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held on

Monday, 10 October 1977

at 3 p.m.

New York

SUMMARY RECORD OF THE 12th MEETING

Chairman: Mr. TALIEH (Iran)

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

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The meeting was called to order at 3 p.m.

AGENDA ITEM 100: PROPOSED PROGRAMME BUDGET FOR THE BIENNIUM 1978-1979 (A/32/6, A/32/8, A/32/38; A/C.5/32/12 and 13) (continued)

General debate (continued)

1. Mr. LADOR (Israel) said, with reference to the ever-increasing volume of the budget, that no worth-while results could be expected from fragmentary or selective remedies. A joint effort was required to apply the principles of economical housekeeping to all the Organization's activities, although that did not mean that priorities need not be established among them, beginning with the economic and technical assistance activities, in which expenditure for fruitless debates should come at the bottom of the list.
2. With regard to personnel policies, his delegation considered that no mathematical formulas or breakdowns of United Nations staff by sex or nationality could be a substitute for an enlightened and effective policy on what the international civil service should be. The long debates on charts and tables had not achieved their goal. Such little progress towards wider representation as had been achieved had very often been accompanied by increasing the established quotas of countries and regions that were already over-represented. His own country had had the experience of submitting suitable candidates for employment in the Secretariat and seeing them lose out to others whose credentials were not superior and who came from countries that were already over-represented.
3. In his delegation's view, no real progress would be made by introducing new artificial elements into the calculation of the "desirable ranges" or by setting up new criteria, such as automatic separation by age; what was required was a real change of attitude among the membership of the United Nations and a return to the original intentions of the Charter. In that respect the Secretary-General should be given a freer hand.
4. Mr. GOSS (Australia) said that his delegation endorsed the view of the Advisory Committee and other delegations that the setting of priorities, greater co-ordination, and measures to avoid duplication and improve productivity should enable the sums allocated to be somewhat less than those produced by mechanical calculation of the maintenance base and allowance for future inflation, that zero-based budgeting could be used more, especially for travel, temporary assistance and consultants, that details of all resources available should be included in the budget and that evaluation of programmes would ensure their effectiveness.
5. On the subject of the growth rate, he said that the figure of 2.2 per cent excluded non-recurrent expenditure, which was, however, real expenditure that in one way or another would arise again in every budget and which, accordingly, had to be taken into account in budget comparisons. The proposed programme budget before the Committee did not show the full cost of the proposed staff increase of 476, which represented a growth of 4.6 per cent. The real increase in expenditure would

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(Mr. Goss, Australia)

be very close to that figure of 4.6 per cent, which exceeded the absolute minimum growth necessary to carry out the tasks assigned to the Secretariat. A better figure would be that of 332 new posts recommended by ACABQ (A/32/8, para. 48), which represented an increase of 3.2 per cent. With non-recurrent expenditure added to that 3.2 per cent, the real growth rate was between 6 per cent and 7 per cent, which was alarmingly high.

6. One area in which expenditure could be reduced without undermining the efficiency of the Organization was the allowance for inflation. As ACABQ pointed out, not all United Nations organizations used the approach of allocating the full amount of estimated inflation, as the Secretariat did. Moreover, consideration might be given to a cut of not more than \$14 million in the provision for inflation in New York, Vienna, The Hague and Geneva or serious thought might be given to adopting semi-full budgeting, in order not only to save money but also to promote efficiency. To reduce the amount requested for dealing with the effects of inflation would not impose on the United Nations Secretariat any problems more difficult than those that most Governments had already confronted.

7. He fully understood the problems of the Secretariat: while the Fifth Committee called for restraint and an order of priorities, other committees adopted resolutions urging the Secretary-General to undertake more activities, without indicating degrees of priority among them.

8. On the subject of the financial emergency of the United Nations, he said that its underlying cause was the withholding of assessments, or part of them, by Member States, a practice that struck at the very existence of the United Nations. Article 17 (2) of the Charter was quite clear on the matter, and his delegation agreed with the Japanese representative on the need for collective financial responsibility.

9. Mr. van VLOTEN (Netherlands) said that a serious review of the proposed programme budget and the medium-term plan was impossible without the help of the Advisory Committee on Administrative and Budgetary Questions and the Committee for Programme and Co-ordination (CPC). Better co-operation between those two bodies was also required and their Chairmen should explain how they intended to harmonize and combine their activities, if possible, before their recommendations were considered by the competent legislative bodies. Naturally, the Advisory Committee and CPC should exchange views on crucial issues, such as those raised by the Secretary-General in annex V to the introduction to the proposed programme budget (A/32/6) concerning relative real growth rates in major programme areas. In that connexion, it was unfortunate that the Economic and Social Council had not been in a position to give detailed attention to CPC's report on its seventeenth session (A/32/38). His delegation hoped that the Secretariat would state its views on the CPC's recommendations in paragraph 23 (b) and (c) of that report, to the effect that certain programme elements in the social field should be terminated and that other programme elements should be curtailed.

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(Mr. van Vloten, Netherlands)

10. The Economic and Social Council in resolution 2098 (LXIII), section III, had requested that a compendium of introductions to the programme budgets of agencies and organizations within the United Nations system should be prepared and had asked for a study of the compendium's potential utility together with that of the annual report of the Administrative Committee on Co-ordination on expenditures in relation to programmes. That arrangement would not only provide Member States with up-to-date information on current developments in the United Nations system but might also become an instrument for appraising system-wide development objectives and the increasing services the Organization was providing for the promotion of a new economic and social order.

11. On the matter of the scale of assessments, his delegation had expressed doubts the previous year about the increase in the Netherlands's assessment from 1.24 per cent to 1.38 per cent. It was surprised to find that the proposed new scale for 1978/79 provided for a further increase to 1.42 per cent. His Government was not convinced that that figure was a fair share.

12. With regard to the choice between full and semi-budgeting, the reasonable course might be to accept a realistic forecast in order to avoid or minimize the need for supplementary estimates, other than those required for urgent new activities. Moreover, the techniques involved in proper management of resources should continue to receive full attention, if only to reduce the gap between promise and performance.

13. Mr. DAMDINDORJ (Mongolia) said that his delegation had always held that the United Nations administrative and financial system should be improved by rational planning of the budget and other measures aimed at stabilizing it. It accordingly hoped that the proposed programme budget for 1978-1979 would take a more rational approach and make fuller use of the advantages of the biennial budget cycle. Unfortunately, insufficient use was being made of those advantages, and the need for an adequate analysis of the effectiveness of all existing programmes and for critical reappraisal of those programmes from the point of view of establishing priorities and redistributing the Organization's resources had not been taken into account.

14. The Advisory Committee, in paragraphs 4, 6 and 7 of its report (A/32/8), noted that there was room for improvement in connexion with the provision of adequate information, particularly on the justification for requests for increased resources. It was regrettable that that situation, which had been criticized before, was still unchanged. His delegation therefore believed that in future the proposed programme budget should contain specific information about the time-limits for programme implementation, with details for each year, and about staff and financial resources released as a result of the completion or reduction of certain programmes. The Secretariat should take decisive steps to implement General Assembly resolutions 3534 (XXX) and 31/93 on that subject.

15. The proposed budget represented an increase of nearly 28 per cent as compared with the initial budget for the previous biennium. Furthermore, if account was taken of the potential additional requirements which might result from the financial

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(Mr. Damdindorj, Mongolia)

implications of decisions adopted by the Economic and Social Council at its sixty-second and sixty-third sessions and by the General Assembly at its thirty-second session, which according to the Secretary-General might be of the order of \$8 million, the increase in the budget for 1978-1979 would be even greater. It should be noted that the budget was growing at a much faster rate than the gross national product and national income of Member States of the Organization. According to the data of the International Monetary Fund, in recent years the real growth of the gross national product and national income of the member countries of the Fund had not exceeded an average of some 5 or 6 per cent annually. On the other hand, the United Nations budget growth rate had been several times greater than the national income growth rates of most Member States. It was difficult to justify such rapid growth. Consequently, his delegation considered it essential to identify priorities, improve co-ordination among United Nations bodies and between the Organization and the specialized agencies, eliminate overlapping and make every effort to carry out programmes by increasing the productivity and efficiency of the existing staff.

16. Staff costs, which accounted for almost 80 per cent of the budget estimates, reflected the predominantly administrative character of the budget. His delegation considered, however, that such substantial staff costs were not justifiable, since the Secretariat had not yet reached the maximum level of productivity and efficiency. In that regard, it was regrettable that the Secretariat had not taken radical measures to make better use of available personnel. As indicated in the draft budget, it had been found preferable to increase automatically the number of staff, adding 487 posts and reclassifying another 57, although, as indicated by the Advisory Committee (A/32/8, para. 49), there had been almost 400 vacant posts in the Professional and higher categories as of 30 April 1977. For those reasons his delegation could not support the request for additional posts.

17. The Secretariat should abandon its practice of creating new offices and expanding its staff whenever new programmes were initiated. Requests for additional staff should be based on objective programme requirements and not on the assumption that the staff had to increase arbitrarily and automatically every year.

18. According to the Secretary-General, one of the main reasons for the increased growth in the programme budget was the inflation foreseen during the biennium. More than \$56 million had been included in the budget to meet the impact of that inflation. His delegation considered it unjustifiable that all Member States should be burdened with those costs, which should be covered by achieving greater savings or by voluntary contributions from the States responsible for the costs.

19. Similar financial responsibility should be borne by those States which, in violation of the Charter, had imposed on the United Nations the operations in the Congo and the Middle East. Consequently, his country would be unable to contribute to the cost of amortizing the United Nations bonds provided for in the programme budget.

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20. Finally, with regard to the financing of the technical assistance programme from the United Nations regular budget, his delegation wished to reiterate its position that, in accordance with Article 17 of the United Nations Charter, the regular budget should be used exclusively for administrative purposes, while technical assistance activities should be financed through voluntary contributions.

21. Mr. SIOSTRONEK (Czechoslovakia) said that his Government's approach to the consideration of the budget reflected its concern to ensure that budgetary resources were used to promote the attainment of the peaceful objectives set out in the Charter and of détente. The proposed budget showed a sudden and unjustified increase in budgetary expenditure. That trend should be halted by taking account of the principles of the Charter and making rational savings. The high rate of budgetary growth was a source of particular concern because it had been hoped that the Secretariat would succeed in stabilizing its expenditures. Consequently, his delegation supported all measures designed to establish priorities in accordance with the Charter and the objectives of the Organization. It considered that the priority tasks of the United Nations were the maintenance of peace, including disarmament, and the elimination of force in international relations. It would also support all measures involving the transfer or redistribution of resources and staff from programmes which were being terminated or reduced to those of a priority nature. In that regard, he wished to know what resources would be made available as a result of the termination or reduction of programmes. It was essential to eliminate duplication of budgetary expenditures and increase the general efficiency of United Nations machinery by co-ordinating and evaluating envisaged activities.

22. His delegation felt compelled to state that it would not support the Secretariat proposals that ran counter to General Assembly decisions or the Charter. Consequently, it could not support the inclusion in the budget of resources designed to offset the effects of inflation because in its view those additional costs should be met by making savings, by contributions from the developed States or by voluntary contributions.

23. Similarly, it could not support interest and amortization payments on the loans raised by the United Nations to finance the illegal operations it had carried out in the Congo and the Middle East. His delegation declined any responsibility for those expenditures, which derived from decisions contrary to the Charter, or for the expenditures relating to the second agreement between Egypt and Israel.

24. With regard to staff questions, his delegation fully supported the Soviet proposal that the Joint Inspection Unit should be instructed to examine the effective use of Secretariat staff and any other efforts to apply measures leading to better co-ordination and efficiency of United Nations activities.

25. Mr. FERNANDEZ MAROTO (Spain) said that although the percentage increase in gross and net expenditure foreseen in the proposed budget for 1978-1979 had declined to some extent in comparison with the corresponding percentages for previous budgets, the truth was that absolute expenditures, which amounted to almost a billion dollars, had increased markedly in comparison with the previous biennium and even more

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(Mr. Fernandez Maroto, Spain)

markedly in comparison with earlier bienniums. The uncontrollable increase in the Organization's expenditure was a source of concern to his delegation, since the contribution assigned to it in the scale of assessments of the Organization, combined with the influence which that contribution exerted on those which it made to other organizations of the United Nations system, involved for Spain sums amounting to millions of dollars. In fact, the dollar value of the Spanish contribution to the United Nations had virtually doubled in recent years and its cost in pesetas had been substantially affected by the devaluations of that currency vis-à-vis the dollar.

26. It was logical that comparisons designed to determine the percentage of increase in the proposed appropriations should be made between homogeneous figures, in order that their significance might be clear and unaffected by factors that might make the comparison tendentious or optimistic. For that reason, it did not seem useful to compare the proposed appropriations for 1978-1979 with the revised appropriations for the preceding biennium, as was done in paragraph 5 of the foreword to the proposed budget (A/32/6). The Advisory Committee, in paragraph 1 of its report (A/32/8), compared initial appropriations, revealing an increase of 26.3 per cent in gross expenditure and 23.5 per cent in net expenditure. Those were very large increases, which would undoubtedly be augmented still further when the potential revised estimates referred to in paragraphs 35 to 37 of the foreword to the proposed budget were submitted.

27. His delegation regretted that the Advisory Committee had been compelled to make the comments set forth in paragraphs 4 to 7 of its report and supported the recommendation made therein that the Secretary-General should take immediate steps to improve the flow of accounting data. The Advisory Committee recommended a total reduction of \$26.6 million out of the sum of \$941.7 million proposed by the Secretary-General. His delegation fully supported that reduction which in its view was the minimum recommendable reduction taking into account the great increase in expenditures.

28. The high increase in expenditure in the proposed programme budget was due, in part, to the inadequate methodology employed in determining the appropriations requested for 1978-1979. The statement in paragraph 9 of the foreword to the proposed programme budget, that the components relating to the maintenance base were "basically beyond the control of the Secretariat," was quite unacceptable. Acceptance of any such notion amounted to a clear denial of the basic principles which should govern the preparation of any budget, since it should be based on a continuing, strict and thorough analysis of all items of expenditure, and the only expenditures that could be described as continuing were those which, after a careful study that should be repeated each time the budget was prepared, could justifiably be considered so. That was particularly true of personnel expenditures, and was therefore very important since approximately 80 per cent of the Organization's budget was devoted to such expenditures.

29. His delegation would therefore like to see reductions made in the maintenance base, in addition to those recommended by the Advisory Committee. His delegation

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also felt that the zero base criterion should be applied as far as possible in calculating the needs for 1978-1979. It was unfortunate that, at a time when circumstances made it necessary to limit expenditure growth, the proposed programme budget should fail to take account, for example, of the provisions of paragraph 1 of General Assembly resolution 3534 (XXX) or of the recommendations made by the Committee for Programme and Co-ordination (A/32/38, paras. 21-28)..

30. With regard to the predicted effect of inflation in 1978 and 1979, which was automatically reflected in all the analytical tables of over-all costs appearing in the budget, his delegation felt that the best course would be to avoid the two extremes, which were either to make no allowance at all for inflation, or to include figures arrived at subjectively and indiscriminately. It therefore considered it inadvisable automatically to make full provision for inflation for the two-year period of the biennium because, among other things, budgeting for inflation contributed to inflation.

31. Because of the precedents such a practice set, it was dangerous to transfer to the regular budget posts and expenditures previously financed from extrabudgetary resources, and his delegation therefore supported the comments and recommendations made by the Advisory Committee in paragraphs 51 et seq. of its report (A/32/8). It also agreed with the statement made in paragraph 86, to the effect that the programme budget for 1980-1981 should not include any proposals for the reclassification of posts that were not justified in terms of the post classification structure which should be in place by then. With regard to paragraph 87 of that report, it also considered that the practice of filling posts proposed for reclassification with staff members in a higher category, before approval of the reclassification, should be completely discontinued.

32. Mr. ABRASZEWSKI (Poland) said that his delegation was aware of a quite significant expansion and differentiation in the activities of the Organization over the past few years, and of the currency fluctuations in the Western world and faster growing inflation. But it felt that all those factors taken together precisely stressed the need for economy, effective use of available resources and strong financial and administrative leadership.

33. The programme budget for 1978-1979 showed a gross growth rate of 20.1 per cent which, in monetary terms, was equivalent to \$US 157.7 million - a sum which, after deduction of income, constituted an additional burden to be borne by Member States. It was a well known fact that, at present, only a small number of national currencies were convertible. Therefore, for a great majority of Member States every substantial increase in external spending, including obligations resulting from membership in international organizations, had to be covered from resources obtained primarily on international markets. The real growth rate calculated by the Secretariat at 2.2 per cent was mainly due to the use of a particular methodology. What really mattered to Member States was the actual size of the programme budget as a whole and, consequently, the amount of money that they would be required to contribute. The Polish delegation found the level of the programme budget for the next biennium and its rate of growth unacceptable. It had long been in favour of the introduction of

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a limit to the growth of the budget, especially as more than 75 per cent of the United Nations budget was still spent on personnel and administration.

34. His delegation shared the view of ACABQ, which disagreed with the assertion that the elements which entered into the calculation of the maintenance base were basically beyond the Secretary-General's control. It also wished to stress the conclusion reached by the Advisory Committee that the programme managers had not carried out a systematic analysis of the maintenance base and that, in their submissions to the Budget Division, they had focused on justifying requests for additional resources. The maintenance base needed closer scrutiny, and in the case of such items as consultants, expert groups, temporary assistance and travel, a more stringent policy should be pursued instead of assuming that whatever was provided for the current biennium should automatically go into the maintenance base.

35. His delegation also supported the recommendation by the Advisory Committee that future submissions of the programme budget should include a justification of the totality of budget requests for such items as consultants, temporary assistance and travel. Meanwhile, it would appreciate receiving from the Secretariat information on the practical application of rule 107.9 (b)(i) of the Staff Rules, concerning alternative modes of transportation for official travel by United Nations staff, in view of the fact that air travel, as compared to sea travel, had become more economical than before. In view of the size and complexity of the budget, the Office of the Under-Secretary-General for Administration and Management and the Controller should ensure proper financial management and control, and the Controller should supervise the entire process of programme budgeting formulation, approval of initial estimates and implementation of the budget.

36. He drew attention to General Assembly resolution 3534 (XXX), reaffirmed in paragraph 9 of resolution 31/93, which had led to the submission of a report by the Secretary-General (A/C.5/31/27) at the thirty-first session. ACABQ's comments on the report were contained in document A/31/326. The Advisory Committee had recognized that it was too early to expect the identification of large areas of potential savings, and had recommended that a further review should be made and that its results should be reflected in the programme budget proposals for 1978-1979. Thus it was regrettable that the foreword to the programme budget contained only one scanty reference to the matter, in paragraph 23, and gave no information on efforts to review the programme budget proposals in the light of the General Assembly resolution and the Advisory Committee's recommendations.

37. Indeed, such a passive attitude on the part of the Secretariat could be interpreted as a refusal to implement the clear-cut wish of the General Assembly to cope effectively with the problem of obsolete and ineffectual programmes. It could even be said that an attempt had been made to undermine the validity of those resolutions as a useful tool of administrative management and control within the Secretariat. His delegation realized that there might be psychological difficulties in identifying obsolete programmes, but the Secretariat must start the process and embark upon the strict implementation of the relevant resolutions of the General Assembly. The process should first of all find its reflection in the formulation

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of financial requests and budget submissions. His delegation was also looking forward to relevant information, in the forthcoming performance report on the programme budget, on the staff and resources released as a result of the completion, reduction, reorganization, merging or elimination of United Nations programmes, projects or activities, in accordance with paragraph 5 of General Assembly resolution 3534 (XXX).

38. Lastly, his delegation considered that the assertion in the foreword to the programme budget, to the effect that the impact of inflation on United Nations finances was beyond the Secretariat's control, was a gross oversimplification. Nor could it accept the explanation that inflationary pressures were the major factors accounting for the increased requirements under the budget. If that were the case, the Secretary-General would not have requested, for instance, 180 new posts, 255 conversions and 45 transfers to the regular budget of posts currently financed from extrabudgetary resources, as if there were no room for a considerable accretion of manpower within the existing establishment. On many occasions examples had been given in the Fifth Committee of duplication of work, lack of co-ordination, unbalanced workloads and low rates of work efficiency in certain units of the Secretariat.

39. There was no doubt that there was ample room for economy in practically all sections of the budget and his delegation had, at previous sessions, drawn attention to such measures as the optimal use of available time for meetings, reducing the size of documentation, and so forth. It was pleased to note that the Secretary-General, in section XI of his report on the work of the Organization (A/32/1), had used figures requested by the Polish delegation three years earlier to point out potential economies in that field.

The meeting rose at 4.45 p.m.