



SUMMARY RECORD OF THE 51st MEETING

Chairman: Mr. OKEYO (Kenya)

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

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DRAFT REPORT OF THE FIFTH COMMITTEE

COMPLETION OF THE COMMITTEE'S WORK

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The meeting was called to order at 6.20 p.m.

AGENDA ITEM 116: FINANCIAL EMERGENCY OF THE UNITED NATIONS (continued)
(A/C.5/43/L.21)

AGENDA ITEM 50: CURRENT FINANCIAL CRISIS OF THE UNITED NATIONS (continued)
(A/C.5/43/L.22)

1. Mr. SINGH (Fiji), introducing draft resolutions A/C.5/43/L.21 and L.22, noted that several delegations, including his own, had expressed the view that the two items under consideration could be merged, and they had therefore presented a single resolution during informal consultations. No consensus had been reached, however, on that resolution. The two resolutions finally submitted did not differ much in substance from those adopted the previous year. Since they were short and non-controversial, he expressed the hope that they would be adopted by consensus.

2. Draft resolutions A/C.5/43/L.21 and L.22 were adopted without a vote.

3. Mr. FONTAINE ORTIZ (Cuba), speaking in explanation of position, said that some of the views expressed by Fiji were individual opinions and did not adequately reflect the sense of the informal discussions. It was his delegation's understanding that the majority of delegations did not agree that the two items should be merged. He expressed the hope that the item on the current financial crisis would no longer be necessary at the next session because its causes would have been eliminated.

AGENDA ITEM 120: SCALE OF ASSESSMENTS FOR THE APPORTIONMENT OF THE EXPENSES OF THE UNITED NATIONS (continued) (A/C.5/43/L.17)

4. Mr. VAHER (Canada), introducing draft resolution A/C.5/43/L.17, said that it was a much more lengthy and comprehensive document than was usually the case, reflecting the difficulty of preparing a consensus resolution and the fact that the scale of assessments and comprehensive guidelines for methodology had been combined in a single resolution. He noted that there had not been a consensus adoption of the scale in at least 20 years.

5. At the start of negotiations, many delegations had had serious reservations about the scale proposed by the Committee on Contributions as contained in document A/43/11. It had therefore been decided to focus on two issues, the adoption of a scale for 1989 onwards and the preparation of guidelines which would lead to an acceptable and improved methodology.

6. Part A, paragraph 1, adopted the scale proposed by the Committee on Contributions for 1989 and 1990, and also for 1991 unless a new scale was approved earlier by the General Assembly on the recommendation of the Committee on Contributions, in pursuance of part B of the draft resolution. The paragraph was intended to convey to the Committee on Contributions the degree of urgency which the General Assembly attached to a revised methodology for the calculation of the scale.

(Mr. Vaheer, Canada)

7. Paragraph 2 requested the Committee on Contributions to consider representations made by Member States on their respective assessments and to advise the General Assembly at its forty-fourth session of its recommendations for possible adjustments. There was a clear understanding in adopting the paragraph that no Member State would have its assessment increased involuntarily. The procedure for adjustment would be carried out in accordance with the mandate and rules of procedure of the Committee on Contributions as set out in rule 160 of the rules of procedure of the General Assembly. Paragraphs 3 (a) and (c) were subject to any change in the timing in the adoption of a new scale in accordance with paragraph 1. They used standard wording based on previous resolutions and had been taken from the draft resolution in the report of the Committee on Contributions.

8. Part B, in its preambular paragraphs, stated that the General Assembly was taking into account the views expressed in the Fifth Committee during the current session, in particular on the need for a substantial improvement of the existing methodology and criteria for the determination of the scale of assessments. The operative paragraphs reconfirmed that the capacity to pay of Member States was the fundamental criterion for determining the scale of assessments and requested the Committee on Contributions to undertake a comprehensive review of all aspects of the existing methodology in order to ensure fairness and equity and to make the methodology transparent, easily understandable, stable over time and as simple as possible. The Committee was specifically requested to carry out its review in the light of proposals made in the Fifth Committee. In part C of the draft resolution, the Assembly would take note of proposals in the report of the Committee on Contributions concerning the procedures for the collection of contributions from non-member States.

9. The CHAIRMAN said that it was his understanding that, should the Committee adopt the draft resolution, in particular part B, no additional appropriation would be required under sections 1 or 29 of the programme budget for the biennium 1988-1989.

10. Draft resolution A/C.5/43/L.17 was adopted.

11. Mr. ARASTOU (Islamic Republic of Iran), speaking in explanation of position, said that his delegation had objected from the beginning to the proposed scale of assessments because the scale was contrary to the principles of the United Nations. It had joined in the adoption of the draft resolution, however, because it believed that the United Nations should operate on the basis of consensus.

12. Mr. AKIMOTO (Japan) said that his delegation had joined the consensus in a spirit of co-operation, although it had serious reservations about part B, inter alia, because it was somewhat self-contradictory and confusing. His delegation could not accept that the methodology and basic criteria should be reviewed every time dissatisfaction was expressed with a given scale of assessment. Japan was particularly disturbed by the tendency of certain countries to ascribe increases in rates of assessment to the unfairness, inequity or inadequacy of the methodology, whereas the increases were actually caused by

(Mr. Akimoto, Japan)

changes in those countries' economies. The value of the present methodology could be appreciated only if viewed over a long span of time. His delegation would therefore have voted against subparagraphs 2 (d) (i) and (ii), concerning the statistical base period and the scheme to avoid excessive variations, had they been put to a vote.

13. His delegation had particular difficulty with part B, subparagraph 2 (e), especially the request to the Committee on Contributions to limit the use of ad hoc adjustments in the preparation of the scale to the minimum possible. That provision was particularly damaging to the interests of developing countries and would be used as a pretext by some for denying mitigation. A perfect or near-perfect methodology was not possible. For that reason, mitigation had always proved necessary and useful. On the other hand, his delegation supported the stipulation in that subparagraph that ad hoc adjustments should be made on the basis of objective, rational and transparent considerations. In making such adjustments, particular attention should be given to the poorer developing countries. The Committee on Contributions should give that issue priority at its next session in acting on the request contained in paragraph 2 of part A.

14. His delegation fully supported the view expressed by Bangladesh during informal consultations that any revised methodology recommended by the Committee on Contributions should also be approved by consensus in the Fifth Committee.

15. Mr. MONAYAIR (Kuwait) expressed satisfaction at the adoption of the draft resolution by consensus because it reflected the unity of the Fifth Committee with regard to the financial commitments of Member States. His delegation strongly objected to mitigation in principle, and felt that, where it was necessary, it should be based on clear-cut criteria. It therefore considered that part B of the draft resolution contained valuable elements.

16. Mr. LADJOUZI (Algeria) said that his delegation welcomed the adoption of the draft resolution. It did not understand, however, the reasoning behind the increase in Algeria's assessed contribution in view of the oil crisis and the stagnation of its economy. The Committee on Contributions should take into account financial constraints in deciding on the scale of assessments and should base its decisions on the developing countries' capacity to pay. Algeria felt that part B of the draft resolution would enable the General Assembly to improve its methodology for calculating the scale, especially for the benefit of the developing countries.

17. Mr. MICHALSKI (United States of America) said that draft resolution A/C.5/43/L.17 would not improve the methodology for determining the scale of assessments or bring about wider agreement on future scales. It neither simplified the methodology nor allowed the Committee on Contributions, an expert body, to operate with a minimum of interference from the General Assembly. His delegation objected to paragraph 1 of part B, as it had never accepted without reservation the criterion of capacity to pay. Paragraph 2, while reflecting widely shared views, seemed to contradict the following paragraphs, requesting studies which could well

(Mr. Michalski, United States)

lead to a more complicated and not necessarily more equitable methodology. Many such studies had already failed through no fault of the Committee on Contributions, but rather for lack of complete data. Only the study concerning improvements in the availability and comparability of national income data (para. 2 (a)) might contribute to improving the methodology. It was regrettable that the draft resolution did not place greater emphasis on that crucial aspect of the methodology. Paragraph 5, which sought to shift even more of the burden of financing the United Nations on a small group of Member States, would not serve the interests of the Organisation.

18. Mr. BAZAN (Chile) said that the scale of assessments should reflect Member States' capacity to pay. The methodology for the determination of the scale of assessments must be clear, transparent and objective. Additional adjustments must be used only where capacity to pay was not accurately reflected in the scale. They must be uniformly applied and clearly explained. The additional adjustments applied in the most recent scale were not clearly explained in the report of the Committee on Contributions. They had not corrected shortcomings in the current methodology and did not reflect Member States' capacity to pay. His delegation had gone the less joined in the consensus on the understanding that the Committee on Contributions would revise its methodology in line with the criteria set forth in the draft resolution.

19. Mr. HAMEDA (Libyan Arab Jamahiriya) said that his delegation would have voted against the scale of assessments had it been put to a vote. Steady increases in the assessments of countries whose income had declined dramatically were unacceptable.

20. His delegation had joined in the consensus on the understanding that the current methodology would be revised. It was generally agreed that the existing methodology did not reflect the current world economic situation and did not take into account factors which adversely affected certain countries' capacity to pay. For example, negative terms of trade placed Libya at a disadvantage while other countries were victims of blockades or discriminatory economic measures and policies. The new methodology should be equitable, transparent and objective.

21. Mr. RALLIS (Greece), speaking on behalf of the 12 States members of the European Community, said that the Twelve had joined the consensus, albeit with some reluctance, in the interest of reaching a broad agreement among Member States - a goal they had hoped to achieve in joining the consensus on resolution 42/218, the year before. They welcomed the fact that for the first time in many years, a resolution adopting the scale of assessments had been approved without a vote.

22. The collective share of the Twelve in the United Nations regular budget was already well above the level that might have been assessed if the existing methodology had been strictly applied without the mitigation process. The Twelve had serious reservations concerning that process.

(Mr. Rallis, Greece)

23. The Twelve had accepted the consensus on part B of the draft resolution, despite serious reservations, in the hope of arriving at a fair system that would prove to be stable over time. Assessments should be based on Member States' capacity to pay as reflected in the national income statistics. At the same time, the methodology should be simple without too many individual elements. Any element entering into it should be based on comparable and uniform statistical data so that the capacity to pay of all Member States could be compared.

24. Mr. KHAN (Saudi Arabia) said that Saudi Arabia's rate of assessment in absolute terms had been increased by 1,517 per cent between 1976 and 1986. No other country had been subjected to such an increase. The latest recommendation by the Committee on Contributions to increase his country's assessment by five percentage points was unjustified. Despite efforts during the mitigation process to clarify the real issue, it was still not sufficiently understood that Saudi Arabia's national income had declined markedly in recent years. His country, one of the major voluntary contributors, in no way wished to pay less. However, contributions should be assessed fairly, as fairness was a value that extended to every aspect of the Organization's operations.

25. Appropriate adjustments must be introduced into the calculation of the national incomes of countries which were heavily dependent on the export of a few depletable natural resources. The current methodology tended to overstate the magnitude of such countries' incomes. His delegation welcomed the request for a study in part B, paragraph 3 (a), and hoped that the findings would be taken into account in the determination of future scales of assessments.

26. Mr. KABIR (Bangladesh) said that it was his delegation's understanding that the future methodology and scale of assessments would also be adopted by consensus. His delegation had joined in the consensus, despite its reservations about parts of the draft resolution. As the representative of Japan had indicated, the consensus represented a foundation on which to achieve future progress. His delegation hoped that the Committee on Contributions would give particular consideration to the plight of the least developed countries and countries subject to frequent natural disasters (document A/43/11, para. 47). His delegation also supported the views of the Japanese delegation with regard to part B, paragraph 2 (e), on the mitigation process.

27. Mrs. BERENQUER (Brazil) said that her delegation had joined in the consensus in the hope that it would lead to a much-needed improvement in the methodology for the determination of the scale. Her delegation had serious reservations about a scale which increased the burden of many developing countries and lowered that of some developed countries in flagrant disregard of the principle of capacity to pay. In approving the draft resolution, the Fifth Committee was, in fact, approving a scale which it recognized as inadequate (part A, para. 2). For that reason, Brazil had favoured the alternative of adopting the current scale for 1989. It hoped the Committee on Contributions would adjust the scale as necessary so that the scale for 1990 would be free of distortions and unjustified assessments.

(Mrs. Berenquer, Brazil)

28. Her delegation hoped that the Committee on Contributions would heed the well-founded representations of Member States whose capacity to pay had been affected by circumstances beyond their control. Developed countries in a position to bear a larger share of the Organisation's financial burden must show understanding so that the Committee on Contributions, at its forty-ninth session, could adjust the assessments of countries affected by distortions in the current scale. The Organisation would certainly benefit from the adoption of a new methodology, aimed at ensuring fairness and equity, at the forty-fifth session.
29. Although her delegation had had difficulty in joining the consensus, it welcomed the approval of the draft resolution without a vote. If that procedure had been applied with respect to expenditures, it should also apply to income.
30. Mr. GUPTA (India) said that it was nothing less than historic that the scale of assessments had been adopted by consensus. His delegation had joined in the consensus, despite its reservations concerning certain aspects of the draft resolution. It was politically and financially untenable that the assessments of developed countries should be decreasing while those of developing countries were increasing. Certain criteria used by the Committee on Contributions in determining the scale were arbitrary and irrational. His delegation would not have supported the draft resolution had it been put to a vote. The mitigation process was unfair to the developing countries. His delegation hoped that the Committee on Contributions would make concrete recommendations at its forty-ninth session and submit those recommendations to the General Assembly at its forty-fourth session. The proposals by the Committee on Contributions for improving the existing methodology should be based on part B of the draft resolution. It was to be hoped that at the forty-fourth session, the Fifth Committee would agree on improved methodology in the same spirit of consensus which had led to the adoption of draft resolution A/C.5/43/L.17.
31. Mr. MAUS (Mexico) said that his delegation had joined in the consensus because part B of the draft resolution contained guidelines for a substantial revision of the current methodology. Those guidelines were essential to the establishment of a methodology based on capacity to pay. The shortcomings and inconsistencies in the scale contained in part A of the draft resolution were inequitable and did not correspond to the economic reality in many countries. His delegation hoped that the Committee on Contributions would take into account the problems created by the current methodology and the difficulties which many delegations, including the Mexican delegation, had had in adopting it.
32. The study requested in part B should be submitted at the earliest possible date. His delegation had agreed to part A of the draft resolution on the understanding that that study would be undertaken. The fact that the scale had been adopted without a vote for the first time in approximately 20 years underscored the importance attached by Member States attached to the guidelines for a new methodology.

AGENDA ITEM 49: REVIEW OF THE EFFICIENCY OF THE ADMINISTRATIVE AND FINANCIAL FUNCTIONING OF THE UNITED NATIONS (continued) (A/C.5/43/L.20)

33. Mr. GUPTA (India), introducing draft resolution A/C.5/43/L.20, drew particular attention to the first preambular paragraph, and to paragraphs 4 and 5. The words "by the full and prompt payment of assessments by Member States;" should be added at the end of paragraph 1. In paragraph 3, the words "of 21 December 1987" should be deleted. In the final line of paragraph 9, the comma after "non-staff costs" should be deleted.

34. Draft resolution A/C.5/43/L.20 was adopted without a vote.

35. Mr. BOUR (France) said that his delegation had joined in the consensus on draft resolution A/C.5/43/L.20 and asked the Secretariat to take steps to align the French version of paragraph 7 more closely on the English.

36. The CHAIRMAN said that the Secretariat had noted the French request and would take the necessary action.

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

Administrative and financial implications of the recommendations and decisions contained in the report of the International Civil Service Commission (A/43/30) concerning agenda item 122 (continued) (A/C.5/43/19)

37. The CHAIRMAN said that, as members would recall, draft resolution A/C.5/43/L.14, adopted by the Committee at its preceding meeting under agenda item 122, had approved some, but not all, of the recommendations of the International Civil Service Commission (ICSC). Consequently, the Committee's decision on the administrative and financial implications of the ICSC recommendations covered only those recommendations that had been approved in the draft resolution. It had also been decided that no additional appropriation would be required at the present time under the programme budget for the biennium 1988-1989.

Draft report of the Fifth Committee (A/C.5/43/L.15)

38. Mr. TIEWUL (Secretary of the Committee) drew attention to document A/C.5/43/L.15 and said that in the last line of paragraph 44, after the words "this project", the words "including the cost-effectiveness benefits and contributions to the administrative reforms in progress" should be added. In draft resolution II, the figure for the revised appropriation under section 10 should be 34,619,000 and the Grand Total for the revised appropriation should be 1,788,746,300.

39. Mrs. de RODRIGUEZ (Venezuela), Rapporteur, introducing the draft report of the Committee contained in document A/C.5/43/L.15, said that it was divided into four sections. Section I explained the structure of the report and dealt with organizational questions. Section II gave the revised estimates of expenditure and income approved by the Fifth Committee and the financial implications of resolutions recommended by other Main Committees and subsequently approved by the

(Mrs. de Rodriguez, Venezuela)

General Assembly. Section III contained a review of the special subjects considered by the Fifth Committee and indicated the decisions it had adopted in reference to each. Finally, section IV contained two draft resolutions and a draft decision which the Committee was recommending to the General Assembly for adoption.

40. Draft resolutions I and II were adopted without a vote.

41. The CHAIRMAN said that if he heard no objections, he would take it that the Committee wished to adopt the draft decision contained in paragraph 52 and the draft report as a whole.

42. It was so decided.

43. Mr. KINCHEN (United Kingdom), speaking in explanation of position after the decisions, said that in recent years his delegation had frequently had to demonstrate its lack of confidence in successive budgets and revised estimates by withholding its support. It had, however, voted in favour of the programme budget for 1988-1989 in response to the Secretary-General's appeals for broad-based agreement and as a gesture of commitment to the future of the Organization.

44. It was essential that the reform programme should be fully implemented and, in that connection, he appreciated the efforts of the Secretary-General. Much remained to be done by Member States in order to fulfil their commitment to support General Assembly resolution 41/213. It was disappointing that the aims of that resolution had not been more fully taken into account in establishing the overall level of the current revised estimates. Greater budgetary restraint was needed. In that light, it was particularly disappointing to see increased appropriations for travel and consultants. It was equally impossible to justify at present the additional expenditure required for the integrated management information system. All activities must be planned and conducted with due regard for cost-effectiveness and on the basis of adequate financial information made available to Member States.

45. His delegation continued to have many misgivings with respect to both the financial estimates and certain attitudes expressed in the Fifth Committee which seemed difficult to reconcile with the necessary commitment to reform. Nevertheless, he acknowledged that progress had been made and that all the participants had been willing to make a contribution.

46. Mr. MICHALSKI (United States of America), speaking in explanation of position after the decisions, said that the revised appropriations for 1988-1989 recommended by the Fifth Committee were approximately 1.1 per cent higher than the initial level approved at the forty-second session of the General Assembly. About three quarters of that increase was related to efforts to resolve conflicts in Afghanistan and Western Sahara, which his country supported. The balance of the increase involved new activities and, in that connection, his delegation would have voted for the integrated management information system if the start-up costs had been absorbed. In general, a substantial portion of the additional expenditures were devoted to activities which were critically important or would serve to strengthen the Organization. That was a significant change from previous years

(Mr. Michalski, United States)

when additional funds had been approved for activities which were of marginal usefulness and, in some cases, politically divisive.

47. The outline for the 1990-1991 programme budget and contingency fund would allow for greater predictability in the level of resources. In particular, the contingency fund would eliminate the idea of uncontained budget add-ons. Had such a fund been approved for 1988-1989 at the level recommended by the Secretary-General, it would have been adequate to finance those budget add-ons approved at the forty-second and forty-third sessions which fell within the established guidelines.

48. Believing that the revised appropriations reflected continued restraint by the Secretary-General and Member States, his country had joined the consensus. At the same time, even greater efforts could have been made to limit the overall increase in the budget.

49. Mr. MAJOLI (Italy), speaking in explanation of position after the decisions, said that his delegation had joined in the consensus on A/C.5/43/L.15 in view of the need to conclude the work of the Committee. Yet, once again, the Committee had been asked to approve important decisions on the basis of documentation that it had not had time to read thoroughly. For that reason and for other substantive reasons, had the decisions been put to a vote, his delegation would have abstained. Such an action would have been consistent with his delegation's position regarding some of the appropriations which had been decided on separately. Furthermore, although Italy's budget assessment had increased its representation in the Secretariat had diminished, and that was a source of dissatisfaction.

50. His delegation remained a firm supporter of United Nations activities and trusted that the reform process which was under way would provide Member States with a clear perspective on the relationship between the budget and the activities of the Organization, allowing them to make corresponding modifications in their own budgets.

COMPLETION OF THE COMMITTEE'S WORK

51. The CHAIRMAN expressed satisfaction at the outcome of the Committee's deliberations at the current session. The adoption of important resolutions without a vote confirmed that the reform process was moving in the right direction. The work of the Committee had been conducted in a cordial and constructive atmosphere and he hoped that such a spirit would prevail in the future.

52. After an exchange of courtesies, the CHAIRMAN declared that the Committee had completed its work until the resumption of the forty-third session.

The meeting rose at 8.50 p.m.