



SUMMARY RECORD OF THE 37th MEETING

Chairman: Mr. OKEYO (Kenya)

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

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Distr. GENERAL
A/C.5/43/SR.37
29 November 1988

ORIGINAL: ENGLISH

The meeting was called to order at 3.15 p.m.

AGENDA ITEM 147: FINANCING OF THE UNITED NATIONS IRAN-IRAQ MILITARY OBSERVER GROUP
(continued) (A/43/696 and 768)

1. Mr. AHTISAARI (Under-Secretary-General for Administration and Management) said that the costs of peace-keeping operations had traditionally been apportioned among Member States with the expectation that the full amount of the assessments would be received. However, the decisions of certain Member States not to participate in the financing of one or more such operations had led to shortfalls in the special accounts established by the General Assembly in each case, with the result that troop-contributing Governments had borne an unfair share of the costs. The Secretary-General was convinced that an in-depth study of the principles underlying the financing of peace-keeping activities was required and agreed with the Chairman of the Advisory Committee on Administrative and Budgetary Questions (ACABQ) that the circumstances surrounding the financing of peace-keeping seemed to be changing. The steps taken by the Soviet Union to liquidate long-standing arrears on its contributions, as well as the possibility of arranging a similar action by the United States, should bring about a significant reduction in outstanding contributions. It was also important to recognize the fact that certain countries were willing to provide voluntary contributions, in cash and in kind, as outright voluntary grants rather than as advances and to bear in mind that the Organization's recent successes in bringing about peace agreements could well lead to substantial budgetary requirements.
2. The Secretary-General did not interpret the Advisory Committee's recommendations as in any way suggesting that peace-keeping should be financed entirely by voluntary contributions, a system which had proved unworkable. The time had come for the costs of peace-keeping operations to be budgeted in full, with the possible exclusion of items traditionally provided free of cost to the Organization, although such exceptions should no longer be taken for granted. The Secretary-General welcomed the reiteration by the Chairman of the Advisory Committee that it was the Secretary-General who must determine whether or not voluntary contributions were acceptable. Under financial regulation 7.2, acceptance of voluntary contributions should not involve additional financial liability for the United Nations, and consequently a reimbursement rate was usually charged in respect of such contributions to cover support costs. However, voluntary contributions provided on the understanding that they would be offset against future assessments could not be treated as income to the special accounts. Such contributions would serve only to meet the needs of a mission during periods of cash-flow difficulties and should be treated as loans to be repaid at a later date.
3. It was necessary to work out a precise methodology for the valuation of voluntary contributions in kind, taking account of international competitive prices and other related costs. Consideration must also be given to the suitability of offered services, supplies and equipment within the overall requirements of a mission. Under the terms of the legislation governing the financing of the United Nations Iran-Iraq Military Observer Group (UNIIMOG), voluntary contributions in

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cash were clearly to be treated as advances which must be repaid to donors once the Secretary-General had determined that a sufficient amount of assessed contributions had been received for the maintenance of the mission. Note had been taken of the decision of the Government of Japan to treat its voluntary contribution of \$10 million as an outright grant. Were the General Assembly to adopt a resolution along the lines recommended in document A/43/768, and particularly in paragraphs 20 and 31 thereof, it would be the intention of the Secretary-General to inform the Advisory Committee at the end of the current mandate period of UNIIMOG whether that contribution should be deducted, in whole or in part, from a future assessment to be determined by the General Assembly at its forty-fourth session. He would meanwhile determine the manner in which the contribution of the Government of Morocco should be applied towards the financing of UNIIMOG, in the light of paragraph 31 of that report.

4. Turning to specific questions raised during the Committee's discussion of the item, he said that the reports requested in paragraphs 10, 22, 23 and 30 of document A/43/768 would be made available to the Advisory Committee in the course of 1989. As for up-to-date information on the collection of UNIIMOG assessments, information current as at 31 October 1988 had been made available to the Committee as an excerpt from document ST/ADM/SER.B/303, and additional payments from Belize, Canada, Chile, Fiji, India, Jamaica, Sao Tome and Principe and Singapore had since been recorded. Total assessments received amounted to \$18.7 million, while uncollected assessments amounted to \$16.5 million. It was anticipated that, for the remainder of the mandate period ending 8 February 1989, assessed contributions amounting to some \$14.5 million would remain uncollected. Even after using the entire amount of \$11 million provided in the form of voluntary contributions in cash, the shortfall in the UNIIMOG account at the end of the first mandate period could amount to \$3.5 million. Without the voluntary contribution from Japan, it would undoubtedly have been necessary to draw on regular budget resources in order to cover "start-up" costs.

5. A number of delegations had indicated that the information presented in document A/43/696 was not sufficiently detailed for proper consideration by Member States of the various items included in the cost estimates. Although the Secretary-General considered that his reports on the financing of peace-keeping operations contained more detail than those relating to the regular budget, he would give careful consideration to the current format. It should, however, be borne in mind that it would be some time before a more precise estimate could be made of the requirements for UNIIMOG, assuming that its mandate was continued by the Security Council. Information on the breakdown of the 351 civilian posts had been made available for distribution to the Committee. The criteria followed in the recruitment of civilian staff for peace-keeping operations were very similar to those for the recruitment of civilian staff in general, although particular emphasis was placed in the case of Field Service staff on technical expertise and practical experience. Recruitment normally took place at the most junior level of the category. With regard to the question raised by the representative of Australia, the Office of the Military Adviser to the Secretary-General included one D-2 post, one P-4 post and three General Service posts, in addition to the P-4 post

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proposed under the UNIIMOG cost estimates. Note had also been taken by the Secretary-General of the many suggestions made by delegations with a view to improving the cost-effectiveness of peace-keeping missions.

6. Mr. ABRASZEWSKI (Poland) said that his country was proud to maintain its tradition of contributing troops to United Nations peace-keeping operations. However, it believed that insufficient attention had been devoted to the system of sharing the costs of such operations and felt that a resolution on cost-sharing for UNIIMOG should be negotiated in the Fifth Committee.

7. General Assembly resolution 42/233 did not provide sufficient explanation of the methodology used to establish the special scale of assessments for the financing of UNIIMOG. That special scale was basically identical to the ad hoc arrangement adopted for an initial six-month period under General Assembly resolution 3101 (XXVIII), in connection with the financing of the United Nations Emergency Force. Under that arrangement, Member States had been divided into four groups, but successive resolutions had failed clearly to indicate the composition of those groups. According to each resolution, the proportions of individual contributions were determined by the scale of assessments for the relevant regular budget, despite the fact that the special scale was not identical to that applied for the regular budget. The system had never been clearly defined or reviewed and lacked the transparency which was frequently cited as a necessary criterion for the regular scale of assessments.

8. Since 1973, Poland's national income and per capita national income had dropped sharply and it was currently one of the world's most indebted countries. The change in Poland's economic and financial situation had been reflected in the scale of assessments for the regular budget but not in the assessments for the financing of peace-keeping operations. Poland continued to be included in group (b), despite the fact that its 1986 per capita national income of \$1,829 was strikingly lower than that of some European countries already included in group (c). Its per capita income was also lower than that of four Eastern European countries which had been placed in group (c).

9. The lack of any clearly defined criteria for grouping countries for purposes of financing peace-keeping operations had thus led to at least one obvious anomaly. There were two ways in which it could be corrected. On the precedent of General Assembly resolution 3374 (XXX), when a European country had been transferred from group (b) to group (c), Poland could be moved from (b) to (c) at the current session. His delegation would favour that simple solution. Another course of action would be a comprehensive overall review of the special scale for peace-keeping operations and the establishment of guidelines and criteria for the composition of the groups, with Poland's case being resolved within the overall review. The request for such a review could be made to the Secretary-General, the Committee on Contributions or to the Special Committee on Peace-keeping Operations. Such a review could parallel the comprehensive review of the methodology for the establishment of the scale of assessments for the regular budget. The principle established by the General Assembly in all its resolutions on the financing of peace-keeping operations, that the economically more developed

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countries were in a position to make relatively larger contributions and that the economically less developed countries had a relatively limited capacity to contribute towards peace-keeping operations involving heavy expenditures, was valid and should be reaffirmed.

10. 1988 had brought an expansion of the United Nations peace-keeping role. Two new peace-keeping missions had been established and another large operation, the United Nations Transition Assistance Group in Namibia, was being prepared. While his delegation welcomed the Organization's increased responsibilities, it noted that peace-keeping missions already involved sizeable expenditures which could well grow further. In his delegation's view, these developments warranted a new look at the system of apportioning the cost of peace-keeping operations with a view to ensuring that it was fair and equitable.

11. Mr. MONAYAIR (Kuwait) said that his delegation attached great importance to the activities of UNIIMOG and to the Group's role in bringing about peace and enforcing Security Council resolution 598 (1987). Accordingly, his Government had decided to make a voluntary contribution in kind valued at \$1 million, in addition to the cash contribution which it expected to provide in accordance with the scale of assessments. It expressed its appreciation to all those States which had made voluntary contributions to the Group, hoped that all efforts would be made to ensure the successful outcome of its mission and looked forward to seeing the prompt payment of assessed contributions. It also appreciated the noble spirit of sacrifice displayed by those countries which had contributed troops for the operation.

12. Mr. SINGH (Fiji) asked whether the Under-Secretary-General for Administration and Management could give an assurance that the largely dormant Special Committee on Peace-keeping Operations would in fact undertake the proposed comprehensive review of the whole question of peace-keeping operations in accordance with its mandate. Regarding the reimbursement of cash advances to donors, he asked at what stage repayment would be made and which would have priority, the countries that made such advances or the troop-contributing countries, which were also making cash advances albeit in another form.

13. The CHAIRMAN said that the answers to the questions raised would be provided at a later stage. He declared the Committee's general debate on the item concluded.

AGENDA ITEM 114: PROGRAMME BUDGET FOR THE BIENNIUM 1988-1989 (continued)

Revised estimates relating to the United Nations Good Offices Mission in Afghanistan and Pakistan (UNGOMAP) (A/43/7/Add.7; A/C.5/43/22 and Add.1)

14. Mr. MSELLE (Chairman of the Advisory Committee on Administrative and Budgetary Questions) said that the Advisory Committee had considered the report of the Secretary-General on the revised estimates relating to the United Nations Good Offices Mission in Afghanistan and Pakistan (A/C.5/43/22). As indicated in its report on those revised estimates (A/43/7/Add.7), the Secretary-General had sought

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the Advisory Committee's concurrence in order to enter into certain commitments prior to the submission of his report that would enable him to finance activities in relation to the Good Offices Mission up to 31 October 1988. The Advisory Committee had concurred in the request up to the sum of \$5 million. In the report now submitted and in additional information provided to the Advisory Committee, which was reflected in paragraphs 5 and 6 of its report, the Secretary-General indicated that, for the biennium 1988-1989, the estimated requirements on the expenditure side would be \$13,402,500 and on the income side \$503,400. The Advisory Committee's views were explained in paragraphs 4 to 6 of the report, and in paragraph 7 it recommended approval of the Secretary-General's revised estimates.

15. There was a footnote to paragraph 3 of the Advisory Committee's report which he wished to explain. The footnote informed the Fifth Committee that a voluntary contribution had been received and that the treatment of that voluntary contribution should be in accordance with the principles laid down in the Advisory Committee's report on the financing of the United Nations Iran-Iraq Military Observer Group (UNIIMOG) (A/43/768). In other words, the amount could be regarded as income offsetting expenditure under the regular budget. If the General Assembly so decided, and since the Secretary-General now estimated expenditure at \$13,402,500, the net addition to the 1988-1989 budget would be \$8,402,500.

16. Mr. NYGARD (United States of America) said that paragraph 11 of the Secretary-General's report (A/C.5/43/22) contained an indication that the number of military officers would be adjusted according to needs, followed by a footnote referring to document A/43/720. According to paragraph 13 of that document, it was anticipated that the bulk of the military officers would not need to be deployed for the full period of 20 months. While he recognized that it was necessary to budget on the basis of maximum possible expenditures, he asked whether Member States could assume that those statements were still valid, and that there could well be savings from the current estimates at the end of the operation.

17. Mr. DUVAL (Programme Planning and Budget Division) said that the intention expressed in paragraph 13 of the Secretary-General's report (A/43/720), that the number of military officers would be adjusted according to the needs of the situation, still held good. The contradiction between the indication that the bulk of the officers would not be deployed for the full 20 months and the statement in paragraph 11 of A/C.5/43/22 that it was not possible at the time of drafting to forecast whether or to what extent the level of personnel required could be reduced was only an apparent one. It reflected the impossibility of making specific budgetary proposals at the current stage, although he assured the Committee that it was the intention to adjust the number of military officers as the need arose. The situation referred to in paragraph 11 would be kept under active review, but a specific reduction in advance would involve assumptions that the Secretary-General was not currently in a position to make.

18. The CHAIRMAN suggested that, on the basis of the recommendations of the Advisory Committee, the Fifth Committee should approve the revised estimates of the Secretary-General contained in document A/C.5/43/22 and Add.1, in the amount of \$13,402,500 under section 2A of the programme budget 1988-1989, as well as an

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increase of \$5 million under income section 2 (General income), resulting in a net additional appropriation of \$8,402,500. He suggested that the Committee should also approve an additional appropriation of \$503,400 under section 31 (Staff assessment), to be offset by an increase in the same amount under income section 1 (Income from staff assessment).

19. It was so decided.

20. Mr. KINCHEN (United Kingdom) said that his delegation had joined the consensus on the decision, thus reaffirming its strong support for the purposes of UNGOMAP and other peace-keeping and related operations. He also stressed, however, the importance it attached, in that connection and others, to due regard for cost effectiveness. He noted that the bulk of the equipment needed must already have been acquired, as indicated in paragraph 6 (f) of A/C.5/43/22. It was his delegation's understanding that the estimates just submitted were based on maximum requirements and that it was unlikely that the bulk of the military personnel referred to would be required for the full 20 months. His delegation trusted that the Secretary-General would make every effort to keep requirements and staff levels to the necessary minimum. In the case of high-cost items, such as the rental of aircraft reported in annex II D of the document, his delegation believed it was essential to identify the most appropriate equipment. It would be reassuring to know that international competitive tender procedures had been followed in the case in point. The comments of the Advisory Committee, made in respect of UNIIMOG, had a general application.

21. Mr. ZONGWE (Zaire) said that his delegation had joined in the consensus on the revised estimates for UNGOMAP. He would, however, like an explanation of the additional costs relating to the functions and responsibilities of the representative of the Secretary-General set out in A/C.5/43/22/Add.1.

22. Mr. DUVAL (Programme Planning and Budget Division) said that the Secretary-General's Special Representative for the situation in Afghanistan and its implications for international peace and security was no longer a member of the Secretariat and hence was not stationed at Headquarters in New York. He currently occupied an important position in the Government of his country, Ecuador, and the continuation of his good offices and activities on behalf of the Secretary-General would imply a certain amount of travel for consultations at Headquarters in New York as well as on mission.

The meeting rose at 4.30 p.m.