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SUMMARY RECORD OF THE 14th MEETING

Chairman: Mr. AL-MASRI (Syrian Arab Republic)

later: Mr. DANKWA (Ghana)

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

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The meeting was called to order at 3.15 p.m.

AGENDA ITEM 127: JOINT INSPECTION UNIT (continued) (A/C.5/44/L.4)

1. Draft resolution A/C.5/44/L.4 was adopted without a vote.

AGENDA ITEM 123: PROPOSED PROGRAMME BUDGET FOR THE BIENNIUM 1990-1991 (continued)

AGENDA ITEM 124: PROGRAMME PLANNING (continued)

AGENDA ITEM 38: REVIEW OF THE EFFICIENCY OF THE ADMINISTRATIVE AND FINANCIAL FUNCTIONING OF THE UNITED NATIONS (continued)

General debate (continued) (A/44/3, A/44/6/Rev.1, A/44/7, A/44/16 and Add.1, A/44/22 and Corr.1, A/44/223, 234 and 272; A/C.5/44/CRP.1)

2. Mr. GHAREKHAN (India) noted that for the second consecutive biennium the proposed programme budget presented by the Secretary-General showed a negative rate of growth. Since the United Nations had to play an increasing role in many areas, particularly in providing assistance to the developing countries, its budget should not continually decline in real terms but should instead show a modest rate of increase.

3. The total amount requested in the proposed programme budget was somewhat higher than the preliminary estimates approved in General Assembly resolution 43/214. His delegation emphasized the preliminary nature of the estimates included in the outline. The Advisory Committee had pointed out that the outline and the proposed programme budget had had different points of origin. It had, moreover, recommended reductions totalling approximately \$6.9 million, which would bring the budget below the level provided for in the outline.

4. The level of extrabudgetary resources for the biennium 1990-1991 showed an increase of 17.72 per cent in nominal terms compared to the previous biennium, while the increase in expenditure under the regular budget was only 10.91 per cent. It was therefore clear that when certain Member States asked for zero growth in the regular budget, it was not because they were short of resources.

5. Provision was made for the reduction of eight posts compared with the revised staffing table approved for 1988-1989. His delegation believed that any further post reductions should await the conclusion of the work on the restructuring of the intergovernmental machinery in the economic and social fields, particularly in view of the new responsibilities entrusted to the Organization with regard to peace-keeping.

6. Additional appropriations had been requested under recurrent growth expenditure, partly as a result of the transfer of posts, about which he would like to have more details. His delegation believed that the Secretary-General should exercise the utmost discretion with regard to additional expenditures. On the other hand, it supported the proposed non-recurrent expenditure for the acquisition and installation of office automation and reproduction equipment for conference

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(Mr. Gharekhan, India)

services. Noting that 41 per cent of the non-recurrent expenditure requested for 1990-1991 had already been included as such in the budget for the previous biennium, it agreed with the Advisory Committee that the methodology for the determination of non-recurrent costs should be reviewed. It also agreed that specific attention should be paid to expenditure financed by extrabudgetary resources, in view of the magnitude of those resources, and it hoped that the Advisory Committee would undertake its proposed study on that question as soon as possible.

7. With regard to the establishment of a reserve fund which would cover additional expenditures due to currency fluctuation, non-staff costs inflation and statutory cost increases for staff, he hoped that, if the concept of such a reserve was accepted, care would be taken to ensure that expenditures over and above the amount of the reserve would not be offset against the budget appropriations to the detriment of mandated programmes and activities.

6. The format of the budget could be improved; in particular, all expenditures relating to the purchase of equipment, supplies and materials should be consolidated. The Secretary-General had requested that the Working Capital Fund should be increased and that the commitment authority granted to him to meet unforeseen and extraordinary expenditures should be enlarged. The Advisory Committee should make a recommendation in that regard to the General Assembly. Member States should also play a greater role in determining priorities in the medium-term plan.

9. The United Nations staff had a pivotal role to play in the attainment of the objectives that Member States had set for the Organization. It was to be hoped that the Assembly would take concrete measures to improve the salary and service conditions of the staff, both at Headquarters and at the various other duty stations so that the Secretary-General would be able to recruit and retain staff of a high calibre.

10. Several measures had been taken to streamline many departments in the political sector, but the restructuring of the intergovernmental machinery in the economic and social sectors had not yet been completed. Final judgment on the reform process would therefore have to wait until the Secretary-General submitted the analytical report requested by CPC. However, at the present stage, it could be said that, while positive results had been achieved in a number of areas, the restructuring of certain Secretariat departments and post reductions had had a negative impact on various activities. Further efforts must be made with regard to the geographical distribution of high-level posts within the Secretariat and the specialized agencies and the membership of various United Nations organs, the duration of conferences and meetings, and the timely issuance of documentation.

11. His delegation believed that the efficiency of the Secretariat could not be enhanced unless all States Members paid, in full and on time, their assessed contributions under the United Nations regular budget and the budgets of the specialized agencies, and for peace-keeping operations.

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12. Mr. WILENSKI (Australia) said that the purpose of the reform process was to enable the Organization to achieve the objectives set by Member States in the most cost-effective way. Cuts in the budget and in programmes were not in themselves the answer, particularly if they were detrimental to the attainment of those objectives.

13. As far as the level of expenditure was concerned, it was imperative to adhere to the outline established by the General Assembly in resolution 43/214, since that was an essential element of the new budget strategy. While his delegation commended the efforts made by the Secretary-General to achieve negative real growth, it supported the proposals of the Advisory Committee concerning ways to narrow the gap between the level set in the outline and that proposed by the Secretary-General.

14. With regard to supplementary expenditures, the new budgetary procedure should put an end to the practice of opening credits at the last minute to offset the effects of inflation, currency fluctuations and statutory increases in personnel expenditure. The principle of a reserve to cover those categories of expenditure would precisely eliminate the need to resort to that type of practice.

15. As the Secretary-General had emphasized, the establishment of priorities was a responsibility that lay primarily with Member States. They should give clear instructions to the Secretariat, on the basis of which the Secretariat would decide on the allocation or reallocation of resources. That question was of special importance in the context of the preparation of the next medium-term plan.

16. Only 79 Member States had paid in full their assessed contributions under the regular budget and were not in arrears. It was extremely discouraging to note that in 1989 40.4 per cent of peace-keeping contributions had still not been paid. The Secretary-General's proposal to establish a special reserve for peace-keeping operations should therefore receive attention. Consideration might also be given, as a provisional measure, to increasing by \$100 million the amount of the Working Capital Fund, so that the Organization could have access to sufficient funds to intervene swiftly and effectively in the field of peace-keeping.

17. With regard to structural reform, particularly in the economic and social sectors, some progress had been made but there was still much to be done. The precise objectives to be attained in those sectors and the strategies to be followed should be defined at the highest level. On those bases, action might be taken on the restructuring of the intergovernmental machinery of the Secretariat.

18. Ms. ALMAO (New Zealand) noted with satisfaction that the programme budget proposed by the Secretary-General showed negative growth of 0.4 per cent in real terms, a 12 per cent reduction of staff over 1988-1989 and a reduction of expenditures in a number of fields. However, in spite of the efforts made by the Secretariat, the proposed amount was higher than the amount fixed by the Assembly in resolution 43/214; that disparity, moreover, had not been satisfactorily justified. That raised a number of questions regarding the methods of the outline. It was therefore necessary to formulate precise guidelines to enable the

(Ms. Almao, New Zealand)

Secretariat to improve the method of establishing the next budget, particularly with regard to the calculation of real growth, the processing of non-renewable expenditures, the presentation of the budget and the establishment of priorities. The comparison with the outline would thus be facilitated.

19. The role of extrabudgetary funds and the way in which they were managed raised certain problems. As ACABQ had pointed out, those funds had increased considerably since 1980-1981. The budgetary control mechanisms were lacking. Her delegation supported the recommendation of ACABQ that the Secretary-General should submit proposals with a view to better controlling the functioning of trust funds. She was concerned about the tendency to make a sort of amalgamation between extrabudgetary expenditures and the regular budget and would like to see a clear distinction drawn between substantial and operational activities and their respective modes of financing.

20. Her delegation supported the recommendations of ACABQ concerning the reductions to be made in the estimates of expenditures submitted by the Secretary-General and consideration of the provisions relating to unforeseen and extraordinary expenditures. The Secretary-General's proposals relating to the financing of peace-keeping operations should also be further studied.

21. Her delegation awaited with interest the analytical report on the effectiveness of the reforms instituted during the past three years that the Secretary-General was to submit at the forty-fifth session. It hoped that the progress made in the political and administrative sectors would soon be complemented by a revitalization of the economic and social sectors.

22. Mr. VISLYCH (Union of Soviet Socialist Republics) recalled that, when the General Assembly had adopted resolution 43/214, it had indicated that the outline should make it easier to predict the amount of resources needed for the forthcoming biennium. The estimates contained in the outline and the amount approved for the contingency fund reflected, in principle, a consensus on the maximum volume of expenditures that were acceptable to all Member States. Consequently, when drawing up the draft budget, the Secretary-General should not, in any event, have exceeded the platform indicated in the outline. There must be an analysis of the reasons that had led the Secretariat to misinterpret the provisions concerning the new budgetary process, and the necessary measures must be taken to ensure that that did not occur again in the future.

23. It was regrettable that the draft budget did not envisage new provisions for the integral implementation of recommendation 15 of the Group of 18 concerning the reduction of staff by 15 per cent. Nor had the Secretariat indicated how it intended to absorb the expenditures relating to the temporary re-establishment of 100 posts in the Department of Conference Services. When the budget estimates were considered, concrete decisions must be adopted with a view to obtaining the 15 per cent target during the biennium 1990-1991. As indicated in paragraph 4 of recommendation 15, a more substantial reduction might even be envisaged following the restructuring of the intergovernmental machinery and the Secretariat.

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(Mr. Visolych, USSR)

24. With regard to the senior posts, it seemed that the Secretariat had not made all possible efforts to achieve the objective approved by the General Assembly, namely, a 25 per cent reduction. As was known, at the time of the approval of the revised estimates for the biennium 1988-1989, the Assembly had decided to abolish 14 posts. However, the Secretariat was submitting proposals that tended to reintroduce several posts, and it was not impossible that certain Member States would do likewise. Those initiatives were clearly contrary to resolution 41/213 and other resolutions relating to administrative and budgetary reforms. His delegation was fully aware that a delicate political question was involved. It was necessary to find an adequate solution which, without encroaching on the prerogatives of the Secretary-General, would make it possible to ensure a more equitable representation of States at the higher levels. It would be desirable to organize informal consultations on the question, taking account, in particular, of the many observations made by CPC at its spring session.

25. It was also very provoking to see that a whole series of recommendations formulated by ACABQ and approved by the General Assembly concerning the method of drafting the budget had not been implemented. In particular, the cost of outputs should have been indicated - that was of particular importance in the context of the establishment of the continuity fund; the standard mode of presentation should have been respected (which had not been done in the case of the chapters concerning the regional economic commissions); the expenditures relating to support services should have been distributed according to the substantive activities to which they related; etc.

26. For the reasons he had stated, his delegation considered that the proposed budget for 1990-1991 was unacceptable, at least in its current form. As to the methodology for preparing the budget, there should certainly be no question of major changes at the present juncture. The Fifth Committee should, however, take specific decisions at the current session on such questions as the operation of the contingency fund and other aspects of the budget process, so that the Secretariat would be able to take them into account in subsequent budgets.

27. The total amount of the proposed budget could and should be reduced considerably. The reductions suggested by ACABQ seemed modest. The necessity of making further reductions became all the more imperative because the Fifth Committee had yet to consider a whole series of recommendations submitted by ICSC and the Joint Staff Pension Board. One possibility would be to make a "painless" cut by reducing the staff turnover rate to 1 per cent.

28. His delegation's position regarding the proposed budget would also depend to a large extent on the decision to be taken by the General Assembly on the question of additional requirements for inflation and exchange-rate fluctuations.

29. Mr. Dankwa (Ghana) took the Chair.

30. Mr. GARRIDO (Philippines) observed that the proposed programme budget for 1990-1991 showed a negative real growth of 0.4 per cent and provided for inflation at 7.2 per cent. Those figures might, of course, be modified, depending on changes in the rate of inflation and the decisions to be taken by the General Assembly at the current session. In that regard, the Secretariat's attention was drawn to paragraph 31 of document A/44/234, which requested an improvement in the submission of statements of programme-budget implications.

31. Under the new budget process, the requirements included in the programme budget were calculated on the basis of the ceiling given in the budget outline. As emphasized by ACABQ and CPC, the new procedures must be applied with flexibility, the relationship between the outline and the programme budget having yet to be established with precision.

32. It was his delegation's understanding that, despite the establishment of the contingency fund, the Secretary-General would nevertheless submit to the Assembly a statement of unforeseen and extraordinary expenses. It would like a clarification as to the mechanics involved in absorbing such expenses, since the amount of \$15 million set for the contingency fund appeared to be insufficient to cover all additional expenditures.

33. The growth of extrabudgetary funds was a most welcome development during the current period of financial difficulties. The Secretary-General should supervise closely the management of those funds and ensure that their utilization was consistent with the purposes for which they were intended.

34. The reforms based on the recommendations of the Group of 18 had not yet been fully implemented, despite the efforts made by the Secretary-General. The reductions advocated must not in any way impair the improved administrative and financial functioning of the Organization. It was gratifying that the Department of Conference Services, in spite of staff reductions, was making more efficient use of its available resources.

35. Information on a proposed timetable for the restructuring of the economic and social sectors would be appreciated. Any undue delay could lead to suspension in the implementation of programme activities in those vital fields. His delegation hoped that the discussions in the Economic and Social Council would spur the revitalization of the Secretariat in the sectors concerned.

36. The question of priority-setting was one on which many recommendations and guidelines had been formulated. Unfortunately, priority-setting had still to be perfected. Document A/44/272 contained proposals on the subject. They should be taken into account in drawing up the next medium-term plan.

37. His delegation reaffirmed that official travel should be authorized only for urgent and necessary missions and that the number of staff sent on mission should be reduced to the minimum. In addition, there should be an annual report on travel costs.

(Mr. Garrido, Philippines)

38. In view of the diverse activities and programmes carried out by the United Nations, a strong and efficient evaluation system was a key factor of management and decision-making. Self-evaluation also played a particularly important role because of the financial crisis. Programme managers should endeavour to strengthen their evaluation capacities and should set in good time the priorities for the programmes in their charge so as to avoid delay in budget planning. In preparing their reports, they might refer to the format used by JIU.

39. Mr. BRODININGRAT (Indonesia) said that involving Member States as early as possible in the budget process had caused delays in the submission of budget documents. Without questioning the utility of the practice, his delegation believed that the General Assembly should endorse Economic and Social Council resolution 1989/97, which urged intergovernmental bodies to consider in a timely manner the draft programmes of work within their areas of responsibility, in order that their recommendations might be taken into account by the Secretary-General when he prepared his proposed programme budget.

40. As far as his delegation was concerned, the difference between the global amount in the budget outline and the total level of the budget set by the Secretary-General was not truly important, since the amount expressed in the outline was of a preliminary nature and thus could never be considered a fixed ceiling. It should have been understood from the outset that a reasonable margin of flexibility would be allowed. The controversies surrounding the question were undermining the search for the widest possible agreement on the programme budget. Accordingly, Member States should endeavour to achieve a common perception, and improvements in the methodology for preparing the budget outline should continue to be made so as to avoid any discrepancies between it and the programme budget.

41. The proposed negative real growth rate of 0.4 per cent for 1990-1991 was sensible provided that there was an assurance that the Organization would truly be able to perform the mandated programmes and activities. A thin dividing line existed between a reduced budget in the name of efficiency and a reduced budget which would impair the functioning of the Organization. An increase in the share of the budget devoted to substantive programmes, in relation to support services, would be the best proof of enhanced efficiency. Yet, according to the information in paragraph 46 of the ACABQ report, the reverse was apparently the case.

42. His delegation agreed with the Secretary-General that priority-setting was the prerogative of the Member States. It was to be hoped that it would not become a permanent bone of contention instead of being an effective instrument for planning and budgeting.

43. His delegation shared the Advisory Committee's concern with regard to the management of extrabudgetary funds. The idea of establishing a mechanism to ensure that adequate control was exercised had merit. It was true that the utilization of extrabudgetary funds should not influence unduly the setting of priorities. Some were jumping to the hasty conclusion that the increase of those resources necessarily implied a shift away from the Charter principle of collective

(Mr. Brotodiningrat, Indonesia)

responsibility of Member States. It would be extremely difficult to determine whether it was the increase of extrabudgetary funds or the reduction of the regular budget which threatened to jeopardize that principle. It should be recalled that the growth of the various extrabudgetary funds was generally the wish of the legislative bodies concerned and was supported by the recipient countries and the donor community. It was thus his delegation's belief that the increase should be considered a positive sign and an indication of the revival of multilateralism. His delegation looked forward to the ACABQ study on the subject and, while not opposed to the idea of asking CPC and perhaps even JIU to look into the matter, it wished to make it clear from the outset that any administrative and budgetary improvements considered should in no way adversely affect the growth of extrabudgetary resources.

44. Ms. ARMSTRONG (Canada) noted that, for the second successive biennium, the rate of real growth of the proposed budget was negative. Nevertheless, the overall level of expenditure proposed for 1990-1991 was some \$1.3 million greater than the level agreed in the programme budget outline. Her delegation regretted that it had not been possible to remain within that ceiling or to offer a satisfactory explanation for the increase over the ceiling. The reductions proposed by ACABQ, which amounted to some \$6.9 million, were sound and should facilitate consensus adoption of the programme budget, it being understood that further adjustments would be required for allocation of the contingency fund, adoption of the recommendations of ICSC, and recalculation of the effects of inflation and currency fluctuations.

45. Certain aspects of the new budgetary procedures needed to be defined with greater precision and rigour. As ACABQ had pointed out, the preliminary estimates in the outline and the estimates of the programme budget had not been prepared on the basis of the same variables and were therefore not entirely comparable. It was desirable, for that reason, that the comments made at the current session should be used to refine the methodology for preparing the programme budget outline so that the required level of resources could be more precisely estimated.

46. The budget proposal was the first ever to incorporate the contingency fund, the level of which had been established at \$15 million on the basis of past trends in add-ons and taking into account the incorporation of perennial activities into the budget itself. Experience would show whether the amount was sufficient and whether the procedures for the operation of the contingency fund were adequate. On the other hand, she doubted whether another reserve fund would be needed in order to accommodate inflation and currency fluctuations.

47. The issue of priorities required further examination at all levels in the context of the consideration of the medium-term plan. It was satisfactory to note that the Secretary-General had established international narcotics control and the implementation of the Programme of Action for African Economic Recovery and Development as major objectives for the coming biennium. On the other hand, the list of programme elements and outputs terminated as being obsolete or of marginal

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(Ms. Armstrong, Canada)

usefulness was rather modest. Greater efforts were required in that area. The budget format had been revised but could be improved further in the light of observations by ACABQ.

48. The level of post reductions as currently proposed was acceptable, but Member States also had to fulfil certain obligations, particularly in the area of rationalizing the calendar of conferences, if the original target of 15 per cent was to be reached. The Secretariat had not done all it could to achieve a 25 per cent reduction at senior levels. The vacancy management system should be improved so as to take the "human dimension" more fully into account. No real work-load analysis of the various units had been carried out to facilitate redeployment. Despite the requests made in the General Assembly and in CPC, it was precisely the small units that bore the brunt of post reductions, a situation which was difficult to accept.

49. The reduction or stabilization of certain expenditures (travel, consultants, expert groups and external printing) had enabled the Secretary-General to increase expenditures on technological innovations, a key area for increasing the Organization's efficiency.

50. As the Secretary-General had pointed out, reform was a continuing process. Results had undeniably been achieved in certain areas, while others were yet to be affected by the reform process. Thus, more action should be taken to improve the Secretariat's structure in the economic and social areas. The analytical report on the implementation of resolution 41/213, which would be submitted to the forty-fifth session and would facilitate a full evaluation, should serve as a point of departure for further reforms, particularly in the area of personnel policy.

51. In view of the magnitude of resources involved, the use of extrabudgetary funds should be considered more fully. The appropriate management mechanisms needed to be defined; more especially, as the Nordic countries had observed, it was necessary to address a number of fundamental questions, such as the relationship between assessed budget activities and those financed by voluntary contributions, the impact of extrabudgetary funding on priorities and programming, and the relationship of trust funds to the principle of multilateralism.

52. Since total outstanding arrears to the regular budget still amounted to more than \$600 million, or the equivalent of nine months' operating costs of the Organization, her delegation wished to recall that it was a binding legal obligation for all Member States to pay their assessment in full and on time.

53. Ms. FLOREZ (Cuba) noted the reasons given by the Secretary-General in explanation of the \$1.3 million discrepancy between the total amount of the proposed programme budget and that of the programme budget outline. Recalling that the budgeting process was still not fully developed, she said her delegation endorsed the comments of CPC which, in paragraph 55 of its report, recognized the need for flexibility; it was in the light of that paragraph that paragraphs 53 and 54 of the report should be read. To treat the programme budget outline as

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(Ms. Florez, Cuba)

sacrosanct would be harmful to the Organization's efficiency. Her delegation, for its part, would always be ready to give favourable consideration to any justified budgetary proposal.

54. The report of the Secretary-General containing the revised estimates resulting from decisions of the Economic and Social Council at its first and second regular sessions of 1989 (A/C.5/44/5) was particularly important inasmuch as the Organization was going to use the contingency fund for the first time. Her delegation also awaited with interest the report of the Secretary-General and the recommendations of ACABQ on the establishment of a reserve that would cover additional requirements due to inflation and currency fluctuation.

55. Although some progress had been made, the format of the programme budget still showed certain imperfections. Her delegation associated itself with the comments made by ACABQ in paragraph 13 of its report and with the request that the Secretariat should continue its efforts. It also subscribed to the recommendation made in paragraph 49 of the report of CPC. In order to enable the Committee to compare the proposed programme budget with the budget and the revised estimates for the 1988-1989 biennium, it wished to suggest that the Secretariat should prepare a conference room paper showing, chapter by chapter, the development of the contents of programmes and of the level of resources allocated to them or, if that was not possible, make an oral presentation of the changes made.

56. In view of the importance of the establishment of priorities, her delegation regretted that CPC had not been able to give thorough consideration to the Secretary-General's report on that issue and also felt that it would be useful if the observations of ACABQ were made available to the Committee before it began discussing the item. It was already evident, however, that some of the Secretariat proposals had not been formulated in accordance with the policy-making organs' directives (as was the case with paragraph 6.42 of section 6) or did not include outputs requested in other resolutions (as in subprogramme 1.5 of section 27, where no output was provided in respect of the International Decade for the Eradication of Colonialism).

57. As the report of the Secretary-General on the review of the efficiency of the administrative and financial functioning of the United Nations did not cover the entire period since the adoption of the report of the Group of 18, it was desirable that the Secretariat should bring it up to date in a conference room paper. Some progress had been made, but much remained to be done; as the Secretary-General had remarked, reform was by its nature a continuous process. Her delegation hoped that the functioning of the Committee on Conferences, whose responsibilities and composition had been modified, would continue to improve so that its recommendations might be reflected in greater efficiency in the conference field. It also hoped that the co-ordination activities entrusted to ACC would develop further in such a way that the dialogue with Member States begun in the framework of joint CPC/ACC meetings could be intensified. Recalling that under the terms of General Assembly resolutions the implementation of recommendation 15 should have no negative impact on programmes or on the structure and composition of the

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(Ms. Flores, Cuba)

Secretariat, it noted with concern the statement in paragraph 55 of the report of the Secretary-General that the number of new appointments to posts subject to geographical distribution had been severely curtailed. On the other hand, it welcomed the steps taken to recruit Professional staff members at the P-1 and P-2 levels from among nationals of non-represented or under-represented countries.

58. With regard to recommendation 47, her delegation noted that the figures mentioned by the Secretary-General related in part to the period preceding the commencement of reforms. It would appreciate further information on that point, and also on the implementation of recommendation 54. It noted with concern the abolition of a post of Assistant Secretary-General of UNCTAD, whose holder was a national of a developing country, and hoped that that important post could be re-established.

59. Two points on which the operation of the Organization still left much to be desired were documentation and conference services. Delegations were receiving their documents very late, sometimes even after the work had begun. Moreover, sometimes only the English version was available, and interpretation services likewise were not always available in the other official languages. He therefore wondered whether, after all, the cutbacks in staff might not have impaired the Organization's ability to perform its work. As stressed by the Secretary-General, the reforms had been undertaken in the midst of a serious financial crisis. In that regard, her delegation shared the view of CPC, which had stated, in paragraph 25 of its report, that in order to carry out successfully the process of reform and restructuring, it was essential that the current financial uncertainties should be dispelled. That was particularly true in view of the increasingly important role the Organization was playing in a number of vital areas.

60. Mr. OSELLA (Argentina) said that the new budgetary procedure enabled Member States to participate more actively in drawing up the medium-term plan and the proposed programme budget, and made consensus easier. The outline should not be viewed as a rigid framework. On the contrary, it should allow for the necessary manoeuvring room, as recommended by CPC in paragraph 55 of its report. His delegation was aware, as was ACABQ, that the budgetary procedure was still in a trial stage. Hence, it was concerned to see that the real growth rate envisaged in the proposed programme budget was a negative one (-0.4 per cent), and would like to know whether programmes would be affected.

61. Approval of the budget implied agreement to share in financing the expenditures it entailed. It was therefore essential that every country should meet that obligation, to which the Charter allowed no exceptions. Argentina, for its part, and despite its serious economic difficulties, that were due mainly to its debt burden, had made and would continue to make a great effort to pay its contribution. It had, in fact, paid \$4.5 million in September.

62. Referring to the recommendations of the Group of 18, he noted that they had not been applied evenly in every sector, although they should be considered as a whole. With regard to recommendation 15, the Organization should develop a

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(Mr. Osella, Argentina)

consistent personnel policy that took into account the mandates set forth in the Charter. Since the purpose of reform was not merely to reduce the budget, but to enhance the effectiveness of the Organization, it was also important to be flexible so that the staff cutbacks would not have a negative impact on programmes.

63. His Delegation noted with satisfaction the great contribution made by the Special Committee of the Economic and Social Council to reforming the economic and social sectors of the Organization. In that regard, Economic and Social Council resolution 1988/77 was especially important.

64. Given the diversity of the tasks entrusted to the United Nations, it was difficult to develop a strict system for establishing priorities. A method must be found, however, which would make it possible to reconcile the three criteria to be applied, namely, the importance to Member States of the objectives envisaged (the political aspect), the capacity of the Organization to attain them (the technical aspect) and the usefulness of the results obtained (the practical aspect). It was also important to address the question of whether the amount of funds allocated to a given activity should always be increased as the priority assigned to it was raised. The proposals contained in document A/44/272 could provide a starting-point for negotiations aimed at setting up an objective and clear-cut system for establishing priorities at the level of programmes, subprogrammes and output.

65. Miss MOSS (Bahamas) said that in the General Assembly, there was an emerging consensus on certain priority items, such as peacemaking and peace-keeping, drug abuse control, sustainable economic development, the environment and human rights. However, neither the relevant sections of the proposed budget nor the related overview tables reflected those priorities. One element that had to be taken into consideration, as far as priorities were concerned, was the significance of extrabudgetary funds. After reviewing briefly how the concept of extrabudgetary funds had originated and developed, she stressed the importance of defining precisely the role of extrabudgetary financing in the overall financial structure of the Organization and of developing effective monitoring and management mechanisms.

66. ACABQ and CPC had noted many shortcomings in the description of programme elements and outputs involving consultants and travel. That was particularly alarming when one considered that there was a concentration of such consultants in the area of administration and management.

67. An overall improvement in the content of the medium-term plan, particularly with regard to priority-setting, would facilitate an improvement in the presentation of the programme budget. In that regard, the programme budget for the final biennium of the medium-term plan should include information on the status of achievement of the objectives of the medium-term plan.

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(Miss Moss, Bahamas)

68. Under the new budgetary procedure, Member States had participated more actively throughout the process and had approved by consensus an outline for the budget. Unfortunately, it had not been possible to remain within the limits of that outline. In future, therefore, the outline should be based on a detailed programme profile ensuring maximum predictability by avoiding the need for the agreed level of resources to be exceeded.

69. One of the purposes of the reform process was to remedy the problem of fragmentation of efforts and activities. However, careful study of the budget proposals revealed that programmes in the area of development activities and political and security matters were considered by an increasing number of bodies, leading to duplication and a resultant squandering of resources. Priority must therefore be given to implementing recommendations 16 to 24 of the Group of 18, by defining clearly the scope of programmes and centralizing related activities. Such implementation would facilitate the 25 per cent cut in high-level posts.

70. Mr. AL-MASRI (Syrian Arab Republic) resumed the Chair.

71. Mr. KERSTEIN (Yugoslavia) said that his delegation considered the proposed programme budget for 1990-1991 to be acceptable, although the total amount of resources proposed was \$1.3 million above the outline figure approved. In that regard, it should be recalled that the outline resources were preliminary and the procedure was evolving. The budget proposal should be prepared with a two-fold objective in mind, namely, ensuring the most rational utilization of the Organization's financial resources and guaranteeing the implementation of programmes and projects mandated by the General Assembly. ACABQ had followed that approach when it had recommended the \$6.9 million reduction, which his delegation supported.

72. It should be borne in mind that implementation of the new budget process was still in the experimental stage and that a number of more or less complex questions, such as the treatment of real growth, and the issues of inflation and currency fluctuation would have to be dealt with patiently. The operation of the contingency fund would also have to be analysed. The observations of ACABQ concerning the need to develop appropriate means of controlling extrabudgetary funds were commendable, in view of the importance of such resources, but that should not discourage donations to trust funds and other extrabudgetary activities.

73. It was obvious that the scope of the implementation of reforms varied greatly in different sectors. Thus, while the reforms in the political sector were almost completed, which was commendable in view of the role played by the Organization in peace-keeping, the situation was different in the economic and social sectors, where the Secretariat structure was more complex. Likewise, the review of the intergovernmental structure had not yet produced concrete results.

74. Implementation of recommendation 15 of the Group of 18 was certainly one of the most sensitive issues. Nevertheless, it had to be pursued with due flexibility, so as to avoid a negative impact on programmes as well as on the composition of the

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(Mr. Kerstein, Yugoslavia)

Secretariat. Due regard should also be given to equitable geographic distribution of senior-level posts. The elimination of overlapping and excessive dispersion - which was the focal point of that recommendation - would improve the effectiveness of the Organization. At the summit meeting held recently at Belgrade, the non-aligned countries had pledged to strive to enhance the effectiveness of the United Nations so that it could fully discharge its responsibility.

The meeting rose at 6 p.m.