



General Assembly

Fifty-seventh session

Official Records

Distr.: General

8 July 2003

Original: English

Fifth Committee

Summary record of the 51st meeting

Held at Headquarters, New York, on Thursday, 15 May 2003, at 10 a.m.

Chairman: Mr. Sharma (Nepal)
later: Mr. Dragulescu (Vice-Chairman) (Romania)
*Chairman of the Advisory Committee on Administrative
and Budgetary Questions:* Mr. Mselle

Contents

Agenda item 114: Improving the financial situation of the United Nations
(*continued*)

Agenda item 126: Administrative and budgetary aspects of the financing of the
United Nations peacekeeping operations (*continued*)

Organization of work

This record is subject to correction. Corrections should be sent under the signature of a member of the delegation concerned *within one week of the date of publication* to the Chief of the Official Records Editing Section, room DC2-750, 2 United Nations Plaza, and incorporated in a copy of the record.

Corrections will be issued after the end of the session, in a separate corrigendum for each Committee.

03-36059 (E)

* 0336059 *

The meeting was called to order at 10.10 a.m.

Agenda item 114: Improving the financial situation of the United Nations (*continued*) (A/57/498/Add.1)

1. **Mr. Vassilakis** (Greece), speaking on behalf of the European Union, the acceding countries Cyprus, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia and Slovenia, the associated countries Bulgaria, Romania and Turkey, and, in addition, Iceland and Liechtenstein, said that 2002 could be considered a financially good year, since year-end cash was at its highest level and unpaid assessments and amounts due to Member States at their lowest levels in seven years. The negative \$1 million cash position for the International Tribunals was particularly discouraging, however, and it was a cause for concern that, for the first time, it had led to cross-borrowing from closed peacekeeping missions. It was important that all Member States pay their contributions in full, on time and without conditions if the Organization was to fulfil the mandates entrusted to it by Member States.

2. He welcomed the progress that had been made in 2002 in reducing the amounts owed to Member States for troops and equipment and hoped that similar progress had been made towards reducing the amounts owed to troop-contributing countries for letters of assist. The proposal that \$169 million in the closed mission accounts should be retained for temporary cross-borrowing should be examined at a later stage of the current part of the resumed session. However, any decision to retain those funds would merely be a temporary answer to a position created by the late or partial payment of assessments, since combined cash projections for 2003 indicated a perennial cash flow problem for the Organization.

3. **Mr. Bennouna** (Morocco), speaking on behalf of the Group of 77, noted that the United Nations had been brought back from the brink of financial difficulties, as reflected in the respective levels of cash on hand, unpaid assessed contributions and debt owed to Member States. However, even though total receipts exceeded the total amount assessed by 12 per cent, some uncertainties remained. Despite the modest reduction in the amounts owed to troop-contributing countries at the end of 2002, the continuing high level of those debts, particularly for the reimbursement of contingent-owned equipment was a matter of great

concern. All outstanding amounts owed to developing countries should be paid as a matter of high priority.

4. The Group regretted that as many as 133 Member States had not paid their contributions to the Tribunals in full as at the end of 2002. It was a matter of special concern that cash levels were slipping each year, thus forcing the Organization to cross-borrow from closed peacekeeping accounts at year-end. Indeed, the very practice of cross-borrowing was a matter of concern because it hampered the Organization's ability to ensure timely reimbursement to Member States for troops and contingent-owned equipment. The Secretariat should therefore explore more equitable alternatives to the practice of cross-borrowing.

5. With regard to the forecast for reimbursements of debt owed to Member States, the Group welcomed the Secretariat's stated intention to make significant payments in 2003. It also shared the Secretariat's concern that fewer Member States had paid their regular budget contributions in full in 2002 than in 2001. Member States had a legal obligation under the Charter of the United Nations to bear the expenses of the Organization. While recognizing the need to extend understanding to those temporarily unable to meet their financial obligations, the Group urged all other Member States to pay their assessed contributions in full, on time and without conditions. For its part, the Secretariat should make more efficient and transparent use of its resources, including through greater accountability from programme managers.

6. The increasing importance being attached to peace and security had resulted in substantially higher peacekeeping budgets. However, development activities were of equal importance and equal, if not greater, emphasis should therefore be placed on the funding of development activities mandated by the General Assembly.

7. **Mr. Dutton** (Australia), speaking also on behalf of Canada and New Zealand, welcomed the continued improvement in the Organization's financial situation and the efforts of the United States to pay down its longstanding debts. However, the decline in the number of Member States paying their regular budget assessments in full and the increase in total arrears for the regular budget were worrying developments as were the number of Member States not paying their assessments for the two Tribunals and the unacceptably high level of outstanding peacekeeping assessments in

2002. He would welcome a list of the nine major contributors, after the United States, which collectively owed half a billion dollars for peacekeeping.

8. In its next presentation on the subject, the Secretariat should also provide details of the payments for the capital master plan. It was clearly inconsistent for Member States to advocate for the United Nations to take on important additional tasks in peace and security, economic development, and global cooperation without paying their share of the related costs. If the \$169 million in the closed mission accounts were to be retained by the United Nations to help manage cash shortfalls in other accounts, as the Secretary-General had requested, the effect would be to penalize Member States that had paid their assessments in full. Funds owed to Member States that were up to date in the payment of their assessed contributions should be returned to them, in accordance with the Financial Regulations and Rules of the United Nations. Funds owed to Member States in arrears should continue to be offset against their arrears. The proposal to retain the \$169 million would require suspension of the relevant financial regulations and rules, which was a matter of some gravity. It would therefore be helpful to have more information about the potential implications of such a decision for the Secretariat's cash management position and to know the appropriate level of cash reserves for peacekeeping for the remainder of the year. It would also be particularly helpful to have the opinion of the Advisory Committee on Administrative and Budgetary Questions on that issue.

9. **Mr. Shinichi** (Japan) welcomed the improvement in the financial situation of the United Nations and noted that Japan was making strenuous efforts to fulfil its own obligations despite its own very difficult economic and fiscal situation. Strict rationalization of expenditures would be required to ensure further improvement in the financial situation of the United Nations. Budget levels should take into account not just the mandates of the General Assembly but also the ability of Member States to pay. If Japan was to continue to pay contributions at the present level, then its taxpayers must understand the rationale for doing so. It was therefore more important than ever that the Organization demonstrate accountability. Any need for new financing should therefore be guided by strict prioritization and reallocation of resources to priority activities as well as by adherence to the principle of

zero nominal growth. Japan was concerned to note that, as a result of the exchange rate fluctuations, the programme budget for the biennium 2004-2005 might surpass the preliminary estimate contained in General Assembly resolution 57/280. A mechanism should be introduced to absorb such an increase.

10. With regard to the scale of assessments, Japan fully understood that the elements of the current scale methodology would remain fixed until the year 2006 and would react strongly if Member States were to reopen discussions on introducing changes. Efforts should continue, however, to make the financial burdens on Member States fairer and more rational and, in that context, the scale of assessments from the year 2007 should be thoroughly examined at the appropriate time.

11. With regard to peacekeeping budgets, the Security Council should fully consider the views of non-members of the Council when setting budgets for peacekeeping operations. Members of the Security Council should continue to be wary of imposing excessive burdens on Member States when pursuing their responsibility for maintaining peace and stability. Japan was willing to give serious consideration to the Secretary-General's proposal that the \$169 million in the closed mission accounts should be retained for temporary cross-borrowing, since it might help to resolve the cash shortage problem.

12. His delegation was concerned at the significant increase in the budgets of the two International Tribunals. It was imperative that the Tribunals preserve their current budget levels as ceilings and pursue greater transparency and efficiency. Japan was also concerned that neither Tribunal had presented an appropriate completion strategy. Those strategies should be prepared and submitted without delay.

13. **Mr. Sun** Joun-yung (Republic of Korea) welcomed the recent improvement in the overall financial situation of the Organization but warned that premature complacency would be misplaced, since certain worrying financial trends persisted. Because the number of Member States paying their regular assessments in full had declined, cross-borrowing from the peacekeeping accounts was inevitable. However, resources for cross-borrowing had continuously declined owing to the dwindling cash balances of closed peacekeeping missions.

14. With respect to the proposed programme budget for the biennium 2004-2005, the level of resources proposed represented a sharp increase from the amount that had been initially approved for 2002-2003. It was therefore essential to maintain budgetary discipline and to mainstream the concepts and techniques of results-based budgeting into the full budgetary cycle of programme planning, budgeting, monitoring and evaluation.

15. The budgets of the two Tribunals had continued to grow and realistic completion strategies must therefore be developed and implemented. The legal systems of the Tribunals should also be improved in an effort to curb their soaring costs. The continued deficiencies and weaknesses of the administrative and financial management of peacekeeping operations were also a matter of concern and further measures should be explored to save costs. The audit and investigation functions of field missions should also be strengthened to ensure that United Nations resources were used efficiently and managerial accountability enhanced. His Government remained firmly committed to the Organization's financial stability and was taking measures to eliminate its own arrears as soon as possible.

16. **Mr. Gatilov** (Russian Federation) said that the statistics and assessments given by the Under-Secretary-General for Management indicated that the Organization had come back from the brink of financial disaster. At the end of 2002, the three key indicators of financial health, namely, available cash, unpaid assessed contributions and amounts owed to Member States, had reached their best level in seven years. A number of problems still remained, however. Member States' debts to the Organization and the amounts owed to Member States by the Organization remained high. His delegation nevertheless reacted with caution to the Secretary-General's proposal to provide a degree of financial flexibility by suspending certain of the Financial Regulations and Rules of the United Nations to allow the Organization to retain sums owed to Member States from closed peacekeeping missions. The proposal contradicted the positive trends that he had noted and gave Member States no incentive to pay their assessments in full and on time.

17. The resource requirements for routine activities and peacekeeping were high because many parts of the world were in crisis. Payments from Member States, particularly the major contributors, were therefore

vital. Member States should ensure that the financial ground gained was not lost. For its part, the Russian Federation would keep up its efforts to give the Organization genuine support. It had fulfilled the commitment it had given in 1995 to pay off its regular budget and peacekeeping arrears within seven years and had been free of regular budget and peacekeeping arrears for two years. It held fast to its position that the Organization could not operate properly or have financial stability unless all Member States, without exception, unconditionally complied with their obligation under the Charter to pay their assessments. The financial health of the United Nations depended on the political will of Member States to fulfil that obligation.

18. **Mr. Mazumdar** (India) said that his delegation associated itself with the statement of the Group of 77 and China. It welcomed the improvement in the Organization's financial situation, but pointed out that aggregate assessments in 2002 had in fact been \$634 million lower than in 2001. Taken in combination with the decrease in the number of Member States that had paid their regular budget assessments in full in 2002 compared with 2001, that meant that progress had not necessarily been made and that the Organization should continue to insist on payment of assessed contributions in full, on time and without conditions.

19. The concentration of regular budget arrears among only a few Member States was encouraging, but peacekeeping arrears were more widely distributed and 2002 assessments had often been deferred to the beginning of 2003. Troop-contributing countries were alarmed at that situation, as it delayed reimbursements to them. Reimbursements were owed mainly to developing countries, which could not afford to be perpetual creditors to the Organization. The Secretary-General had set a goal of reducing outstanding dues to \$495 million by the end of 2003, with a six-month lag in reimbursements. India believed that the lag could be reduced to three months.

20. The Secretary-General's proposal to retain cash balances within the Organization by suspending the application of the relevant financial regulations and rules to closed peacekeeping missions would be carefully studied, especially since the Indian Government, which had spoken out repeatedly against cross-borrowing, believed that such a suspension would not harm payment of the Organization's dues to Member States for those closed missions. His

delegation would welcome concrete proposals from the Secretariat to minimize cross-borrowing, which had even been used to cover financing shortfalls for the Tribunals, and regretted that no such proposals had been made.

21. **Mr. Xudong Sun** (China) said that the financial position of the United Nations was an important influence on its stability and vitality as a major international organization. Without stable finances, proposals to give the United Nations a greater role in international affairs would be no more than empty talk. The Fifth Committee always ended its yearly debate on improving the Organization's financial situation by urging Member States to fulfil their financial obligations and pay their assessed contributions on time, in full and without conditions.

22. The Organization's improved financial position was reflected in two important developments. First, some Member States were effectively paying or preparing to pay their arrears and, secondly, the United Nations itself had made progress in paying its debts to Member States. The Chinese delegation welcomed the projected reduction in the Organization's debt to Member States to \$495 million and hoped that it would be achieved.

23. China was a large and responsible Member State, but it was also a developing country with a limited capacity to pay. It was nevertheless committed to strengthening the Organization's role by placing it on a solid financial foundation and urged all Member States to fulfil their financial obligations under the Charter so that the United Nations could better carry out its functions and better serve mankind.

24. **Ms. Rentenaar** (Switzerland) said that her delegation hoped that the positive trend in the Organization's financial situation would continue. However, despite the lower level of unpaid assessments, the fact that arrears were so concentrated among a few Member States magnified their effect on the Organization. Switzerland was concerned that so few Member States had paid their assessments in full in 2002, reversing the progress that had been made in previous years. It was nevertheless encouraged by the reduction in the level of unpaid peacekeeping assessments, despite the administrative challenge of keeping pace with the assessment letters issued throughout the year. There was still room for improvement, however, and her delegation was

therefore particularly interested in the proposal to consolidate the various peacekeeping accounts.

25. The practice of cross-borrowing from the accounts of closed peacekeeping missions to cope with the negative cash position of the International Tribunals could undermine the Organization's financial stability, as the payment of Tribunal assessments was not improving and the closed peacekeeping accounts contained less and less money. Her delegation would keep the matter under close review and would consider the Secretary-General's proposal to retain some of the cash balance from closed missions.

26. In their pursuit of efficiency and value for money, Member States should not lose sight of their obligation to place the United Nations on a firm financial footing by paying their assessed contributions in full, on time and without conditions.

27. **Ms. Lock** (South Africa) said that her delegation associated itself with the statement of the Group of 77 and China. All Member States had a legal obligation under the Charter to pay their assessed contributions in full, on time and without conditions. At times, genuine economic difficulties prevented Member States from fulfilling those obligations and such cases should be treated with understanding.

28. Although the 2002 combined year-end cash balance for the regular budget had been the highest in seven years, fewer Member States had paid their contributions in full than in the preceding three years. Member States had an obligation to provide the Organization with the necessary resources to fulfil the mandates they entrusted to it.

29. Member States had established the two International Tribunals to promote national reconciliation and maintain peace and security. However, as many as 133 Member States had been unable to pay their assessments by the end of 2002, as a result of which the Tribunals had had to start the new year with a negative cash position. The success of the Tribunals depended not only on the political support of Member States but also on the extent to which they received adequate financial and administrative resources.

30. The practice of cross-borrowing from the peacekeeping budget to finance regular budget expenditures and the Tribunals affected the Organization's ability to pay Member States, many of

them developing countries, for troops and contingent-owned equipment. The remedy to that worrisome trend was for Member States to provide the Organization with sufficient and predictable financial resources by paying their assessments in full, on time and without conditions.

31. **Mr. Tal** (Jordan) said that his delegation associated itself with the statement of the Group of 77 and China. It was encouraged by the improvement in the three key indicators of the Organization's financial health, namely, available cash, unpaid assessed contributions and amounts owed to Member States.

32. That improvement could help with the Organization's long-standing debt to Member States for contributions of troops and contingent-owned equipment to peacekeeping operations. Many of the Member States concerned were developing countries, which had difficulty bearing the resulting financial burden. His delegation hoped that efforts to speed up the processing of claims for reimbursement would continue, as otherwise those Member States might be prevented from taking part in peacekeeping operations in future.

33. Despite the improvements, however, the Organization's financial situation was not stable and the better payment record must continue into the future. There was no solution to the financial problems of the United Nations other than for Member States to pay their assessed contributions in full, on time and without conditions.

34. Some Member States had suggested that application of Article 19 of the Charter should be reinforced and the Secretary-General had reported to the General Assembly on measures to encourage Member States in arrears to reduce and eventually pay their arrears (A/57/76). However, only prompt payment of assessments would improve the Organization's financial situation. His delegation hoped that major contributors which had found it difficult to pay their assessments at the beginning of a particular year would make efforts to remedy that situation.

35. His delegation had questioned the practice of cross-borrowing from closed peacekeeping missions, especially to finance the shortfall in the budgets of the International Tribunals. Although Member States had received some explanation of the practice, more complete information was needed on the total amount

of cross-borrowing each year and the legal mandate for that practice.

36. **Mr. Chaudhry** (Pakistan) said that his delegation hoped the positive trend in the payment of assessments and the Organization's debt to its Member States would continue so that the United Nations could emerge from the financial difficulties which had threatened its solvency and stability in the past. Notwithstanding the improvements, arrears were still high and the number of Member States that had paid their regular budget assessments in full had declined. There was no reason to be complacent about the Organization's financial health.

37. The Organization's substantial debt to Member States particularly affected troop-contributing countries like Pakistan, which was owed \$70 million and was concerned at the continuing level of arrears and the long-standing practice of cross-borrowing from peacekeeping funds. The Secretariat should explore other more practical ways of financing cash-flow deficits.

38. Despite its financial problems, Pakistan had always responded when the United Nations called on it to play its due role in maintaining international peace and security through participation in peacekeeping missions. It hoped that all Member States would contribute to the Organization's financial stability by paying their assessments on time and in full, in fulfilment of their obligations under the Charter. The Committee discussed the financial situation of the United Nations every year, but its discussions found no concrete expression in the form of a resolution or decision. The Committee should explore the possibility of instituting some form of follow-up to that agenda item.

39. **Mr. Repasch** (United States of America) said that the better end-of-year cash balance and lower unpaid assessments and debt to Member States had brought the Organization a degree of financial stability which it had not enjoyed in a number of years. He expected that continued careful management by the Organization and a steady flow of contributions from Member States would maintain the positive trends.

40. The improved financial situation had been due in part to payments totalling nearly \$1 billion from the United States in 2002 for the Organization's regular budget, peacekeeping and International Tribunals. The United States was committed to meeting its obligations

and expected to make further payments shortly. It commended those Member States that had paid their current assessments in full and welcomed the fact that the Organization had paid more of its debts to Member States for troops and contingent-owned equipment by the end of 2002 than had originally been forecast in September of that year.

41. Maintaining the progress made in 2002 required the efforts of Member States and the United Nations alike. The combination of payment of assessments, effective financial management and firm setting of priorities would provide a more stable financial environment in 2003 and future years.

42. **Ms. Arce de Gabay** (Peru), speaking on behalf of the Rio Group, said that her Group associated itself with the statement of the Group of 77 and China. The improvement in the three key indicators of the Organization's financial health, namely, available cash, unpaid assessed contributions and amounts owed to Member States, was a sign of progress towards financial stability. The only way to maintain that progress was for Member States to pay their assessments in full and without conditions, although her Group understood that the financial position of some Member States prevented them from meeting their obligations fully.

43. The member States of the Rio Group had demonstrated their commitment to international peace and security by taking part in almost all current peacekeeping missions. The Group was encouraged by the lowering of the Organization's debt to Member States for troops and contingent-owned equipment, but called for faster payment of pending balances, particularly where the debt dated back many years and was owed to developing countries. It hoped that cross-borrowing from the peacekeeping budget to finance shortfalls in the regular budget would end and that the financial deficit of the International Tribunals, which jeopardized implementation of their mandates, would be closed.

44. **Mr. Bouheddou** (Algeria) said that his delegation wished to associate itself with the statement made by the representative of Morocco on behalf of the Group of 77 and China. Despite the progress made in 2002 in respect of the three key indicators of the financial health of the United Nations, namely, cash on hand, unpaid assessments and amounts owed to Member States, there was a need to guard against excessive

optimism, for the Organization would remain financially vulnerable as long as Member States did not pay their assessed contributions in full, on time and without conditions. There was no other solution to the financial difficulties of the United Nations, and there was thus no need to explore further such options as strengthening Article 19 of the Charter or devising measures to encourage Member States in arrears to reduce and eventually pay their arrears.

45. He urged major contributors that, because of the constraints of their domestic budget cycles, generally paid their regular budget contributions in the last quarter to make arrangements for payment at the beginning of the year; that would enable the Organization to avoid cross-borrowing.

46. Concerning the amounts owed to troop contributors, his delegation welcomed the improvements made in the processing of claims for reimbursement and noted with satisfaction that there was expected to be a significant lowering of debt to Member States by the end of 2003.

47. **Ms. Afifi** (Morocco), speaking on behalf of the Group of 77 and China, said that her delegation wished to make a second statement on the item under consideration. The statement would concern the issue of reimbursement for troop costs and contingent-owned equipment, to which the Group of 77 and China attached great importance.

48. While unpaid assessments for peacekeeping operations were at their lowest level in five years, that positive development did not appear to have translated into any significant improvement in the timeliness of payments to troop contributors, particularly where contingent-owned equipment was concerned. Given that the largest outstanding amounts were owed to developing countries, a concerted effort must be made to expedite the processing and settlement of claims; that would facilitate the participation of those countries in peacekeeping operations.

49. When Member States failed to pay their assessed contributions in full and on time, the Secretariat was forced to cross-borrow from closed peacekeeping missions, as it had in 2002 to subsidize the cash-flow deficit of the International Tribunals. Cross-borrowing, however, diminished the Organization's ability to pay amounts owed to Member States for peacekeeping operations, which was a particular hardship for troop-contributing developing countries. She therefore urged

the Secretariat to explore other, more innovative solutions.

50. She was pleased to note the Secretariat's intention to make payments totalling \$939 million in 2003 for certified troop and contingent-owned equipment claims. However, such claims should be settled within three months, and the outstanding amounts owed to developing countries, some of which dated back many years, should be paid as a matter of priority. The Group of 77 and China was committed to upholding the role of the United Nations in maintaining international peace and security; that commitment should be reciprocated by the Secretariat through early and full settlement of debts owed to troop contributors.

51. **Ms. Bertini** (Under-Secretary-General for Management) assured the Committee that the Administration would not be complacent: while it welcomed the progress made in improving the financial situation of the United Nations, it also recognized that much remained to be done.

52. One delegation had noted that peacekeeping assessments that would normally have been issued in 2002 had been deferred until early 2003; that had been due to uncertainty about the effective rates of assessment. Thus, while the peacekeeping budget cycle ran from 1 July to 30 June, the Administration had not been in a position until late 2002 to issue assessments for missions with mandates continuing into 2003. Consequently, some Member States were still paying those assessments. Of the 15 major contributors, five had been fully paid up as at 31 December 2002: Australia, Canada, France, the Russian Federation and the United Kingdom. The United States of America had owed \$535.8 million, Japan \$312 million, Italy \$40.8 million, China \$39 million, Spain \$31.9 million, Brazil \$28 million, Argentina \$21 million, the Republic of Korea \$16.9 million, Germany \$2.6 million and the Netherlands \$1.8 million. Some of those countries, however, had paid significant amounts in 2003.

53. As some delegations had noted, reimbursement to Member States for troop costs had been significantly higher than for contingent-owned equipment in 2002; that was because troop contributors could account quickly and accurately for the number of troops provided, whereas more specific information was required in order to obtain reimbursement for contingent-owned equipment. The Administration was working with Member States to help them meet those

requirements and it was committed to the prompt settlement of accounts.

54. The year 2002 was not the first in which the Administration had had to cross-borrow from the peacekeeping accounts to meet the needs of the International Tribunals; it had also done so in 2001. The Secretariat was committed to transparency and always disclosed cross-borrowing. More information on cash flow, cross-borrowing and peacekeeping accounts would be provided when the Committee considered the financial position of the closed peacekeeping missions.

55. The representative of Morocco, speaking on behalf of the Group of 77 and China, had urged the Secretariat to pursue alternatives to cross-borrowing. She was not aware of any, other than the payment by more Member States of their assessed contributions in full and on time.

Agenda item 126: Administrative and budgetary aspects of the financing of the United Nations peacekeeping operations (*continued*)

Support account for peacekeeping operations (*continued*) (A/57/725, A/57/732 and A/57/776)

Gender mainstreaming (*continued*) (A/57/731 and A/57/776)

United Nations Logistics Base at Brindisi (*continued*) (A/57/670 and Corr.1, A/57/671, A/57/751 and A/57/772/Add.9)

Resident investigators (*continued*) (A/57/494, A/57/772 and A/57/776)

Contingent-owned equipment (*continued*) (A/56/939; A/C.5/56/44; A/57/397 and A/57/772)

Death and disability benefits (*continued*) (A/C.5/56/41; A/57/772; A/C.5/57/37)

Reports of the Office of Internal Oversight Services (*continued*)

Mission liquidation activities (*continued*) (A/57/622)

Procurement of goods and services through letters of assist (continued) (A/57/718)

56. **Ms. Afifi** (Morocco), speaking on behalf of the Group of 77 and China, said that the support account played a vital role in ensuring that field operations received adequate support and guidance from Headquarters. She noted, however, that while the number of peacekeeping operations was being reduced, the Secretary-General had requested a 15 per cent increase in expenditure for the support account. The Group of 77 and China would give careful consideration to that proposal. The consolidation of the resident auditor posts in peacekeeping missions under the support account was a logical step. However, the proposal to increase the support account posts of the Office of Internal Oversight Services (OIOS) needed to be considered further.

57. The improvements in budget presentation and the adoption of a results-based format were welcome. However, the Secretariat must fully justify the resources requested in the context of expected accomplishments. In that connection, the Group of 77 and China endorsed the conclusions drawn and the recommendations made by the Advisory Committee in paragraph 41 of its report (A/57/772).

58. She noted with concern the persistent problems with recruitment and placement in the Department of Peacekeeping Operations. Continuous reliance on temporary staff was neither cost-effective nor conducive to efficient performance. The efforts to expedite the hiring of qualified candidates to fill support account posts were encouraging. Nevertheless the Secretariat must ensure that it complied fully with the provisions of paragraph 15 of General Assembly resolution 56/293.

59. The Group of 77 and China attached great importance to a coherent policy on gender mainstreaming in peacekeeping activities and looked forward to receiving further information on how gender mainstreaming was being implemented both in the field and at Headquarters.

60. Concerning the United Nations Logistics Base at Brindisi (UNLB), the 63 per cent increase proposed for the Base for 2002/03, together with the implementation of the strategic deployment stocks, should enhance peacekeeping logistics and create an effective basis for future operations.

61. She noted with satisfaction that almost all death and disability claims based on the new methodology for settlement were processed within 90 days. There was a need, however, to simplify further the documentation required. In addition, the Secretariat should continue to work closely with the permanent missions of troop contributors to ensure that all claims were properly filed. Given the importance of the issue, the Group of 77 and China would like to see the relevant report issued biennially.

62. While the exercise of implementing the original audit recommendations of OIOS on mission liquidation activities was at various stages, the Group of 77 and China remained concerned that some missions had been undergoing liquidation at Headquarters for at least three years. The liquidation of those missions had been delayed due to the absence of systematic planning and monitoring mechanisms, the establishment of which had previously been recommended by OIOS. It was therefore regrettable that the Department of Peacekeeping Operations had not accepted the recommendation concerning the establishment of a plan identifying the liquidation tasks to be performed for each mission, as well as time frames and responsibilities for those tasks.

63. There should be clearly defined guidelines on the procurement of goods and services through letters of assist. The guidelines should, inter alia, establish transparent procedures for selecting the providing Government and ensure the competitiveness of the goods and services obtained. Efforts should be made to increase procurement opportunities for developing countries.

64. Lastly, the Group of 77 and China welcomed the issuance for the first time of the overview report on the financing of the United Nations peacekeeping operations (A/57/723) and trusted that the Committee would have the opportunity to consider in informal consultations the cross-cutting themes contained therein.

65. **Mr. Mazumdar** (India) said that his delegation associated itself with the statement of the Group of 77 and China. Many of its previous comments on the overview of peacekeeping operations, applied equally to the support account.

66. While the addition of resident auditor posts for OIOS, paid for from the support account, was logical, those posts should not be considered permanent and

independent of the requirements of peacekeeping missions. Because of the decline in the number, scale and complexity of peacekeeping missions, he doubted the need for the number of posts that had been requested. Military capacity-building within the Department of Peacekeeping Operations might be better achieved through consultants or general temporary assistance than through the creation of new posts.

67. His delegation agreed with the Advisory Committee that UNLB could be made a global procurement hub for peacekeeping operations, leaving only a few support-account funded positions at Headquarters for policy and liaison functions. The issue should be considered comprehensively, but could be pushed further by considering the relocation to Brindisi of all Headquarters posts for peacekeeping logistics, communications and information technology services. A proposal should be submitted in the context of the next budget.

68. *Mr. Dragulescu (Romania), Vice-Chairman, took the Chair.*

69. **Ms. Wang Xinxia** (China) said that the 2003/04 budget for the support account for peacekeeping operations should build and further improve on the results-based format in order to clearly define objectives and expected results and to ensure that the indicators used were relevant. In that connection, her delegation endorsed the observations and recommendations of the Advisory Committee on Administrative and Budgetary Questions (ACABQ).

70. The total proposed peacekeeping resources for 2003-2004 had decreased as compared with the previous year. The budget for the support account for 2003/04 had largely maintained the previous year's resource level: the projected 14.8 per cent increase was due mainly to increased salary costs, the inclusion under the support account of resident auditor posts that had previously been funded under the budgets of individual peacekeeping missions and the proposals for the establishment of a number of additional posts in Nairobi, Vienna and Kuwait City and at Headquarters.

71. Incorporating the resident auditors into the support account would enhance supervision and administration and improve control over recruitment. However, whenever a mission's mandate was terminated, the number of resident auditor posts should be adjusted accordingly. In principle, her delegation

was in favour of strengthening the regional investigator and audit capacities. Nevertheless, the number of investigators added should correspond to actual needs and available resources. However, since investigative capacity was a reactive function, it was often difficult to predict the workload of resident investigators. OIOS therefore needed to refine its workload assessment method, including the criteria for determining which cases should be investigated.

72. With regard to the need for military experts, OIOS could follow the approach adopted by the Department of Peacekeeping Operations and make use of outside expertise on an ad hoc basis.

73. Concerning the report of OIOS on the audit of the policies and procedures for recruiting staff for the Department of Peacekeeping Operations (A/57/224), the audit had found that the time frame for recruiting professional staff was far too long. In that regard, OIOS had recommended that the Office of Human Resources Management should establish a numeric rating system to increase the objectivity of the candidate evaluation process.

74. OIOS had also requested that the Department of Peacekeeping Operations should review the current composition of its staff in terms of geographical distribution and take steps with a view to further improving the situation during the next phase of recruitment, while giving special consideration to underrepresented and unrepresented countries. She would like to receive further information about the measures taken by the Department to implement that recommendation and about the progress made and challenges that remained.

75. **Ms. Lock** (South Africa) said that she wished to associate herself fully with the statement made by the representative of Morocco on behalf of the Group of 77 and China. Her Government attached great importance to the peacekeeping activities of the United Nations and would continue to pay its peacekeeping contributions in full, on time and without conditions. Following the publication of the report of the Panel on United Nations Peace Operations (Brahimi report), the capacity of Headquarters to plan and manage peacekeeping operations had significantly improved, but it was now time to make concerted efforts to ensure that those improvements were translated into effectiveness and efficiency in the field.

76. Although she shared the view of other delegations that the future level of the support account should be adjusted if the overall level of peacekeeping operations continued to decline, she wished to consider each of the Secretary-General's resource and staffing requests on its intrinsic merit. She hoped that, at the fifty-eighth session of the General Assembly, the Committee would have the opportunity to consider the impact of the restructuring of the Department of Peacekeeping Operations on backstopping activities in the light of the review by OIOS of the support account posts.

77. In view of the importance of the oversight functions of the United Nations, her delegation was interested in pursuing the merits of the Secretary-General's requests to establish a regional investigative capacity in Africa and Europe and concurred with the recommendation of ACABQ regarding the transfer of the 27 resident auditor posts for consolidation and funding under the support account, with the proviso that the number of posts would be adjusted whenever a mission's mandate was terminated.

78. On the subject of gender mainstreaming, her delegation had consistently stressed the need for such practices in the context of peacekeeping operations and therefore supported the request to establish a gender adviser post within the Peacekeeping Best Practices Unit. The assurances of the Secretariat that the presence of gender expertise in peacekeeping missions had contributed to some significant achievements in that area were encouraging. The Organization should adopt a comprehensive approach to gender mainstreaming and the Department of Peacekeeping Operations should continue to pursue its objectives in that area in close collaboration with the Office of the Special Adviser on Gender Issues and the Advancement of Women.

79. Given that it was the shared responsibility of Member States to ensure that the Secretariat had adequate personnel, material readiness and funding to deploy peacekeeping operations within the agreed time frames, she supported both the recommendations of ACABQ concerning the financing of UNLB for the next financial period and the Secretary-General's request for the validity period of the resources approved for the establishment of the strategic deployment stocks to be extended to 30 June 2004. In that connection, she recalled that the General Assembly in its resolution 56/292 had requested the Secretary-General to report on an annual basis on the award of

contracts for procurement for the strategic development stocks, in particular to developing, least developed and African countries. She looked forward to receiving the requested information at the appropriate time.

80. With regard to contingent-owned equipment, the new system represented a significant improvement over the previous one. However, the Committee might be in a better position to consider the practical and technical aspects of the methodology relating to contingent-owned equipment once it had received a report on the outcome of the forthcoming meeting of the Working Group on Reimbursement of Contingent-owned Equipment.

81. The Secretariat should continue to work closely with troop-contributing countries to ensure that memorandums of understanding were concluded and endorsed by the relevant parties, where possible, prior to the deployment of any national contingents to peacekeeping missions. She hoped that measures taken by the Secretariat to streamline the claims process would help ensure the timely certification of claims and reimbursement to troop-contributing countries and she looked forward to the implementation of the plan to process all claims for major equipment and self-sustainment with a turnaround period of three months. Her delegation would be interested in further pursuing the merits of the Secretariat's proposal to make pre-deployment visits mandatory.

82. **Mr. Requeijo Gual** (Cuba) said that he wished to associate himself with the statement made by the representative of Morocco on behalf of the Group of 77 and China.

83. He commended the efforts of the Secretariat to respond to the concerns of Member States with regard to the financing of peacekeeping operations and welcomed the improved, results-based format of the peacekeeping budget. In future, results-based budgeting should be used to measure the performance of the Secretariat in attaining the expected objectives through the efficient use of resources made available to it by Member States. It was therefore crucial to continue improving that technique, which, could also be a useful tool for field missions. In that connection, he endorsed the recommendations contained in paragraph 79 of the report of the Board of Auditors (A/57/5 (Vol. II)).

84. It would be useful if the Joint Inspection Unit could submit to the General Assembly at its fifty-ninth

session an evaluation of the ways in which results-based budgeting was being applied to peacekeeping activities, with particular emphasis on field missions. That evaluation should include, where necessary, proposals for corrective measures, including those aimed at ensuring that programme managers were accountable for the implementation of the results-based technique. It should also focus on issues relating to objective-setting and expected accomplishments.

85. Within the framework of the implementation of results-based budgeting, the General Assembly must play a greater supervisory role so that it was able to assess fully how the expected accomplishments were achieved during the execution of the budgets. His delegation therefore, disagreed with the recommendation contained in paragraph 35 of the report of ACABQ on the administrative and budgetary aspects of the financing of the United Nations (A/57/772), since it was of the view that information regarding overruns or savings should form an integral part of the official report submitted to the General Assembly.

86. The observations and recommendations contained in paragraphs 42 and 43 of that report were particularly significant, because they related to action 23 contained in the report of the Secretary-General on the strengthening of the United Nations (A/57/387), on which action by the General Assembly, through the Fifth Committee, was still pending. He recalled that, in its resolution 57/300, the General Assembly had reaffirmed the role of the Fifth Committee in the intergovernmental consideration of the planning, programming and budgeting process. The recommendations of ACABQ seemed to negate the role of the Fifth Committee in the budgetary process and his delegation was therefore unable to support them.

87. He welcomed the information on the peacekeeping trust funds contained in the report of the Board of Auditors (A/57/5 (Vol. II)) and supported the request made by other delegations for a detailed audit of those funds. He hoped that the results of the OIOS review mentioned in paragraph 26 of the report would be presented to the General Assembly at its resumed fifty-eighth session.

88. As far as the management arrangements for contingent-owned equipment were concerned, he agreed with the recommendations of ACABQ and the Board of Auditors. Given their importance, pre-

deployment inspections should be mandatory and the resolution to be adopted by the Committee under agenda item 126 should therefore include a provision to that effect. He would be grateful if the Secretariat could indicate its real capacity to carry out those inspections in the next financial year and the resources that would be required.

89. Turning to the recruitment of civilian personnel, he expressed his concern at both the persistent deficiencies in the recruitment and management of staff and at the practice of recruiting mission staff at grades lower than those approved. He would like to know the total number of posts subject to that treatment, the Secretariat's evaluation of the job descriptions of those posts and its view of the way in which those occurrences could affect the rights and morale of employees.

90. Lastly, with regard to procurement and contract management, although his delegation was eagerly awaiting the promulgation of a code of ethics and the declaration of independence, it might be advisable to study the possibility of preventing companies that had recruited former Secretariat staff from bidding for contracts or of rescinding the contracts awarded to those companies.

91. **Ms. Aguinaldo** (Philippines) said that her delegation wished to associate itself with the statement made by the representative of Morocco on behalf of the Group of 77 and China. It attached great importance to the development of policies and strategies to promote gender equality and the protection of women's rights in all peace support activities and recognized the need for capacity-building for staff involved in those activities. It supported the observations made in the related report of the Secretary-General (A/57/731) and agreed that it was necessary to have a dedicated capacity at a senior level in the Department of Peacekeeping Operations to take responsibility for the activities outlined in the report.

92. **Ms. Udo** (Nigeria) said that she wished to associate herself with the comments made by the representative of Morocco on behalf of the Group of 77 and China. Without peace and security, the laudable objective of sustainable development stood little or no chance of success, and it was for that reason that her delegation supported peacekeeping activities and devoted so much time and energy to that aspect of the work of the Committee. She congratulated all Member

States that had paid their assessments in full and hoped that the encouraging improvements in the Organization's finances would be sustained.

93. She fully supported the need to focus additional attention on gender mainstreaming in the context of peacekeeping operations and welcomed the recommendation of ACABQ on that issue. However, there was need for coordination between the Peacekeeping Best Practices Unit and the Office of the Special Adviser on Gender Issues and Advancement of Women.

94. With regard to the request for resident auditors, she welcomed the initiative taken by OIOS to enhance capacity for more effective oversight. Lastly, the establishment of the strategic deployment stocks at Brindisi was an innovative idea which had been facilitated by the timely payment of contributions by Member States. Her delegation was prepared to extend the validity period of the resources approved in General Assembly resolution 56/292.

95. **Ms. Pollard** (Director of the Peacekeeping Financing Division) welcomed the comments of Member States on the content and format of the peacekeeping budget reports and looked forward to receiving further guidance on future improvements.

96. In response to the questions posed by the representatives of Japan and the United States of America concerning the proposed changes within OIOS, she said that audits of peacekeeping missions in the Middle East and the adjacent area were currently carried out only once every three or four years by teams of auditors from Headquarters. The Board of Auditors had requested OIOS to carry out value-for-money and information and communications technology audits, which were more costly than the routine compliance audits. The creation of a regional audit capacity in the Middle East would therefore result in considerable savings in travel costs and would provide more flexibility in planning. Given the recent developments in the Middle East, the proposal to create such a regional audit capacity in Kuwait City had been amended. The new proposed location was Cyprus.

97. On the issue of resident investigators, the report of the Secretary-General had proposed the establishment of two regional hubs. One in Vienna, to be responsible for peacekeeping missions in Europe, Central Asia and the Middle East, and the other in Nairobi, to be responsible for missions in Africa. If

only one office was set up in Nairobi, none of the 91 open cases in peacekeeping missions outside Africa would be investigated, which would skew the investigation statistics and give the erroneous impression that the majority of cases to be investigated had taken place in peacekeeping missions in Africa.

98. As for the proposed creation of three additional posts in the Executive Office of OIOS, the transfer of 27 resident auditor posts and the establishment of 22 new posts would significantly increase the workload of that Office, which would become responsible for, inter alia, the travel arrangements of the resident auditors and investigators. That increased workload could not be supported by the existing human resources. It should be noted that no posts in the Executive Office of OIOS were currently being funded from the support account, since the administrative work for the 27 resident auditor posts was being done by the Personnel Management and Support Service of the Department of Peacekeeping Operations.

Organization of work

99. **Mr. Mselle** (Chairman of the Advisory Committee on Administrative and Budgetary Questions) said, with regard to the status of preparedness of the outstanding reports of ACABQ on issues scheduled for consideration by the Fifth Committee in the week beginning Monday, 19 May 2003, that the Advisory Committee would consider the reports of the Secretary-General on progress in the implementation of the field assets control system (A/57/765) and measures that would better streamline the policy guidelines related to the temporary duty assignment of staff in peacekeeping missions (A/57/787) in the context of the review of the proposed programme budget for the biennium 2004-2005. It would, however, take into account such comments as the Fifth Committee might make on those two reports.

100. The Advisory Committee had had a preliminary exchange of views on the report of the Secretary-General on the review of the rates of reimbursement to the Governments of troop-contributing States (A/57/774). It wished to recall that the General Assembly had at one time referred the issue to the Working Group on Reimbursement of Contingent-owned Equipment. The report contained proposals that the Advisory Committee believed should be handled directly by the Fifth Committee and by representatives

of troop-contributing countries. It would not therefore submit a report on the matter.

101. There were 12 other reports that the Advisory Committee had yet to take up; he would report to the Fifth Committee as soon as they were scheduled for consideration.

102. **The Chairman** said that the Bureau had taken note of the statement just made by the Chairman of the Advisory Committee and would revise the programme of work of the Fifth Committee accordingly.

103. **Mr. Abelian** (Secretary of the Committee) informed members that a dedicated Fifth Committee web site containing the programme of work and hyperlinks to the relevant documentation could be found at www.un.org/ga/57.

The meeting rose at 1 p.m.