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FIFTH COMMITTEE
35th meeting
held on
Thursday, 16 November 1978
at 10.30 a.m.
New York

SUMMARY RECORD OF THE 35th MEETING

Chairman: Mr. KOBINA SEKYI (Ghana)

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

CONTENTS

AGENDA ITEM 106: JOINT INSPECTION UNIT: REPORTS OF THE JOINT INSPECTION UNIT
(continued)

Evaluation in the United Nations system (continued)

Programming and evaluation in the United Nations (continued)

United Nations public administration and finance programme, 1972-1976 (continued)

AGENDA ITEM 101: MEDIUM-TERM PLAN FOR THE PERIOD 1980-1983 (continued)

AGENDA ITEM 100: PROGRAMME BUDGET FOR THE BIENNIUM 1978-1979 (continued)

Advantages and disadvantages of "semi-full budgeting" (continued)

Implementation of the budget (continued)

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

AGENDA ITEM 106: JOINT INSPECTION UNIT: REPORTS OF THE JOINT INSPECTION UNIT
(continued)

Evaluation in the United Nations system (continued) (A/33/38, A/33/225 and Add.1)

Programming and evaluation in the United Nations (continued) (A/33/38, A/33/226 and Add.1 and 2 and Add.2/Corr.1)

United Nations public administration and finance programme, 1972-1976 (continued)
(A/33/38, A/33/227 and Add.1)

1. Mrs. DERRÉ (France) said that the concept of evaluation in the United Nations system was not new but that efforts so far in that field had been less than satisfactory. In general, efforts had been focused on evaluating technical assistance activities, which seemed to lend themselves more readily to evaluation. There was, however, a degree of resistance among Member States to that kind of evaluation, since it required the co-operation of the countries benefiting from programme outputs. In document A/33/225 the Joint Inspection Unit asserted that evaluation could be of assistance in the planning and execution of programmes. In document A/33/226, on the other hand, JIU observed that good evaluation was impossible without good programming.

2. The most important of the JIU recommendations set out in chapter VII of document A/33/226 was undoubtedly recommendation No. 1, which seemed to cause a number of difficulties for the Secretariat. The recommendation involved the setting of time-limited objectives (for subprogrammes). Inspector Bertrand had laid special emphasis on the notion of "strategy", i.e., the means used to attain objectives. The Secretariat should endeavour to identify the appropriate means and take the necessary corrective measures whenever it became clear that the means adopted were unsuccessful. That entailed taking into account what was termed, in paragraph (c) (iii) of recommendation No. 1, "the clientele". In other words, it was necessary to know who would benefit from the Secretariat's activities. In the case of publications, for instance, it was necessary to ascertain who the users would be and the extent to which they would make use of the publication, and to eliminate publications for which there was little demand. Another interesting feature of recommendation No. 1 was the "achievement indicators" (para. (c) (iv)). The Secretariat must know what impact its activities had. Again, taking the example of publications, an effort should be made to determine their usefulness.

3. Another important feature was the time-limit for programme implementation and producing the "output". Performance could not be evaluated if there was no time-limit for the carrying out of the activities. In that connexion, she noted with interest the information given in paragraph 10 of the report of CPC (A/33/38) regarding the planned reformulation of programmes in accordance with recommendation No. 1.

4. As to the other recommendations, specific mention should be made of the suggestion in paragraph (b) of recommendation No. 4 regarding "a budgetary

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(Mrs. Derré, France)

accounting system". Indeed, there were indications that all was not well in that area. It might be useful to apply that suggestion to the programmes mentioned in paragraph 10 of the CPC report. A further important feature was the monitoring of programme budget performance, referred to in recommendation No. 5. Needless to say, the existing monitoring system was not adequate. Time and again, the Assembly approved a budget for the forthcoming biennium without having a clear idea of the progress made in each programme for which appropriations had been approved in the budget for the previous biennium.

5. Mr. PALAMARCHUK (Union of Soviet Socialist Republics) said that his delegation had studied with interest the reports of JIU and the related comments of CPC and the Advisory Committee. The conclusions and recommendations set out in the JIU reports corroborated the view held by many delegations that the medium-term planning process in the United Nations was marred by such defects as the dissipation of resources among too many programmes, the amorphous and ill-defined nature of programme objectives, the lack of clear and well-conceived priorities in relation to the implementation of programmes, subprogrammes and programme elements, and the lack of strict time-limits and qualitative and quantitative indicators for assessing programme achievements. Year after year all ongoing activities of the United Nations were automatically included in the plan without any regard to such considerations as their usefulness, current relevance or effectiveness. One problem requiring scrutiny was that the Secretariat sometimes planned programmes without duly consulting the competent United Nations organs.

6. His delegation was in favour of the JIU recommendations, whose aim was to eliminate programming short-comings in the system. It noted with satisfaction that CPC and the Advisory Committee had also recognized their merit. Inspector Bertrand deserved commendation for the high quality and depth of the reports he had prepared, and there was no doubt that, if the Secretariat implemented his recommendations, it would vastly improve the entire medium-term planning process. The Soviet delegation endorsed in particular recommendation No. 1 in document A/33/226, which related to the setting of time-limited objectives and would create the necessary conditions for the full implementation of the provisions of General Assembly resolutions 3534 (XXX), 31/93 and 32/201 calling for the identification of activities that were obsolete, of marginal usefulness or ineffective. That was the most important of the recommendations, and the Soviet delegation was at a loss to understand the Secretariat's reluctance in that respect. In addition, the process of programme analysis in the context of the medium-term plan advocated by the Advisory Committee in paragraph 10 of its report (A/33/226/Add.2) should be carried out. His delegation wished to draw attention to a serious defect of the public administration and finance programme, namely, that it was one-sided since it failed to take into account the experience of the socialist States.

7. Mr. PICO DE COAÑA (Spain) recalled that in resolution 32/197 the General Assembly called for co-operative and, wherever possible, joint planning within the United Nations system. In his statement in the Fifth Committee the preceding year,

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(Mr. Pico de Coaña, Spain)

the Spanish representative had emphasized the need for co-ordination among bodies which had to act individually and also jointly on a matter of such importance as programming, planning and evaluation in the system. It was gratifying to note that joint meetings had already been held by various interested bodies and that the Chairman of CPC himself, in introducing that Committee's report, had indicated his willingness to establish closer co-operation with JIU and the Advisory Committee.

8. Without prejudice to its position on the medium-term plan, his delegation wished to confine its remarks to the information contained in documents A/33/38 and A/33/226 and Add.1 and 2. It should be noted that the Secretariat accepted JIU recommendations Nos. 2, 3, 4, 5 and 6 with the minor differences referred to by the Advisory Committee in its report (A/33/226/Add.2). His delegation was pleased with that situation and unreservedly supported the measures which the Secretariat itself was taking to comply with the JIU recommendations. However, it continued to be concerned over programme execution; but programme execution was linked to the performance report, which, because of its late submission, could not be studied in all its detail.

9. Recommendation No. 1 of JIU (institution of time-limited objectives (subprogrammes)) created major difficulties for the Secretariat. In the view of his delegation, changes were needed in the practical implementation of the subprogramme concept - the basic meaning of which was generally accepted - since at present there were no specific or identifiable objectives; attention should also be given to the implementation of resolution 3534 (XXX) in connexion with resolution 31/93. Activities that were of marginal usefulness or ineffective should be identified and an indication should be given of the resources which could be released so that the various bodies concerned could take the necessary measures. In addition, publications should be kept up to date so as to avoid their becoming obsolete or useless, as indicated by JIU in chapter II.2 of its report (A/33/226).

10. The notion of a fixed time-limit could help to dispel the notion that subprogrammes and programmes should be continued forever; but the only answer to that problem was to move forward on the basis of experience in individual areas. Accordingly, the approach recommended by CPC in paragraph 10 of its report (A/33/38), whereby the Secretary-General would proceed with selected programmes to try out the feasibility of the JIU recommendation, seemed to be an excellent first step.

11. Lastly, his delegation endorsed the future programme of work of CPC, which included a study of the planning and programming process. CPC would thus be embarking on an important task, which could lead to a restructuring of the system aimed at endowing it with greater flexibility and efficiency. It was impossible to speak of evaluation and programming without keeping uppermost in one's mind the medium-term plan and the programme budget, correctly implemented, as the ultimate purpose. That was a difficult task, and his delegation pledged its support to the Secretariat and the various bodies which would have to tackle it.

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12. Mr. SEALY (Trinidad and Tobago), referring to the JIU report on the public administration and finance programme (A/33/227) stressed the importance to developing countries of a public service equipped with a wide range of skills, expertise and experience. His Government, as shown in annex III B of the JIU report, had been provided in the past with assistance in administrative reform and training by the Division of Public Administration and Finance. He drew attention to the main recommendations made by JIU in its report (A/33/227, chap. IX.2) and said that the Division of Public Administration and Finance could and must continue to play a role. However, its efforts would be seriously hampered if its own organization was not geared to meeting in an appropriate and effective manner the problems in that field which were being encountered by national Governments, particularly in the developing countries. His delegation supported the recommendations of CPC on the public administration and finance programme, in particular its recommendation that the programme and the future research activities should both be oriented towards technical assistance and that an optimum relationship should be established between research and technical assistance activities.

13. In chapter I of its report (A/33/226) JIU listed six defects in the current programming and evaluation system and in chapter VII it made recommendations aimed at correcting them. The recommendations of JIU had not met with total acceptance by the Secretary-General, who believed that the suggestions in paragraphs (b) and (c) (i) of recommendation No. 1, though acceptable at the programme-element level in the context of programme budgets, were not feasible for medium-term objectives as recommended by JIU. The reason was that it was difficult to impose time-limits on certain activities. Nor was paragraph (c) (iii) of recommendation No. 1 considered by the Secretary-General to contain feasible suggestions for inclusion in the plan document because the excessive detail required would lead to undesirable rigidity in medium-term plans and greatly increase the size of the document. However, CPC had recommended that the Secretary-General should proceed with selected programmes in the economic and social sectors in order to try out the feasibility of JIU recommendation No. 1. The Assistant Secretary-General for Programme Planning and Co-ordination had agreed to experiment with the establishment of time-limited objectives.

14. While recognizing the need for an element of flexibility, his delegation would be prepared to support the implementation of JIU recommendation No. 1 because it would enable the Secretariat to determine more precisely at the outset what exactly was required in terms of resources and specific activities over a given period of time to achieve the goal set by the appropriate legislative organ. If no predetermined list of activities was drawn up, it would be difficult for legislative bodies and programme managers to assess what progress had been made towards achieving the goal and what remained to be done. Such an approach would attack head-on the problem of the continuing nature of United Nations activities at the subprogramme and programme-element levels so as to ensure that continued activities on those levels conformed to the new requirements of the shifts in orientation which had been decided upon by legislative bodies in consultation with the Secretary-General.

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(Mr. Sealy, Trinidad and Tobago)

15. His delegation noted that JIU recommendation No. 1 would entail a total reorganization. For that reason it was prepared to go along with the CPC view that recommendation No. 1 should be implemented on an experimental basis and that the results should be presented to CPC in the draft medium-term plan for the period 1982-1985. In that connexion, his delegation also took note of the decision of the Economic and Social Council in which it had approved the timely decision of CPC to undertake an in-depth study of the whole process of medium-term planning and preparation of programme budgets at its next session.

16. With respect to the JIU report on evaluation in the United Nations system (A/33/225), his delegation drew attention to paragraph 15 of the conclusions and recommendations and said that CPC had also expressed support for an effective evaluation system in the United Nations and had suggested the directions in which it felt that progress in evaluation should be sought. His delegation endorsed the views of CPC in that respect. While respecting the opinion of the Assistant Secretary-General for Programme Planning and Co-ordination that evaluation was not a mechanical tool for assessing the success or failure of a particular programme, but a feedback element in the whole planning process, it was his delegation's view that a sound evaluation system would enable programme managers and legislative bodies to evaluate the degree of success which a programme with measurable and clearly defined goals had achieved in meeting the desired objectives over a given period.

17. In that connexion, his delegation supported the JIU recommendations that a programme implementation report should be issued in the second year of the biennium for consideration by CPC and the Advisory Committee, and that a retrospective programme implementation report should be issued early in the year following the end of the biennium and form part of the evaluation exercise. Such reporting would only be feasible if it could be fitted properly into the existing cycle, if it was carried out within the context of target dates and sound internal work methods, and provided it did not involve too great an administrative burden that was detrimental to the substantive work of the programme. Those reports should list in the briefest possible way what had been achieved, what remained to be achieved, and what difficulties were obstructing the timely implementation of the programme.

18. Finally, his delegation wished to place on record once more its appreciation for the valuable contribution of the Joint Inspection Unit and the willingness of the Secretary-General to examine the Unit's recommendations in a constructive spirit.

19. Mr. TERADA (Japan) said that although his delegation had already expressed its position on the question of evaluation, he wished to mention the importance it attached to the recommendations contained in the JIU report on programming and evaluation in the United Nations (A/33/226), in particular to recommendation No. 1 on the adoption of a system of time-limited objectives. He welcomed the Secretary-General's decision to proceed with selected programmes in the economic and social sectors in order to try out the feasibility of recommendation No. 1 and was convinced that that exercise would produce positive results. His delegation believed that internal evaluation had a number of inherent defects

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(Mr. Terada, Japan)

and therefore welcomed the recommendation contained in paragraph 19 of the conclusions and recommendations of the JIU report (A/33/225). In undertaking internal evaluation, the Secretary-General should preferably have the benefit of the valuable assistance of the Administrative Management Service and the Internal Audit Service.

AGENDA ITEM 101: MEDIUM-TERM PLAN FOR THE PERIOD 1980-1983 (continued)
(A/33/6, A/33/38, A/33/345)

20. Mr. TERADA (Japan) said that the medium-term plan, the aim of which was to provide a coherent framework for preparing the programme budget for the biennium, should meet the following criteria: it should give coherence and direction to the programme; it should indicate the interrelationship between United Nations programmes and activities with a view to their co-ordination; it should establish programme priorities within United Nations activities; and it should eliminate the duplication of activities in the United Nations system. His delegation believed that the draft medium-term plan for 1980-1983 was far from meeting those criteria fully. Despite the provisions of General Assembly resolution 3534 (XXX), in the majority of cases there was no indication in the chapters of the plan of activities of marginal usefulness. In addition, owing to lack of co-ordination and control, the plan had overlooked the incipient proliferation of information systems at all levels of the Organization. Failure to indicate the level of priority attached to each programme and subprogramme in the international trade programme was particularly notable. His delegation therefore believed that the decision of CPC to devote the following year to an in-depth study of the planning and programming process was timely.

21. His delegation was of the view that the United Nations system lacked a coherent policy in its planning, programming and budgetary procedures; that short-coming was particularly regrettable when one considered that the total amount of the budgets of the United Nations system for 1978 had exceeded the billion dollar mark. For that reason, his delegation welcomed the studies being undertaken by the Administrative Committee on Co-ordination on the harmonization of programme budgets and medium-term planning in accordance with resolution 2098 (LXIII) of the Economic and Social Council. Although it recognized the difficulties pointed out by ACC in its report (E/1978/43/Add.2) his delegation was convinced that that Committee should pursue implementation of the relevant principles and recommendations in line with General Assembly resolution 32/197.

22. As to the report of the Advisory Committee on the medium-term plan for the period 1980-1983 (A/33/345), his delegation supported the CPC decision to consider the application of General Assembly resolution 31/93 in the context of its review of the planning process in the United Nations at its next session. With respect to the recommendations in paragraphs 9 and 10 of document A/33/345, his delegation felt that it was precisely CPC which could best judge the usefulness of including the tables referred to in the plan, and requested CPC to examine that problem in the light of the comments of the Advisory Committee. His delegation felt that

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(Mr. Terada, Japan)

paragraphs 15 to 18 of the Advisory Committee's report (A/33/345) contained very pertinent remarks on the potential for mutually incompatible decisions in the case of the following programmes: disaster relief, international protection of and assistance to refugees, and the environment programme. In that connexion, his Government believed that when the General Assembly approved the relative growth rates recommended by CPC in paragraph 53 of its report, the Secretary-General should submit the regular budget allocations for the period 1980-1981 within the framework of the growth rates thus approved.

23. In conclusion, his delegation noted that no consideration had yet been given to the budgetary implications for the medium-term plan of the resolutions submitted by the Main Committees of the General Assembly. It suggested that the Secretariat should indicate those implications so that budgetary increases could be related to the plan approved by the General Assembly.

24. Mr. CROM (Netherlands) commended the work done by CPC in difficult circumstances. His delegation agreed with those members of CPC who had expressed concern about the format of the CPC report (A/33/38). The report should concentrate on presenting well-argued recommendations of CPC; its conclusions and recommendations should be presented with more clarity and in a more manageable fashion and a consistent terminology should be used. Similar concerns were in order with respect to the medium-term plan (A/33/6), which, in its present form, seemed difficult to deal with. His delegation welcomed the intention of CPC to carry out a thorough study of the planning process in the United Nations system and trusted that the study would include a careful consideration of the still experimental medium-term approach. Perhaps it would be wise for CPC to concentrate its efforts on that difficult and complicated item in 1979 and to be relieved of the arduous task of making detailed comments on the draft programme budget for the biennium 1980-1981. In the context of its study of the planning process, CPC might give attention to the feasibility of putting the medium-term plan on a six-year basis with a fixed horizon. His delegation considered that a complete overhaul of the medium-term plan every two years was asking too much from everyone concerned, though it did not exclude the need for interim adjustments, which might be justified every two years. As to the Advisory Committee's report (A/33/345), his delegation welcomed the suggestions concerning financial information and indicative projections to be given in the medium-term plan, and the reference to the annual report of ACC on expenditures of the United Nations system in relation to programmes.

25. His delegation had certain reservations regarding the practical usefulness of the present tentative system of relative real growth rates. In paragraph 54 of its report (A/33/38), CPC referred to growth rates in regular budget allocations. His delegation felt that the paramount consideration should not be the question of budget figures, but an effort to help in the progressive development of a well-balanced over-all programme serving the interests of all Member States, with particular emphasis of the needs of developing countries. In paragraphs 15 to 18

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(Mr. Crom, Netherlands)

of its report (A/33/345), the Advisory Committee pointed out the danger of mutually incompatible decisions if the recommended growth rates were followed. The Economic and Social Council had not endorsed but had only taken note of the CPC recommendations, except for the recommendation concerning the adoption of a resolution on the Fifth Meeting of Experts on the United Nations Programme in Public Administration and Finance. His delegation felt that the General Assembly should do likewise. In any case, as far as relative growth rates were concerned, endorsement of the CPC recommendations by the General Assembly did not appear appropriate.

26. Apart from the three programmes mentioned by the Advisory Committee, his delegation had doubts about the "well-below-average" rating suggested for public information. It did not exclude the possibility that the outcome of the forthcoming debate on information matters in the Special Political Committee might provide a measure of priority for United Nations activities in the field of economic and social information.

27. In conclusion, his delegation felt that the secretariat of CPC required more than one staff member at the Professional level or above and looked forward to concrete proposals to that effect.

28. Mr. FERNANDEZ MAROTO (Spain) said that although the two reports submitted showed that progress was being made towards the establishment of an effective system of medium-term budgeting and planning, one should not lose sight of all that remained to be done. General Assembly resolution 31/93 contained a comprehensive set of measures for the attainment of an effective planning system. The present medium-term plan clearly left much to be desired when it was considered in relation to those recommendations. In the first place, the delay in submitting the relevant documents had precluded proper examination of the various chapters. Moreover, the financial information contained in the medium-term plan was inadequate. In that connexion, his delegation supported the comments made by CPC and the Advisory Committee in their respective reports. Appropriate information on extrabudgetary funding for the whole range of United Nations programmes would be very welcome.

29. Another highly important item was the establishment of priorities; priorities should be more precisely defined so that criteria could be established on the basis of which the notion of priority could be clearly applied. As to the defects noted in connexion with the vague formulation of programmes and the lack of detail on target dates and time-tables for implementation, it was to be hoped that the JIU recommendations would have positive results. An examination of the medium-term plan revealed that the sentence which recurred most frequently was: "There are no activities of marginal usefulness in this subprogramme." It would be interesting to find out in what proportion of cases the plan being considered by the Committee recognized that there were marginal activities and indicated what resources might be released if those activities were terminated. That would show the degree of implementation of the very important recommendation of resolution 3534 (XXX), reaffirmed in paragraph 9 of resolution 31/93. However, his delegation felt that it would be wrong to block the approval of the plan submitted as a basis for the preparation of the programme budget for the biennium 1980-1981, without prejudice

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(Mr. Fernandez Maroto, Spain)

to its consideration by the Economic and Social Council. In conclusion, his delegation warmly welcomed CPC's intention to carry out an in-depth study of the planning process at its next session, on the basis of the reports of the Secretary-General and JIU.

AGENDA ITEM 100: PROGRAMME BUDGET FOR THE BIENNIIUM 1978-1979 (continued)

Advantages and disadvantages of "semi-full budgeting" (continued) (A/33/7/Add.8, A/C.5/33/10)

Implementation of the budget (continued) (A/C.5/33/11)

30. Mr. STUART (United Kingdom) said that his delegation supported the Secretary-General and the Advisory Committee in their view that the system of full budgeting should be retained. Paragraph 12 of the Secretary-General's report (A/C.5/33/10) explained the difference between the United Nations and the UNESCO systems. It was clear that the difference was very small and it was therefore doubtful whether the adoption of the UNESCO system would be justified. It could be argued that a form of semi-full budgeting could be devised which would be more stringent; that method was one which had been favoured by many developed countries and opposed by most developing countries. In a moderate and reasonable form, it had been his delegation's budgetary philosophy. However, it was well to remember that the short-term deficit of the United Nations had the effect of constricting the cash flow available to the Organization. Moreover, to that problem were added the effects of the rapid depreciation of the dollar. In those circumstances, it was impossible to estimate precisely the expenditure needs of the Organization one year ahead. Supplementary estimates in the middle of the biennium were therefore inevitable, whatever the system of budgeting adopted.

31. It could be argued that the Secretariat should be able, by good management, to absorb the cost of staff salary increases, as some Member States controlled their public expenditure in that way. But the comparison was not a fair one; there were several important differences between the United Nations and a national Government. First, the pay of United Nations Professional staff reacted automatically to world inflation through the post adjustment system. Of greater importance was the fact that post adjustments were triggered off unpredictably by sudden changes of exchange rates. That was a hazard with which national Governments in their budgeting did not have to contend. In brief, the issue was to decide whether to make a difficult cash flow situation marginally more difficult by adopting the UNESCO system, or considerably more difficult by adopting some stricter form of semi-full budgeting; or whether to leave things as they were. His delegation agreed with the Advisory Committee that no change in the budgeting system was desirable at the present time.

32. Mr. KEMAL (Pakistan) said that his delegation considered that the arguments adduced in the Secretary-General's report constituted a convincing case for retaining full budgeting. However, as a number of delegations had expressed doubts in that respect, his delegation wished to state its position, which coincided with the view expressed by the Advisory Committee in paragraph 8 of its

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(Mr. Kemal, Pakistan)

report (A/33/7/Add.8), namely, that in the present circumstances there was no obvious advantage to be gained in abandoning full budgeting for semi-full budgeting and that, should circumstances change, the question should be given further consideration. His delegation would prefer to retain full budgeting owing to its logical and practical merits, even in times of greater economic stability.

33. Although his delegation understood the position of the Soviet delegation, it felt that there were three reasons justifying supplementary appropriation: first, some decisions taken by intergovernmental bodies after the adoption of the programme budget for the biennium had financial implications; secondly, changes in exchange rates, which could not be foreseen by the Controller, must be taken into account; and, thirdly, there was the factor of inflation. With respect to inflation, the Controller's forecasts had been reasonably accurate and his delegation was satisfied with the methodology used. But the most important point was that the United Nations was not practising full budgeting in the real sense of the term; in many respects the system used was akin to semi-full budgeting. That was the main cause of supplementary estimates. Although his delegation agreed with the United States delegation that obsolete and ineffective activities should be terminated, it would prefer not to link that question with the issue of full versus semi-full budgeting. In the circumstances his delegation believed that it would be unwise to abandon the system of full budgeting.

34. Mr. DEBATIN (Assistant Secretary-General for Financial Services, Controller) said it should be borne in mind that the budget was not a document which, once approved, remained unchanged throughout the biennium; indeed, it was revised on several occasions. First, adjustments were made to take into account such unforeseen and extraordinary expenses as were approved by the Advisory Committee and endorsed by the General Assembly. Secondly, decisions by intergovernmental bodies with financial implications were reflected. Thirdly, the necessary adjustments had to be made in the light of variations in exchange rates. The last-mentioned factor was entirely unpredictable. Although it did not play a part in national budgets, it was of importance in the budgeting of international organizations, and especially in the budget of the United Nations, where 40 per cent of expenditure was in currencies other than the United States dollar. When preparing the budget there was no choice but to use the existing situation as a point of departure and to provide for subsequent adjustments. The adjustments were made through the performance reports, which should be considered as part of the budget exercise. In those reports forecasts were adjusted in the light of inflation. In that way there was a continuous review of the budget throughout the biennium.

35. The representative of the United States had said that the total cost of all staff requirements throughout the biennium should be determined and that separate consideration should be given to the inflation component in the second year. Yet, inflation costs were nothing more than additions to the expenses already provided for in order to compensate for increases in the cost of living and, since 80 per cent of United Nations expenditure was for salaries, 80 per cent of the adjustments for inflation went under the heading of salary adjustments. If that component was included in the biennial budget, it would amount to full budgeting for the largest item of expenditure.

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(Mr. Debatin)

36. It would be extremely difficult to determine, in a separate debate on inflation during the second year of the biennium, what rate of inflation should be assumed. When preparing the budget, an extremely detailed system was employed so as to establish with the greatest possible accuracy what would be the effects of inflation on each item of expenditure; thus any separate decision on the impact of inflation in the second year of the biennium would give rise to a multiplier effect and would make it necessary to redo most of the calculations.

37. Mr. GARRIDO (Philippines) said that the main problem was the Secretariat's ability to forecast the rate of inflation. He asked how accurate were the forecasts included in the budget.

38. Mr. DEBATIN (Assistant Secretary-General for Financial Services, Controller) said that it was not easy to give an answer to the representative of the Philippines but that, in any event, the forecasts attained a high degree of accuracy. On the whole, the calculations in the budget were extremely realistic and divergencies were in the order of 1 per cent. However, they were simply forecasts and were therefore inherently uncertain.

39. Mr. CUNNINGHAM (United States of America) said that, if salaries represented 80 per cent of the United Nations budget, the decision on the inflation component in the remaining 20 per cent could be deferred to the second year of the biennium. A considerable percentage of United Nations expenditure was in currencies of countries that had no inflation. Although the calculations in the budget were very accurate, divergencies did occur and a difference of even 1 per cent represented large amounts in practice. For those reasons, his delegation wished to reiterate the position it had adopted.

40. Mr. MALONGA (Congo) said that the point at issue was to find a way of obviating the need for additional appropriations. He would have wished to have had a review of the underlying causes of requests for additional appropriation, of which the main one was monetary instability. Measures should be adopted to prevent the monetary instability experienced by capitalist countries from affecting all Member States, especially the developing countries. In that context, his delegation considered that full budgeting was not satisfactory, as it was not successful in minimizing requests for additional appropriations.

41. The CHAIRMAN suggested that the Committee should recommend to the General Assembly that it take note of the reports of the Secretary-General on the advantages and disadvantages of "semi-full budgeting" (A/C.5/33/10) and the implementation of the budget (A/C.5/33/11) and of the related report of the Advisory Committee on Administrative and Budgetary Questions (A/33/7/Add.8), and should request the Advisory Committee to continue its consideration of the question of full budgeting and to report to the General Assembly, as appropriate, on developments.

42. Mr. FERNANDEZ MAROTO (Spain) suggested that the words "taking into account the views expressed on the subject in the Fifth Committee" should be added.

43. The suggestion of the Chairman was adopted by consensus.

44. Mr. CUNNINGHAM (United States of America) said that, although his delegation had joined in the consensus, it felt that the United Nations should change to a system of semi-full budgeting and hoped that the study entrusted to the Advisory Committee would not automatically preclude such a change.

45. Mr. PALAMARCHUK (Union of Soviet Socialist Republics) said that his delegation was not maintaining that it was possible, when preparing the budget, to forecast exactly the level of future expenses, since it was aware of the disruptions experienced by the economies of capitalist countries and the fluctuations in exchange rates. His delegation favoured full budgeting, as against semi-full budgeting. Additional expenses should be dealt with through requests for additional appropriations after the submission of revised estimates. The Secretariat should try to absorb those additional costs by reordering priorities, terminating unnecessary activities, increasing the productivity of staff and, in general, resorting to internal methods.

The meeting rose at 1 p.m.