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FINANCIAL REPORT AND ACCOUNTS, AND REPORT OF THE BOARD
OF AUDITORS: UNITED NATIONS CHILDREN'S FUND, FOR THE
FINANCIAL YEAR ENDED 31 DECEMBER 1954

Report of the Fifth Committee

Rapporteur: Mr. Mauro MENDEZ (Philippines)

1. The Fifth Committee, at its 487th meeting held on 5 October 1955, considered the financial report and accounts of the United Nations Children's Fund and the report of the Board of Auditors thereon.^{1/} For its consideration of this item, the Committee also had before it the observations contained in the second report of the Advisory Committee on Administrative and Budgetary Questions to the tenth session of the General Assembly (A/2922).
2. The Fifth Committee noted that, during 1954, total expenditure from the Fund was \$14,474,196, as compared with income from all sources of \$15,043,943. The principal of the Fund as at 31 December 1954 amounted to \$28,226,657, a net increase of \$569,747 since 1 January 1954.
3. During the discussion of this item, the Committee paid particular attention to two questions: the level of administrative costs and the greeting card programme.

Level of administrative costs

4. Pursuant to paragraph 2 of General Assembly resolution 594 (VI) of 4 February 1952, the Advisory Committee, in its review of the annual accounts, had given special attention to the administrative practices and expenses of the

^{1/} See Official Records of the General Assembly, Tenth Session, Supplement No. 6A, document A/2905.

operational programme of UNICEF and, furthermore, as a result of the discussion held in the Fifth Committee during the ninth session of the Assembly, had looked particularly into the question of distribution of administrative and operational costs. On the basis of its findings, the Advisory Committee had reported that the net administrative costs of UNICEF in 1954 amounted to \$1,177,121, representing 8.3 per cent of the total net expenditure; the corresponding ratio for 1953 being 10 per cent.

5. Representatives who took part in the discussion in the Fifth Committee were unanimous in recognizing that a determined effort had been made by UNICEF during 1954 to reduce the ratio of administrative to total expenditure. They welcomed the improvement which had occurred in the distribution of administrative and operational costs and noted that, despite an increase in total expenditures for the programme in 1954, direct administrative costs were less in that year than in 1953, both in relative and absolute amounts. The Committee considered that this achievement merited high commendation.

6. Some representatives were of the opinion that the efforts made in 1954 should be continued in order to make possible a further streamlining of administrative expenditure, since it was important to allocate the maximum proportion of total resources to direct assistance. Others, while not dissenting from that principle, believed that in seeking further economies in administrative expenditure care should be exercised not to impair the high standard of the UNICEF operations, which had come to be so widely valued, nor to restrict those services undertaken by UNICEF on behalf of other agencies, to which the Board of Auditors had drawn attention in paragraph 8 of its report, and which resulted in savings to Member States.

7. During the discussion, attention was drawn to paragraphs 20 and 24 of the financial statements, which appeared to indicate that prior to 1950 the ratio of administrative costs had been substantially lower than it was now. The Deputy Director of the Fund, in clarification of this point, explained that, in view of the change in emphasis which had taken place in UNICEF's programme since 1950 the administrative expenses incurred since 1950 could not readily be compared with those incurred before that date. The principal activity from 1947 to 1950 had been to assist the children of European countries devastated by war. That

relatively simple programme of food distribution had been undertaken at very low administrative costs. The child welfare projects in under-developed countries which UNICEF had been developing since 1950 required substantially more staff work to assure maximum results. The Fund, the Deputy Director stated, was now operating in ninety-two countries, instead of twenty-three and the assistance it provided took mainly the form of long-term projects.

The greeting card programme

8. A number of representatives commented favourably on the success of the greeting card programme conducted by UNICEF. It was noted that this programme, apart from yielding a sizeable revenue to the Fund, represented an important publicity activity for UNICEF and for the United Nations as a whole.

9. Following the views expressed by several representatives on the observations raised in paragraph 7 of the second report of the Advisory Committee (A/2922), the Deputy Executive Director assured the Committee that future annual financial statements would provide fuller information regarding the cost of operating the greeting card programme. He also gave an assurance that the principles and practices that might be developed in respect of the revenue-producing activities of the United Nations, referred to in the first report of the Advisory Committee^{2/}, would be applied to the extent practicable and appropriate to the greeting card programme. Delegations welcomed this assurance, not because they wished their comments to be interpreted in any way as a reflection on the programme, but because they considered that it was desirable to secure, to the fullest extent possible, uniformity in the administrative practices of comparable United Nations activities.

10. During the discussion of the item, many representatives paid high tribute to the accomplishments of UNICEF and to the efficient and satisfactory manner in which its services had been developed by the Executive Director and his staff.

11. The Fifth Committee decided unanimously to recommend to the General Assembly the adoption of the following draft resolution:

2/ Ibid, Supplement No. 7, document A/2921, paras. 16 to 21.

UNITED NATIONS CHILDREN'S FUND: FINANCIAL REPORT AND ACCOUNTS FOR THE
FINANCIAL YEAR ENDED 31 DECEMBER 1954, AND REPORT OF THE BOARD OF AUDITORS

The General Assembly,

1. Accepts the financial report and accounts of the United Nations
Children's Fund for the financial year ended 31 December 1954 and the certificate
of the Board of Auditors;^{1/}

2. Takes note of the observations of the Advisory Committee on
Administrative and Budgetary Questions as set forth in its second report to the
tenth session of the General Assembly (A/2922).

^{1/} See Official Records of the General Assembly, Tenth session, Supplement No. 6A,
document A/2905.