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Chairman: Mr. Najib BOUZIRI (Tunisia).

AGENDA ITEM 76

Budget estimates for the financial years 1965 and 1966 (continued) (A/5799 and Corr.1; A/5805, A/5807 and Corr.1; A/5940 and Corr.1; A/5969, A/5995, A/5996, A/6005, A/6007 and Corr.1; A/6050; A/C.5/1009 and Corr.1; A/C.5/1011, 1014, 1025 and Corr.1; A/C.5/1027, 1035-1038, 1040; A/C.5/L.833, L.836, L.843)

Budget estimates for the financial year 1966 (continued) (A/5799 and Corr.1; A/5805, A/5807 and Corr.1; A/5940 and Corr.1; A/5996, A/6005, A/6007 and Corr.1; A/6050; A/C.5/1009 and Corr.1; A/C.5/1025 and Corr.1; A/C.5/1027, 1035-1038, 1040; A/C.5/L.833, L.836, L.843)

Draft resolution submitted by France (continued)
 (A/C.5/L.843)

1. Mr. JIDOU (Mauritania) pointed out that, despite the consensus arrived at by the General Assembly on 1 September 1965 (1331st plenary meeting),^{1/} the apprehensions engendered by the crisis of the nineteenth session were far from having been entirely dispelled. In addition to the fact that the Organization's deficit was not yet liquidated, the growth in the volume of expenses was such as to give the low-income countries reason for new and legitimate concern. If the causes of that growth—which, if it continued at its present rate, was likely to make it impossible for the countries of the third world to pay their assessed contributions except at the cost of enormous sacrifices—were well known, the remedies to be applied were not.

2. It was in no way surprising that the United Nations, like any other administration, was tending, after twenty years of existence, to become rigid and to degenerate into easy routine, the more so as on the political level most if not all the problems facing it found their solution only in the maintenance of a

status quo to which no end was in sight. The crisis which was now over had at least obliged all Member States to reflect together on the possible dangers to the smooth running of the Organization. In that regard, the French delegation should be congratulated on taking the initiative of proposing a solution which, it must be hoped, would help to give the United Nations a new impetus. Coming from a great country, a permanent member of the Security Council and a country which had always devoted a large share of its resources to the development of the third world, the draft resolution (A/C.5/L.843) showed that France was concerned to effect a lasting improvement in the health of the United Nations. The definition of the proposed ad hoc committee's terms of reference seemed to his delegation clear and precise. First and foremost, the committee would have to take care not to encroach on the sphere of jurisdiction of existing United Nations bodies. On the contrary, it would have to work in close collaboration with them and in liaison with the Secretary-General. What should be expected of the committee? In the first place, in terms of accounting, it must specify the exact amount of the Organization's debts and say in pursuance of what decisions the debts had been contracted, how the resources placed at the Organization's disposal were employed and what expenditure was committed for peace-keeping, for economic development and in every other sector of activity, and, lastly, what was the volume of resources available and what basic data should be used to determine each country's rate of assessment in such a way as to ensure that it followed the development of national budgets. In the second place, on the administrative level, the committee should put forward suggestions for easing the burden on the administrative machinery and ensuring better co-ordination of the Organization's various activities, which would make it possible to achieve savings, to eliminate duplication and to seek a formula for expediting proceedings during the regular sessions and at international conferences. Lastly, in terms of efficiency, the committee should draw up a system of priorities for the various activities of the United Nations. In that respect, his delegation considered that first place should go to peace-keeping and to economic development in a framework of regional integration. Activities which were not essentially forward-looking, or studies which did not lead to any practical result, should be reduced as far as possible. As for the experts called upon to participate in the committee's work, they must necessarily have special qualifications corresponding to each of the Organization's areas of activity. The Member States represented on the committee should be chosen on an equitable geographical basis and, in that regard, his delegation hoped that the countries

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

of the third world would be as broadly represented as possible.

3. The French draft resolution, which his delegation was glad to support, opened the way to the solution of the Organization's financial difficulties; it would undoubtedly help to put the Organization in a position to fulfil the hopes placed in it by all Member States, thereby encouraging the latter to discharge their obligations towards the United Nations with more enthusiasm.

4. Mr. NIELSEN (Norway) associated himself with the representatives who had spoken of the timeliness of the draft resolution proposed by the French delegation. The time was ripe for a thorough overhaul of the budgetary and administrative practices of the United Nations and the specialized agencies. The French proposal might well be a useful means for assessing the present situation and showing the way towards maximum efficiency and rational utilization of available resources.

5. His delegation noted with satisfaction that the draft resolution in no way implied criticism of the Secretary-General. It did not see the proposed committee as an organ of investigation, but as a committee of experts who would take a fresh look at the procedures and established practices in close co-operation with the Secretary-General.

6. As far as the survey of the Organization's financial situation was concerned, the Secretary-General was undoubtedly in the best position to supply, quickly and accurately, a document of that kind which should be submitted to the *ad hoc* committee and circulated to Member States as soon as possible. That balance-sheet of the Organization's finances would highlight the seriousness of the situation and point up the fact that budgetary measures were not in themselves sufficient to replace the Organization on a sound financial footing. The urgency of the Secretary-General's appeal for voluntary contributions would also appear in its right perspective.

7. It was only natural that the United Nations should be faced with a growing demand for its services, particularly from the developing countries, but nobody could foresee what the form or magnitude of the requests for assistance would be. The idea of placing a ceiling on the present and future activities of the Organization was not in harmony with his delegation's way of thinking; rather, it believed that the membership ought to display a flexible attitude towards suggestions and requests. Proposals for new activities and programmes must in each individual case be judged on their merits.

8. His delegation was optimistic that new formulations would be found which would take into account the suggestions it and other delegations had made during the debate. It was confident that the French initiative would prove very valuable for the Organization.

9. Mr. LYNCH (New Zealand) recalled that his delegation, in the general discussion (1077th meeting), had expressed the view that consideration might appropriately be given to the possibility of examining in depth those financial and administrative deficiencies which had accumulated since 1945 and which were now

common to the entire United Nations system. His delegation therefore looked favourably upon that part of the French draft resolution which, on the basis of Article 17, paragraph 3, of the Charter, would initiate a thorough examination of that kind. His delegation also acknowledged that strong arguments could be found for entrusting such a broadly based review to an independent body of limited size which was not part of the existing structural arrangements.

10. Member States had a fundamental interest in the proposed appraisal. While the United Nations had successfully discharged the immense tasks entrusted to it over the past two decades, the fact remained that its work had frequently been impaired by weaknesses in the administrative and budgetary machinery. Efforts must of course be made to eliminate duplication and waste, but it was equally vital that programmes should be planned on a coherent basis so that the resources available might be allocated to those areas where the need for international action was greatest. Accordingly, better co-ordination must be constantly pursued, not only at the Secretariat level, but also at the governmental level and in all intergovernmental forums. If the results to date had not always been encouraging, it was the Member States which must accept a large measure of responsibility. More serious still was the lack of co-ordination at the national level often demonstrated by Government representatives. The search for greater efficiency must therefore not be limited to the Secretariat.

11. It was understandable that the existing co-ordinating procedures should be having great difficulty in coping with the multiplicity of organizations, policies and programmes. If the problem was to be solved, there must be some modification of the complex framework of existing co-ordination machinery so that more effective arrangements for long-term planning of the over-all programme of the United Nations family, and determination of a system of priorities, might be established.

12. Co-ordination might be sought through the techniques of financial management. The objective in that approach was not so much the integration of programmes as the establishment, by way of common fiscal standards and practices, of economical and efficient methods of administration. That would make it possible to erect a financial structure which would permit the United Nations and the specialized agencies to discharge more easily and more completely their responsibility to account to Member States. It would also assist in making the best use of the resources at hand.

13. It was generally recognized that the existing mosaic of autonomous agencies, each possessing its own budget and fiscal system, was not altogether satisfactory from the point of view of administrative co-ordination. Those who were responsible for authorizing expenditure and scrutinizing budgetary implementation could not readily absorb all the information submitted to them. How then could they assess and judge what type of activity should be undertaken and at what financial level it should be supported?

14. His delegation was convinced that there was scope for refining the current fiscal practices of the

United Nations family so that the budgets might serve as a guide to Member States in reviewing, appraising and forming decisions about the role and responsibilities of the United Nations. It hoped that the work of the ad hoc committee would be widely supported and its recommendations generally acceptable.

15. The financial balance-sheet which the committee would be commissioned to draw up, presenting a consolidated statement of the Organization's income and expenses, and its assets and liabilities, would be very useful for Member States. The value of such an audit would be enhanced if it was possible, with the assistance of the Secretary-General and, where appropriate, the Advisory Committee on Administrative and Budgetary Questions, for it to be prepared and submitted to Member States at a date earlier than that now contemplated.

16. His delegation had no objection to the incorporation in the balance-sheet of a comprehensive statement of the costs incurred to date through peace-keeping operations, for those costs were largely responsible for the present financial difficulties. But their special nature must be acknowledged, and they must be clearly distinguished from expenses attributable to policy decisions of the United Nations in other fields.

17. The ad hoc committee's overriding concern should, however, be with its appraisal of the pace and direction of the work of the United Nations and the agencies, and its consideration of the adequacy of present administrative and budgetary procedures.

18. With regard to the principles which should guide the committee in its assessment of "feasible rates of growth" and "the evaluation of a reasonable and orderly expansion", his delegation felt that the committee must work on the assumption that the United Nations would have to contend with the uncertainties of the new international order and to satisfy the economic and social aspirations of its newer Members. It would therefore be unrealistic to think in terms of budget ceilings or rigid growth limits. The ad hoc committee should endeavour to ensure that the activities of the United Nations became a more potent factor in stimulating action by Governments and assisting their efforts to improve economic conditions and raise levels of living. It had been said that the record of steadily expanding budgets was proof that the resources of the United Nations were being used effectively, but the ad hoc committee should not allow itself to be unduly influenced by that opinion. It should be prepared to examine sympathetically arguments supporting a moderate growth rate in the respective budgets when a proved need for expansion existed. But it should request an assurance that the proposed growth would take place under firm direction and control. Where the committee concluded that the assurance given under existing arrangements was not satisfactory, the General Assembly should be prepared to consider carefully any recommendations it might submit that would promise more rational and effective procedures.

19. His delegation reserved the right to intervene further on the specific provisions of the draft resolution, or on any modifications that might be submitted.

20. Mr. SILVEIRA DA MOTA (Brazil) considered that the draft resolution submitted by France reflected well the doubts and apprehensions expressed by Member States concerning the action to be taken to put the Organization's finances in order. Periodic overhauls were essential for the financial health of any organization and neither the United Nations nor the specialized agencies were an exception to that rule. In view of the constant growth in their activities, it was natural that there should be some waste and duplication. From that point of view, the French proposal was a timely one.

21. With regard to the first task to be entrusted to the ad hoc committee, namely, the drawing up of a balance-sheet of the Organization's finances, Brazil considered that the proposal was a very useful one, for, when Governments were in possession of the information thus collected for them, they would have a solid basis on which to form a judgement of the United Nations financial situation. It should not be a very complicated or lengthy task to draw up such a balance-sheet. His delegation would like to receive the document as quickly as possible and would therefore suggest that the draft resolution should set a target date for its submission.

22. His delegation saw no objection to operative paragraph 2 of the draft resolution, but it shared the misgivings of certain other delegations over the emphasis placed on expenditure related to peace-keeping operations. It considered that the provision in question should not act as an obstacle to the solution of the problem of peace-keeping operations, which was being studied in other organs of the United Nations, nor to the settlement of the financial crisis by means of voluntary contributions. In that connexion it regretted the fact that the third point in the consensus reached by the General Assembly on 1 September 1965^{2/} had not yet been applied in full.

23. The implementation of Article 17, paragraph 3, of the Charter, which was in fact the purpose of operative paragraph 3 of the draft resolution, was one of the most attractive proposals of the French text. Article 17, which stated that the General Assembly should examine the administrative budgets of the specialized agencies, had not so far been fully applied. If it was desired to ensure the requisite co-ordination among United Nations bodies, to standardize their budgets and to rationalize their activities, examination by the General Assembly was the way to do it. Furthermore, the expansion of the activities of the specialized agencies had the effect of increasing the financial burden on Member States and making it necessary to strengthen the control they exercised over the procedures followed by the agencies. In that connexion, he suggested that the ad hoc committee should also be given the task of studying the income budgets of the specialized agencies.

24. It should be noted, moreover, that the scales of assessments applied by the specialized agencies were often considerably different from that applied by the United Nations. For example, the minimum contribution, which was 0.04 per cent in the United Nations, was as much as 0.24 per cent in one of the specialized

^{2/} Ibid.

agencies. The position of the developing countries in the scales of several agencies was much less advantageous than in the United Nations scale. In some cases, the criterion of capacity to pay did not seem to be fully taken into account. He would suggest, in the interests of standardization and equity, that the ad hoc committee should consider ways in which the scales of assessments of the specialized agencies could be brought more into line with that of the United Nations.

25. The study to be made by the ad hoc committee should not obscure the fact that the expansion of the activities of the different organizations was closely connected with current trends in the world economy. It was occurring largely because the gap between the industrial and developing countries was growing ever wider. The committee should therefore consider any question having a bearing on the capacity to pay of Member States and should try to find ways and means of allowing for the special needs of the developing countries. To that end, he proposed that the committee should examine the proposal put forward by his delegation during the general discussion (1069th meeting) that a distinction should be made between the regular and operational activities of the United Nations. Administrative expenditure should be financed on the basis of the scale of contributions to the regular budget, but other expenditure should be financed by contributions assessed on the basis of special criteria which took into account the particular needs of the developing countries.

26. It was in that light that his delegation had considered operative paragraph 3 (b) of the French draft resolution. It did not think that the sub-paragraph implied establishing a ceiling for the activities of United Nations bodies. If that were the case, it could not support that provision at all.

27. The terms of reference of the ad hoc committee seemed sufficiently vague, and that was a good thing, because the success of the enterprise would depend more on how the terms of reference were followed than on their actual form.

28. While prepared to support the French draft resolution, his delegation hoped that the French delegation would revise its text and include the various suggestions made during the debate, so that it could be adopted, if not unanimously, at least by a very large majority.

29. Mr. YOKOTA (Japan) said that his delegation supported the main objectives of the draft resolution by France (A/C.5/L.843).

30. It should be remembered, nevertheless, that the United Nations was in a difficult financial situation and that under the terms of the consensus reached on 1 September 1965, its financial difficulties were to be solved through voluntary contributions. Japan had stated that it intended to make such a contribution and he hoped that other Member States would do the same in the near future. Like the representative of Argentina, his delegation hoped that no Member State would wait until the balance-sheet referred to in operative paragraph 2 of the draft resolution had been drawn up before giving the Organization financial support.

31. As far as the balance-sheet was concerned, his delegation considered that it should be drawn up as quickly as possible and that it would be both more economical and more efficient to entrust the task to the Secretary-General. It supported what the representatives of the United States and Denmark had said on the subject (1098th meeting).

32. With regard to the second aspect of the French draft resolution, he considered that the time had come to make a thorough review of the question of co-ordination at the General Assembly level, emphasizing particularly the administrative and budgetary aspects of the problem. His delegation hoped that the ad hoc committee would make recommendations that could be effectively implemented. In that connexion, it associated itself with the comment made by the Advisory Committee on the growing tendency to set up too many subsidiary bodies, which was placing a heavy strain on the Organization's resources (see A/5889). There should be the closest possible co-operation and the best possible co-ordination between the ad hoc committee and the existing co-ordination bodies, such as the Special Committee on Co-ordination, the Administrative Committee on Co-ordination and, of course, the Advisory Committee on Administrative and Budgetary Questions.

33. The representative of the United States had proposed (1098th meeting) that the membership of the ad hoc committee should be patterned on that of the Advisory Committee on Administrative and Budgetary Questions as of 1 January 1966. The ad hoc committee's task, however, would be to study the budgetary situation of United Nations bodies from a new angle. Its membership should therefore not be the same as that of the Advisory Committee. The composition of the ad hoc committee should be based on the principle of equitable geographical distribution. In particular, Asia should be better represented than it would be in the Advisory Committee on 1 January 1966.

34. Mr. NKWAIN (Cameroon) welcomed the French proposal for an over-all study of the financial situation of the United Nations and the specialized agencies, considering that in putting forward its proposal the French delegation had been guided by a desire to make the Organization a better instrument for peace and progress. His delegation, however, had felt certain misgivings on reading the draft resolution. First of all, it had feared that the French proposal was a criticism of the Secretary-General's stewardship, but that fear had been dispelled by the French representative. It would, however, like to have an assurance that the draft resolution did not call in question the consensus reached by the General Assembly on 1 September 1965. His delegation considered that it would not be a good idea to wait for the results of the study to be made by the committee of experts before applying all the points in the consensus. The committee of experts, moreover, should make recommendations on the basis of the balance-sheet to be drawn up by the Secretary-General and submit its report directly to the General Assembly. In that connexion, if the aim was that the committee should consider the Organization's financial situation from a new angle, it would not be possible to accept the United

States proposal that its members should be chosen from among the members of the Advisory Committee on Administrative and Budgetary Questions. His delegation would support the French draft resolution on condition that the remarks it had made were taken into account.

35. Mr. PHRYDAS (Greece) supported the French draft resolution as a whole, considering that the method it proposed was likely to yield the desired results. In view of the complexity of the task assigned to the ad hoc committee, its terms of reference should be as broad as possible, in order not to limit its freedom of action. His delegation, however, had some reservations to make on the subject of operative paragraph 2 (a), in which expenditure committed for the different peace-keeping operations was distinguished from the other items in the balance-sheet of the Organization's finances. The question of the cost of peace-keeping operations had long ceased to be a purely economic one and had become an essentially political matter. To mention it in the draft resolution would mean introducing a political element into a text which should be essentially economic and technical. His delegation did not consider that France had intended to adulterate the technical nature of the proposed study. It therefore hoped that the French delegation would be able to delete that passage from its draft resolution, in order to avoid controversy.

36. Mr. GREN (Union of Soviet Socialist Republics) noted that the French proposal to establish a small committee of highly qualified Government-appointed experts had won wide support in the Fifth Committee. It was natural for Member States to react thus, since the French proposal merely gave concrete expression to the concern felt by most delegations over the Organization's present financial situation. Many delegations had stressed the need for a thorough study of the Organization's finances, a study which was all the more necessary as the increase in budgetary expenditure was not giving the expected results, particularly as far as the developing countries were concerned. The Advisory Committee and the Fifth Committee had endeavoured to check the inflation of the budget, but the measures they had taken had not been enough, chiefly because of the lack of method in the preparation of the budget, the lack of criteria for determining what resources should be allocated to different activities and the lack of co-ordination between the Organization and the specialized agencies. It would be the ad hoc committee's task to study those problems, which were serious and concrete questions on the solution of which the effectiveness of the Organization would depend.

37. On 21 October 1965, the Soviet delegation had indicated at the 1073rd meeting that it supported the French initiative, because it considered the proposed study essential before the Organization's finances could be set in order. The draft resolution submitted by France merely confirmed it in that view. The text was clear and balanced and correctly indicated the direction to be taken by the activities of the proposed committee, which would be guided by the Charter and the opinions of Member States. His delegation was willing to support it in its present form, seeing no need to amend it.

38. All delegations had displayed their interest in the improvement of the financial practices of the United Nations and in the success of the ad hoc committee's work, and only the statement by the United States representative (1098th meeting) had introduced a discordant note. Its purpose was to reduce the powers of the ad hoc committee and the scope of its terms of reference, in particular by proposing that the study of the financial situation should be kept separate from the committee's activities and should be carried out forthwith by the Fifth Committee itself. The Fifth Committee, however, was not adapted to making such a study and the draft resolution in any case provided that it should be carried out as a separate task and as quickly as possible. The essential task of the Organization was to resolve the financial difficulties that had arisen as a result of violations of the Charter so that the United Nations could find a way out of its present situation and learn the lessons of the past. A concerted effort was necessary to achieve that end and it was surprising to find the United States representative asserting that the United States was entitled to demand that other States should take action because it had, in its view, done its best. The United States representative seemed to think that countries' situations differed depending on whether or not they had in the past shared in certain expenditures of the United Nations. There was no justification for such an approach, which tended to call in question the consensus reached by the General Assembly on 1 September 1965 without prejudice to the individual States' positions on the problem in question. The Member States had agreed that the financial difficulties should be solved by means of voluntary contributions, and the USSR, for its part, had clearly indicated that it would fulfil its obligations.

39. The majority of Member States had declared their determination not to let the Organization's activities be sabotaged by violations of the Charter and illegal financial practices, and the Soviet delegation considered that it was quite legitimate for them to want to study the facts of the present financial difficulties. The United States, while recognizing that the Governments of Member States had a real interest in taking an over-all view of the way in which United Nations bodies used the resources available to them, denied that a specific study of such a complex problem was necessary. But other countries considered such a study very important and their legitimate desire should be met.

40. As the representative of France and the representative of the Secretary-General had indicated (1097th meeting), the study requested was not an indication of any lack of confidence in the Secretary-General, who, moreover, had stated that he was ready to provide the committee of experts with all the information it needed. The French proposal, in addition, was consistent with the budgetary practice of all countries. The United States proposal, which would make the ad hoc committee an annex of the Advisory Committee on Administrative and Budgetary Questions, was incompatible with the need to take a fresh and unprejudiced look at United Nations practices, which the ad hoc committee was expected to do.

41. Lastly, it was clear from paragraph 45 of the Advisory Committee's main report (A/6007 and Corr.1), that the work of the ad hoc committee could not be incompatible with the interests of the developing countries. The French proposal corresponded exactly to the aims indicated by the Advisory Committee, particularly with respect to long-term planning and the

establishment of priorities. If the ad hoc committee's work was successful, it would have a beneficial effect on the Organization's activities as a whole and would strengthen international co-operation.

The meeting rose at 4.55 p.m.