



SUMMARY RECORD OF THE 47th MEETING

Chairman: Mr. OKEYO (Kenya)

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

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

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

First programme budget performance report (A/43/7/Add.11 and Add.12; A/C.5/43/30 and Add.1 and Add.1/Corr.1)

1. Mr. MSELLE (Chairman of the Advisory Committee on Administrative and Budgetary Questions) drew the Committee's attention to the Advisory Committee's report in A/43/7/Add.11, which contained its views and recommendations on the first programme budget performance report of the Secretary-General (A/C.5/43/30). In his report, the Secretary-General indicated that the net appropriations approved by the General Assembly in 1987 for the biennium 1988-1989 should be revised downward from \$1,432,256,100 to \$1,420,112,300, representing a \$12,143,800, or 0.8 per cent, decrease. The elements leading to the reduction of \$12.1 million were summarized in paragraph 4 of the Advisory Committee's report in document A/43/7/Add.11.
2. On the basis of its examination of the first performance report, the Advisory Committee recommended, in paragraph 19, that the General Assembly should approve the revisions. However, the Secretary-General, upon examining the operational rates of exchange established for December 1988 had concluded that action must be taken before the end of 1989. Accordingly, he had proposed, in documents A/C.5/43/30/Add.1 and Corr.1, revising the net requirement to \$1,429,872,600, from the figure of \$1,420,112,300 contained in document A/C.5/43/30, a net adjustment of \$9,760,300. As indicated in paragraph 3 of the Advisory Committee's report in document A/43/7/Add.12, the latest net requirement proposed by the Secretary-General was \$2,383,500 less than the net requirement approved by the General Assembly at the forty-second session. The Advisory Committee had examined the Secretary-General's new proposal and in paragraph 5 of its report in document A/43/7/Add.12 had recommended approval of the revised figures contained in documents A/C.5/43/30/Add.1 and Corr.1.
3. Mr. INOMATA (Japan), referring to paragraphs 8, 9 and 10 of the Advisory Committee's twelfth report (document A/43/7/Add.11), noted that the Fifth Committee was once again being asked to approve adjustments in respect of changes in average realized salary levels within grades. It remained to be seen whether assurances by the Secretary-General that such changes would moderate in future years would be borne out by events. His delegation had expressed concern over both the method used to calculate the increases and the manner in which the Secretariat had been reporting them. His delegation concurred with the Advisory Committee's recommendation in paragraph 11, but was concerned that the increase was essentially due to the personnel policy pursued during the transition period, which encouraged internal promotion over external recruitment. His delegation hoped that that policy would be abandoned upon completion of the staff reduction exercise at the end of 1989, thereby creating a more favourable context in which to consider the performance report. Such increases should not recur, nor should they be reflected in the level of the budget for the biennium 1990-1991. The Advisory Committee's recommendation in paragraph 11 should be specifically endorsed in any decision the Committee took.

4. The CHAIRMAN proposed that, on the basis of the recommendations of the Advisory Committee, the Fifth Committee should recommend to the General Assembly that it should approve the revisions to the appropriations and estimates of income for the biennium 1988-1989 as contained in annexes I and II of the Secretary-General's report (document A/C.5/43/30) and adopt the recommendation of the Advisory Committee contained in paragraph 11 of its twelfth report (A/43/7/Add.11).

5. Mr. MSELLE (Chairman of the Advisory Committee on Administrative and Budgetary Questions) suggested that the Fifth Committee should refer in its recommendation to documents A/43/7/Add.11 and Add.12, in order to include the observations made by the Advisory Committee in both its reports.

6. The CHAIRMAN said that, if he heard no objection, he would take it that the Committee wished to adopt the suggestion made by the Chairman of ACARQ and to recommend to the General Assembly the course of action he had outlined in his earlier statement.

7. It was so decided.

Programme budget implication of draft resolution A/C.2/43/L.79 concerning agenda item 82 (A/C.5/43/60)

8. Mr. MSELLE (Chairman of the Advisory Committee on Administrative and Budgetary Questions) said that the Advisory Committee recommended that the Fifth Committee should inform the plenary Assembly that adoption of draft resolution A/C.2/43/L.79 would not give rise to any additional appropriation under the programme budget for the biennium 1988-1989.

9. The CHAIRMAN proposed that, on the basis of the statement of programme budget implications submitted by the Secretary-General in document A/C.5/43/60 and the recommendation of the Advisory Committee, the Fifth Committee should inform the General Assembly that, should it adopt draft resolution A/C.2/43/L.79, no additional appropriation would be required under section 29 of the proposed programme budget for the biennium 1988-1989.

10. It was so decided.

AGENDA ITEM 49: REVIEW OF THE EFFICIENCY OF THE ADMINISTRATIVE AND FINANCIAL FUNCTIONING OF THE UNITED NATIONS (continued) (A/43/16 and Corr.1 (Part I) and Add.1 and A/43/16 (Part II) and Add.1, A/43/324, 524 and 929)

11. Mr. VILLADSEN (Denmark), speaking on behalf of the five Nordic countries, said that in dealing with the budget outline for the biennium 1990-1991, the Fifth Committee should bear in mind a number of considerations. First, the reform process initiated by General Assembly resolution 41/213 must represent a collective effort and an important part of that process was the new planning, programming and budgeting procedures. Second, since the budget outline was an innovation, allowance must be made for trial and error. Third, the task of the Fifth Committee was to make recommendations which would enable the General Assembly to take

(Mr. Villadsen, Denmark)

decisions concerning the outline proposed in document A/43/524, and to submit proposals to the General Assembly regarding the use and operation of the contingency fund and a comprehensive solution to the problem of all additional expenditures. The Committee's recommendations in that connection should take into account the relevant conclusions and recommendations of the Committee for Programme and Co-ordination (CPC) (document A/43/16 (Part II), paras. 28-35). Lastly, the views of the Advisory Committee must be taken fully into account. The delay in finalizing the Advisory Committee's report was regrettable, as it placed a time constraint on the Committee's deliberations.

12. The Nordic countries supported CPC's conclusions and recommendations and agreed that the Secretary-General's report (document A/43/524) should form the basis for a decision by the General Assembly, taking into account subparagraphs 30 (a) to 30 (h) of the CPC report. Referring to the total preliminary estimate contained in document A/43/929, he said that the Nordic countries agreed that the subtotal at 1988 rates should be composed of the four elements listed in paragraph 16. As recosting the sub-total entailed uncertainties, the General Assembly should decide, at its current session, on an overall level for the preliminary estimate which would not be subject to modification. The Nordic countries concurred with the Advisory Committee that the traditional vacancy rate of 5 per cent for Professional and higher level posts should be retained. They supported the proposal that the level of the contingency fund should be 0.75 per cent for the biennium 1990-1991, on the understanding that it would be subject to review by the Assembly. With regard to additional expenditures, he said that the United Nations budget should be shielded as far as possible against inflation and currency fluctuations. There seemed to be no immediate alternative to the current system. However, the Advisory Committee should continue to study the problem.

13. In view of the difficulty of setting priorities of a broad sectoral nature, the detailed programme budget for 1990-1991 should reflect the priorities deriving from the current medium-term plan as revised. The Nordic countries supported the request by CPC, contained in paragraph 34 of document A/43/16 (Part II), that that Secretary-General should submit a report at its twenty-ninth session on the approach for identifying priorities in future outlines. The Nordic countries hoped that the availability of resources to cover expenditures would no longer be an issue when the programme budget for 1990-1991 was presented for adoption.

14. Ms. GROSS (United States of America) recalled that submission of a budget outline was the first stage in the new budget process approved by the General Assembly in resolution 41/213 and said that document A/43/524 represented a creditable first effort to produce such an outline. It was unfortunate, however, that it was being considered so late in the session.

15. The Secretary-General's proposal reflected a small decline in real terms from the level of the current budget, although the decline was less than the negative growth rate stated in the outline. The use of existing methodology to determine the 1988-1989 budget base had resulted in a measurement of growth as it might have

(Ms. Gross, United States)

been if General Assembly resolution 41/213 had not been adopted. Negative growth was imperative. The small decline did not imply the degree of programme disruption suggested in the Secretary-General's proposed budget outline.

16. Had the staffing calculations been based on a 15 per cent reduction - rather than the level initially proposed by the Secretary-General in the 1988-1989 revised estimates - the negative growth reflected in the outline would have been still less in real terms. If the CPC recommendation to restore 100 posts was accepted, the number of posts eliminated by the start of the 1990-1991 biennium would represent only 12.5 per cent of the previous total. Her delegation took very seriously CPC's statement that acceptance of the revised estimates was without prejudice to the implementation of recommendation 15 of the Group of High-level Intergovernmental Experts to Review the Efficiency of the Administrative and Financial Functioning of the United Nations (Group of 18). Every effort must be made during the biennium 1990-1991 to meet the target for staff reductions approved in resolution 41/213. In CPC, her delegation had questioned the use of a 3 per cent Professional vacancy rate in calculating the level of the 1990-1991 budget outline. It welcomed the Advisory Committee's recommendation that the outline should be costed on the basis of a 5 per cent rate.

17. Since the budget outline would make provision for so-called add-ons and resources to finance activities approved at the forty-third session, there was no justification for approving more than the 0.75 per cent level proposed for the contingency fund. Her delegation agreed with the Advisory Committee's recommendation in paragraph 36 of its report that the levels for the contingency fund should be a ceiling which did not necessarily have to be reached. That was consistent with the conclusion reached by CPC.

18. Although it was regrettable that the Advisory Committee should have been unable to recommend a comprehensive solution to the problem of additional expenditures, as called for in General Assembly resolution 41/213, the reserve mechanism referred to in paragraphs 27 to 29 of the Advisory Committee's report deserved support. Her delegation therefore recommended that the General Assembly endorse, in principle, the approach suggested by ACABQ and request that final recommendations be presented to its forty-fourth session, with a view to implementing the mechanism during the biennium 1990-1991. Following the establishment of a good basis for future progress on specific programme priorities during discussions in CPC, her delegation also wished to emphasize its commitment to efforts to ensure that future budget outlines contained priority designations. Notwithstanding certain reservations, it supported the recommendations of CPC on the Secretary-General's draft outline, as updated and clarified by the Advisory Committee's report, and hoped that other delegations would do so too.

19. Mr. BAUDOT (Director, Programme Planning and Budget Division), in answer to a question raised at an earlier meeting by the representative of the United Kingdom, said that all the costs of the integrated management information system, as listed in document A/C.5/43/24, were of a non-recurrent nature.

20. Mr. LADJOUZI (Algeria) asked whether, in the event that further decisions with financial implications were adopted by other Main Committees, the sums required would be added to the total level of appropriations approved by ACABQ for the biennium 1990-1991 or whether some other procedure would be adopted.

21. Mr. MSELLE (Chairman of the Advisory Committee on Administrative and Budgetary Questions) said that, as far as he was aware, no further decisions were to be expected which might have a bearing on the proposed programme budget outline. Once the outline was approved by the General Assembly, the Secretariat would begin to prepare programme budget proposal for the biennium 1990-1991. Any decision on the part of intergovernmental bodies which gave rise to programme budget implications would then have to be governed by the procedures established for management and use of the contingency fund. That fund would be effective as of 1 January 1989 if the outline was approved by the General Assembly.

AGENDA ITEM 50: CURRENT FINANCIAL CRISIS OF THE UNITED NATIONS (continued)
(A/43/932)

AGENDA ITEM 116: FINANCIAL EMERGENCY OF THE UNITED NATIONS (continued)
(A/C.5/43/29 and Corr.1)

22. Ms. ZHANG Xian (China) said that the Organization's latest and most serious financial crisis was mainly attributable to the unreasonable withholding of assessed contributions by one Member State. It was her delegation's hope that that country would take steps, in addition to those taken in recent months, to discharge its financial obligations under the Charter. Financial stability, or the lack of it, had a direct bearing on the United Nations role in maintaining world peace, mediating regional conflicts and promoting international co-operation and assumed even greater importance in view of the expansion of peace-keeping operations.

23. It was clear from the Secretary-General's informal consultations with certain Member States that any solution to the Organization's financial and political problems must address both the long- and the short-term aspects of the issue. Her delegation was willing to co-operate with others in their search for a long-term solution. As for the short term, the Secretary-General had narrowed his options down to the issuance of certificates of indebtedness. Her delegation believed that such certificates might be used when necessary, but only as a last resort, provided that respect was accorded to the principle of voluntary participation by Member States. Procedures to govern the terms and repayment of such certificates should be decided by the General Assembly after consultations among the Secretary-General, Member States and relevant bodies. However, given that the nature of the financial crisis was in fact more political than financial, the only fundamental solution to the crisis remained the unconditional payment by all Member States, and particularly by the major contributor, of assessed contributions on time and in full.

24. Mr. SINGH (Fiji) supported the views of other delegations that agenda items 50 and 116 should be merged into a single item and proposed that the title of the new consolidated item should be "Financial situation of the United Nations".

(Mr. Singh, Fiji)

25. The deliberate refusal of certain Member States fully to honour their financial obligations to the Organization had far-reaching consequences. Serious disruptions in financial allocations had affected programme delivery. A decline in staff enthusiasm and morale meant that the United Nations was no longer able to attract the most competent individuals for employment. Even in the essential area of peace-keeping, the Organization faced increasing difficulties and was unable to lighten the heavy burden imposed on troop-contributing States, of which his country was one. Despite some welcome positive moves on the part of certain Member States, the situation remained bleak. His delegation joined in the call for all Member States to pay their assessed contributions in full and on time.

26. It was regrettable that many of the important recommendations made by the Group of 18, especially those relating to the economic and social fields, remained unimplemented owing to a failure to achieve consensus between the developed and developing countries. Good will must be displayed by both sides if the Organization's problems were to be overcome. Meanwhile, although delegations continued to urge management to exercise greater administrative and financial discipline in accordance with recommendation 15, they appeared to have forgotten or deliberately overlooked recommendations calling for restraint and discipline on their part. Superfluous items continued to be added to the agenda of the General Assembly: the rationale for including a topic such as that covered by agenda item 144, for example, entirely escaped his delegation. Member States had imposed limitations on the Secretariat regarding the quantity of documentation but had failed to show any discipline in the length and number of resolutions which they themselves adopted. Those States should be aware that they bore the primary responsibility both for solving the financial crisis and for assigning a clear and reasonable work-load to the Organization.

27. Mr. BEELAERTS VAN BLOKLAND (Netherlands) expressed his delegation's strong support for the proposal to merge agenda items 50 and 116 into a single item.

The meeting rose at 11.50 a.m.