



Twentieth session
Agenda item 76

BUDGET ESTIMATES FOR THE FINANCIAL YEARS 1965 AND 1966^{1/}

Estimates for 1966

Report of the Fifth Committee

Rapporteur: Mr. Vladimír PRUSA (Czechoslovakia)

INTRODUCTION

1. Under agenda item 76 the Fifth Committee considered the budget estimates of the United Nations for the financial year 1966. The Committee recommends a gross appropriation for 1966 of \$121,567,420 and an estimate for income (other than income derived from staff assessment) of \$6,675,800. The net expenditure for 1966 is thus estimated at \$114,891,620.
2. As regards the Working Capital Fund, the Committee recommends that the Fund should be maintained for 1966 at the level of \$40 million, as approved for 1964.
3. The Committee also recommends an estimate of \$13,114,900 as staff assessment income for transfer in the course of 1966 to the Tax Equalization Fund from which credits are distributed to Member States in accordance with General Assembly resolution 973 (X) of 15 December 1955.
4. For its examination of the budget proposed for 1966, the Committee had before it, as basic documents, the 1966 budget estimates submitted by the Secretary-General (A/6005) and the related report of the Advisory Committee on Administrative and Budgetary Questions (A/6007). Revised estimates for various appropriation sections were considered on the basis of reports of the Secretary-General and the Advisory Committee.

^{1/} The Committee's report on the 1965 estimates is contained in document A/6222.

Financial situation

5. At the outset of the general discussion on the 1966 estimates, the Secretary-General explained to the Committee that, as at 30 September 1965, an amount estimated at approximately \$100 million would be required to enable the Organization to liquidate in full the obligations outstanding against the special accounts of the United Nations Emergency Force and the United Nations Operation in the Congo; to meet in full the additional obligations that would be incurred, in the case of the Emergency Force, between 1 September 1965 and such time as a decision could be reached at the current session on the future of that operation and its financing; to restore the Working Capital Fund to its authorized level of \$40 million; and to cover amounts due to Member States as adjustments on assessed contributions for the costs of ONUC and UNEF. Against the figure of \$100 million, fifteen Member Governments had, to date, pledged or paid voluntary contributions totalling \$20 million to assist in solving the financial difficulties of the United Nations.

General discussion

6. The general discussion on the 1966 estimates proved to be among the most searching and fertile ever held in the Fifth Committee. The sharply increased requests, the form of budget presentation, a closer alignment of programmes and budget, and the institution of a workable system of priorities were perhaps the principal themes. The discussion of those matters, together with the proliferation of conferences and meetings, and the plethora of documents - which at the current session has brought the translation and related services very close to breaking-point - served as a prelude to the French draft resolution, with which the Committee's debate came to a close.

7. Most delegations, while fully sharing the Secretary-General's concern over the Organization's precarious cash position, welcomed the approach which both he and the Advisory Committee had adopted towards the preparation and review of the 1966 estimates - namely, that a clear distinction should be drawn between budgetary policy and the current financial crisis. It would, in other words, be lamentable if the work of the United Nations should come to a standstill, or even be curtailed, while efforts went forward to solve the financial problems connected with peace-keeping operations. The initial 1966 estimates, as

recommended by the Advisory Committee, would enable the United Nations to remain fully active. If the annual increases over the years 1964 to 1966 appeared to many Members to be excessive, it should be borne in mind that progressive additions to the budget had been an unvarying feature for twenty years; they were a natural response to the increase in the Organization's responsibilities. They should be viewed in the context of the endeavour to create an international community capable of assuring to each nation an equal opportunity for economic and social development. Since tangible progress in that area had been slight, and the gap between rich and poor was growing, it was to be expected that the developing nations would more and more turn to the United Nations for help and that the financial obligations of Member States would be correspondingly heavier. The result might be rates of assessment that would overtax precisely those Member States which needed the United Nations most.

8. It was present to the minds of many representatives that the budget of the United Nations represented only one part - and that the smaller part - of Members' contributions to the cause of international co-operation. Between 1961 and 1966 the regular budgets of the organizations within the United Nations system had risen collectively from \$143 million to \$254 million, and as the latter figure was likely to be swollen by a revision of salary scales and other heavy items, it could be seen that expenditure would have virtually doubled over a span of six years.

9. Those delegations which dissented from the Advisory Committee's recommendations - on the ground that the reductions were too modest - felt that the concern expressed by many countries at the continuous increase in budgetary expenditure, which had risen by nearly \$30 million in three years, was readily understandable because that increase was imposing a heavy burden on the Member States, and especially on the developing countries. Increases in budgetary expenditure often failed to produce the desired results; the lack of a system of priorities for the various activities of the United Nations led to a fragmentation of expenditure and a corresponding dilution of the results achieved. It was erroneous to believe that as the Organization's tasks and obligations expanded there must be a corresponding increase in the size of the staff or the number of conferences and that the increase in the budgetary expenditure was thus only normal. That kind of attitude had undoubtedly informed the preparation of the

1966 estimates. The Secretariat must address itself principally to establishing priorities and a system of co-ordination and to utilizing the as yet untapped reserves at its disposal. Requests for appropriations to meet expenses incurred by activities incompatible with the Charter should be rejected. The 1966 budget estimates still made provision for about \$12.5 million for illegal expenses (special missions, the United Nations bond issue, Memorial Cemetery in Korea, etc.), which should be eliminated from the budget. The fact was that those expenses had been unilaterally imposed by certain "Western" countries in disregard of the decisions of the Security Council. Such a subverting of the Organization's financial practices was basically responsible for the interruption of the work of the General Assembly at its nineteenth session. The Advisory Committee had been over-indulgent in recommending a figure for new posts under section 3 that continued to be excessive. The Advisory Committee had, in fact, taken no specific action to stop the increase in budgetary expenditure and to effect substantial savings. The increase in staff since 1964 (699 new posts) was equivalent to the establishment that would be needed for a new international organization. The reorganization of the Department of Economic and Social Affairs was a case in point; it should not be carried out, both because it had not been properly prepared and because the United Nations had not undertaken any new activity in the social field. Finally, no technical assistance activities should be charged to the regular budget. The different technical assistance programmes should be consolidated and their financing derived entirely from voluntary contributions made in national currencies.

Financing of the budget

10. A number of representatives touched upon the problem of budgetary expansion, viewed in particular from the standpoint of the developing countries. Obviously, good judgement would have to be exercised in weighing the benefits of expansion in relation to its cost, and efficiency would have to be combined with budgetary discipline. It would be unrealistic, however, to expect that budgetary discipline, co-ordination, long-term planning, establishment of priorities, a selective approach to programme-building and the exercise of moderation would in themselves ensure an enduring balance between Members' needs and their capacity to pay. Other solutions would ultimately have to be devised, and they should focus on the

weakest spot in the Organization's financial system, namely, the developing countries. It would be both fair and practical to make their budgetary obligations less burdensome. In that connexion, it would be worthwhile to undertake a comprehensive review in the near future of the present methods of financing and budgetary procedures. A clear distinction between the regular and the operational activities of the United Nations could be established. The former would continue to be financed according to the scale of contributions to the regular budget, while the latter would be financed by contributions assessed on the basis of special criteria, which would take into account the needs of the developing countries. That distinction would not invalidate the principle of collective responsibility; the Organization's work would still be financed by its Members, but the method of assessment would be closer to economic reality, and therefore more equitable. By the same token, expenditure relating to the bond issue and to peace-keeping operations should be subject to a scale of assessments different from that for the regular budget. General Assembly resolution 1874 (S-IV) indicated the criteria which should apply in the preparation of such a scale. It was illogical that contributions to peace-keeping operations should be based on special criteria when the financing of the bond issue made necessary by those same operations was part of the regular budget. The bond issue should therefore be excluded from the regular budget. A similar consideration applied to the special missions listed under section 16, which were essentially peace-keeping operations. The view was also expressed that United Nations Bonds represented solemn obligations and that any attempt to alter their terms or the conditions of repayment would destroy confidence in the financial integrity of the Organization.

11. It was also suggested by several delegations that the time had come to exclude sections 13 to 15 - Technical programmes - from the regular budget and to accommodate those programmes in the Development Programme as a whole, on the understanding that the Member States would voluntarily contribute at not less than the present rate of \$6.4 million.

Integration of programmes and budgets and related matters

12. Throughout the general debate representatives referred with appreciation to the excellent manner in which the 1966 estimates had been presented. They commended the Secretary-General and the Controller for producing, in a year of unparalleled difficulty, an improved and more informative budget document, as the text and the additional tables in appropriation section 3 attested, in particular.

13. The question of budgetary presentation received far more attention than in any year since the question of a consolidated budget for the United Nations and the specialized agencies ceased - with the suspension of the joint meetings of the Joint Second and Third Committee with the Fifth Committee - to be of immediate interest, or at least to survive as an annual agenda item. The accent fell at the current session mainly on the necessity for bringing about a much closer approximation between programme and budget than the Fifth Committee had witnessed in recent years. Thus, from the outset of the session - to cite a technical detail - many delegations, in common with the Advisory Committee, stressed and deplored the fact that rule 15⁴ of the Assembly's rules of procedure and financial regulation 13.1 on occasion received scant attention. True, the Secretary-General's representatives and the Committee secretaries might play a more active role on those bodies in connexion with the financial implications of proposals. Yet the trouble could not be ascribed solely, or even in largest measure, to the Secretariat, but was more deeply rooted.

14. On a broader view of the issue, a number of representatives offered suggestions, mainly of a long-term nature, that ran as follows. Whatever its attitude to the 1966 estimates - and a majority of the members expressed support for the Advisory Committee's recommendations - the Committee should give some consideration to the general problem of imperfections in the budgetary process. The budget could not be divorced from the programme of activities it represented, and Governments had the right and the duty to make sure that their contributions were used to achieve appropriate ends. The present procedures for governmental control, were, however, not fully adequate. The process for establishing the yearly programme and budget should be improved and the activities undertaken should be the subject of continuous review. Progress could be achieved in that direction through a consolidated programme and budget document to be drawn up annually by the Secretary-General. To that end, the budget presentation would have to be transformed and linked more closely to functions and activities. The Economic and Social Council was now making an effort to integrate programme and budget policy and, for the first time, had before it a tentative presentation of the work programme of the United Nations in the economic and social fields, together with a more or less functional description of the budgetary requirements for that programme. But there was still no clear and direct relationship with the

budgetary process. That essential link could be forged if the Council, acting as preparatory body for the General Assembly, established the economic and social work programme on the basis of the consolidated programme and budget document that would subsequently be submitted to the Assembly.

15. If a new consolidated programme and budget was to be effective, certain innovations would clearly be required, such as the revision or introduction of expert and advisory bodies to the Council and to the Assembly, and possibly procedural changes in both those organs. In addition to the Advisory Committee on Administrative and Budgetary Questions, an advisory committee for programme affairs, or a combination of the two, might be useful. A logical first step would be to undertake a study of the budget presentation evolving from the programme and budget policy, in the light of recent requirements. The Advisory Committee would be the appropriate body to undertake such a study, which should not be restricted to budget presentation alone, but should take into account the procedures required for an adequate use of the new presentation.

16. As a parallel means of reforming budgetary procedures, it was proposed that the United Nations should engage in long-term budget and programme planning. Initially, an attempt might be made to project the course of expenditure over the next three or five years; in that time the value of such projections could be observed and an assessment made of their merits. However, advance planning of that kind was out of the question until some rationalization of the Organization's activities had been accomplished. That should be achieved through a closer integration of budget and programme policy. The Advisory Committee had repeatedly stressed the advantages of submitting the programme and budget of the Organization to Member States as early as possible in the year, and to that end had suggested that the Economic and Social Council should review its programme cycle. Undoubtedly, if the Council's complete programme could be presented to the Advisory Committee at its summer session, the General Assembly would be in a better position to control supplementary expenditure and establish a long-term budget policy. It was therefore to be hoped that the prospect of modifying the Council's programme cycle would not be abandoned. It was a relevant and welcome development that the Council had reaffirmed, in resolution 1093 (XXXIX) of 31 July 1965, its interest in having its programme of work presented biennially and adjusted periodically to conform to the annual budgetary cycle of the United Nations.

17. The Advisory Committee had suggested (A/6007, paras. 73-77) that the work programme should be presented in two related parts, one of which would deal with the financial implications of the various activities. But it might be possible to achieve the same result by making much greater use in the present document of information annexes. An integrated budget and programme policy was an essential part of the process of rationalization. But if rationalization was to be achieved, it must be linked to control of the conference programme.

18. Another representative submitted that the need for an integrated programme and budget policy, which was widely recognized as a major problem of co-ordination, gave rise to other issues also which should not be shirked. They included the question of the proper relationship between the Fifth Committee and the Second and Third Committees, and it was gratifying that the Chairman of the Advisory Committee had postulated that the Fifth Committee's discussions and decisions should have a direct impact on the decisions of the General Assembly as a whole and of other United Nations bodies. It was desirable to develop a closer liaison between the Fifth Committee and the Second and Third Committees, such as had proved valuable in the past.

Section 3 - Salaries and wages

19. At its 1084th meeting the Committee took up its examination of section 3, on the basis of the following statistical material:

	<u>Estimates proposed by Secretary-General</u>	<u>Estimates recommended by Advisory Committee</u>
	\$	\$
Initial estimates (A/6005; A/6007)	53,710,000	52,796,000
Fourteenth session of the Statistical Commission (A/C.5/1027; A/5996)	7,000	-
TOTAL	<u>\$53,717,000</u>	<u>\$52,796,000</u>

Established posts (additional, Professional and General Service categories)^{2/}

1 9 6 5		1 9 6 6		Total, 1965, 1966	
<u>Requested by Secretary- General</u>	<u>Recommended by Advisory Committee</u>	<u>Requested by Secretary- General</u>	<u>Recommended by Advisory Committee</u>	<u>Net request</u>	<u>Recommended by Advisory Committee</u>
294	200	368	277	568	477

20. At the 1086th meeting the delegations of the following sixteen Member States proposed (A/C.5/L.844/Rev.1) that the present report of the Fifth Committee should include the text which is reproduced as paragraph 27 below: Austria, Brazil, Cameroon, Canada, Ceylon, Ireland, Italy, Japan, Kenya, Netherlands, New Zealand, Nigeria, Norway, Philippines, Togo and the United States of America.

21. At the same meeting, Ecuador and Poland submitted the following draft resolution (A/C.5/L.845):

The General Assembly,

Noting the concern over the high rate of the United Nations budget increases, especially in 1966, as expressed by a majority of representatives of Member States taking part in the general debate on item 76, ^{3/}

Taking into account that this high rate of regular budget expansion is exerting increasingly heavy pressure upon the foreign currency resources of many Member States,

^{2/} A detailed analysis appears in document A/C.5/L.836.

^{3/} Budget estimates for the financial years 1965 and 1966.

1. Decides to reduce by \$1,000,000 the amount of \$65,491,000 recommended by the Advisory Committee on Administrative and Budgetary Questions for sections 3 and 4 of the budget for 1966,

2. Requests the Secretary-General to distribute the above-mentioned reduction in a way which would not curtail programmes from which the developing countries are benefiting, and in particular the programme of the Centre for Industrial Development.

Speaking on behalf of the sixteen sponsors of the proposal contained in document A/C.5/L.844/Rev.1, the representative of Nigeria said that the Committee had never before displayed such a resolute mood; the necessity for austerity, for the rationalization of work programmes and for the establishment of priorities had been a recurrent theme in the statements of all delegations. That general desire to put the Organization's house in order had prompted the sponsors to take a realistic look at section 3. Section 3 was justly regarded by many delegations as the most important one in the budget, not only because of the size of the expenditures proposed, but also because certain of the activities under that section were of vital importance to the economic and social development of their countries.

22. The Secretary-General had requested the establishment of 455 posts in 1966, of which 368 came under section 3. The Advisory Committee had recommended the establishment of 350 posts in all, 277 of them under section 3. That total included 134 posts held over from 1965. Thus, the Secretary-General might be asked to recruit some 500 new staff members in 1966, while for 1965 and 1966 the number was around 696. That raised two basic questions: whether the Director of Personnel could recruit the necessary number of new staff in 1966 without lowering standards, and whether the Secretariat could absorb them without undue strain. Some delegations had suggested that expenditure under section 3 should be reduced by \$500,000 and that the Secretary-General should be requested to curtail recruitment severely in 1967. Others felt that the Advisory Committee had given the matter thorough consideration and that its recommendations should stand; in their view, any further reduction in the budget would lead to serious controversy. The paragraph presented in document A/C.5/L.844/Rev.1 was an attempt to reconcile the two points of view; it was essentially a compromise, and did not fully meet the wishes of either side. Some developing countries believed that there were certain activities under section 3, especially those relating to industrial development, which should not be subjected to arbitrary reduction. If those countries had agreed to the present

compromise, it was only in order to reflect the general mood of austerity. The sponsors of the sixteen-Power proposal (A/C.5/L.844/Rev.1) believed that the steps proposed would not be detrimental to the work of the Secretariat, since experience had shown that a period of expansion was usually followed by one of absorption and consolidation. The sponsoring delegations represented a cross-section of the membership, and he hoped the proposed paragraphs would win unanimous support.

23. Introducing the draft resolution submitted by Ecuador and Poland (A/C.5/L.845), the representative of Poland said that the amount requested under sections 3 and 4 for 1966 represented a 16 per cent increase over the previous year's figure, and was almost equal to the entire regular budget for the year 1961. That the sections providing for staff costs showed the highest rate of increase was a major flaw in the structure of the budget, for it illustrated that the expansion of activities led to staff increases. Advantage was not being taken of the existing system of priorities, nor full use being made of staff reserves. Sections 3 and 4 not only represented over one half of the United Nations expenditure; they also had a direct bearing on the rest of the budget. By approving the record increase under those sections, therefore, the Committee would ensure that at the twenty-first session, it was confronted with still higher estimates for 1967. Instead of reducing the burden of assessments, the Fifth Committee had taken action which was bound to increase them. After a general debate in which all had expressed their concern at the expansion of the budget, the Committee had approved changes in the salary system entailing a \$4 million increase in the appropriations initially recommended by the Advisory Committee for 1966. The joint sponsors of the draft resolution (A/C.5/L.845) were convinced that a reduction of \$1 million, which had not been fixed arbitrarily, could be effected without impairing the work of the United Nations. The Secretariat was hardly able to recruit so many new staff members in one year. In fact, it was not yet certain that the posts authorized for 1965 would be filled during the current year. It was unlikely that the Office of Personnel would be able properly to process so many appointments, and hasty recruitment might lead to the appointment of unqualified persons. Moreover, it was beyond the capacity of the Secretariat to absorb so great a number of new staff members. It therefore seemed reasonable, first, to reduce the additional posts to be established in 1966 from 277, as recommended, to 200 - the same increase as that authorized for 1965. Secondly, the Committee's adoption of the salary increases recommended by ICSAB removed most of

the grounds offered by the Advisory Committee, in paragraph 179 of its report (A/6007), for the reclassification of 124 posts in the Professional category, and seventeen in the General Service category. It would therefore not seem logical to make provision in the 1966 estimates for those reclassifications, which would result in many staff members receiving double pay increases. Thirdly, economies could be effected under chapters II and III of section 3, temporary assistance for meetings, and other temporary assistance. He doubted whether provision could justifiably be made for individual experts and consultants in a Secretariat employing so many staff members. It would be left to the Secretary-General to decide exactly how the \$1 million reduction should be distributed. The amount of the proposed reduction was modest and, if applied along the lines suggested, would by no means curtail the programmes which were of importance to the developing countries.

Decisions of the Committee

24. At its 1088th meeting, the Committee approved, by 57 votes to 1, with 20 abstentions, the sixteen-Power proposal (A/C.5/L.844/Rev.1).
25. By 21 votes to 14, with 43 abstentions, the Committee rejected the draft resolution submitted by Ecuador and Poland in document A/C.5/L.845.
26. By 55 votes to 12, with 6 abstentions, the Committee decided that the recommendation of the Advisory Committee for an appropriation under section 3 in the amount of \$52,796,000 be approved in first reading.
27. The Committee decided to approve the recommendations of the Advisory Committee concerning the establishment of new posts proposed by the Secretary-General under section 3 of the budget estimates for 1966. However, the Committee considered that, in the prevailing circumstances, it was not only unlikely that qualified candidates could be recruited for all of these posts in 1966 but that it was also in the interest of the Organization to plan for the orderly recruitment for these posts spread over the years 1966 and 1967. This, in the view of the Committee, should make it unnecessary for the Secretary-General to provide for additional established posts in section 3 of his budget estimates for 1967, and the Secretary-General is accordingly requested to base his budgetary requests for 1967 on the staffing levels approved for 1966.

Travel standards

28. At its 1070th to 1072nd meetings the Committee reverted to the question which it had discussed at some length in 1963:^{4/} a possible revision of the standards of accommodation that serve as a basis for the reimbursement of the travel expenses of representatives and members of commissions, committees and other subsidiary bodies (under section 1 of the budget).

29. The Committee's consideration was based on paragraphs 93 to 99 of the Advisory Committee's report (A/6007) which contained a renewed recommendation that the ceiling for reimbursement by the United Nations should be the amount of the economy-class air fare. The recommendation rested on two main grounds: first, the continuing serious financial situation of the Organization and the demands of Member States for expanded programmes of work in the economic and social fields. Given that every attempt must be made to achieve all possible economies in areas which had no direct effect upon the work of the Organization in order that maximum funds might be devoted to its essential activities; secondly, following the evolution of air travel, economy-class standards were being increasingly used for the foreign services of Member States.

30. The following points were made in the course of the discussion:

(a) Jet flights had revolutionized air travel;

(b) The recommendation would in no way invalidate the principle of equality among Member States which the 1946 resolution of the General Assembly had sought to uphold;

(c) The recommendation in no sense entailed an "imposition" of travel standards; it was merely the introduction of a standard of reimbursement;

(d) It would be incongruous if, having preached the gospel of economy for many weeks, the Committee, on taking up the first of the appropriation sections, set its face against so sensible a reduction; on the contrary, it should demonstrate to national officials that the United Nations favoured a policy of austerity;

^{4/} Official Records of the General Assembly, Eighteenth Session, annexes, agenda item 58, A/5681, paras. 52-54.

(e) In the specialized agencies it was the exception to make any reimbursement whatever. Yet no one had remonstrated, nor had representatives of the highest rank - for example, Ministers of Education and Labour - been precluded from attending the UNESCO and the ILO Conferences;

(f) The cost of reimbursing the travel of representatives was a recurring item, and, as such, in no sense a source of budgetary expansion. The proposed reduction was a "candle-ends" economy, and it would be better to pay some attention to the national practices of Member States;

(g) The financial impact of the recommendation would be far heavier on the developing countries, for the marginal value of each dollar spent was much greater for such countries than for the developed countries, and it could hardly be expected that Foreign Ministers having to travel overnight to New York could be asked to travel economy class.

31. At the 1072nd meeting the representative of India submitted a formal amendment to the recommendation of the Advisory Committee (A/6007, paras. 95-99), to provide, by way of exception, as follows:

(a) In the case of a single representative of every Member State attending a session of the General Assembly, reimbursement of travel costs would be on the basis of first-class travel by air or its equivalent;

(b) Reimbursement at that level would also apply in the case of members of commissions, committees and other subsidiary bodies serving in their individual capacity.

Decisions of the Committee

32. Part (a) of the Indian amendment was rejected by 20 votes to 19, with 28 abstentions, and part (b) of the amendment was rejected by 58 votes to 4, with 13 abstentions.

33. The Committee, by 65 votes to none, with 16 abstentions, recommended to the General Assembly the approval of the draft resolution attached as annex IV to the present report.

Travel of staff

34. At the 1072nd and 1073rd meetings the Committee considered, under section 5 of the estimates, the recommendation made by the Advisory Committee (A/6007, para. 216), as a corollary to its recommendation on the reimbursement rate for travel of representatives under section 1, to the effect that the standard of economy travel should apply to all members of the Secretariat with the exception of the Secretary-General. The Advisory Committee recognized that in certain circumstances it might be necessary for the Secretary-General to be accompanied by, or to assign special responsibilities to, a staff member, and that it might possibly be to the interest of the United Nations to authorize travel at the higher standard. The Committee felt, therefore, that the Secretary-General should exercise his discretion in such instances and that economy-class travel at the higher standard. The Committee felt, therefore, that the Secretary-General should exercise his discretion in such instances and that economy-class travel should be used for all other purposes.

35. An amendment submitted by the representative of Nigeria to the recommendation of the Advisory Committee, in terms of which the Fifth Committee would recommend that the standard of economy-class travel would apply in the case of all members of the Secretariat with the exception of the Secretary-General and officers who accompany him and whom he shall appoint, was adopted by 64 votes to 1, with 11 abstentions.

36. The representative of the Secretary-General said that although the Secretary-General had undertaken to stay within the appropriation recommended by the Advisory Committee, he felt that, in view of the responsibilities entrusted to him under the Charter, he was entitled to exercise a certain discretion to authorize travel at other than economy-class standard when that would be, in his judgement, in the Organization's best interests.

Section 7. Buildings and improvements to premises

Construction of the United Nations building in Santiago, Chile, and conference facilities and major maintenance at the Palais des Nations, Geneva

37. At its 1106th meeting, the Committee considered the estimates under this section in first reading. In his initial estimates (A/6005), the Secretary-General recommended an appropriation of \$3,074,500. In its related report (A/6007), the Advisory Committee on Administrative and Budgetary Questions recommended an appropriation of \$3,060,000, representing a reduction of \$14,500. The Fifth Committee had decided in principle, at its 1065th meeting, when discussing the revised estimates for 1965 as presented by the Secretary-General (A/5969), that an additional amount of \$1 million should be provided in 1966 for the construction of the United Nations building in Santiago, Chile. Accordingly, a total provision of \$4,074,500 was recommended by the Secretary-General and of \$4,060,000 by the Advisory Committee.

38. The Committee also had before it the recommendations of the Secretary-General (A/C.5/1040) and the related recommendations of the Advisory Committee (A/6137) in regard to the conference facilities and major maintenance of the Palais des Nations at Geneva. These proposals did not have any budgetary implications for 1966. However, it was necessary for the General Assembly at its current session to take a decision on the recommendations of the Advisory Committee in paragraph 26 of its report for a programme of maintenance and improvements at a total cost of \$4,482,200 and to authorize the Secretary-General to accept an offer by the Swiss Federal Government of an interest-free loan of \$1,967,000 which would enable work to commence in 1966. The Assembly was also requested to take a decision in respect of the financing of the programme, including repayment of the loan through the inclusion in the regular budgets for the years 1967-1974 of a provision under section 7 for that purpose in approximately equal annual instalments. Appreciation was expressed to both the Government of Chile and to the Swiss Federal Government for their generosity in making available respectively a significant contribution and a loan which would facilitate the completion of the United Nations building in Santiago, Chile, and the work to be undertaken at the Palais des Nations, Geneva.