early 1988. Account could be taken in that connection of the proposals and recommendations expected shortly from the Special Commission of the Economic and Social Council. It was also essential that the recruitment freeze should be ended in order to redress the injustices suffered by those countries which were underrepresented in the Secretariat as well as to improve the overall quality of staff.

(Mr. Čabrić, Yugoslavia)

74. The transitional programme budget introduced by the Secretary-General reflected all the weaknesses and shortcomings that were inherent in the complex situation facing the Organization. Nevertheless, it had greatly surpassed his delegation's expectations. The reduction of 1.8 per cent over the gross revised appropriation for 1986-1987 was in line with the overall intention to reduce spending, in accordance with resolution 41/123. The Committee for Programme and Co-ordination had also formed a positive assessment of the Secretary-General's efforts and had recommended adoption of the programme narratives for the next biennium. The Secretary-General should be encouraged to continue his efforts without, however, jeopardizing the implementation of programmes. In that connection, his delegation wished to receive an assurance that the Advisory Committee's recommendation that the programme budget should be reduced by \$51,430,800 would not affect the normal functioning of certain vital activities. It would be prepared to consider the recommendation if such an assurance could be provided.

75. The twenty-seventh session of the Committee for Programme and Co-ordination had been the first held since that Committee had been given an increased role in the budgetary process. Despite the difficulties created by political circumstances and the ambiguities inherent in General Assembly resolution 41/213, the Committee had achieved broadly satisfactory results. However, further efforts were needed to improve its work, on the part both of Member States and of the Secretariat.

76. With regard to the introduction to the medium-term plan for the period 1990-1995, the conclusions and recommendations of the Committee, particularly those relating to the work of the United Nations in the 1990s, should be accepted in preparation for further development of that subject at the Committee's twenty-eighth session. Despite the Committee's inability to adopt recommendations on the overall level of the budget and the contingency fund, the very meaningful discussion on those issues would be of great help to the Fifth Committee in its search for satisfactory solutions, as would its observations and recommendations on the decision-making process, criteria for and pattern of use and operation of the contingency fund. His delegation which reserved its right to make additional comments on the items under consideration at a later date, stood ready to participate in consultations with a view to reaching an understanding on those questions.

77. Given the agreement on the growing importance and responsibility of the Committee for Programme and Co-ordination, his delegation supported the proposed increase in its membership and also believed that the level of participation in the Committee should be upgraded. Accordingly, it believed that the Advisory Committee's recommendation relating to subsistence payments could not be applied to the Committee for Programme and Co-ordination.

The meeting rose at 5.55 p.m.