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*Chairman:* Mr. G. G. TCHERNOUCHTENKO  
(Byelorussian Soviet Socialist Republic).

## AGENDA ITEM 74

Budget estimates for the financial year 1969 (*continued*) (A/7125, A/7205, A/7207, A/7236, A/7255, A/7280, A/C.5/1169 and Corr.1, A/C.5/1175-1179, A/C.5/L.943, A/C.5/L.944)

### General discussion (continued)

1. Mr. MOEBIUS (Austria) observed that the question of the United Nations budget had a more direct impact on Member States than almost any other matter before the General Assembly. It placed them in a quandary, for they hesitated to accept additional burdens on their strained national economies and at the same time believed that the resources needed to meet the demands which they themselves imposed on the Organization must be made available. They were therefore constantly trying to maintain a balance between the rate of expansion of the Organization and the rate of growth of their own resources set aside for honouring international commitments. His delegation continued to be greatly concerned at the ever-increasing size of the budget and hoped that its growth could be more adequately controlled in the future. The Secretary-General's comments on the financial and budgetary problems of the United Nations that he had made at the 1238th meeting of the Committee (A/C.5/1176) should serve as a challenge to those Members who had chosen to withhold their urgently-needed contributions.

2. While his delegation appreciated the factors which had motivated the Secretary-General in requesting funds, it was prepared to endorse the recommendations of the Advisory Committee on Administrative and Budgetary Questions. Here and there the estimates gave cause for uneasiness, notably in the references to accommodation problems and in the enormous demands in the personnel sector. The Austrian delegation fully endorsed the recommendation made by the Advisory Committee in paragraph 50 of its main report (A/7207) calling for a survey of existing personnel and their deployment and utilization. It would not wish to

oppose the recruitment of whatever new personnel were necessary to safeguard the continued smooth operation of the Secretariat, but thought that it would have been preferable to see the results of the survey before reorganizing the manning table. In his statement before the Fifth Committee the Secretary-General had asked for time in which to prepare for the survey. His delegation agreed with the Secretary-General's arguments because it felt that to embark on the project with undue haste would be no less dangerous than to defer it to the too-distant future. It was an operation designed to have a long-term impact.

3. Many different cultures, philosophies and political ideologies were represented in the United Nations and hence in its Secretariat. The concept of "management" and the usual methods of rationalization could not therefore be applied to the United Nations in the same way as to private enterprise. Those considerations had a bearing on the method to be used in the survey. His delegation would favour any group of "inside" specialists for the task; it included in that category all experts who had acquired a special knowledge of the functioning and administrative structure of the United Nations. It would take a more cautious attitude towards hiring outside management specialists, and before supporting such a step would wish to be sure that the results achieved would justify the cost and that the findings of the survey could be implemented. Further information should be made available on those two points before any decision was taken.

4. His delegation had been somewhat disturbed by the remarks of the Chairman of the Advisory Committee at the 1238th meeting (see A/C.5/1177) regarding the role of that Committee and its burden of work. His delegation, like many others, relied heavily on the expert opinion of the Advisory Committee when explaining and justifying United Nations expenditures to the legislative organs of his country, and strongly supported the conclusion of the Advisory Committee's Chairman that there was no need at the current time to suggest changes in the nature of that Committee, its terms of reference, its composition and size, nor in its working methods. Until the time came for a complete re-evaluation of all operations in the administrative and budgetary fields, it would be better to avoid such changes and proceed with caution, guided by the findings of the *Ad Hoc* Committee of Experts to Examine the Finances of the United Nations and the Specialized Agencies, as expressed by that Committee in its second report.<sup>1/</sup>

5. Mr. MEYER PICON (Mexico) expressed his delegation's appreciation of the clarity of the budget esti-

<sup>1/</sup> Official Records of the General Assembly, Twenty-first Session, Annexes, agenda item 80, document A/6343.

mates relating to economic, social and human rights activities, but agreed with the Advisory Committee that the exclusion from the initial estimates of an item of expenditure of such magnitude as those under part V was contrary to the terms of regulations 3.4, 3.5 and 3.6 of the Financial Regulations of the United Nations. His delegation was in general agreement with the recommendations of the Advisory Committee and would vote in favour of the recommended reductions on the understanding that they would not adversely affect the work programmes.

6. During the last few sessions the Fifth Committee had shown a unanimous and growing concern over the continuing increase in the regular budget, including the growing number of special meetings and conferences and the excessive volume of documentation. It had stressed the need for the limitation of staff and for strict financial control. Improvement could no doubt be brought about by increased efforts, but in the meantime the causes underlying the problems should be carefully analysed. Since the establishment of the United Nations, the broad outlines of world problems had not changed but their order of priority had, and now the problems of economic and social underdevelopment were paramount. The structure of the United Nations, however, had not evolved at the same pace, so that the Organization was faced with the consequences of structural imbalance. The changing priorities had made developing countries impatient to satisfy their growing needs, with the result that there had been a proliferation of initiatives, committees and other organs; that in turn had led to the reappraisal and the very salutary recommendations contained in the second report of the Ad Hoc Committee of Experts.

7. The root of the problem, however, which had not been pointed out in the report, was the reluctance of many highly industrialized countries to help solve problems of underdevelopment. As a result, the developing countries had grown more impatient and tended to put their trust in their numerical voting strength. The present situation could easily lead to a growing lack of confidence between those two groups of countries and could frustrate the aim of the United Nations "to be a centre for harmonizing the actions of nations" in the attainment of the common ends of the Organization, as laid down in Article 1, paragraph 4, of the Charter. The lack of constructive give-and-take could ultimately render the United Nations ineffectual. To increase the effectiveness of the United Nations was the first duty of all Members; three aspects of the matter were particularly relevant to the Fifth Committee, namely, the effectiveness of the machinery concerned with programming, evaluation, co-ordination and financial control, the efficiency of the Secretariat and the restoration of the Organization's financial solvency.

8. His delegation had frequently pointed out the need for an integrated system of long-term planning. In view of the reference in General Assembly resolution 2370 (XXII) to a planning estimate and the current preparations for the second United Nations Development Decade that need was now urgent. His delegation therefore welcomed the establishment of an internal review group in the Secretariat and the efforts to be made by the various departments of the Secretariat to

provide to the appropriate programme-reviewing bodies a more specific and co-ordinated appraisal of both past and proposed activities.

9. The recommendations contained in the second report of the Ad Hoc Committee of Experts, like resolution 2370 (XXII), called for closer co-operation between the Committee for Programme and Co-ordination and the Advisory Committee in order to achieve a better balance between programmes and resources. His delegation looked forward to the report of the Secretary-General on the programme of meetings for those organs, but was concerned to note that the Advisory Committee was having difficulty in extending its sessions to fulfil the increasing number of tasks entrusted to it by the General Assembly. Before long the Advisory Committee might have to meet more or less continuously. His delegation was pleased that additional work was now being done by the external auditors.

10. The General Assembly had taken no practical steps, however, to remedy the situation where, as pointed out by the Advisory Committee at the twenty-second session the Assembly set up programmes financed by voluntary contributions without establishing administrative control over them. The Advisory Committee had promised<sup>2/</sup> to submit at the current session a document concerning the need for greater uniformity between the administrative and budgetary arrangements of the United Nations and those of the programmes financed by voluntary contributions. The Chairman of the Advisory Committee could perhaps provide some explanation.

11. The efficiency of the Secretariat depended on two basic factors, the human element and the organization of work. With regard to the first, his delegation believed that the academic and technical qualifications of personnel should take precedence at the time of recruitment over knowledge of one working language. His delegation would therefore support all practical measures designed to bring about a more balanced use of the working languages, which would also help to improve the geographical distribution of personnel. His delegation shared the concern of the Advisory Committee regarding the full utilization of staff and the need for their redeployment.

12. None of the initiatives and efforts he had mentioned could achieve their full effect until the Organization was once again fully solvent. The Secretary-General had told the Committee (see A/C.5/1176) that taking as a basis the Ad Hoc Committee's lowest range of estimates, \$47 to \$48 million of new voluntary contributions would be required to restore the Organization's solvency. The Ad Hoc Committee had established as the minimum figure \$31.9 million,<sup>3/</sup> and it was clear that the additional deficit of \$16 million was due to the non-participation of certain Member States in financing certain undertakings. Voluntary contributions therefore must be made, especially by the countries which could best afford them and dis-

<sup>2/</sup> Ibid., Twenty-second Session, Supplement No. 7 (and errata), para. 121.

<sup>3/</sup> Ibid., Twenty-first Session, Annexes, agenda item 80, document A/6289, para. 34.

puted items must be excluded from the regular budget. The problem was basically political rather than financial; to retain the disputed items would only increase friction without bringing a final solution any closer.

13. Mr. BEAULIEU (Canada) said that fulfilment of the obligation to provide the resources necessary to meet the every-increasing responsibilities of the United Nations imposed a heavy burden on Member States as the Organization's budget grew larger. The Fifth Committee had a special obligation to see that the limited resources available were used with maximum effectiveness. His delegation had hoped that the recommendations of the Ad Hoc Committee of Experts would lead to greater efficiency and ensure that Member States obtained better value for the resources which they made available to the United Nations. At its twenty-first session the General Assembly had unanimously approved those recommendations and the Fifth Committee now had before it a comprehensive and up-to-date report on their implementation (A/7124).

14. His delegation regretted that the Secretary-General's budget estimates for 1969 did not include provisions for expenditures relating to the expansion of office and other facilities at the various United Nations locations and looked forward to receiving the relevant reports promised by the Secretary-General. His delegation was also concerned at the omission of estimates under part V and certain individual chapters, and hoped that in future the Secretary-General would be able to present his initial estimates in as complete a form as possible.

15. He deplored the tendency to disregard the Organization's financial problems and the consensus reached in 1965<sup>4/</sup> on the necessity of making voluntary contributions to overcome the deficit. To date the response to the Secretary-General's repeated appeals had been disappointing; indeed the unpaid balance of assessed contributions showed an increase of over \$14 million during 1967 and, as the Secretary-General had told the Fifth Committee (see A/1176), totalled some \$84 million as at 30 September 1968. Over the past five years there had been steady increases in the budgets of several major units in the United Nations family. While the budget of the Organization itself had increased by 37 per cent over that period, the budget of UNESCO had increased by up to 95 per cent and that of WHO by up to 97 per cent. The budgets of the FAO and the ILO had increased by 89 per cent and 82 per cent, respectively. In the circumstances, it was understandable that some Governments were asking searching questions as to what was being achieved and where it was all leading. His Government had consistently supported reasonable increases in the budgets of the United Nations family and had contributed continuously to the voluntary funds. His delegation therefore considered that all Committees charged with reviewing the programmes and budgets of organizations in the United Nations family should do their best to ensure that funds were being used in the most effective manner.

<sup>4/</sup> Ibid., Nineteenth Session, Plenary Meetings, 1331st meeting, paras. 3 and 4.

16. His delegation welcomed the new procedure for the formulation and presentation of certain estimates mentioned in paragraph 12 of the foreword to the budget estimates since it would help the Secretary-General to allocate the resources available more rationally and to evaluate the requirements of the various units. As the Advisory Committee had observed, however, that procedure could provide only a rough indication of comparative needs.

17. The Canadian delegation approved the Advisory Committee's recommendation that the Secretary-General should undertake a survey of existing personnel. The survey could be carried out by external management specialists and should, as the Advisory Committee had suggested, commence within a matter of months. The Advisory Committee had not been able to reconcile the Secretary-General's estimate of man-months and concomitant costs with the outline of work to be undertaken in 1969, and had recommended drastic reductions in his request for new posts, resulting in a most commendable saving of about \$600,000. But the Advisory Committee did not indicate precisely where it took issue with the Secretary-General's figures except in a general way and by implication in the suggested re-allocation of posts appearing in paragraph 142 of its main report. Since a 50 per cent reduction had been applied to the costs of new posts at the Professional levels and above the requests would seem to have been excessive in the first place.

18. The Advisory Committee's report to the General Assembly at its twenty-second session commenting on the proposed budget for 1968, had noted<sup>5/</sup> that one of the main weaknesses in the United Nations financial system was that whereas the General Assembly was the sole appropriating authority, the Organization's programme of work was drawn up piecemeal in the various commissions and committees. As the United Nations had expanded, expenditure stemming from decisions of those subsidiary bodies had become increasingly difficult to control. That problem had reached in acute stage in UNIDO and also existed in UNCTAD. The main issue was what responsibility the Boards of those two entities had with regard to the estimates of expenditure submitted by their executive heads to the Secretary-General for his consideration in formulating the budget estimates for the entire Organization. If budgetary discipline was to be effectively maintained, the budget must be centrally controlled within the parent Organization. The role of the Boards of those two bodies should therefore be advisory and concerned mainly with policy formulation. To give them the right to recommend the level of annual expenditures would be to remove all control of United Nations funds from the central administration and the General Assembly. Moreover, it would frustrate the planning and co-ordination of United Nations activities, particularly in the economic and social field, as envisaged in General Assembly resolution 2370 (XXII). Budget formulation was the prerogative of the executive heads in consultation with the Secretary-General; the recommendations on over-all planning, co-ordination and financing were

<sup>5/</sup> Ibid., Twenty-second Session, Supplement No. 7 (and errata), para. 52.

the prerogative of the Secretary-General. Any attempt by substantive units of the Secretariat to operate in isolation from the central administration would impede the accomplishment of the main goals of the Organization and perhaps even lead to competition between the various segments for support of their respective programmes.

19. The Secretary-General had said in introducing the budget estimates (see A/C.5/1176) that if he was given the authority to prepare a realistic draft programme and budget on the basis of the decisions taken by the various legislative bodies, proposals could be made which would ensure that expenditures would fall into some coherent pattern. The economic and social programmes of the United Nations family were among its most important activities. With several hundred million dollars allocated to those activities and the large number of organizations administering those funds in a broad range of complex programmes throughout the world, one of the most difficult problems facing the United Nations system and the Secretary-General was the co-ordination and effective management of those activities. At the present time, for example, more than 550 field representatives of 18 United Nations specialized agencies and funds were working in countries around the world. As his delegation had said before, it hoped to see continual improvement from year to year in co-ordination at the country level.

20. The introduction of computers and electronic data-processing equipment as a means of improving the management of the United Nations system was another important development which his delegation strongly supported. It welcomed the establishment by ACC of a Computer Users' Committee to explore the problems involved in using those new management techniques in the United Nations system. It had noted that the Enlarged Committee for Programme and Co-ordination and the Committee for Programme and Co-ordination in co-operation with ACC and the Advisory Committee, were attempting to help clarify the difficulties involved. His delegation was interested also in the development of computer systems which would be able to collect, process and distribute information to developed and developing countries economically and systematically in the years to come. That could become an important component of technical assistance and of the transfer of technology to developing countries in the future. He hoped that the Fifth Committee would receive a report indicating solid progress on those important matters in 1969.

21. Other questions which had a direct bearing on the problem of combining the economic and social programmes into an integrated and well-managed system included the arrangements for planning the second United Nations Development Decade, the expansion of the programme for the application of science and technology to developing countries, the co-ordination of programmes for the development and production of edible protein, the co-ordination of United Nations activities in the exploration and exploitation of the resources of the sea, the establishment of a workable system of priorities based on the needs of developing countries, the introduction of sound methods of project and programme evaluation

and the problem of co-ordination at the country level. Many of those questions had been before the Fifth Committee, the Economic and Social Council, ACC, the Advisory Committee and the Committee for Programme and Co-ordination for many years; and his Government was interested in joining with other Governments in working towards solutions as soon as possible.

22. His delegation noted with satisfaction that closer relationships were being established between the Advisory Committee and the Committee for Programme and Co-ordination, and that for the first time the Advisory Committee had received—on an informal basis—pertinent parts of that Committee's report to the Economic and Social Council before the conclusion of its own deliberations. His delegation was interested, too, in the Advisory Committee's comments on the general conclusions of the Committee for Programme and Co-ordination. It could itself endorse the latter's recommendations to which reference had been made in paragraph 60 of the Advisory Committee's main report, and it noted with interest the latter's support of the recommendations made by the Committee for Programme and Co-ordination that the Council should consider the possibility of limiting the number of its conferences and that the various technical committees in the United Nations should as a rule meet at their respective headquarters.

23. Though the flow of funds to finance programmes of assistance to the developing countries would probably continue to grow, it would never be sufficient to meet all the developing countries' needs. Programmes should therefore be measured against clearly defined priorities, and the respective responsibilities of each agency and fund should be clarified. To that end, under the guidance of the Secretary-General, consultative machinery should be improved and used more effectively and the activities of the United Nations family should be more closely co-ordinated. Governments also should co-ordinate their own policies on United Nations activities.

24. His delegation attached special importance to the question of working languages, and was glad to note that the Secretary-General was to submit proposals designed to bring about a more equitable use of the languages of the Secretariat. It had placed Canada's own experience at the disposal of the Organization, and was encouraged by the Secretary-General's undertaking to investigate what methods were most likely to produce the results desired.

25. Mr. FINNY (New Zealand) said that the Secretary-General's account (see A/C.5/1176) of the financial position of the United Nations could not fail to disturb anyone who had the well-being of the Organization at heart.

26. On the subject of the growth of the budget, he went on to say that if the United Nations was to continue to fulfil the needs of its Members and the objectives of the Charter, some growth must be expected. His delegation was not, of course, sanguine about the prospect that the budget might have swollen to twice its present size by the nineteen-eighties; but it thought that demands for austerity and retrenchment were negative and unreasonable. The Committee

should try rather to ensure that expansion occurred only in response to real and pressing needs and that, when it did occur, it was modest and carefully managed. Member States should themselves recommend ways of achieving the economy and efficiency for which they were all appealing.

27. The current session seemed to be of special significance in so far as the budget was concerned, since a number of major decisions with considerable financial implications were pending. With regard to the initial estimates for 1969 his delegation was somewhat apprehensive about the *pro memoria* items, but welcomed the Secretary-General's assurance that in many respects the estimates had been prepared with greater thoroughness than ever before. At first sight, it might seem strange that the Secretary-General should accept with apparent equanimity the reductions recommended by the Advisory Committee; but the explanation probably lay in the fact that, while the Secretary-General needed some budgetary latitude to enable the Secretariat to adjust promptly and adequately to changing conditions, the Advisory Committee was guided largely by the consideration that Member States wished the Organization's responsibilities to be discharged at the lowest possible cost. The Advisory Committee's recommendations were, in nearly every respect, clear and well argued. The fact that the Secretary-General had not contested any of the reductions recommended was in itself convincing proof of the Advisory Committee's responsible approach to its task. The main comment which his delegation wished to make on the budget as a whole was, as the Brazilian and other representatives had suggested, that the Committee might consider ways and means of increasing the Organization's income.

28. Turning to personnel questions, he said that there was an obvious relationship between the serious accommodation problems at Headquarters and at the United Nations Office at Geneva, the Secretary-General's request for additional posts and the Advisory Committee's recommendation for a desk-by-desk survey of the deployment and utilization of staff. As pressure on the physical facilities in New York and at Geneva had assumed critical proportions, the Secretary-General had offered two possible solutions—a major new construction programme or a virtual freeze on recruitment. Each solution had its disadvantages. Expansion of United Nations premises in New York and at Geneva, together with the completion of the United Nations building at Santiago, Chile, would cost many millions of dollars and would profoundly affect the level of future budgets. A recruitment freeze would mean that the United Nations would have to embark on the Second Development Decade under conditions of severe retrenchment. As New Zealand was in sympathy with the idea of a dynamic, outward-looking United Nations but did not relish the prospect of assuming additional financial burdens, it would give careful consideration to the reports which the Secretary-General was to submit on accommodation problems, and it agreed that there was an urgent need for lasting solutions.

29. At a time when the Organization was faced with the prospect of a major construction programme, his delegation saw merit in the Advisory Committee's

recommendation for a detailed survey of the deployment and utilization of existing staff. It would be extremely disappointed if the Committee of Experts to consider the Reorganization of the Secretariat did not produce some recommendation on the subject; but past experience suggested that a continuing process of self-criticism by the Secretariat itself might result in greater economies and rationalization. If the proposed survey was to be fruitful, its aims and scope should be clearly defined in advance. It should be preceded by adequate preparation and conducted with great care. Pending the results of the survey, the General Assembly at the current session might give the Secretary-General some general guidance as to the level of staffing through 1970. Although the survey should begin as soon as possible, the Secretary-General's request for a brief pause before the implementation of the proposal was not unreasonable and should be acceded to, particularly since most of the work involved would have to be undertaken by that part of the Secretariat which was already occupied with other matters relating to the Fifth Committee's work.

30. As the promise of adequate remuneration was one way of preserving an independent, skilled and dedicated international civil service, his delegation had been impressed by the objective report of the ICSAB on salary scales for the Professional and higher categories (see A/7236, annex I). It also understood the position of other delegations which were more concerned with the issue of languages. However, it believed that the morale and performance of the Secretariat depended even more fundamentally on the degree of importance attached to merit in recruitment, promotion and placement policies. Posts in the Secretariat could indeed be distributed more equitably, but time was needed before an equitable geographical distribution of posts could be achieved. It could not be imposed by decree without detrimental results.

#### First reading (continued)\* (A/C.5/L.943)

#### SECTION 21. UNITED NATIONS INDUSTRIAL DEVELOPMENT ORGANIZATION (A/7205, A/7207, A/7236, A/7280)

31. The CHAIRMAN pointed out that in the budget estimates for the financial year 1969 (A/7205) the Secretary-General had proposed an amount of \$9,406,500 under section 21. The Advisory Committee in its main report had recommended (A/7207, para. 335) that the estimate should be reduced by \$380,500 to \$9,026,000. Depending on the outcome of the Committee's discussions on the Secretary-General's report on the salary scales for professional and higher categories (A/7236), the figure recommended by the Advisory Committee might itself be revised before the second reading of the estimate for section 21.

32. Mr. BANNIER (Chairman, Advisory Committee on Administrative and Budgetary Questions) said that section 21 was the third largest section in the budget estimates for 1969.

33. The Advisory Committee, in its report<sup>6/</sup> on the budget estimates for the financial year 1968, had

\*Resumed from the 1242nd meeting.

<sup>6/</sup> Ibid., para. 411.

recommended a reduction of \$1.13 million. The Secretary-General, in his report on the supplementary estimates for 1968 (A/7242) had said that he anticipated under-expenditure of \$177,000 for UNIDO in 1968, and the Controller had subsequently (1235th meeting) raised that figure by \$35,000 to \$212,000. The estimate of \$9,026,000 recommended by the Advisory Committee for 1969 was just over \$1 million higher than the final revised appropriation of \$8,020,000 for 1968.

34. The Advisory Committee had recommended that UNIDO's establishment should be increased by 42 new posts in 1969, as against 74 additional posts requested by the Secretary-General. Excluding 5 industrial field adviser posts to be transferred to extra-budgetary funds in 1969, UNIDO's establishment, as recommended by the Advisory Committee, would total 591 (270 Professional and 321 General Service posts) not counting 70 posts in the Manual Worker Category and 7 posts in the UNIDO headquarters' Planning and Administrative Management Unit. The Advisory Committee was confident that the establishment it had recommended for 1969 would enable UNIDO to implement its essential and urgent programmes and activities. It was strengthened in that belief by the fact that the number of vacancies in the substantive divisions at the time of the submission of the Secretary-General's report on the supplementary estimates at the end of September 1968—namely, 50—had been the same as in June 1968 when the Advisory Committee had reviewed the 1968 mid-year expenses and considered the estimates for 1969.

35. The reductions recommended by the Advisory Committee under chapters III, for salaries and wages and IV, for Common staff costs, amounted to \$216,500. A further reduction of \$70,000 had been recommended in the estimates under chapter VIII, for the maintenance, operation and rental of premises and chapter IX, for general expenses. Although "housekeeping" expenses were inevitable, the Advisory Committee believed that strenuous efforts should be made to keep them down. Its recommendation of \$500,000 for chapters VIII and IX in 1969 represented an increase of \$15,000 over the revised appropriations for the same purposes in 1968.

36. Similarly, the recommendation of \$240,000 under chapter V for travel of staff, representing a reduction of \$30,000 in the amount proposed by the Secretary-General, would result in an appropriation \$20,000 higher than the revised figure for 1968.

37. The estimate of \$250,000 recommended under chapter X for the publications programme and contractual reproduction services, a reduction of \$50,000 in the Secretary-General's estimate, had been based on the Advisory Committee's belief that the continuing high level of vacancies would necessarily effect UNIDO's ability to carry out its publications programme in full. That view had since been borne out by the Secretary-General's decision to surrender \$95,000 from the appropriation under chapter X for 1968, which had now been revised downwards to \$205,000.

38. The reasons for the balance of the reductions recommended by the Advisory Committee were given in paragraphs 316 and 330 of its main report.

39. The Advisory Committee had responded favourably to the proposal contained in the Secretary-General's mid-year review of 1968 expenses, to establish a Planning and Administrative Management Unit at the UNIDO headquarters. It hoped that the unit would, in the interests of all parties concerned, help to prevent costly mistakes in the planning and construction of UNIDO headquarters.

40. Mr. ABDEL-RAHMAN (Executive Director, United Nations Industrial Development Organization) said that on 30 September 1968 the proportion of uncommitted Professional substantive posts in the UNIDO secretariat had been only 4 per cent, exactly the same proportion as for the United Nations Secretariat as a whole on 31 August 1968. Of the established Professional posts in UNIDO 11 per cent were occupied by short-term staff—an arrangement which the organization was resorting to in the early stages of its existence in order to offset delays in recruitment and to ensure continuous utilization of resources for programme implementation. Another 11 per cent had been committed for candidates in advanced recruitment. In June 1968 estimates of expected recruitment for the UNIDO secretariat had been submitted to the Advisory Committee and had, he thought, been largely confirmed by subsequent action. If the additional 5 Professional posts requested for the substantive departments in 1969 were added to the 10 Professional posts currently uncommitted, the increase in the Professional staff during the 15 months from October 1968 to the end of 1969 would amount to only 15 posts, or only about 6 per cent of the 1968 establishment.

41. The United Nations Industrial Development Organization had been established at Vienna for less than one year. When its headquarters had been transferred there, it had lost almost 50 per cent of its Professional staff and almost all its General Service staff. Intensive efforts had had to be made to replace the Professional staff which had left the Division of Administration, the Conference Services and the General Services, and to recruit more than 130 substantive staff members. At the same time, UNIDO had successfully undertaken one of its most important ventures, namely, the International Symposium on Industrial Development, held in Athens in November and December 1967, and had continued to develop its operational activities particularly under the special industrial services programme. Since the transfer to Vienna, the Industrial Development Board had been provided with the necessary documentation for its second session and had established further guidelines. Thus, though 90 per cent of the General Service staff and 60 per cent of the Professional staff had less than one year's experience of United Nations procedures, UNIDO had successfully survived the first year of its existence at Vienna without any serious dislocation or interruption of its activities. There had, of course, been certain delays in recruitment and some relatively large transfers between the different budget lines. However, those two facts were not enough to warrant the statement that the substantive work of UNIDO was behind schedule. Indeed, the reverse was true.

42. The estimates for 1968, which had been prepared early in 1967, had necessarily been rough estimates and in some cases mere guesses. The situation had



improved considerably after one year, and there would be further improvement in subsequent years. At the same time, he believed that, for any organization in the initial stage of its existence, it was essential to strike a balance between the necessity for exact budget estimates and full utilization of resources and the need to maintain flexibility and the ability to meet the gradually evolving requirements of a new venture. Observance of that general principle was particularly justified in the case of UNIDO, whose responsibilities in co-operation with other agencies might still call for some redeployment of resources. He was sure that UNIDO would gradually improve its substantive performance as well as its budgeting and management procedures; but, while it was still in the initial growth stage, he would not like to see it lose its flexibility. It was better to look forward to balance and efficiency in the future, than to pronounce judgement on the special circumstances of the early years. He was glad to note that the Advisory Committee, bearing in mind the special situation of UNIDO, had already expressed its intention to keep the estimate for section 21 under review, and he hoped that it would do so at more frequent intervals. UNIDO would be glad to co-operate fully with the Advisory Committee as it had done in the past, and to provide all information that would contribute to the effective discharge of its duties at the least possible cost. Its performance so far had been consistent with that objective.

43. Mr. GINDEEL (Sudan) thanked the Executive Director of UNIDO for his lucid and comprehensive statement. The financial situation of the organization presented a gloomy picture and it was evident that UNIDO still suffered from lack of real support and from attempts to hamper its activities. UNIDO's work was of vital importance to the developing countries and he was pleased to see that its impact had already been felt.

44. The Secretary-General had stated that, in his view, the total reduction recommended by the Advisory Committee need not cause any serious impediment to the execution of particular programmes. Nevertheless, his delegation was concerned at the reduction of \$380,500 recommended in the estimate for UNIDO and felt that the Advisory Committee should have been less severe in its approach to such a young organization.

45. Mr. TARASOV (Union of Soviet Socialist Republics) pointed out that his country had always taken a profound interest in the industrial development activities of the United Nations and intended to play its part in the work of UNIDO. He thought that it would be much more advantageous for UNIDO's secretariat to be small, highly qualified and easily manageable. Unfortunately, the secretariat was growing, not by the day, but by the hour. The expenses in 1967 for salaries and wages had amounted to \$3,026,079. The estimate for 1969 was for more than \$6 million—an unthinkable growth rate of more than 100 per cent. Furthermore, a considerable increase in staff was now requested, and he felt that the Advisory Committee had not reduced the estimates for the UNIDO secretariat sufficiently. Accordingly, he proposed that the manning table proposed for 1969 should be fixed at the number approved for 1968 and that the appropriations for

secretariat expenses should be correspondingly reduced.

46. Mr. ESFANDIARY (Iran) said that his delegation attached the greatest importance to UNIDO's work and hoped that it would be successful. He was particularly impressed by the main point of the Executive Director's statement, namely that it was necessary, in any new organization, to strike a balance between the need for accurate budget estimates and full utilization of resources and the need to maintain flexibility to meet new requirements. While he had been reassured that the budgetary procedures for UNIDO would improve, he recognized the reasons for the reduction recommended by the Advisory Committee and his delegation would accept it on the understanding that it would not hamper the substantive work of the organization.

47. Mr. EL BARADEI (United Arab Republic) said that in his opinion industrial development was a major factor in the whole process of development and in narrowing the gap between the haves and the have-nots. He was gratified to note the agreement reached between the Executive Director of UNIDO and the Administrator of UNDP to include in the UNDP administrative budget, as from 1969, allocations for the financing of industrial field advisers. It was a constructive step towards achieving real and effective co-ordination at the field level. In addition, he supported the recommendation made by the Industrial Development Board in its resolution 11 (II)<sup>2/</sup> for a planning level of \$1.5 million for the regular programme of technical assistance in industrial development, to be financed under section 14 of the regular budget.

48. His delegation was generally opposed to any systematic cut in the number of personnel requested, especially in the economic and social fields. Its concern was even greater when it came to the reductions proposed by the Advisory Committee in the staff requested for UNIDO under section 21, chapter III. The Advisory Committee, in paragraph 314 of its main report, had indicated that the time which had elapsed between the completion of UNIDO's move to Vienna and the submission of the budget estimates had been too short to enable the Secretary-General to forecast UNIDO's requirements in 1969 with the degree of accuracy to be found in other sections of the budget estimates. In the circumstances, he had welcomed the assurances given by the Chairman of the Advisory Committee that the reductions would not affect the programmes to be undertaken by the Organization.

49. In conclusion, he wished to emphasize the need to guarantee UNIDO the degree of flexibility essential to it in its early years.

50. Mr. VIDAL ETCHEVERRY (Argentina) said that he fully appreciated the great value of UNIDO's activities to the developing countries. He considered the recruitment of industrial field advisers to be most important and felt that emphasis should be placed in future on operational activities.

51. Mr. ZODDA (Italy) said he recognized that many difficulties arose in the early life of a new organiza-

<sup>2/</sup> Ibid., Twenty-third Session, Supplement No. 15, p. 147.

tion, but he had full confidence in the leadership of the Executive Director. Therefore his delegation would approve with hesitation the reduction recommended by the Advisory Committee, hoping that no further reduction would be made.

52. Mr. MSELLE (United Republic of Tanzania) said that it was asking too much to have fully accurate estimates for an organization which was so new. Furthermore, a high rate of growth was to be expected. In the years from 1945 to 1948, the Secretariat of the United Nations itself had increased at a very high rate. It was impossible to complain of increases when things were being started from scratch. Accordingly, he would support the reduction recommended by the Advisory Committee on the understanding that UNIDO's activities would not be adversely affected. He hoped that the Executive Director would continue to bring to the young organization the same administrative efficiency and knowledge he had so far provided.

53. Mr. RHODES (United Kingdom) said that his Government had a deep and continuing interest in UNIDO. However, the whole history of the organization so far had been one of budgetary overestimation, and the figures supplied by the Chairman of the Advisory Committee had amply demonstrated that contention. He failed to see how anybody could infer from those figures that it had been too harsh in its treatment of UNIDO. It was much more likely that the Advisory Committee had been too lenient. Nevertheless, he had merely wished to put the whole matter into perspective, and his delegation would support the Advisory Committee's recommendation.

54. Lastly, he asked the Executive Director how many Professional posts were vacant at 30 September 1968, as compared with the number vacant at 31 May 1968.

55. Mr. KABANDA (Rwanda) said that his delegation was opposed to any proliferation of staff within the United Nations family. However, the criticism of UNIDO's staff requirements did not seem to be justified. It must be realized that such an important body as UNIDO had to have enough personnel since more and more requests for assistance were being submitted to its headquarters at Vienna. It was quite normal to expect an increase in secretariat expenditures. He concluded by congratulating UNIDO on its work, but expressed the hope that, in future, emphasis would be placed on operational rather than research activities.

56. Mr. GANEM (France) wished to know how it was that Switzerland and the Federal Republic of Germany, who were not members of the United Nations, collaborated with the Economic Commission for Europe, but did not co-operate to any great extent with UNIDO.

57. Mr. TURNER (Controller) pointed out that Switzerland and the Federal Republic of Germany were excluded under the terms of General Assembly resolution 2089 (XX), establishing UNIDO. However, they were able to participate in UNIDO activities and made voluntary contributions.

58. Mr. SILVEIRA DA MOTA (Brazil) said he wondered whether the procedure adopted for accepting contributions from Switzerland and the Federal Re-

public of Germany might not conflict with the Financial Regulations of the United Nations and the rules of procedure of the General Assembly. Normally, the contributions of Member States were paid into the General Fund as part of the income of the United Nations and offset against expenditure.

59. Mr. TURNER (Controller) replied that offers of voluntary contributions in connexion with UNIDO had been accepted under regulations 7.2, 7.3 and 7.4. They were assigned to trust funds which were consonant with the objectives of United Nations and of UNIDO.

60. Mr. KELSO (Australia) noted the strong interest of the developing countries in UNIDO's work and the emphasis placed on the limitations in its resources. He pointed out that there was a close relationship between the value which some other countries placed on the activities of any organization and evidence that it was being administered in accordance with the standards expected of international bodies. Those countries felt that estimates should bear a close relationship to actual expenditure, even when it was necessary to transfer a bureaucracy from one place to another, an aspect of administration with which Australia had had a good deal of experience. The interest shown in the financial situation of UNIDO was motivated by the hope that future estimates would be more convincing.

61. Mr. GARRIDO (Philippines) said that his delegation would endorse the reduction recommended by the Advisory Committee in regard to UNIDO, if the Executive Director felt that the reduced amount was sufficient to implement UNIDO's work programme. It would be possible to contemplate economy measures when the organization had become operationally efficient.

62. Mr. ABDEL-RAHMAN (Executive Director, United Nations Industrial Development Organization), in reply to the representative of the United Kingdom, said that the total number of Professional posts, including industrial field advisers, was 253 at 30 September 1968. The posts occupied for more than one year totalled 188 and those for less than one year amounted to 28; 8 posts had been offered to candidates; while 6 were undergoing advance processing in New York; 13 were under negotiation and 10 were vacant.

63. Mr. RHODES (United Kingdom) said he deduced from those figures that the answer to his question was that there were 37 vacancies at 30 September 1968.

64. Mr. TARASOV (Union of Soviet Socialist Republics) stated that he had compared the estimates for 1969 relating to expenses for the UNIDO secretariat with the already high figure of more than \$3 million for 1967—hardly a matter of starting out from scratch. Apparently, there were 37 vacancies at 30 September 1968, and it was now intended to plan additional posts. He questioned the soundness of that approach. His delegation wished to submit a new compromise proposal to the effect that the planned growth of the secretariat of UNIDO should be implemented not in 1969 but over 1969 and 1970.

*The meeting rose at 1.25 p.m.*