



SUMMARY RECORD OF THE 71st MEETING

Chairman: Mr. KUYAMA (Japan)

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

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The meeting was called to order at 3.25 p.m.

AGENDA ITEM 109: PROPOSED PROGRAMME BUDGET FOR THE BIENNIUM 1984-1985 (continued)

Revised estimates under section 12 (Accommodations for the ECLA Subregional Office for the Caribbean at Port-of-Spain) (A/C.5/38/100)

1. Mr. MSELLE (Chairman of the Advisory Committee on Administrative and Budgetary Questions) pointed out that the Secretary-General had requested \$242,500 under section 12. The request, which was explained by object of expenditure in paragraph 8, related to the proposal that the accommodation of staff in the ECLA Subregional Office in Port-of-Spain should be improved and expanded by 6,000 square feet. The need for the additional space was explained in paragraph 2. The Secretary-General indicated that 6,900 square feet were provided rent-free by the host Government and that the United Nations paid a subsidized biennial rental of \$39,200 for the remaining 1,636 square feet (about \$1 per square foot per month). The proposed biennial rental of \$162,000 for the additional 6,000 square feet (approximately \$1.13 per square foot per month) reflected a 40 per cent rental subsidy by the host Government.
2. The Advisory Committee recommended that the Fifth Committee should approve the request for additional appropriations in the amount of \$242,500 under section 12 of the proposed programme budget for the biennium 1984-1985.
3. Mr. KELLER (United States of America) said that, while his delegation appreciated the need for additional space, it believed that the funds should come from the resources available in the budget which the Committee had just reviewed. His delegation would therefore be unable to support the request.
4. The CHAIRMAN proposed that, on the basis of the recommendations of the Advisory Committee, the Fifth Committee should approve an additional appropriation of \$242,500 under section 12 of the programme budget for the biennium 1984-1985.
5. The proposal was adopted by 63 votes to 1, with 7 abstentions.
6. Miss ZONICLE (Bahamas) said that her delegation had voted in favour of the additional appropriation. She noted that the additional space was needed for existing activities of the ECLA Subregional Office and to relieve overcrowding.

Consolidated statement of administrative and financial implications in respect of conference-servicing costs (A/C.5/38/104)

7. Mr. MSELLE (Chairman of the Advisory Committee on Administrative and Budgetary Questions) said the Secretary-General had indicated that estimates of conference-servicing requirements for 1984, calculated on a full-cost basis, amounted to \$18,972,100, comprising \$15,293,200 for Headquarters, \$2,751,000 for Geneva and \$927,900 for Vienna. Taking into account existing resources available, however, the Secretary-General was requesting appropriations totalling \$8,573,000, of which \$4,133,000 related to Headquarters, \$2,340,000 to Geneva and \$2,100,000 to Vienna.

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8. The Advisory Committee had been informed that the additional conference-servicing requirements for Headquarters were based on a comparison of weekly work-load capacity as against actual requirements, whereas requirements for Geneva and Vienna were based on overall work-load requirements for the year. The appropriations requested reflected the application of over-programming of 13 per cent under temporary assistance requirements for interpretation at Headquarters, 10 per cent overall at Geneva and 11.8 per cent overall at Vienna. The increased conference work-load projected for Geneva in 1984 reflected the increased use of Arabic and Chinese rather than any significant increase in the total number of meetings to be serviced.

9. The Advisory Committee was of the opinion that a slight increase in the percentage of over-programming in a number of areas, combined with an increase in productivity, could result in a reduction of \$1,233,000. Accordingly, the Committee recommended a total appropriation of \$7,340,000, broken down as follows: section 29A, \$3,300,000; section 29B, \$1,900,000; section 29C, \$1,900,000; section 28D, \$200,000; section 28I (unchanged), \$40,000. In addition, an appropriation of \$913,000 (instead of \$1,097,300) would be required under section 31, to be offset by an increase in the same amount under income section 1.

10. Mr. KELLER (United States of America) recalled that the consolidated statement on conference services had always caused his delegation some difficulty. His delegation continued to question the insistence on the need for summary records by many bodies, particularly subsidiary organs of the General Assembly. Noting that the Fifth Committee was only now receiving summary records of meetings it had held in November, he said that a committee which met for a two-week session would not get its records until after the session had ended. That was a perfect example of misuse of resources. The Committee had the obligation to question the need for summary records, particularly when they were not issued in time to be useful. He also hoped that, in future, there would be fewer instances of the regional commissions holding meetings away from their Headquarters. For those and other reasons, his delegation would not be able to support the request.

11. Mr. KHALEVINSKY (Union of Soviet Socialist Republics) said that, in view of the position of principle which his delegation had already stated, he wished to request a vote on the proposal and would vote against it.

12. The CHAIRMAN proposed that, on the basis of the recommendation of the Advisory Committee, the Fifth Committee should approve additional appropriations totalling \$7,340,000 under the programme budget for the biennium 1984-1985, apportioned as follows: \$3,300,000 for section 29A, \$1,900,000 for section 29B, \$1,900,000 for section 29C, \$200,000 for section 29D and \$40,000 for section 28I, as well as an appropriation of \$913,000 under section 31, to be offset by an increase in the same amount under income section 1.

13. The proposal was adopted by 64 votes to 17.

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14. Mr. ELIASHIV (Israel) said that he had voted against the proposal because it included administrative and financial implications in respect of some conference service activities about which his delegation had strong reservations, for reasons that had been reflected in its statements on specific items. He was referring in particular to the administrative and financial implications of anti-Israeli activities, which constituted a misuse of international funds.

Revised estimates: effect of changes in rates of exchange and inflation
(A/C.5/38/102)

15. Mr. MSELLE (Chairman of the Advisory Committee on Administrative and Budgetary Questions) drew attention to the revised rates of exchange contained in paragraph 2 of document A/C.5/38/102. Those rates were based on United Nations operational rates effective as at 1 December 1983. The latest information showed that there had been an increase in the value of the dollar relative to other currencies. The Advisory Committee had been informed that the Secretary-General consistently applied the December rate of exchange to the estimates for the following year, in other words, no attempt was made to forecast any further movement in rates of exchange. That meant that if the present value of the dollar were to fall below the rates which had been in effect prior to the recent increase a serious cash flow problem could result.

16. With regard to inflation rates, he recalled that the Advisory Committee had recommended earlier that, if warranted, the Secretary-General should propose an adjustment to reflect the most recent movements in inflation rates. In the light of the lower rate of inflation experienced in New York during 1983, the Secretary-General was proposing a revised inflation rate of 5 per cent as compared with the 5.5 per cent which had been used in calculating the proposed programme budget. He drew attention to paragraph 4, which explained why it had been decided to maintain the inflation rates originally projected for other duty stations. In addition, the 10 per cent rate recommended by the Advisory Committee for field offices of the Office of the United Nations High Commissioner for Refugees and for United Nations information centres had been retained.

17. The overall effect of applying the new exchange and inflation rates to the proposed programme budget as approved by the Fifth Committee in first reading and to all revised estimates and statements of administrative and financial implications approved up to and including the 63rd meeting were given in paragraph 7. The revised total for expenditure sections came to \$1,571,245,200, while the revised total estimate of income came to \$280,445,900. A breakdown by section was given in annex I. Since the consolidated statement in respect of conference-servicing costs (A/C.5/38/104) reflected the revised rates, the amounts which the Committee had just approved would not require recosting.

18. He drew attention to annex II, which listed the revised estimates and statements of financial implications pending at the time when the Secretary-General's report had been prepared. The Advisory Committee had been informed that an addendum would be issued reflecting the amounts approved by the Fifth Committee, recosted at the revised rates. Any statement approved subsequent to that addendum

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would be costed at the original rates and adjustments would be made as necessary in the first performance report for 1984-1985.

19. Subject to those comments, the Advisory Committee recommended acceptance of the revised estimates contained in document A/C.5/38/102.

20. Mr. DITZ (Austria) asked whether the Secretariat could compare the recosted figure of \$1,571,245,200 with the revised appropriations approved for the biennium 1984-1985 in order to determine what the real growth rate was.

21. Mr. MURRAY (United Kingdom) recalled that mention had been made of an OECD forecast of 2.5 per cent for inflation rates in Geneva for 1984. The 3 per cent margin between that forecast and the 5.5 per cent forecast by the United Nations seemed exceedingly prudent. He requested clarification of the matter.

22. Mr. TOMMO MONTHE (United Republic of Cameroon) pointed out that the fluctuations in resources - whether upward or downward - were invariably caused by two factors, namely, inflation and monetary adjustments. In some years the fluctuations were upward and forced the Secretary-General to ask for increased appropriations. In the present situation those factors had led to a downward fluctuation; that meant that some savings might be made. Delegations should accept the lower figures, just as they accepted higher ones when the fluctuation was in the opposite direction. It was clear that inflation and monetary adjustments were beyond the Committee's control, although some delegations liked to attribute them to other causes.

23. It would be very useful to know what was the real growth rate of resources. That rate should be related to the programme growth rate so as to determine the extent of the impact of new decisions taken by the General Assembly. He believed that such a comparison would reveal that new decisions had no significant impact on the level of resources.

24. Mr. FORAN (Controller), replying to the question put by the representative of Austria, said that the Secretary-General's revised proposal represented a real growth of 0.7 per cent, but the latest calculations would raise that to 0.794 per cent.

25. He was not familiar with the OECD report referred to by the United Kingdom representative, but he could state, with regard to changes in rates of exchange, that the December rates were automatically applied into the next budget year or biennium. In 1984, the Committee's first revision of the 1984-1985 appropriations with respect to currency fluctuations would be based on the average during 1984, and the projections into 1985 would be made on the basis of exchange rates in effect in 1985.

26. Inflation, however, could not be dealt with as mechanically. He had explained to the Advisory Committee in June that the inflation projections in the original estimates by the Secretary-General had been established in November 1982. On the

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(Mr. Foran)

basis of actual experience during the first six months of 1983, those projections would have been revised down by 1 per cent across the board, to 4.5 per cent, in Vienna, Geneva and New York. However, as the information now before the Committee showed, an upward trend had been observed in Europe which, combined with the strengthening of the dollar, made a 5.5 per cent projection for Vienna and Geneva seem prudent, while on the other hand the projection for New York had been adjusted downward to 5 per cent.

27. There was a temptation to understate inflation in terms of the budget because, obviously, that initially decreased the assessments Governments were asked to pay. However, as the representative of the United Republic of Cameroon had observed, if inflation did exceed projections, Governments would still have to pay later. The aim, therefore, was to arrive at the most accurate projections possible, and he still maintained that projections of 5.5 per cent for Geneva, Vienna and The Hague and 5 per cent for New York throughout 1984-1985 were the most accurate that could be made at present.

28. The CHAIRMAN proposed that, on the basis of the recommendations of the Advisory Committee, the Fifth Committee should approve reductions in the programme budget for the biennium 1984-1985 totalling \$35,046,400 under the expenditure sections, and reductions in the estimates of income under the income sections totalling \$5,727,600, apportioned in the manner described in the report of the Secretary-General (A/C.5/38/102).

29. Mr. KHALEVINSKY (Union of Soviet Socialist Republics) said that he could not support the proposed way of dealing with the negative effects of inflation because, in accordance with General Assembly resolutions, they should be covered through savings and better deployment of resources. He requested that the Chairman's proposal should be put to a vote, and said that his delegation would vote against it.

30. The proposal was adopted by 80 votes to 9.

Administrative and financial implications of draft resolution A/C.2/38/L.104 concerning agenda item 78 (c) (A/C.5/38/93)

31. Mr. MSELLE (Chairman of the Advisory Committee on Administrative and Budgetary Questions) pointed out that section A of document A/C.5/38/93 on the administrative and financial implications of draft resolution A/C.2/38/L.104, dealing with senior industrial development field advisers (SIDFAs), corresponded to operative paragraph 5 of section I of the draft resolution, which proposed regular budget financing to maintain the total staffing of the SIDFA programme at the existing level of already appointed SIDFAs. Paragraph 3 of document A/C.5/38/93 provided information regarding the number of SIDFAs financed from the UNDP allocation of \$4,061,000. Out of 30 SIDFAs, the UNDP subvention would cover 17; two SIDFAs would be financed from savings by UNDP in 1982-1983 and two from extrabudgetary funds available to UNIDO; that left nine SIDFA posts, which it was proposed should be financed from the regular budget. The cost of those nine posts was estimated at

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\$1,112,000, which would cover three posts at the D-1 level and six at the P-5 level and would also support 18 local-level posts.

32. However, as indicated in paragraph 6 of document A/C.5/38/93, the Secretary-General was requesting an appropriation from the regular budget of only \$1 million, which would be the amount required by the decision in paragraph 5 of section I of draft resolution A/C.2/38/L.104. The Advisory Committee had no objection to that request.

33. Section B of document A/C.5/38/93 dealt with the Industrial Development Decade for Africa, and the information provided in paragraphs 7 to 14 was based on the \$1 million allocation for that purpose in operative paragraph 5 of section II of draft resolution A/C.2/38/L.104. However, in accordance with the understanding in document A/C.5/38/99, that allocation should be obtained through savings and redeployment, and the Secretary-General was therefore not requesting an additional appropriation. None the less, as also indicated in document A/C.5/38/99, the Fifth Committee had been requested by the Second Committee to undertake to provide the necessary resources at the current session of the General Assembly.

34. Section C of document A/C.5/38/93 dealt with the Fourth General Conference of UNIDO. There again, no additional appropriation was being requested, as related resources amounting to \$1,071,700 for the Fourth General Conference had already been included in the initial estimate for 1984-1985.

35. Consequently, subject to the Committee's decision pursuant to paragraphs 7 to 14 of document A/C.5/38/93 and the understanding in document A/C.5/38/99, the Advisory Committee was recommending an additional appropriation of \$1,000,000, non-recurrent, under section 17. The additional requirement under section 31 of the budget amounted to \$242,100, to be offset by the same amount under income section 1.

36. The CHAIRMAN invited the Committee to take action first of all on section A of document A/C.5/38/93, corresponding to operative paragraph 5 of section 1 of draft resolution A/C.2/38/L.104. He proposed that the Committee should inform the General Assembly that, should it adopt the draft resolution, an additional appropriation of \$1,000,000 would be required under section 17 of the programme budget for the biennium 1984-1985; an additional appropriation of \$242,100 would also be required under section 31, to be offset by an increase in the same amount in the estimates of income under income section 1.

37. The proposal was adopted.

38. Mr. KELLER (United States of America) said that he wished to enter an objection to the procedure followed by the Chairman in considering section A of document A/C.5/38/93 separately. It was the understanding of his delegation that in the Second Committee the various recommendations had been considered to constitute a package, which meant that, unless the whole package was satisfactory, the draft resolution must be rejected.

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39. Mr. KHALEVINSKY (Union of Soviet Socialist Republics) said, with regard to section A, that while the Soviet Union supported the use of advisers in developing countries, it maintained that they should be financed from voluntary contributions and within the existing resources of UNIDO and the regional commissions. If the Chairman's proposal had been put to a vote the Soviet Union could not have supported it.

40. Mr. MURRAY (United Kingdom) said that his delegation had gone along with the decision, but it had done so without prejudice to the general principle that activities such as those of the SIDFAs should be financed from voluntary sources and on the understanding that the adoption of the second part of the package in the draft resolution should proceed as agreed by consensus in the Second Committee.

41. The CHAIRMAN said, with regard to section B of document A/C.5/38/93, that on the basis of informal consultations held that day he wished to make three proposals: first, the Secretary-General should be authorized to enter into financial commitments of up to \$1,000,000 during 1984; second, resources needed to initiate activities called for in paragraph 5 of section II of draft resolution A/C.2/38/L.104 should be drawn from savings in the 1982-1983 programme budget; third, the Secretary-General should be requested to report to the General Assembly at its thirty-ninth session on the implementation of the resolution, including the question of reimbursement. He hoped that those proposals would be adopted by consensus.

42. Mr. KHALEVINSKY (Union of Soviet Socialist Republics) said that the Chairman's proposals involved taking money from the 1982-1983 budget; since the Soviet Union felt strongly that such funds should be reimbursed to Member States, his delegation could not join in any consensus.

43. Mr. KELLER (United States of America) said his delegation wished to make it clear that all documents outlining the understanding of the Second Committee itself as to the meaning of the draft resolution required that the necessary savings for increased funding of the Industrial Development Decade for Africa should come from the 1984-1985 budget or through redeployment within that budget. The United States therefore objected to the Chairman's second proposal, which would appropriate funds that, so far as the 1984-1985 biennium was concerned, would in fact constitute not savings but an addition.

44. It was also the understanding of the United States that the consensus reached in the Second Committee had required Member States to commit themselves to a serious redeployment exercise in order to find in 1984 the resources needed for the Decade. The Secretariat had explained earlier that no savings could be determined for the 1984-1985 biennium until the end of that period and that, consequently, the resources needed for the Decade would not be available in 1984. Because of that, the African delegations in the Second Committee had objected to any language which could be interpreted as restricting the resources to such savings, and it was also the reason why the commitment to redeployment had been considered essential.

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(Mr. Keller, United States)

45. He therefore proposed two amendments to the Chairman's proposals, the second of which should be reformulated to read: "Resources needed to initiate activities called for under operative paragraph 5 of section 2 of draft resolution A/C.2/38/L.104 should be appropriated from savings from the 1984-1985 budget or through redeployment" and the third to read: "The Committee for Programme and Co-ordination should be requested to identify programmes from which the redeployments needed to provide resources to implement the resolution in question could be undertaken and to report the results to the General Assembly at its thirty-ninth session for ratification". The proposals would then reflect the consensus understanding reached in the Second Committee and would establish the serious redeployment exercise needed to implement that understanding. Without a commitment to such redeployment, and with wording that undertook to add to the 1984-1985 budget rather than to find the necessary resources through savings from that budget or through redeployment, the United States would not be able to join in any consensus on the Chairman's proposals.

46. The CHAIRMAN pointed out that in his second proposal he had not used the phrase "appropriated from savings" but rather "drawn from savings".

47. Mr. TAKASU (Japan) said his delegation regretted that it could not join in a consensus on the Chairman's proposals, since it felt that the understanding which had been reached by consensus in the Second Committee should be respected.

48. Regarding the Chairman's second proposal, it had been pointed out that any savings in the 1982-1983 budget would normally be credited to Member States; but how could any reimbursement be made if the Committee authorized \$1 million to be spent from those savings? Moreover, the Chairman's third proposal did not indicate on what basis the implementation of draft resolution A/C.2/38/L.104 should be evaluated. His delegation believed that a competent body such as the Committee for Programme and Co-ordination should first sort out the programme implications, but it could not do so without specific authorization by the General Assembly. At the moment, CPC had no scheduled agenda for its next session.

49. Mr. RUEDAS (Under-Secretary-General for Administration and Management) said his understanding of the Chairman's second proposal was that out of the savings effected during the period 1982-1983 a sum of \$1 million, which would otherwise be used to offset the assessments of Member States for 1984, could be placed in a suspense account from which funds would be drawn to initiate the activities referred to in draft resolution A/C.2/38/L.104. The suspense account could also be credited with any related savings which came about in 1984. The report of the Secretary-General on the programmatic and financial status of the suspense account would be submitted to the General Assembly at its thirty-ninth session and would include the question of reimbursement. The balance of the account as at 31 December 1984 would then be used to offset the assessments of Member States in 1985. The Chairman's proposal would, in effect, postpone until 1985 the impact of assessments in that regard on Member States.

The meeting was suspended at 5 p.m. and resumed at 5.15 p.m.

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50. The CHAIRMAN said he had been informed by the spokesman for the Group of 77 that the Group could agree to the adoption of his proposals only on the basis of consensus. He asked whether the Committee was prepared to adopt the proposals without a vote.

51. Mr. KEYES (United States of America) said that his delegation would not withdraw the amendments it had proposed, even in the light of the statement made by the Under-Secretary-General for Administration and Management.

52. Mr. LAHLOU (Morocco) said that the members of the Committee had always co-operated in order to solve problems which arose. He urged all members to demonstrate good will, so that a consensus might be reached on the implementation of draft resolution A/C.2/38/L.104. The Group of 77 maintained a flexible position and had already taken steps towards finding a compromise solution. A consensus had been reached in the Second Committee on the substance of the draft resolution, and there was no reason why the Fifth Committee could not reach a consensus on its financial implications.

53. Mr. TOMMO MONTHE (United Republic of Cameroon) suggested a further suspension of the meeting to allow informal consultations in an attempt try to solve the problem which had arisen.

The meeting was suspended at 5.25 p.m. and resumed at 6 p.m.

54. The CHAIRMAN said the Group of 77 had suggested that the Committee should postpone taking a decision on his proposals until its next meeting. Informal negotiations would continue in the interim.

55. Mrs. DORSET (Trinidad and Tobago) said that, if her delegation had been present for the votes taken during that day's meetings, it would have voted in favour of all the proposals except the one concerning document A/C.5/38/105, on which it would have abstained.

56. Miss NIPATAKUSOL (Thailand) said that, if her delegation had been present at the time of the decision on the Chairman's proposal concerning section A of document A/C.5/38/93, it would have supported that decision.

57. Mr. FONTAINE-ORTIZ (Cuba) said that, if his delegation had been present during the voting at the current meeting, it would have voted in favour of all the proposals.

The meeting rose at 6.05 p.m.