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SUMMARY RECORD OF THE 36th MEETING

Chairman: Mr. VAHER (Canada)

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

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AND PROGRAMME PLANNING (continued)

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The meeting was called to order at 10.35 a.m.

AGENDA ITEMS 123 AND 124: PROPOSED PROGRAMME BUDGET FOR THE BIENNIUM 1990-1991 AND PROGRAMME PLANNING (continued) (A/44/3, A/44/6/Rev.1, A/44/7 and Corr.1 and 2, A/44/16 and Add.1)

First reading (continued)

Section 28I: Division of Administrative and Common Services, Vienna

1. Mr. BAUDOT (Director, Programme Planning and Budget Division) said that, in response to a request from the Advisory Committee, the Secretariat had provided a breakdown of the services provided by the United Nations, UNIDO and IAEA in Vienna on a cost-sharing basis: that information appeared in the table following paragraph 28I.6 of the report of the Advisory Committee. The Advisory Committee had also raised the question of reimbursements to the United Nations for support to extrabudgetary activities. Steps were already being taken to reach agreement on the terms under which such reimbursement would be made.
2. Mr. MSELLE (Chairman of the Advisory Committee on Administrative and Budgetary Questions) confirmed that the Advisory Committee felt it was time the Secretariat devised a mechanism for determining what support for extrabudgetary activities should be reimbursed. The Committee was not in favour of a complicated cost-measurement system, which might cost more to operate than it brought in; the system should be simple and easy to administer. In Vienna, the United Nations provided services for UNIDO and vice versa in a mutually supportive arrangement. The Advisory Committee believed a more accurate system should be devised for verifying the amounts for which each should reimburse the other.
3. In paragraph 28I.9 of its report, the Advisory Committee referred to the practice of charging posts against general temporary assistance funds. In its view, that practice had to change.
4. Mr. VISLYKH (Union of Soviet Socialist Republics) expressed deep dissatisfaction with the status of common services in Vienna. The current system of shared responsibilities was clearly out of date. The unsatisfactory situation was beginning to affect the operation of the organs based in Vienna, which were departing more and more frequently from the original agreements on shared services and beginning to set up their own. In particular, the current financial crisis at UNIDO was affecting United Nations activities in Vienna.
5. The Secretary-General should conduct a careful study of common services in Vienna and how they could be improved for submission to the General Assembly at the forty-fifth session. The aim of the study should be to make the United Nations units at Vienna masters of their own house.
6. His delegation wished common services at Vienna to be taken up in informal consultations before the second reading of the budget.

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7. Mr. UPTON (United Kingdom) drew attention to paragraph 28I.15 of the report of the Advisory Committee, which mentioned an increase in General Service and Manual Worker salaries in Vienna resulting from a version of Austrian income tax law. He called for further information on the subject and commented that the relevant Headquarters agreement ought to militate against such increases in regular budget liability.

8. Mr. BAUDOT (Director, Programme Planning and Budget Division) undertook to respond informally to the remarks by the Soviet and United Kingdom representatives.

Section 28J, Common Services, Nairobi

9. Mr. BAUDOT (Director, Programme Planning and Budget Division) said that in 1987 an administrative review had been carried out of the common services provided by the United Nations to UNEP and the United Nations Centre for Human Settlements (Habitat) and how they might be reorganized to include additional functions. Paragraph 28J.3 of the proposed programme budget indicated the action which the Secretariat proposed to take as a first step. He emphasized, however, that the statements of resources and requirements in the budget proposals reflected the status quo.

10. Mr. MSELLE (Chairman of the Advisory Committee on Administrative and Budgetary Questions) said that, when the administrative review was carried out, no common position had yet been reached on the question of whether to introduce further common services in Nairobi. Accordingly, the Advisory Committee had taken no position, but had requested the Secretary-General to report to the General Assembly in the context of the proposed programme budget for 1990-1991, indicating agreed recommendations and the manner in which they would be carried out. The General Assembly had endorsed the Advisory Committee's recommendation.

11. The Advisory Committee had now considered the Secretary-General's proposals, and come to the conclusion that, as presented, they would not be cost-effective. The establishment of common services was a desirable goal wherever United Nations entities operated, but not an end in itself; the Advisory Committee believed that, if action were taken along the lines proposed by the Secretary-General, some units in Nairobi might continue to establish and operate almost parallel services. Accordingly, in paragraph 28J.3 of its report, the Advisory Committee recommended that the Secretary-General's proposals should not be implemented at the current stage, but that all parties should keep the matter under review. It did not agree with the proposed conversion to established posts of 39 temporary Local level posts, for reasons it gave in paragraph 28J.4 of its report.

Integrated management information system project (continued) (A/C.5/44/8)

12. The CHAIRMAN suggested that the Committee should recommend to the General Assembly that it take note of the report of the Secretary-General on the integrated management information system project (A/C.5/44/8).

13. It was so decided.

International Computing Centre - 1990 budget estimates (continued) (A/C.5/44/4)

14. The CHAIRMAN suggested that the Committee should recommend to the General Assembly that it approve the 1990 budget estimates for the International Computing Centre, amounting to \$11,260,400 or 16,215,000 Swiss francs.

15. It was so decided.

16. The CHAIRMAN invited the Committee to take action on section 28 as a whole, on the understanding that regular-budget financing of office space for staff of extrabudgetary programmes under section 28D, the financing of after-service health insurance programmes under section 28G, the budgetary relationship between sections 23 and 28F, in connection with meetings of the Human Rights Committee, the Advisory Committee's recommendation to restore two posts to the JIU secretariat, the allocation of resources among the bodies based in Vienna, and the organization of common services there, and the United Kingdom representative's question about changes in the Austrian tax law, would all be taken up in informal consultations.

17. The recommendation of the Advisory Committee for an appropriation in the amount of \$403,553,900 under section 28 of the proposed programme budget for the biennium 1990-1991 was approved in first reading without objection.

Section 30. United Nations bond issue

18. The CHAIRMAN pointed out that no appropriation was proposed under section 30.

19. Mr. BOUR (France) asked why, in that case, it was necessary to retain the section at all.

20. Mr. BAUDOT (Director, Programme Planning and Budget Division) said that, as the bond issue had previously been a recurrent item of expenditure, it had been felt necessary to include it in the estimates for the biennium 1990-1991. In future budget proposals, he could see no reason to retain it.

21. The CHAIRMAN suggested that the Committee should take note of the report of the Advisory Committee relating to section 30.

22. It was so decided.

Section 32. Construction, alteration, improvement and major maintenance of premises

Construction of additional conference facilities at Addis Ababa and Bangkok (A/C.5/44/7 and Add.2)

23. Mr. DUVAL (Programme Planning and Budget Division) said that, as a result of a review of the construction projects at ECA and ESCAP, the appropriations being requested for construction in Addis Ababa had been reduced by \$513,000 from the original estimates. The reduction had been made necessary by rescheduling owing to difficulties in the preliminary stages of the project, as indicated in paragraph 10 of the Secretary-General's progress report (A/C.5/44/7). At the same time, the

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review had revealed the need to increase the overall cost of the project from that indicated in resolution 39/236, part III, to \$93,889,500, owing to the technical difficulties to which he had just referred, a revision in inflation forecasts, and the need to make provision for contingency and administrative costs. The estimated cost of the project at ESCAP remained the same.

24. The estimates reflected an increase of almost \$8 million over 1988-1989 for alterations, improvements and major maintenance. The costings were, nevertheless, based on maximum restraint and a concern to limit projects to the most important items. The Secretary-General intended to prepare a long-term programme for alterations, improvements and major maintenance, and submit it to the General Assembly in the context of the next medium-term plan.

25. Mr. MSELLE (Chairman of the Advisory Committee on Administrative and Budgetary Questions) said that the Advisory Committee's recommendation for approval of an appropriation of \$68,880,600 was based both on its review of the Secretary-General's estimates under section 32 and his progress report on the construction work at Addis Ababa and Bangkok (A/C.5/44/7).

26. In 1989 the Advisory Committee had taken a new approach to the proposals under section 32. It noted that many projects had been postponed during the financial crisis but did not believe that the United Nations saved money by postponing maintenance or even by postponing construction. It therefore agreed to all the projects proposed by the Secretary-General with the exception of the two referred to in paragraphs 32.5 and 32.6 of its first report (A/44/7). First, the remodelling of conference rooms 1 and 2 at Headquarters could safely be postponed until the biennium 1992-1993. The costs would be slightly higher then, but funds released in construction projects now under way could be redeployed to that project. The Advisory Committee therefore recommended a reduction of \$2,065,500 at 1990-1991 rates. Second, the Advisory Committee recommended that the small project for the Library at the United Nations Office at Geneva should not be implemented at the current stage in view of its low priority.

27. In paragraph 32.9 of its first report the Advisory Committee stressed the importance of a long-term major maintenance programme for United Nations-owned premises, and it now noted the indication given by the representative of the Secretary-General that a proposal for such a programme would be included in the next medium-term plan. The Advisory Committee therefore expected the Secretary-General to implement all the other projects under section 32 covered in its first report. Its past practice had been to recommend a general reduction under the section, and it had been difficult to determine subsequently which projects under the section had in fact been affected by the reduction. It would no longer be possible for non-implementation of a project to be ascribed to a reduction recommended by ACABQ.

28. In paragraph 6 of its third report (A/44/7/Add.2) the Advisory Committee recommended that the General Assembly should take note of the Secretary-General's revised estimate of the total cost of the construction project at Addis Ababa and

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should request him to proceed as necessary with the approved project in accordance with section I, paragraph 1 (a), of General Assembly resolution 41/213, which stated that the implementation of recommendation 5 of the Group of High-level Intergovernmental Experts should not prejudice the implementation of projects and programmes already approved by the General Assembly. Further, paragraph 10 (a) of resolution 42/211, again regarding recommendation 5, invited the Secretary-General to proceed as necessary on both already approved projects, i.e. at Addis Ababa and Bangkok, in accordance with the provision of resolution 41/213 just cited, on the understanding that no additional appropriation would be required for the biennium 1988-1989. The amounts relating to the two projects were therefore included in the budget outline for 1990-1991.

29. The Advisory Committee recommended approval of the appropriation of \$27,298,700 requested by the Secretary-General for Addis Ababa, which was \$503,000 lower, because of the revised construction time-table, than the amount included in the Secretary-General's initial proposals for the biennium 1990-1991. The Advisory Committee also recommended approval of the appropriation of \$16,851,500 requested for the Bangkok project, which was \$10,000 less than the original estimate for 1990-1991.

30. Mr. ETUKET (Uganda) said that in paragraph 26 of its report (A/44/16) the Committee for Programme and Co-ordination (CPC) had emphasized the need to adhere closely to the schedule for the Addis Ababa project, a schedule which had been approved by the General Assembly at its forty-third session. His delegation was concerned that the General Assembly's decision on the timetable was still being revised. It would welcome from the Secretariat information to supplement that given in the report of the Secretary-General (A/C.5/44/7) as to the circumstances which had necessitated revision of the timetable. If, as the Advisory Committee had noted, it was not a question of resources, the reason must lie elsewhere.

31. Mr. ZAHID (Morocco) endorsed the comments made by the representative of Uganda. Paragraph 5 of the Advisory Committee's third report indicated a large increase by June 1989 in the original estimated cost of the Addis Ababa project, and the Advisory Committee rightly noted in paragraph 6 that any further delay was likely to result in a further escalation of the final total cost. The Secretary-General should seek to avoid any further delay in the implementation of the relevant provisions of resolutions 41/213 and 42/211.

32. Mr. BOUR (France) said that the Advisory Committee had not commented on paragraph 32.10 (d) of the proposed programme budget, which concerned an amount of \$900,000 for Department of Public Information projects, including the relocation of the Visitors' Service space, which would supposedly promote United Nations revenue-producing activities. However, income section 3 (Revenue-producing activities) indicated that services to visitors were in deficit. His delegation would therefore like to know whether the proposed investment was justified and by what date it would become profitable.

33. Mr. LADJOUZI (Algeria) said that his delegation endorsed the comments made by the representative of Uganda on the proposed changes in the construction timetable at Addis Ababa, which it hoped were purely technical and would not involve major delay. It had clearly been justified to raise that same point in the past. Any decision on the matter by the Committee should stress the need to avoid any further delay or increase in the final cost. However, the delay would be acceptable if the Secretariat could confirm that it was due to the technical need for further geotechnical surveys at the site. His delegation would also like confirmation that the reduction of \$503,000 referred to in paragraph 8 of the ACABQ report was due to the updating of costs and not to a cut-back in any concrete element of the project.
34. Ms. SHITAKHA (Kenya) said that her delegation shared the concern about the delays at Addis Ababa. Any cost increase due to delay of the project would be dangerous, especially in view of the very small allowance of less than \$2 million for contingency and administrative costs. It was to be hoped that major progress would be made on the project during the forthcoming biennium.
35. Her delegation would like to know whether the cost estimates referred to in paragraphs 5 (f) and 6 of the Secretary-General's report assumed procurement of materials from Europe and what the cost difference would be if they were obtained in Addis Ababa or from other African sources.
36. Mr. TEIRLINCK (Belgium) noted that paragraph 18 of the Secretary-General's report indicated, with respect to the Bangkok project, that the United Nations would not be liable for cost increases taking place since receipt of tenders. His delegation would like to know whether the same system could be applied at Addis Ababa.
37. Mr. GEBREMEDHIN (Ethiopia) said that his delegation shared the concern expressed by other delegations and sought an assurance from the Secretariat that the summary timetable for the Addis Ababa project set out in paragraph 6 of the Secretary-General's report would be adhered to.
38. Mr. BAUDOT (Director, Programme Planning and Budget Division), answering the questions raised concerning the construction project at Addis Ababa, said that the Secretary-General's determination to implement the relevant General Assembly resolutions was beyond question. The 1994 completion date envisaged for the project remained unchanged. The delays experienced had been for purely technical reasons, as explained by the Secretary-General in paragraph 5 of his report (A/C.5/44/7). Despite those delays, the evaluation of tenders and the award of the construction contract were now expected to be conducted during the period June-August 1990. The postponement of the award of the contract explained why the amount requested for appropriation was \$503,000 less than the amount included in the initial programme budget proposals for the biennium, 1990-1991.
39. With regard to the question raised by the representative of Kenya, he said that, as indicated in the Secretary-General's report, materials would be obtained from East Africa and Europe. Concerning the question from the representative of

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Belgium, he was not yet sure whether the procedure followed for the Bangkok project could also be applied to the project at Addis Ababa. More information would be provided when it became available, and in any event progress reports on both construction projects would be submitted annually to the General Assembly through the Advisory Committee. On the question raised by the representative of France concerning paragraph 32.10 (d) of the budget document, he could not provide a detailed cost-benefit analysis for the time being. However, it was expected that the visitors' services in New York, Geneva and Vienna would show an overall profit in the next biennium. It should nevertheless be pointed out that the purpose of the Department of Public Information projects was not simply to promote revenue-producing activities but also to enhance the United Nations image among the public.

40. Mr. MSELLE (Chairman of the Advisory Committee on Administrative and Budgetary Questions), answering the French representative's question as to whether the Advisory Committee had been satisfied that the request for resources in connection with the relocation and reconfiguration of the Visitors' Service space (\$350,000) and the refurbishing of the General Assembly Building Concourse (\$550,000) was justified, observed that the number of visitors to the United Nations, which had previously shown a downward trend, was now increasing and reflected a renewed public interest in the Organization resulting from its achievements in peace-keeping and other areas. He had therefore felt that the proposed investment in the Department of the Public Information projects would be worth while.

41. Mr. ETUKET (Uganda) welcomed the assurances given by the Director of the Programme Planning and Budget Division and hoped that the construction project at Addis Ababa would indeed be completed on schedule. His delegation was nevertheless concerned about the postponement of the evaluation of tenders and the award of the construction contract. Such revisions to the timetable had a direct bearing on the cost of the project and further delays might entail additional expense to the Organization.

42. Mr. GEBREMEDHIN (Ethiopia) said that his delegation shared the concerns expressed by the representative of Uganda. Any further postponement would certainly increase construction costs and could well set back the completion date of the project. With reference to paragraph 5 (b) of the Secretary-General's report (A/C.5/44/7), it was his understanding that the boundaries of the site had already been determined and that the relevant maps had been submitted to ECA, allowing progress to be made in signing the supplementary agreement. He would be grateful for the latest information in that regard.

43. Mr. BAUDOT (Director, Programme Planning and Budget Division) said that, according to his information, definite progress had been achieved with regard to the supplementary agreement. The boundaries of the building itself had been determined, but a number of matters still had to be resolved in respect of the surrounding land. On the question of revisions to the timetable, the Secretary-General had given assurances on what was in fact a very complex construction project and he would, as requested, submit an updated report to the Assembly at its next session.

44. Ms. SHITAKHA (Kenya) said that her delegation, like many others, wished to stress the importance of avoiding any increase in construction costs. Bearing that consideration in mind, it felt that it would be advisable wherever possible to make use of materials which were available locally.

45. Mr. UPTON (United Kingdom) said that, while his Government was sensitive to the issues involved, it had serious doubts about the need for additional conference facilities at Addis Ababa and Bangkok. The Secretary-General's report did nothing to remove those doubts. His delegation would, however, be prepared to join in a consensus on section 32 on the understanding that the Committee's decision concerning the final appropriation would be subject to informal consultations.

46. Mr. ETUKET (Uganda) questioned the need for informal consultations, whose scope would certainly have to be defined more clearly.

47. Mr. LADJOUZI (Algeria) agreed with the representative of Uganda and said that action by the Committee regarding the construction project at Addis Ababa should be based on an understanding comprised of four elements: revisions to the project timetable must be for technical reasons only; the timetable as a whole should continue to be the one approved by the General Assembly; the Secretary-General should endeavour to prevent further delays, which might increase the final cost of the project; and efforts should be made wherever possible to obtain the necessary inputs for the project from local sources.

48. The CHAIRMAN proposed, in accordance with the recommendation of the Advisory Committee, and on the understanding that a decision on the final appropriation would be subject to informal consultations, that the Fifth Committee recommend to the General Assembly that it take note of the Secretary-General's revised estimate of the total cost of the construction project at Addis Ababa and request the Secretary-General to proceed as necessary with the approved project, in accordance with the provisions of section I, paragraph 1 (a), of General Assembly resolution 41/213. He further proposed that the Committee accept an appropriation of \$27,298,700 for the construction project at Addis Ababa, as well as an appropriation of \$16,851,500 for the construction project at Bangkok, under section 32 of the proposed programme budget for 1990-1991.

49. It was so decided.

50. The recommendation of the Advisory Committee for an appropriation in the amount of \$68,830,600 under section 32 for the biennium 1990-1991 was approved in first reading without objection.

51. Mr. GROSSMAN (United States of America) said that his delegation had, at the thirty-ninth session of the General Assembly, voted against the construction of additional conference facilities at Addis Ababa and Bangkok. At a time of severe budgetary constraints, it believed that resources should have been put to better use. While it would not insist that the appropriations be put to a vote, it continued to have strong reservations concerning the funding of those construction projects. Nevertheless, it had not opposed the Fifth Committee's decision to take

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note of the Secretary-General's related progress reports and accepted the view of the Advisory Committee that it was as yet impossible to determine the actual cost of the Addis Ababa project.

Section 31. Staff assessment

52. Mr. MSELLE (Chairman of the Advisory Committee on Administrative and Budgetary Questions) said that the Advisory Committee's recommendations as to the number and grades of staff to be provided for under the expenditure budget for 1990-1991 entailed a consequent increase in staff assessment under section 31 amounting to \$6,200.

53. The recommendation of the Advisory Committee for an appropriation in the amount of \$284,570,400 under section 31 for the biennium 1990-1991 was approved in first reading without objection.

Income section 1. Income from staff assessment

54. Mr. MSELLE (Chairman of the Advisory Committee on Administrative and Budgetary Questions) said that the total estimate under income section 1 was larger than the total estimate under section 31 since the former included income from staff assessment derived from the emoluments of staff who were charged to revenue-producing activities under income section 3. The slight increase in the estimate recommended by the Advisory Committee under section 31 was also reflected in its recommendation under income section 1.

55. The estimate of \$289,137,200 recommended by the Advisory Committee under income section 1 for the biennium 1990-1991 was approved in first reading without objection.

Income section 2. General income

56. Mr. DUVAL (Programme Planning and Budget Division) said that the estimate submitted by the Secretary-General under income section 2 reflected a decrease of \$9,100,400 from the approved estimate for 1988-1989, which had provided for the full repayment by the United Nations Industrial Development Organization (UNIDO) of a loan amounting to \$16 million. In accordance with General Assembly resolution 43/217, section V, repayment was now to commence in 1990 at the minimum rate of \$1 million per annum, and income had therefore been estimated at \$2 million for the coming biennium. The 1988-1989 budget had also included a contribution of \$5 million, in connection with the United Nations Good Offices Mission in Afghanistan and Pakistan, which was of a non-recurrent nature and therefore did not appear in the estimates for 1990-1991. On the other hand, there had been a substantial increase in income derived from the rental of premises, as a consequence of the implementation of recommendation 36 of the Group of High-level Intergovernmental Experts, as well as an increase in income from bank interest as a result of the prompter payment by some Member States of their assessed contributions.

57. Mr. MSELLE (Chairman of the Advisory Committee on Administrative and Budgetary Questions) said that the Advisory Committee's reference, in paragraph IS2.5 of its report, to the reimbursement of services rendered to UNIDO by the United Nations, was related to comments it had already made under section 28I, to the effect that a mechanism should be established to establish fair levels of reimbursement.

58. The estimate of \$53,934,800 under income section 2 for the biennium 1990-1991 was approved in first reading without objection.

Income section 3. Revenue-producing activities

59. Mr. BAUDOT (Director, Programme Planning and Budget Division) drew the Committee's attention to the fact that activities under income section 3, although of a commercial nature, were not necessarily profit-making, nor were they established for that reason. He also noted the Secretary-General's decision to establish a Senior Advisory Board on Services to the Public, whose task it would be to assist in the formulation of related policies and to ascertain to what extent activities could be sustained on a self-supporting basis.

60. Mr. MSELLE (Chairman of the Advisory Committee on Administrative and Budgetary Questions) said that the Advisory Committee welcomed the establishment of the Senior Advisory Board and noted the restructuring which had taken place in the United Nations Postal Administration. With regard to the sale of medals, it believed that all related expenses should be shown against revenue from such sales. Noting that the projected deficit relating to services to visitors for 1990-1991 was less than the estimated deficit for 1988-1989, and that the number of visitors was expected to increase, the Advisory Committee welcomed the efforts at Headquarters to reduce the deficit in the guided lecture tours and trusted that similar efforts would continue to be made to reduce the deficits in respect of tours at Geneva and Vienna.

61. The estimate of \$9,186,000 under income section 3 for the biennium 1990-1991 was approved in first reading without objection.

The meeting rose at 12.40 p.m.