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Chairman: Mr. Ashe (Antigua and Barbuda)
*Acting Chairman of the Advisory Committee on
Administrative and Budgetary Questions:* Mr. Saha

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The meeting was called to order at 10 a.m.

Agenda item 124: Proposed programme budget for the biennium 2006-2007 (continued)

Revised estimates resulting from resolutions and decisions adopted by the Economic and Social Council at its resumed organizational and first substantive sessions of 2005 (A/60/7/Add.5 and A/60/396)

Request for a subvention to the United Nations Institute for Disarmament Research resulting from the recommendations of the Board of Trustees of the Institute on the work programme of the Institute for 2006-2007 (A/60/7/Add.8; A/C.5/60/3)

Proposed post reclassification from D-1 to D-2 under subprogramme 2 of section 26, Humanitarian assistance (A/C.5/60/13)

Possibility of operating guided tours, bookstores and gift shops at the United Nations Office at Nairobi and the cost implications thereof (A/59/793; A/60/7 and Corr.1)

1. **Mr. Moffat** (Office of Programme Planning, Budget and Accounts), introducing the report of the Secretary-General on revised estimates resulting from resolutions and decisions adopted by the Economic and Social Council at its resumed organizational and first substantive sessions of 2005 (A/60/396), said that the report summarized the budget implications of four resolutions and 17 decisions. While some 86 per cent of the additional expenditure requirements could be absorbed within the resources provided for the current or next biennium, the remaining amount would be required as an increment to the Secretary-General's budget proposals for 2006-2007. Paragraph 78 of the report set out the distribution of the additional amount among sections 2, 9, 23 and 28E.

2. **Mr. Thatchaichawalit** (Office of Programme Planning, Budget and Accounts), introducing the note by the Secretary-General on the request for a subvention to the United Nations Institute for Disarmament Research resulting from the recommendations of the Board of Trustees of the Institute on the work programme of the Institute for 2006-2007 (A/C.5/60/3), said that the subvention to the

United Nations Institute for Disarmament Research (UNIDIR) was normally requested annually, whereas the relevant budgetary provisions were always included in the proposed programme budget for each biennium. In response to part V, paragraph 3, of resolution 59/276, it was now proposed that the subvention should be submitted biennially in the context of the consideration of the proposed programme budget for the biennium in question. If the General Assembly accepted that proposal, it would be requested to approve a subvention in the amount of \$476,500 from the regular budget for the biennium 2006-2007. The two actions required by the General Assembly were described in paragraph 7 of the report.

3. Introducing the note by the Secretary-General on a proposed post reclassification from D-1 to D-2 under subprogramme 2 of section 26, Humanitarian assistance (A/C.5/60/13), said that a letter had been sent to the Advisory Committee on Administrative and Budgetary Questions (ACABQ) giving details of the request for reclassification. The Advisory Committee had concluded that, in view of the core function of the new Coordination and Response Division, the post of Director should be funded from the regular budget, which would give rise to an additional resource requirement of some \$35,600, inclusive of staff assessment, under the proposed programme budget for 2006-2007. However, if the reclassification was funded from extrabudgetary resources, there would be no financial implications for the regular budget. The General Assembly might therefore wish to take up the proposed reclassification in the context of its consideration of the proposed programme budget for 2006-2007.

4. **Mr. Belov** (Office of Programme Planning, Budget and Accounts), introducing the report of the Secretary-General on the possibility of operating guided tours, bookstores and gift shops at the United Nations Office at Nairobi and the cost implications thereof (A/59/793), said that the United Nations Office at Nairobi (UNON) had reviewed the possibility and scope of such activities in the light of the introduction of the Headquarters Minimum Operating Security Standards. It had concluded that there was a possibility of reopening the United Nations gift shop, which had been closed for security reasons. However, it had determined that the cost of operating guided tours would exceed the potential revenue and that a recurring subsidy would be required. The Secretary-General

recommended therefore that a guided tour service should not be introduced. If the situation changed, he would report to the General Assembly accordingly.

5. **Mr. Saha** (Acting Chairman of the Advisory Committee on Administrative and Budgetary Questions), introducing the report of the Advisory Committee on the revised estimates resulting from resolutions and decisions adopted by the Economic and Social Council at its resumed organizational and first substantive sessions of 2005 (A/60/7/Add.5), said that the Advisory Committee noted that, out of total estimated requirements of \$4,143,300, an amount of \$3,571,300 could be absorbed within the resources provided for either the 2004-2005 or 2006-2007 biennium. The Advisory Committee considered that the additional requirement of \$572,000 under the four sections in question might not be needed. It therefore recommended that such amount, if any, as might be required should be reported in the first performance report on the proposed programme budget for the biennium 2006-2007.

6. On the question of the subvention for UNIDIR, the Advisory Committee recommended in paragraph 4 of its report (A/60/7/Add.8) that the General Assembly should approve the request of \$476,500 (before recosting) for 2005. No additional provision would be required under section 4 of the proposed programme budget for 2006-2007.

7. The report of the Advisory Committee on the possibility of operating guided tours, bookstores and gift shops at the United Nations Office at Nairobi and the cost implications thereof was contained in document A/60/7 and Corr.1.

8. **Mr. Repasch** (United States of America) said that the United States endorsed the report of the Advisory Committee on the revised estimates resulting from resolutions and decisions adopted by the Economic and Social Council (A/60/7/Add.5). The proposed post reclassification under subprogramme 2 of section 26 of the proposed programme budget should be taken up in the context of the consideration of the proposed programme budget for 2006-2007.

9. **Ms. Taylor Roberts** (Jamaica), speaking on behalf of the Group of 77 and China, said that the recommendation of the Advisory Committee that the additional requirement of \$572,000 resulting from resolutions and decisions of the Economic and Social Council could also be absorbed within the resources

provided for either the 2004-2005 or the 2006-2007 biennium should be given further consideration.

10. **Ms. Udo** (Nigeria) requested clarification of the basis on which the Secretariat had reached its conclusion that a guided tour service at UNON would not be viable. The report did not indicate whether such a service had to make a profit or what weighting had been given to its usefulness in terms of educational value for the public. It was her understanding that all headquarters offices should be operated "at par". It was therefore surprising that one office should not have a guided tour service simply because it was unprofitable. Information as to whether the Advisory Committee had been given any additional information on which to base its concurring conclusion would also be welcome.

11. **Mr. Torres Lépori** (Argentina) said that his delegation would work hard in the informal consultations to ensure that the resolutions and decisions adopted by the Economic and Social Council received sufficient resources for their implementation.

12. **Mr. Sena** (Brazil), referring to resolution 2005/46 of the Economic and Social Council concerning the Ad Hoc Advisory Group on Haiti, said that his delegation would welcome clarification as to whether it was truly the case that the additional costs referred to in paragraph 18 of the Secretary-General's report (A/60/396) could not be absorbed within the proposed programme budget for 2006-2007.

13. **Ms. Kuroda** (Japan) said that her delegation agreed that the proposed post reclassification under subprogramme 2 of section 26 should be considered in the context of the proposed programme budget for 2006-2007.

14. **Mr. Belov** (Office of Programme Planning, Budget and Accounts), responding to the questions put by the representative of Nigeria, said that the Secretariat had understood that in its review of services for the public at UNON it should base its conclusions on technical considerations, including financial ones. Such considerations had certainly carried most weight. Commercial services for the public were not in fact the same at all headquarters offices. He would be happy to go into the matter further in the informal consultations.

15. **Ms. Udo** (Nigeria) said that her delegation was not satisfied with the Secretariat's response. It was not sufficient to defer detailed answers to the informal

consultations. The matters raised were on the agenda of a formal meeting and should be clarified there.

16. **Mr. Moffat** (Office of Programme Planning, Budget and Accounts), replying to the question put by the representative of Brazil, said that the additional amount for the Ad Hoc Advisory Group on Haiti was for travel costs, which had been carefully analysed for the purposes of the 2006-2007 budget proposals. No additional capacity to absorb those costs had been provided.

17. **Mr. Saha** (Acting Chairman of the Advisory Committee on Administrative and Budgetary Questions) said that he did not have to hand an answer to the question put by the representative of Nigeria concerning any additional information provided to ACABQ. He would of course give an answer in the informal consultations.

18. **Ms. Samayoa-Recari** (Guatemala) said that during the consideration of resolution 2005/46 of the Economic and Social Council, the Secretariat had stated that the additional costs for the Ad Hoc Advisory Group on Haiti could not be absorbed and that a statement of programme budget implications would be needed. In response to a question from her delegation, the Secretariat had indicated that the statement of programme budget implications would cover the costs of conferences and travel. It was therefore surprising to learn now from paragraph 19 of the Secretary-General's report that there had been a change of position between July and November and that the resources had been found.

19. **Mr. Moffat** (Office of Programme Planning, Budget and Accounts) said that there had not been a change of position. At the time of the adoption of the resolution, it had been announced that the Department of Economic and Social Affairs would require an additional appropriation of \$13,500 for travel. In the case of the conference-servicing costs, however, a subsequent review had revealed some absorptive capacity, but the amount of \$13,500 referred to in paragraph 18 had not been included in the Secretary-General's budget proposals.

20. **Ms. Samayoa-Recari** (Guatemala) said that she had been referring to paragraph 19, not to paragraph 18.

21. **Mr. Elnaggar** (Egypt) sought clarification on the same point as the representative of Guatemala and looked forward to investigating the matter further in

the informal consultations. It endorsed the concerns of the Nigerian delegation concerning the need for questions to be answered in a formal meeting.

22. **Mr. Faye** (Senegal) said that his delegation also endorsed the concerns raised by the Nigerian delegation.

Agenda item 123: Programme budget for the biennium 2004-2005 (*continued*)

Agenda item 124: Proposed programme budget for the biennium 2006-2007 (*continued*)

Administrative expenses of the United Nations Joint Staff Pension Fund (A/60/7/Add.7 and A/60/183)

23. **Ms. Pichon** (Chairman of the Standing Committee of the United Nations Joint Staff Pension Board), introducing the report of the Standing Committee of the United Nations Joint Staff Pension Board on the administrative expenses of the United Nations Joint Staff Pension Fund (A/60/183), said that the report contained the revised budget for the Fund for the biennium 2004-2005 and the budget estimates for the biennium 2006-2007. During the reporting period, the Fund's operations had continued to grow in size and scope. There were currently 21 member organizations and over 142,000 active participants and beneficiaries. The number of individuals served by the Fund had increased at an average annual rate of more than 4 per cent over the previous decade. In 2004, total benefit payments had exceeded \$1.3 billion. Over the previous 20 years, the market value of the Fund had increased from \$4 to \$30 billion.

24. The Fund's budget consisted of three components: administrative, investment and audit costs. For each component, a summary table outlined the objects of expenditure, post requirements and activities involved. After reviewing the revised budget for 2004-2005, the Standing Committee had approved for submission to the General Assembly a request for additional appropriations in the amount of \$4.7 million, none of which was subject to cost-sharing with the United Nations. The additional requirements were attributable to an increase in investment management fees as a result of the growth in the market value of the portfolio invested in smaller capitalization companies.

25. For 2006-2007, the Standing Committee had approved budget estimates totalling \$108.6 million, including \$57.4 million for administrative costs, \$49.4 million for investment costs and \$1.7 million for audit costs, as well as extrabudgetary costs in the amount of \$131,000 relating to the after-service health insurance system. That represented resource growth, before recosting of negative 4 per cent for administrative costs, positive 9.7 per cent for investment costs and negative 4.3 per cent for audit costs. As in the past, the Standing Committee had appointed an in-session working group to review the budget proposals and make recommendations thereon. The Standing Committee had endorsed the working group's recommendations by consensus. Detailed information was contained in annex I.

26. Within the framework of the Fund's commitment to accountability, the Secretary/Chief Executive Officer had proposed, and the Standing Committee had approved, the second management charter. The charter set out the Fund's objectives, which were further developed in detailed action plans. The key objectives for 2006-2007 were to promote responsible and sustainable management; to manage risks and strengthen safeguards for the protection of the Fund's assets; to strengthen and modernize information management systems; to improve overall performance; to ensure that clients received quality services and information on a timely basis; and to develop an investment policy and asset allocation that reflected the Fund's strategic purpose of funding liabilities.

27. Under administrative costs, the Standing Committee had approved resources for 12 new posts and 3 reclassifications, noting that the requests were based on the growing complexity of the Fund's operations and the continued growth in the number of participants and periodic benefits in payment. In that context, the Standing Committee recognized that the Fund needed additional human resources in key areas and that denying them would put its operations at risk since, as the auditors had acknowledged, those operations were already run on a shoestring.

28. Concerning investment costs, the Standing Committee welcomed the initiatives taken by the Investment Management Service to control risk, while diversifying and modernizing its operations. Additional resources had been requested by the Secretary/Chief Executive Officer to implement a recommendation for the establishment of a new hybrid structure for the

Service, which would combine internal management and external outsourcing of the management of the Fund's investments. However, since a policy decision had yet to be taken on outsourcing, the Standing Committee had decided to approve only the expenditures it considered essential. While the Standing Committee had supported the establishment of one new information technology post in the Investment Management Service, it strongly believed that centralizing information technology operations would be more cost-effective than developing separate arrangements for the administrative and investment sides of the Fund. That position had subsequently been endorsed by the Advisory Committee.

29. Lastly, in part IV of the report, the Standing Committee requested the General Assembly to authorize the United Nations Joint Staff Pension Board to supplement the voluntary contributions to the Emergency Fund for the biennium 2006-2007 by an amount not exceeding \$200,000.

30. **Mr. Saha** (Acting Chairman of the Advisory Committee on Administrative and Budgetary Questions), introducing the related report of ACABQ (A/60/7/Add.7), said that the Advisory Committee noted the efforts made to present the budget document in a format that introduced some elements of results-based budgeting. In paragraph 5 of its report, it made a number of suggestions for further improvements in that regard.

31. Concerning the budget estimates for 2006-2007, the Advisory Committee noted that the working group of the Standing Committee did not support a number of the staffing proposals submitted by the Fund Administration. It found the explanations given by the working group very useful. It supported the conclusions of the Standing Committee regarding the staffing proposals, with the exception of the proposed reclassifications. While it was aware of the increased workload of the Chief of Operations, it considered that reclassification of that D-1 post to the D-2 level could not be justified by the information reflected in the organization chart (A/60/183, annexes II and III). It recommended that the issue should be revisited in the next budget submission on the basis of a clearer delineation of the responsibilities of the post and of the organizational structure of the Fund.

32. The Advisory Committee was concerned that implementation of the proposed reclassification of five

P-4 posts, two in administration and three in investment, to the P-5 level would create imbalances in post structure and exacerbate the confusion of reporting lines. Consideration should be given to developing a better organizational structure for the Investment Management Service, perhaps with the creation of a post of deputy to the Director of the Service at an appropriate level. The two P-5 posts in administration would be assigned to the chiefs of two units in the Information Management Systems Service performing very similar functions; that would contribute to the fragmentation of functions in that Service. The Advisory Committee had therefore recommended against the reclassifications.

33. **Ms. Taylor Roberts** (Jamaica), speaking on behalf of the Group of 77 and China, said that the Standing Committee should review the presentation of its reports in the light of the comments made by the Advisory Committee. In addition, the Fund Administration should continue to seek ways of diversifying the investment portfolio, including the identification of investment opportunities in developing countries.

Other matters

34. **Ms. Taylor Roberts** (Jamaica), speaking on behalf of the Group of 77 and China, said that her delegation had been surprised to learn of plans to install turnstiles at entrances to the United Nations Headquarters complex, as the General Assembly had yet to take a decision on the proposed global access control system, which was still under review by the Department of Safety and Security. Moreover, while the Assembly had authorized a number of projects to enhance security at the Headquarters complex, it had requested the Administration to ensure that such projects were integrated in the capital master plan. However, the capital master plan itself had yet to be approved. Her delegation wished to know what the status of the turnstile project was and whether it was being implemented within the framework of the global access control system. If that was the case, work on the project should be suspended pending a decision on the system by the Assembly.

35. **Mr. Abelian** (Secretary of the Committee) said that the concerns expressed by the representative of Jamaica had been noted. The Bureau would schedule an exchange with the relevant officials at a later date.

The meeting rose at 11.10 a.m.