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AGENDA ITEM 76

Budget estimates for the financial years 1965 and
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Budget estimates for the financial year 1966
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and Corr.1; A/5940 and Corr.1; A/5996, A/6005,
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Draft resolution submitted by France (continued)
(A/C.5/L.843)

1. Mr. PEACHEY (Australia) stated that his Govern-
ment had long been concerned with the increasing
expenses of international organizations. Australia,
which participated in many other international assist-
ance programmes, was also concerned with the
needs of the developing countries, particularly those
of South East Asia and also of the Territory of Papua
and New Guinea, whose welfare was and must continue
to be one of Australia's primary responsibilities.
Its attention was not directed simply to the amount
of money involved, but, more particularly, to the
allocation of resources in a manner that would
produce the most effective results. It believed that
constant attention must be paid to the totality of
programmes and a careful and constant watch kept
on how resources were actually used within the
various programmes and agencies concerned. Any
duplication meant a waste of financial, material or
human resources, and was not helping to give maximum
assistance to the developing countries. Operations
begun many years ago and continued simply through
inertia were equally wasteful.

2. His delegation had examined the French draft
resolution (A/C.5/L.843) in the light of those con-

siderations. It warmly welcomed that proposal, as
it was important, in the present situation, to know
precisely where the finances of the United Nations
stood and to revise the administrative and fi-
nancial procedures of the United Nations family of
organizations.

3. In supporting the proposal, his delegation did
not intend any criticism or expression of lack of
faith in the capacities and integrity of the Secretary-
General and his staff, the members of the Advisory
Committee on Administrative and Budgetary Questions
and the Board of Auditors, or the executive heads
of the specialized agencies. It had been suggested that
the balance-sheet mentioned in operative paragraph 2
of the draft resolution might be prepared by the
various secretariats with the assistance of the Ad-
visory Committee and that there was no need to
set up an expert group for such a project. Australia
felt that a group from outside the United Nations
administrative system would have the opportunity
to approach the financial situation in a more inde-
pendent manner and present the facts from a new
angle.

4. It had also been suggested that the balance-sheet
could be presented within a few days or a few weeks.
His delegation doubted that sufficiently thorough
presentation could be made in so short a time and
thought it would not be desirable to make too rigid
a timetable for the ad hoc committee. At the same
time, it hoped that the report of the expert group
would be available in time for Governments to
give it thorough study before the twenty-first session
of the General Assembly and submit their own
comments and suggestions to the expert group.

5. The assignments in operative paragraph 3 of the
draft resolution were clearly the most important.
His delegation hoped that in making the review, the
ad hoc committee would take into account similar
work already done by other groups and bodies, in
particular by the Economic and Social Council and
the Second Committee of the General Assembly.
That would enable it to avoid that very duplication
which it was one of its aims to prevent. The ad hoc
committee should not only study budgetary policies in
the narrow sense, but also make a review of pro-
gramming in its wider context. Its terms of reference
should therefore not be too restrictive. With regard
to the committee's composition, Australia hoped that
its membership would as far as possible be kept
within the limits indicated in the draft resolution.

6. Finally, he joined the Argentine representative
(1097th meeting) in recalling the consensus reached
in the Special Committee on Peace-keeping Opera-

tions^{1/} and approved unanimously by the General Assembly on 1 September 1965 (1331st plenary meeting), according to which the financial difficulties of the United Nations were to be resolved by voluntary contributions. He hoped that the first consideration of Member States, particularly those from which substantial contributions might be expected, would be to make contributions urgently to help meet the Organization's immediate needs.

7. Mr. TURINE (Belgium) said that the precarious financial situation of the United Nations resulted from commitments and expenditures in excess of the United Nations resources. The General Assembly had of course been aware of the consequences of its decisions of earlier years, but their accumulation and above all their partial non-application had led to a financial impasse. Moreover, the lack of definite information and in particular of cumulative statements gave the impression that there was a confusion which it was time to eliminate. It was for the Fifth Committee to supervise the activities of the Secretariat in budgetary matters. Such supervision would be facilitated by the drawing up of a balance-sheet and by an honest and complete analysis of the financial files, and the French delegation was to be commended for having made a proposal to that effect. The Secretary-General's clear declaration of his intention to collaborate and co-operate in such an undertaking proved that he was as concerned with the situation as the Member States and that he hoped it could be improved.

8. He believed that the establishment of an *ad hoc* committee composed of representatives of Member States and working quite independently would be a guarantee of impartiality. The composition of that committee should reflect the main trends in the General Assembly and represent the legitimate interests of those Member States which made the largest contributions to the United Nations budget. The *ad hoc* committee might work in liaison with the Advisory Committee on Administrative and Budgetary Questions and, as the Nigerian representative had proposed (1097th meeting), with the Board of Auditors.

9. His delegation thought that the *ad hoc* committee's examination of the financial situation of the United Nations would result in the preparation of a documentation clarifying the situation. Nevertheless, the Organization's financial difficulties at the moment could be resolved only if Member States, fulfilling the hope the General Assembly had expressed on 1 September 1965, made voluntary contributions to wipe out the deficit.

10. With regard to the *ad hoc* committee's second task, his delegation felt that the committee should only study the present procedures for the preparation and execution of the budget and recommend improvements. It should not criticize the activities which had given rise to budgetary expenditure, but confine itself to the examination of accounting methods and their possible improvement and to the study of the financial implications of any further expansion

of activities. He trusted that the *ad hoc* committee would receive the necessary collaboration from the Secretary-General, the executive heads of the specialized agencies, the Advisory Committee and the Administrative Committee on Co-ordination.

11. The *ad hoc* committee should assess the rate of budgetary growth which international organizations could afford to attain in terms of the rates of growth of the countries they represented. It should endeavour to maintain that rate at the same level as the average rate of growth of the principal developed countries which were Members of the United Nations. The experts who would apply operative paragraph 3 (b) of the draft resolution—and who need not be the same as the experts who would perform the work stipulated in operative paragraph 2—should be careful, in any practical recommendations they made for the co-ordination and rationalization of programmes, not to exceed the limit their colleagues defined either by fixing an annual growth rate or by planning for future needs and probable resources. Those experts would have to adjust the programmes of the international organizations, taking into account priorities, possible savings and a rational development, and integrate them on the principle that commitments must in no case exceed available resources, whether those resources were contributions of Member States to the regular budget or voluntary contributions.

12. His delegation sympathized with those delegations which stressed that rationalization should not hamper aid to developing countries, but it believed that the developed States should not be asked for an effort beyond a certain limit, lest their goodwill or their sincere desire to co-operate should be forfeited. It was precisely that limit that the *ad hoc* committee would have to try to establish, while allowing the United Nations and the specialized agencies to maintain their role as "pilot enterprises" in all spheres of activity.

13. Mr. RAHAL (Algeria) said that Algeria, like many other Member States, supported the principle of sound financial management and hoped that the general discussion on the budget estimates would enable the basic administrative and budgetary problems confronting the United Nations to be examined to good purpose.

14. In that spirit his delegation had carefully studied the French draft resolution which, it felt, could help the United Nations to overcome its financial difficulties. The time had indeed come to approach the Organization's financial procedures in a different way and to take practical action with regard to economy, planning, co-ordination, integration and priorities, because, while it was true that reasonably satisfactory administrative and budgetary co-ordination had been established, sound budgetary principles had not yet been laid down.

15. The budgetary study of the United Nations to be made by the *ad hoc* committee should be prepared in the light of three factors: the objectives which the Organization wished to achieve, the resources available to it and the necessary ways and means. In that connexion, his delegation was pleased to note that, in his budget estimates for 1966, the Secretary-

^{1/} See Official Records of the General Assembly, Nineteenth Session, Annexes, annex No. 21, document A/5916.

General had taken fully into account the hope expressed by many Member States that United Nations activities would be carried out with renewed zeal during the second half of the United Nations Development Decade. Algeria was in favour of expanding the activities of the United Nations and the specialized agencies. It believed that it was only natural that expenditure should increase as a result of such expansion, especially because of the establishment of the United Nations Conference on Trade and Development and the broadening of the field of action of the Centre for Industrial Development. The savings which Member States hoped to achieve must in no event jeopardize the desired expansion of the social, economic, humanitarian and other activities of the United Nations.

16. The budget of the United Nations and the specialized agencies must be studied from a technical point of view; the continuing review of budgetary procedures was necessary in a dynamic and rapidly expanding organization, but care must be taken not to disrupt the machinery so laboriously assembled. Nevertheless, if the budgets had to be drawn up in the light of the needs of organizations, the requirements of the programmes must also be measured in the light of their financial implications. Hence the time had come to examine the United Nations family's budgetary problems as a whole and to seek ways and means of ensuring better use of the available funds.

17. Mr. GOLDBERG (United States of America) said that, for the United Nations and its related organizations, the present was a time of exhilarating growth and hope but also a time of difficulty and challenge. Increasing attention was being paid to rapidly rising costs, and the question was being asked whether the total financial resources were being applied as efficiently as possible, throughout the United Nations system, to the goals sought by all.

18. One reason for that concern was that Governments had generally dealt separately with each part of the United Nations family of organizations; thus, problems common to all of them had been handled quite differently. Furthermore, Governments had often not adequately co-ordinated their own views and established their own perspectives and priorities with respect to all the United Nations organizations. The aspect of the French proposal which called for a review of such problems was therefore welcomed.

19. The growth of the United Nations family of organizations over the past twenty years had been striking. The mobilization of world resources in support of economic and social development and of efforts to keep the peace had come to be considered as necessary by almost all peoples. It was no surprise, therefore, that more and more efforts were being channelled into the activities of the United Nations family of organizations. His delegation sincerely hoped that trend would continue, and pledged its support of such a development. However, that growth in the activities of the organizations made it even more urgently necessary to ensure the best possible use of those resources, and it was doubtful whether that would be possible unless the procedures and methods of management and control of each organization were subjected to a survey

from time to time. He was not, of course, raising doubts about the current structure in which the specialized agencies were autonomous organizations, but he considered that the French proposal for an over-all study deserved support and that the Governments of member States of all those bodies—which contributed their resources to them—had a real interest in taking an over-all view of the use of those resources by all of them. Only in that way could Member States be certain of the most effective use of the resources contributed and make sure that the over-all rate of growth and development of the activities bore a reasonable relationship to the resources available for those activities. The United States delegation was prepared to support a study, by an appropriate committee, of the procedures and practices of all the organizations in the United Nations family and of the optimum use of the funds made available to them.

20. Its support of such a study was not an endorsement of the French draft resolution in its present form. Indeed, it had serious difficulties with that draft resolution, which would require revision in important respects before his delegation could support it. Its main difficulty involved the first preambular paragraph and operative paragraph 2, which related to the preparation of a statement on the financial situation of the United Nations as of 31 December 1965. That situation was already very clear. The relevant reports and accounts as of 31 December 1964 were available and had been already considered at the current session of the General Assembly. In addition, the Secretary-General had made several statements in the course of the year, the most recent on 12 October 1965 in the Fifth Committee (A/C.5/1037), setting forth in detail the critical financial situation of the United Nations. The facts were well known. There was no reason to establish a special committee to examine after 1 January 1966 what the situation would then be. It was difficult to avoid drawing the inference that the objective of such an approach was not to verify the facts but rather to postpone dealing with the issue until the twenty-first session of the General Assembly.

21. If an up-to-date detailed report on the financial situation on, for example, 30 September 1965, was desired, the Secretary-General could readily make one available on short notice at the current session. There was no need for such a report to be reviewed except by the Fifth Committee. But, if other delegations thought a review would be helpful in producing the substantial voluntary contributions necessary to restore the Organization to financial soundness, the Advisory Committee on Administrative and Budgetary Questions could make such a review promptly. No new committee—and no delay of one year—was required for that purpose.

22. His delegation could not agree with any approach which would delay consideration of the solution until the twenty-first session of the General Assembly. The first two parts of the consensus reached by the General Assembly on 1 September 1965—calling for the resumption of normal work in the General Assembly and agreeing that the question of the applicability of Article 19 of the Charter would not be raised with regard to UNEF and ONUC—had been respected.

However, apart from a very few exceptions, there had been a thunderous silence on the third part of the consensus which provided that the financial difficulties of the Organization should be solved through voluntary contributions. Until that last part of the consensus had been carried out, the financial difficulties of the United Nations would remain critical.

23. As the United States representative had said in the general discussion in the Fifth Committee (1071st meeting), the United States had contributed almost \$2,500 million to the United Nations organizations in the past twenty years, which was considerably more than its share. It was therefore entitled to demand, as indeed were all countries which had met their obligations, that Member States as a whole should face up to the necessity of meeting existing United Nations obligations before the end of the current session. The United States had done its best. Now it was the turn of others to assume their share of the burden.

24. There was no justification for now linking the problem of the current financial difficulties of the Organization—primarily the result of the lack of financial support from all Members for its peace-keeping operations—with an over-all study of the financial procedures and practices of all United Nations agencies. His delegation believed that the parts of the French draft resolution calling for the preparation of a statement on the financial situation must be separated from the rest of the proposal and acted upon expeditiously by the Committee. His delegation would support any amendment to that effect.

25. It agreed to an over-all study of the finances of the United Nations and the specialized agencies, but it would like the Advisory Committee, which for years had been examining the administrative budgets of United Nations bodies, to be more closely associated with the study. For that purpose, he suggested, first, that the ad hoc committee should be composed of countries represented on the Advisory Committee as at 1 January 1966. The Governments of those countries should appoint highly qualified experts who were not themselves members of the Advisory Committee but who could readily consult with its members in the course of the study. Secondly, the experts making the study should make their recommendations through the Advisory Committee so that the comments of the latter could be considered by the General Assembly simultaneously with the report of the experts. That procedure would ensure the availability, at the twenty-first session of the General Assembly, of a fully co-ordinated and complete report based on the best available experience and expertise. The General Assembly would thus be fully informed and could make responsible recommendations for future action. Accordingly, his delegation believed that the French draft resolution should be revised to that end.

26. The study proposed by the French delegation, if carried out along the lines he had suggested, would assure all Governments that their resources were being put to the best possible use and thereby achieving "maximum effectiveness at the lowest possible cost". That was an objective for which all

Governments strove and one worthy of their best efforts.

27. Mr. TABOR (Denmark) said that fulfilment of the many duties and programmes assigned to them by the various United Nations organs laid heavy responsibilities on the Secretary-General and his staff. The Danish delegation considered that, on the whole, the work entrusted to the Secretary-General had been satisfactorily accomplished.

28. His delegation subscribed to the main idea underlying the French proposal; like many delegations, it believed that after twenty years of work and of unexpected growth, there was considerable and natural need for a comprehensive review of activities, particularly the budgetary procedures of the United Nations and the specialized agencies; it was necessary to ensure that correlated activities did not lead to duplication of work, and to see that the diversified tasks requested by Member States were carried out, while expenses were kept to the minimum consistent with efficiency.

29. A committee of experts chosen on an equitable geographical basis might prove useful in making such a review, provided that there was wide agreement on its terms of reference. He hoped that any differences of opinion on the latter point would be overcome.

30. In view of the general commendation of the Advisory Committee on Administrative and Budgetary Questions, his delegation urged that the closest possible co-operation should be established between that Committee and the ad hoc committee, and it hoped that the latter would rely to the fullest extent on the expertise of the Advisory Committee when considering matters within the latter's scope.

31. It was important that Member States should obtain as soon as possible all pertinent information on the financial situation of the United Nations and its related agencies. As the ad hoc committee would presumably not be able to start work for several months, it might be advisable for the General Assembly to request the Secretary-General to draw up a balance-sheet of the Organization's finances and prepare a detailed document for submission both to the ad hoc committee and to the General Assembly at the earliest possible date during the current session, in order that Member States might have a clear and accurate picture of the Organization's financial situation before the end of the session.

32. His delegation hoped that the ad hoc committee would include in its future comments the suggestion made by the Netherlands representative during the general discussion (1069th meeting) to the effect that for each financial year a budget document should be prepared showing the various programmes and specifying the costs involved in each individual activity; such a document might, at least in the long run, prove to be an important factor in assigning priorities.

33. As the Swedish representative had said (1075th meeting) quite rightly, the increase in expenditure was fundamentally a sign of the health and vigour of the Organization. That was especially true of the economic and social activities. Many of those

activities were only about to start, and it would hardly be fair to compare the relevant expenditure increase with the growth in well-established national budgets. It would be most regrettable if those new activities were to be curbed by measures that might be similar in effect to a fixed rate of growth.

34. Mr. BASNAYAKE (Ceylon) welcomed the initiative of France in proposing the appointment of an ad hoc committee to examine the over-all financial position of the United Nations. After twenty years, it was fit and proper to review its activities and take steps to put its operations on a firm and rational basis. The need for a study such as that proposed by the French delegation was manifest in view of the state of the Organization's finances and the fact that the 1966 expenditure was likely to be 14 per cent higher than that of the previous year, whereas the average annual growth rate for previous years had been 7 or 8 per cent. The proliferation of conferences and meetings, many of which, together with their reports, had been of doubtful value to the smaller countries, had contributed to enlarging the Organization's budget. Some conferences had been absorbed in work of no apparent need, studies had been undertaken which had not been followed up, and often reports had been compiled which had no practical value. The smaller countries, whose means were limited, were most affected by the situation. As the representative of Malta had pointed out on 20 October 1965 in the Second Committee (966th meeting), Member States were overwhelmed by the number of meetings and documents.

35. In those circumstances, the proposed committee of experts might achieve a worth-while objective: it could examine the entire range of budgetary policy, analyse the costs of the various types of activities with a view to establishing proper co-ordination and eliminating waste and overlapping, and suggest ways and means of rationalizing United Nations activities which might result in savings. His delegation also noted with satisfaction that the proposed committee of experts would have the fullest assistance and co-operation of the Secretary-General and the Advisory Committee.

36. Mr. PRUSA (Czechoslovakia) said that the French draft resolution reflected the preoccupations voiced by almost all Member States concerning the increasing expenditure of the United Nations and the specialized agencies. His delegation had stated at the 1079th meeting that it would support any proposal for a comprehensive review of the financial and administrative structure of the United Nations and the specialized agencies aimed at achieving the most rational use of resources and maximum efficiency. The draft resolution was conducive to that end, for its purpose was to ensure better use of the funds available to the United Nations and the specialized agencies, rationalization of their activities and the reasonable and orderly development thereof. His delegation therefore considered the French proposal an extremely valuable contribution to the endeavours of the entire United Nations family.

37. The French draft resolution did not claim to be a perfect remedy; it aimed at creating favourable

conditions for reviewing and possibly curing some of the administrative and budgetary disorders from which the Organization and the specialized agencies were suffering. It might provide an effective means of implementing the rights of Member States as expressed in Article 17, paragraphs 1 and 3, of the Charter.

38. His delegation concurred with the idea of establishing an ad hoc committee of twelve highly qualified governmental experts, nominated by Member States and chosen by the President of the General Assembly on an equitable geographical basis. To ensure maximum efficiency, it would be advisable to limit the membership of the committee and to request it to report to the twenty-first session of the General Assembly. The committee's work, as defined in operative paragraph 2 of the draft resolution, would give Member States and the Secretariat a better understanding of the whole financial machinery of the United Nations and enable them to avoid shortcomings and draw useful lessons for the future. The task that would be entrusted to the committee under operative paragraph 3 of the draft resolution was very broad, but while the thorough examination mentioned in that paragraph was necessary, it went without saying that no funds earmarked for important activities of the United Nations and its related agencies should be reduced.

39. Mr. SIDI BABA (Morocco) expressed confidence in the Secretary-General's financial administration and stressed the importance his delegation attached to the French initiative, in so far as the financial overhaul it proposed would enable France to make its normal contribution. His delegation considered the French draft resolution to be particularly timely, as all delegations were expressing concern over the increasing budgetary expenditure but could not ascertain the exact reasons for it; some attributed it to the proliferation of conferences, others to the lack of priorities or co-ordination, and others still to duplication of work. The draft resolution represented a sincere and praiseworthy effort to help the United Nations to overcome its current difficulties. His delegation felt that the stock-taking proposed in the draft resolution could only result in an improvement of the Organization's financial situation. It would have liked the text to mention the efforts made by the United Nations and the specialized agencies to give increased assistance to developing countries. Confident, however, that the draft resolution would have the desired effect, it was prepared to give it the closest attention, together with any amendments that might be proposed.

40. Mr. HOVEYDA (Iran) said that his country attached high importance to the French initiative, for it considered that, since the United Nations had been in existence for twenty years, the time had come to make a financial evaluation of its activities; indeed, as the Nigerian representative had suggested, such an evaluation should be made at regular intervals. His delegation's interest in the question did not, however, imply any criticism of the Secretary-General's management; on the contrary, that management had been exemplary, in view of the situation. His delegation noted with satisfaction the explanations

given by the French representative, who had said that the draft was definitely not intended to reduce assistance to developing countries.

41. The draft resolution nevertheless raised two separate problems, in respect of which his delegation had some reservations. First, it wondered whether there was not some contradiction between operative paragraphs 2 and 3, for on the one hand the committee of experts would be entrusted with a purely technical financial task, one of accounting, while on the other hand it would be requested to make recommendations with a view to a better utilization of the funds available to the organizations. He asked whether, in the French delegation's opinion, a committee of financial experts would be competent to make such recommendations; his delegation had some doubts on the subject.

42. It also had reservations with regard to operative paragraph 5, which would authorize the ad hoc committee to appoint whatever experts it considered

necessary; that might not perhaps be consistent with the spirit of economy with which the draft was imbued.

43. His delegation supported the other provisions of the draft resolution. In view of what the representatives of Ceylon and Algeria had said, however, concerning the number of conferences and meetings and the proper relationship between the Organization's activities and its resources, he wondered whether a committee composed solely of financial experts would be able to cope with its task. The amendments proposed by other delegations, notably the delegation of the United States of America, had met with a favourable response, but it would be useful if they were given final form so that the Fifth Committee could examine them in detail. Meanwhile, it might be helpful if the French representative were to give the explanations requested by various delegations on certain points.

The meeting rose at 4.55 p.m.