



# General Assembly

Sixty-ninth session

Official Records

Distr.: General  
18 December 2014

Original: English

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## Fifth Committee

### Summary record of the 15th meeting

Held at Headquarters, New York, on Wednesday, 19 November 2014, at 10 a.m.

*Chair:* Mr. Ružička ..... (Slovakia)  
*Chair of the Advisory Committee on Administrative  
and Budgetary Questions:* Mr. Ruiz Massieu

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*The meeting was called to order at 10.10 a.m.*

**Agenda item 131: Review of the efficiency of the administrative and financial functioning of the United Nations**

*Proposed programme budget outline for the biennium 2016-2017 (A/69/416 and A/69/556)*

1. **Mr. Takasu** (Under-Secretary-General for Management), introducing the report of the Secretary-General on the proposed programme budget outline for the biennium 2016-2017 (A/69/416), said that the regular budget had remained fairly steady over the previous four bienniums, apart from fluctuations in the provisions for special political missions pursuant to Security Council decisions on new and expanded missions. Since taking office, the Secretary-General had made real efforts to reduce the budget, and the proposed outline for the biennium 2016-2017 continued that philosophy.

2. In accordance with the process set out in General Assembly resolutions 41/213 and 63/266, the outline provided an indication of a preliminary estimate of resources to accommodate the proposed programme of activities during the biennium; priorities, reflecting general trends of a broad sectoral nature; real growth, positive or negative, compared with the previous budget; and the size of the contingency fund expressed as a percentage of overall resources.

3. Eight priorities for the work of the Organization were proposed on the basis of recommendations by the Committee for Programme and Coordination for the General Assembly's approval. They covered sustained economic growth and sustainable development; maintenance of international peace and security; development of Africa; promotion of human rights; effective coordination of humanitarian assistance efforts; promotion of justice and international law; disarmament; and drug control, crime prevention and combating international terrorism.

4. The General Assembly had repeatedly reaffirmed that the budget outline should provide a greater level of predictability of resources required for the following biennium. Accordingly, the overall preliminary estimate of resources included not only additional resources to support new mandates but also resources to cover essential operational needs foreseen for the biennium, as well as current and upcoming initiatives. Failure to include requirements already foreseen in the

preliminary estimate for 2016-2017 would result in subsequent piecemeal requests throughout the biennium, and Member States had sought to avoid incremental budgeting as much as possible by establishing the more predictable budget procedures set out in General Assembly resolution 41/213.

5. The starting point for the preliminary estimate of resources had been the appropriations approved for 2014-2015, amounting to \$5,538.6 million. Adjustments had then been made in respect of newly established posts approved for 2015 only, removal of one-time costs in 2014-2015, estimated resource changes in 2016-2017, inclusion of additional requirements for special political missions, and inclusion of estimates in respect of initiatives currently before the Assembly and others yet to be submitted.

6. An additional amount of \$6.8 million would be required to cover the full biennial provision of 38 posts that had been approved for establishment in 2015 only. As the Assembly had approved the same vacancy rates for both continuing and newly established posts, the prior practice of including provisions for the delayed impact of newly established posts was no longer necessary. One-time costs in 2014-2015 amounting to \$95.6 million that were no longer required for 2016-2017 had been removed.

7. The proposed provisions for resource changes in the biennium 2016-2017 included an amount of \$59.5 million comprising resources of \$26.1 million to support new mandates and resources of \$33.4 million for essential operational needs foreseen. Preliminary indicative requirements for special political missions reflected a net increase of \$163.3 million compared with the initial appropriations for 2014-2015. The estimates were based on experience in the current biennium, taking the approved level of special political mission resources for 2014 as a base, with adjustments to take into account the biennial provision for the continuation of existing special political missions, discontinuation of missions whose mandates would not be extended in 2015, expansion of existing missions, and new missions that had not been established when the budget outline level for the previous biennium had been approved.

8. The outline included information on initiatives currently before the Assembly and foreseeable items that might impact the budget outline. The estimated amount was \$49.9 million, which included construction

costs of \$14.6 million at the Economic Commission for Africa, Umoja project costs of \$14.4 million, and an amount of \$9 million in respect of the strategic capital review. That amount would be offset by a projected reduction of \$30 million relating to the initial portion of the Umoja benefits realization plan. The net amount was thus estimated at \$19.9 million.

9. In its resolution 67/246, the Assembly had underlined the validity of the overall qualitative and quantitative benefits of Umoja and the Secretary-General had reaffirmed his commitment to realizing quantitative benefits in the range of \$140 million to \$220 million between 2017 and 2019. He had also indicated his intention to incorporate the benefits realization plan into the budgeting cycles for the regular budget and for peacekeeping and for it to be reflected in budget performance reports as the roll-out of Umoja continued.

10. Preliminary estimates for regular budget established activities, excluding special political missions, reflected a decrease of \$3.4 million, or 0.1 per cent, demonstrating the Secretary-General's commitment to strict budgetary discipline. Including requirements for special political missions, the overall preliminary estimate for 2016-2017 would amount to \$5,698.5 million, reflecting growth of \$159.9 million, or 2.9 per cent, as a result of new mandates, essentially special political missions.

11. It was recommended that the contingency fund should be maintained at 0.75 per cent of the overall budget level for the biennium 2016-2017. By taking a comprehensive approach, the Secretary-General would provide Member States with a greater level of predictability regarding total resources foreseen for the following biennium, thereby avoiding incremental budgeting as much as possible.

12. **Mr. Ruiz Massieu** (Chair of the Advisory Committee on Administrative and Budgetary Questions), introducing the related report of the Advisory Committee (A/69/556), said that the principal aim of the Advisory Committee's recommendations was to provide the Assembly with greater clarity. There was some confusion because the Secretary-General stated in his report that the total preliminary estimate indicated a budget outline level of \$5,698.5 million. However, that amount included initiatives still under consideration by the Assembly, whereas preliminary estimates based only on established activities would

actually amount to \$5,645.2 million. While the Assembly needed a complete picture of what the budget for 2016-2017 might include, the budget outline document should clearly distinguish between estimates in support of mandated activities, which should be included in the preliminary estimate, and estimates relating to other activities or initiatives that were under consideration or had yet to be considered by the Assembly, which should be reflected in annex II to the budget outline document.

13. The estimate of \$33.4 million for operational needs indicated in the Secretary-General's report included initiatives yet to be considered by the Assembly, which should be treated in the budget outline similarly to the initiatives currently reflected in annex II. Moreover, since that total also included estimates related to activities previously approved by the Assembly, detailed information should be provided to the Assembly.

14. The decrease of \$30 million attributable to Umoja benefits realization was explained in annex II to the Secretary-General's report but was not mentioned in the body of the report, which was confusing. Specific information on the benefits expected in each area should be presented to the Assembly to ensure that the expected benefits were clearly attributable to Umoja.

15. The United Nations Mission for Ebola Emergency Response (UNMEER) should be treated in the budget outline similarly to the initiatives currently reflected in annex II to the Secretary-General's report. With regard to special political missions, the latest approved level of resources for the current mandates should be used as the basis for estimates in the budget outline, without any judgement as to the future status of such missions.

16. Lastly, the Advisory Committee recommended approval of the Secretary-General's proposal that, for the biennium 2016-2017, the level of the contingency fund should be maintained at 0.75 per cent of the overall budget level for the biennium.

17. **Ms. Rios Requena** (Plurinational State of Bolivia), speaking on behalf of the Group of 77 and China, said that the proposed budget outline should have presented the fullest possible picture of the estimates of resources required for the biennium 2016-2017.

18. During the Committee's consideration of the draft resolution on the budget outline for the biennium 2014-2015, Member States had been deprived of essential information, and the Secretariat had later used that resolution to impose cuts under various sections of the budget. The Group would not accept a repeat of that situation and demanded full disclosure of mandated activities and transparency on all activities that would affect the budget for 2016-2017.

19. Noting the preliminary estimate of resources for 2016-2017 of \$5,645.2 million based on existing activities, the Group was concerned at the total net projected decrease in programme resources of 0.1 per cent, \$3.4 million, and the increase of 15.1 per cent, \$163.3 million, for special political missions compared with the envelope approved for such missions for the biennium 2014-2015. As in previous budgets, special political missions showed a significant increase compared with previous bienniums, and the Group was gravely concerned at that imbalance and at the increasing proportion of the regular budget devoted to peace and security activities to the detriment of development activities. That trend went against the priorities established by the Assembly and could hinder the Organization's ability to effectively deliver on the post-2015 development agenda. The Secretariat must be allocated adequate resources to enable it to deliver the mandates agreed by Member States. In addition, the estimates were merely indicative, and the level of the budget for 2016-2017 might well be higher.

20. The Group was very concerned that the preliminary estimate for 2016-2017 included an overall decrease of \$30 million attributable to Umoja benefits. In that regard, the Assembly had requested the Secretary-General to draw up a clear benefits realization plan for its consideration and approval. In the absence of such plan the Group could not accept decreases in the budget outline attributable to Umoja and was concerned at the recent practice of proposing reductions in the outline. Such reductions did not represent efficiencies and were, rather, reduction targets with no explanation as to how they would be achieved, which meant that they could have an impact on programmatic activities. With regard to the contingency fund, the Group opposed a mechanical request without justification for the fund to remain at the same level.

21. The Group was firmly committed to the budgetary process established by General Assembly

resolutions 41/213 and 42/211, which had laid the foundations for the Committee's work, stipulating how the budget would be prepared and under what terms the Committee would negotiate it, and was therefore concerned at the inconsistencies in the Secretary-General's report, in particular regarding amounts related to initiatives under consideration by the Assembly. It was also very concerned that estimates related to UNMEER had not been included in the budget outline as that would have provided Member States with a full picture of preliminary estimates.

22. Under the Charter, the General Assembly was the only body authorized to consider and approve the budget of the United Nations, and the role of the Committee in budgetary and administrative matters should be respected. The Committee should therefore convey in writing to the other Main Committees that they should refrain from using the phrase "within existing resources" in their draft resolutions, as to do so constituted a violation of rule 153 of the rules of procedure and numerous General Assembly resolutions reaffirming the role of the Fifth Committee.

23. **Mr. Hilale** (Morocco), speaking also on behalf of Mexico, Norway, Switzerland and Turkey, said that, at his first press conference, on 16 October 2014, the new United Nations High Commissioner for Human Rights had expressed concern about the grave financial difficulties of his Office, which was facing budget cuts even though it received only a fraction of the Organization's budget and its workload was increasing.

24. In a joint letter addressed to the Secretary-General on 15 July 2014, the five delegations, on behalf of 55 Member States, had expressed similar concerns about the severe lack of resources allocated to the human rights pillar of the United Nations. At the very least the regular budget should cover all the costs of the activities mandated by the Human Rights Council and other competent intergovernmental bodies. It should also enable the Office of the United Nations High Commissioner for Human Rights to respond to requests for technical assistance from Member States and provide adequate presence in the field. The slight increase in the budget allocated to human rights was a step in the right direction but was insufficient to cover the needs of the Office.

25. The Organization must be given the resources required to carry out its mandates effectively and efficiently. The aim should be to establish sustainable

financing which took into account the different interests of Member States without infringing the independence of the High Commissioner and his Office. The five delegations remained committed to securing lasting and balanced resources for the human rights pillar and called on Member States and the Secretariat to work together to achieve that goal.

26. **Ms. Power** (Observer for the European Union), speaking also on behalf of the candidate countries Albania, Montenegro, Serbia, the former Yugoslav Republic of Macedonia and Turkey; the stabilization and association process country Bosnia and Herzegovina; and, in addition, Armenia, Georgia, the Republic of Moldova and Ukraine, said that in a context of fiscal austerity in Member States discussions on the budget should include a strategic assessment of resource needs and demonstrate a sound understanding of the costs of delivering mandates. It was therefore extremely disappointing that the proposal before the Committee was merely a list of additions to the current budget, since that method was neither affordable nor sustainable. The Committee needed to go beyond incremental budgeting, which simply led to automatic budget growth. The United Nations must deliver on its mandates through a budget based on a proper evaluation of what was actually necessary to carry out activities.

27. The most serious concern was the incremental way in which the Organization's budgets were formulated. In addition, the presentation of details in the proposed budget outline was confusing and the methodology used to establish the outline had not been explained. The figures were sometimes contradictory, and the overall approach lacked strategic depth. However, what was clear was that future costs would lead to budget growth on a scale that made tackling it an imperative. The current practice of recosting was unsustainable and Member States had a collective responsibility to change that questionable and unusual approach. The Organization must intensify efforts to innovate and improve working practices in order to manage resources as efficiently and effectively as possible. Business as usual was no longer an option.

28. **Mr. Ono** (Japan), recalling that the Committee had agreed on a regular budget for the biennium 2014-2015 that was 0.63 per cent lower than that for the previous biennium, said that Member States could not afford a return of the trend that had caused the budget to more than double since 2000. During the

twelve years from the biennium 2000-2001 to the biennium 2010-2011, the regular budget had grown at an average rate of around 13 per cent per cycle, whereas from the biennium 2010-2011 to the biennium 2012-2013 it had grown by less than 3 per cent.

29. The United Nations had a budget that reinforced existing structures and systems, which made it difficult to respond to changing needs without requesting more resources. When considering the proposed programme budget for 2016-2017 the Secretariat should take a fresh look at needs instead of merely extending the 2014-2015 budget, as it appeared to have done in the budget outline. Furthermore, the entire picture of the budget for the biennium 2016-2017 was unclear because the amount would increase to take into account initiatives currently under consideration by the Assembly.

30. His delegation was pleased that the benefits of Umoja would be reflected in the budget from 2017, but was disappointed at the lack of any other initiatives to seek efficiencies and savings and to do more with less. As a result, the regular budget would reach a record high and the addition of further mandates could bring the amount to as much as \$6 billion. The Secretariat should formulate specific efficiency measures, including a comprehensive staffing review, streamlining obsolete activities and realizing further benefits from Umoja. His delegation urged the Secretary-General to present a proposed programme budget for 2016-2017 that reflected more efficient and effective resource deployment.

31. **Mr. Hays** (United States of America) said that the budget outline lacked a sense of strategic planning, reflecting, rather, a cost-plus approach to budget management. His delegation had consistently expressed profound concern about the practice of using the previous biennium budget as the basis for establishing the budget for the following biennium. An ongoing review of programmes and business processes was important to ensure the most effective and efficient implementation of mandates. The Committee should go beyond incremental budgeting and evaluate the entire quantum of resources necessary to carry out mandated programmes and activities. A strategic review of resources required for the following biennium should be completed on the understanding that Member States did not have limitless resources and must be assured that funding provided to the Organization was focused on top priorities and spent in

the most effective and economical way. The Secretary-General should ensure that managers followed guidance to that effect when preparing budgets.

32. His delegation appreciated the Secretary-General's efforts to reduce the budget through the business processes reflected in the outline and noted the reduction proposed for 2016-2017 attributable to Umoja benefits realization. However, additional steps were needed, and the Committee needed to fully tap the significant potential for identifying efficiencies and freeing up resources through Umoja and other initiatives. There was also ample room for a critical review of staffing requirements and corresponding staff reductions. His delegation sought detailed information on the experience of working with a single vacancy rate during the biennium 2014-2015. The goal should be to make every penny work towards the goals established by the General Assembly.

33. His delegation would pursue reform of recosting and elimination of its impact on the budget. It was very concerned about the corrosive effect that incremental budgeting and recosting had on budget discipline and on the ability of Member States to engage in meaningful discussions on priorities. It would also welcome a robust discussion on how the current budget process reinforced and perpetuated existing organizational structures while depriving Member States of the flexibility needed to respond to changing needs and priorities by redirecting resources within the existing budget framework. No institution was perfectly disciplined with its budgets, but the United Nations could do better.

34. **Mr. Kalugin** (Russian Federation) said that his delegation supported the Advisory Committee's conclusions and its recommendation that the latest approved level of resources for current mandates should be used as the basis for determining preliminary estimates in the budget outline. That would enable the Organization to plan its work much more effectively and prevent the piecemeal approach to budgeting that his delegation had traditionally opposed. His delegation had no objection to the Secretary-General's proposal that, for the biennium 2016-2017, the level of the contingency fund should be maintained at 0.75 per cent of the overall budget level.

35. However, his delegation did not agree that the estimates should include initiatives still under consideration by the General Assembly. He requested

clarification of the proposed application of a single vacancy rate in the next biennium. The Secretariat should clearly state what savings would result from the implementation of Umoja. Member States should carefully study the possible benefits of that project before the 2016-2017 budget was introduced.

*The meeting rose at 10.55 a.m.*