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Summary record of the 13th meeting
Held at Headquarters, New York, on Thursday, 27 October 2011, at 3 p.m.

Chair: Mr. Tommo Monthe . . . . (Cameroon)
Chairman of the Advisory Committee on Administrative and Budgetary Questions: Mr. Kelapile

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11-56660 (E)

The meeting was called to order at 3.45 p.m.

Agenda item 134: Proposed programme budget for the biennium 2012-2013 (*continued*)

Introduction of the proposed programme budget for the biennium 2012-2013 (A/66/6 (Introduction), A/66/6 (Sects. 1 and 2), A/66/6 (Sect. 3) and Corr.1, A/66/6 (Sects. 4-7), A/66/6 (Sect. 8) and Corr.1, A/66/6 (Sects. 9-12), A/66/6 (Sect. 13) and Add.1, A/66/6 (Sects. 14 and 15), A/66/6 (Sect. 16) and Corr.1, A/66/6 (Sects. 17-19), A/66/6 (Sect. 20) and Corr.1, A/66/6 (Sects. 21-25), A/66/6 (Sect. 26) and Corr.1, A/66/6 (Sect. 27), A/66/6 (Sect. 28) and Corr.1, A/66/6 (Sect. 29), A/66/6 (Sect. 29A) and Corr.1, A/66/6 (Sects. 29B-E), A/66/6 (Sect. 29F) and Corr.1, A/66/6 (Sect. 29G), A/66/6 (Sects. 30-37), A/66/6 (Income sects. 1-3), A/66/7 and Corr.1 and Add.5, A/66/16 (chap. II, sect. A), A/66/74, A/66/82, A/66/84, A/66/85, A/66/180, A/66/315 and Add.1 and Add.1/Corr.1 and A/66/348 and Add.1)

1. **The Secretary-General**, introducing the proposed programme budget for the biennium 2012-2013, said that the budget proposals reflected the central challenge of how to fund the Organization at a critical time. In a context where the financial crisis was crippling many countries, and both Governments and people were struggling, the world was increasingly turning to the United Nations for answers and help. The Organization must live up to the expectations of its membership and respond to the needs of the world's peoples. At the same time, it had a responsibility to make the best possible use of the resources provided by Member States. The proposed budget reflected that reality. He had challenged his senior managers during the budget preparation process to fulfil the Organization's mandates, rethink business practices, reduce overlap, embrace innovation, encourage creativity, build synergies, and help modernize operations so that the United Nations functioned better in a fast-changing and complex world. The budget proposals embodied a wide range of adjustments based on efficiencies, improvements and investments.

2. The proposed budget of $5,197.0 million before recosting was 3.7 per cent below the approved budget outline level of $5,396.7 million, representing savings of almost $200 million while still enabling the Organization to deliver fully on its mandates. It was also 3.2 per cent lower than the budget for the current biennium. Consistent with established practice, the proposal included a preliminary recosting, adding $147 million to the original total and bringing regular budget requirements to $5,344 million. The budget reflected a net decrease of 44 posts, to be achieved by abolishing 147 posts, adding 63 new posts and converting 40. Costs for travel, consultants, general operating expenses, supplies, materials and equipment had also been cut. A provision of over $1 billion had been included for special political missions that were expected to be extended or approved in the course of the biennium. At the current session of the General Assembly, the Committee would be presented with detailed, individual budgets for each of those missions, which had critical, life-saving mandates and often operated under extremely difficult conditions.

3. The budget proposals included resources to strengthen the management capacity of the United Nations Relief and Works Agency for Palestine Refugees in the Near East and to enable the Office of the High Commissioner for Human Rights to respond to new and expanded mandates. The Committee would receive a number of other reports at the current session on essential requirements, including proposals for strengthening the administration of justice and preparing for the strategic heritage plan at the United Nations Office at Geneva.

4. Although the budget had been prepared against the backdrop of global financial austerity and uncertainty, managers had not focused solely on technical and mechanical questions but had taken their decisions based on how best to perform the Organization's mandates. They had been given full discretion to review their business processes and find the optimal approach to funding their operations. Information and communications technology (ICT) would play a key role in meeting the expectations of Member States and, given that more modern operations were also more accountable and effective, would generate substantial efficiencies once deployed. The Organization remained fully committed to implementing an enterprise resource planning (ERP) system and International Public Sector Accounting Standards (IPSAS). It would continue to work on both those critical projects, which posed certain challenges. Its first IPSAS-compliant financial statements would be available by 2014.

5. He would continue to update and improve the way the Organization operated, including through the

change management team established earlier in 2011. Under the direction of the Deputy Secretary-General, that team was in contact with all departments and offices in the Secretariat and across the United Nations system, and also worked closely with the Member States. He would inform the Committee members of the outcome of that important exercise in due course.

6. Without the painstaking labour of the Fifth Committee, the work of the other Main Committees would not be possible. Given that those Committees would be considering emerging issues that might give rise to new demands, continued collaboration was vital in order to respond to rapidly evolving global developments. Recalling that the current presentation was part of a broader dialogue that would continue over the coming weeks, he expressed his absolute commitment to working with all Committee members throughout that process. He would do everything possible to support the Committee's work. His door was always open for consultation and his senior advisers also stood ready to answer any questions that Member States might have. Recalling that the United Nations existed so that the world's peoples could enjoy greater peace and security, human rights protection, development and a sustainable future, he urged the Committee not to lose sight of that fact during its deliberations.

7. **Mr. Kelapile** (Chairman of the Advisory Committee on Administrative and Budgetary Questions), introducing the first report of the Advisory Committee on the proposed programme budget for the biennium 2012-2013 (A/66/7 and Corr.1), said that the report was the outcome of an extensive review of the Secretary-General's proposals and also drew upon a significant amount of information provided by the Secretariat upon request. In formulating its views, observations, conclusions and recommendations, the Advisory Committee had taken into full account the information with which it had been provided.

8. Consistent with its previously stated position on the importance of ongoing reviews of programmes and business processes, the Advisory Committee welcomed the initiative taken by the Secretary-General to request programme managers to seek efficient ways to carry out mandated programmes and activities. Consequently, it largely agreed with the proposed programme budget as presented and its recommendations did not significantly affect the overall level of the resources proposed. However, it was of the view that the time frame available to programme managers had been insufficient to allow for the review requested by the Secretary-General to be carried out in a comprehensive manner. As a result, it had observed that, when viewed in the context of the budget as a whole, the reductions proposed were neither significant nor structural in nature, and were unlikely to be sustainable in the future. Furthermore, while programme managers had been given full discretion to decide how to realize efficiencies, no specific direction had been given to apply any particular efficiency measure throughout the Organization. As a result, reductions had been achieved through a variety of disparate measures, ranging from the abolition of posts to adjustments in non-post resources by, inter alia, delaying normal furniture and equipment replacement cycles.

9. Future proposals for the programme budget should reflect an increased focus on results, not just in terms of programme delivery but also in terms of the efficiency with which approved resources were utilized. Consequently, while the Advisory Committee welcomed the stated emphasis on realizing efficiency gains, it considered that the proposed programme budget should have provided specific information linking the impact of particular efficiency measures to the resources proposed. Budget proposals should also include information on the status and impact of major management initiatives undertaken in recent years, including their impact on resource requirements. Furthermore, they should highlight more consistently the major evaluation activities carried out throughout the Organization and how lessons learned had been implemented.

10. As the Secretary-General had indicated, the final level of the proposed programme budget would be known only when a number of additional proposals had been brought before the General Assembly. Since its review of the initial proposed budget, the Advisory Committee had received a number of separate reports with financial implications for the biennium 2012-2013, totalling some $23.5 million for the reports considered to date. While it recognized that unforeseen requirements could arise outside the normal budget preparation cycle, the Advisory Committee was of the view that indicative estimates of some of those resource requirements could have been included in the initial budget proposal. It therefore remained concerned about the piecemeal approach to presentation of the budget.

11. Bearing in mind that the complete proposals for all special political missions had yet to be received and that the reduced estimates for those missions were the main factor contributing to the reduction in the level of the proposed programme budget, the Advisory Committee was unable to assess whether the estimated reductions would be realized. Furthermore, recent experience had again demonstrated that the establishment of such missions and the accurate estimation of the related resource requirements were unpredictable.

12. The Advisory Committee was concerned about the possible impact of proposed reductions in the Secretariat departments and offices that had been provided with additional resources under General Assembly resolution 63/260 on development-related activities. It was of the view that the full impact of the budget proposals would only become apparent over time and trusted that steps would be taken to mitigate any unintended consequences on mandate delivery.

13. The Advisory Committee was also concerned that the overall profile of the Secretary-General’s staffing proposals could contribute to an upward shift in the grade structure of the staffing table, or “grade creep”, since they would result in an increase in senior level posts; a reduction in junior level posts, including entry-level Professional posts; and a significant number of upward reclassifications of Professional posts. The situation should be kept under review. Furthermore, while the vacancy rate for Professional posts reflected a decrease as compared to the previous biennium, the increase in the vacancy rate for posts in the General Service and related categories, some of which had remained vacant for an extended period of time, was a matter of concern. The continued need for posts that had been vacant for two years or longer should be rejustified in the context of the proposed programme budget.

14. The Advisory Committee had emphasized the importance of ensuring overall coherence in the utilization of the significant resources that the Organization spent on ICT. In the future, a comprehensive picture of all the resources proposed for ICT should be reflected in the introduction to the proposed programme budget.

15. The Advisory Committee had noted with disappointment the delays in the implementation of the ERP system (Umoja project). While it understood that the Secretary-General now intended to implement the project in phases, with an initial focus on the functionality required to launch IPSAS, it emphasized that the other management improvements envisaged in the context of Umoja remained essential organizational goals. The Advisory Committee also expected that the project would be delivered within its approved level of funding.

16. Introducing the Advisory Committee’s report on the proposed resources for the International Trade Centre for the biennium 2012-2013 (A/66/7/Add.5), he said that the Advisory Committee had recommended approval of the proposals contained in the Secretary-General’s report (A/66/6 (Sect.13/Add.1)), with the exception of the proposal to convert to a regular post one position currently funded under general temporary assistance.

17. **The Chair** drew attention to the report of the Committee for Programme and Coordination on its fifty-first session (A/66/16), containing recommendations on the programme budget for the biennium 2010-2011 and the proposed programme budget for the biennium 2012-2013, which had been introduced at the Fifth Committee’s 6th meeting.

18. He also drew attention to the report of the Independent Audit Advisory Committee (IAAC) on internal oversight: proposed programme budget for the biennium 2012-2013 (A/66/85); the note by the Secretary-General transmitting the report of the Joint Inspection Unit (JIU) entitled “Review of management and administration in the United Nations Office on Drugs and Crime” (A/66/315) and the comments of the Secretary-General and of the United Nations System Chief Executives Board for Coordination (CEB) (A/66/315/Add.1 and Add.1/Corr.1); the note by the Secretary-General transmitting the JIU report entitled “Policies and procedures for the administration of trust funds in the United Nations system organizations” (A/66/348) and the comments of the Secretary-General and of CEB (A/66/348/Add.1); and the report of the Office of Internal Oversight Services (OIOS) on the review of the organizational framework of the public information function of the Secretariat (A/66/180). Introductory statements by the Chairman of IAAC, the Chair of JIU and the Under-Secretary-General for Internal Oversight Services had been made available to delegations.

19. In view of the disagreement that had arisen among the major groupings at the start of the session regarding the European Union's speaking slot, he had decided to draw lots to determine the point at which the European Union would be given the floor at the current meeting. That decision was without prejudice to the Committee's future discussions on the issue.

20. **Mr. Limeres** (Argentina), speaking on behalf of the Group of 77 and China, said that the proposed programme budget should reflect the Secretary-General's strategic vision for delivering the mandates and priorities established by Member States. The Group was deeply concerned at the arbitrary 3 per cent cut imposed on programme managers, which could jeopardize the effective implementation of mandates. Given the impact of the economic and financial crisis on all Member States, it would make sense for the United Nations to redouble its efforts to assist the poorest and most vulnerable. Instead, the Organization was showing a clear tendency to cut funds for development, leaving the developing countries, which should be the main beneficiaries of its work, to suffer the effects of a crisis that they had not caused.

21. The proposed programme budget was unbalanced, affecting the Organization's ability to deliver on the mandates built on all three of its main pillars: peace and security, development and human rights. Peace and security were inextricably linked to development. Although the Development Account was a suitable tool for coping with evolving development needs, it represented only 0.4 per cent of the regular budget, far short of the General Assembly's original target of $200 million. The Group therefore strongly supported the establishment of an appropriate funding mechanism for the Account, through the regular budget, including, inter alia, the savings achieved through the implementation of the ERP system. The regional commissions' role in implementing the development agenda should also be strengthened.

22. The Group was concerned at the growing imbalance between assessed and voluntary contributions in all areas, with the latter more than twice the volume of the former. That had led to a governance crisis in which, although legislative bodies approved mandates, the priorities attached to each could be manipulated through the use of voluntary contributions. There were currently two classes of mandate: a privileged class, benefiting from a constant flow of resources; and another neglected class, underfunded and scrambling for crumbs. The Group rejected such double standards, maintaining that the priorities established by the General Assembly were binding and must be respected. All mandates approved by intergovernmental bodies, particularly those related to development, should receive predictable and adequate funding. While the value of voluntary contributions should not be underestimated, the time had come to establish an effective and inclusive governance framework to ensure accountability and oversight in the use of extrabudgetary resources.

23. The dramatic increase over the last decade in allocations for special political missions, which now accounted for some 20 per cent of regular budget expenditure, distorted the regular budget. Priority activities funded under the regular budget must not be jeopardized in that way. Recalling that the General Assembly, in resolution 65/259, had requested the Secretary-General to conduct a thorough review of the current funding and backstopping arrangements for the special political missions with a view to identifying possible alternatives, the Group looked forward to examining the corresponding report as a matter of priority. Furthermore, while it recognized that reform was a normal part of the activity of an Organization that must be adequately equipped for evolving challenges, the Group believed that the funding of reform initiatives must not displace funding for substantive activities.

24. The Group reaffirmed the role of the General Assembly in the approval of posts, the structure of the Organization, human resources policy and the allocation of financial resources under all sections of the programme budget in order to ensure full and effective implementation of all mandates. Accordingly, it requested the Secretary-General to abide by the decisions of the General Assembly regarding the post of Special Adviser on Africa, which should be filled as a matter of priority, without conditions or further delays.

25. Reiterating its long-standing position that every effort should be made to increase accountability, transparency and inclusiveness in the Organization, the Group requested that all formal meetings of the Fifth Committee during the sixty-sixth session of the General Assembly should be broadcast live and in their entirety, and that the sound recordings of all previous formal meetings held during the current session should be made immediately available on the United Nations website. The Group also strongly believed that live webcasting should be extended to all other Main Committees of the General Assembly without delay.

26. All established practices and working methods of the Committee must be fully respected and any new initiatives to enhance its work should be implemented only after thorough consultation of the entire membership and on the basis of the widest possible agreement. Negotiations regarding the programme budget should be open, transparent and inclusive, and should seek to avoid past mistakes. Concluding deals in small groups or linking various parts of the Committee’s agenda to the programme budget would only contribute to mistrust and polarization among Member States.

27. **Ms. Pakarati** (Chile), speaking on behalf of the Rio Group, said that adequate financing for development was a priority issue for the Committee at the current session, bearing in mind that the Organization’s treatment of the three main pillars had become increasingly unbalanced in recent decades. Although the current economic crisis had originated outside the region, it had directly affected the finances of many Rio Group members. Nonetheless, the Group reiterated its opposition to indiscriminate budget cuts. Budget allocations for the United Nations and its subsidiary bodies should ensure that the Organization was able to discharge all its mandates. In particular, the Economic Commission for Latin America and the Caribbean (ECLAC) should be provided with the resources and posts that it needed to perform its work properly. Bearing in mind the effectiveness of the initiatives undertaken by ECLAC in such areas as poverty and inequality reduction, access to education and health, the rights of indigenous peoples, sustainable development and the achievement of the Millennium Development Goals, the proposed cut in the Commission’s resources was a matter of concern. It was also discriminatory and unfair that the 3 per cent proposed reduction in the overall budget had not been applied uniformly across the board; the original budgets of some departments had been maintained and others had actually been increased. The regional commissions, including ECLAC, had been the hardest hit by the cuts, particularly their development programmes, a situation that was at variance with recent General Assembly decisions calling for a strengthening of the development pillar. Quite apart from the importance of allocating resources for the efficient operation of the Organization and the fulfilment of established mandates, each of the Secretary-General’s proposals should also be subject to careful scrutiny and prioritization.

28. The Group was concerned that the current arrangements for the financing and backstopping of special political missions not only resulted in inefficiencies, duplication and wasted resources but also failed to take account of the special responsibilities of the permanent members of the Security Council for the maintenance of peace and security. They should therefore be reviewed as a matter of urgency.

29. **Mr. Coffi** (Côte d’Ivoire), speaking on behalf of the Group of African States, said that consideration of the proposed programme budget provided an opportunity for the Member States to renew their commitment to the priorities identified by the General Assembly, in accordance with paragraph 13 of its resolution 65/262.

30. The fact that the instruction to programme managers to ensure a 3 per cent reduction in their resource requirements had been issued after the adoption of General Assembly resolution 65/262 on the proposed programme budget outline raised a number of concerns, including those mentioned by the Advisory Committee regarding the arbitrariness of the proposals affected by the decision. The Group was also concerned, in view of the requirements of Article 17 of the Charter, that the resources proposed by the Secretary-General might not be adequate to address effectively the priorities set by the General Assembly, particularly in the current difficult context. The application of measures leading to arbitrary budget cuts might actually impede the effective implementation of the mandates established by Member States, especially in relation to development. The laudable objective of using resources in an effective, efficient, transparent and accountable manner should not be confused with indiscriminate cost-cutting, which could starve the Organization of resources to the point of making it ineffective.

31. As the 2005 World Summit had reaffirmed the Organization’s central role in promoting development and the General Assembly had formed an open-ended working group to follow up on the issues contained in the outcome of the 2009 Conference on the World Economic and Financial Crisis and Its Impact on Development, the United Nations should be taking the lead in promoting development. However, over 90 per cent of the proposed programme budget was devoted to two of the Organization’s three pillars — peace and security, and human rights — leaving the third, development, with only 10 per cent.

32. Similarly, the current budget proposal provided for no growth in the Development Account, while the promised additional resources from savings and efficiency gains were either non-existent or diverted to other uses. The Group was prepared to explore additional measures to enhance financing of the Development Account, since the current level was unacceptable.

33. The Group was deeply concerned that the post of Special Adviser on Africa was still vacant and called on the Secretary-General to fill the post without further delay, pursuant to various General Assembly resolutions. The Group also looked forward to discussing how to better equip the regional economic commissions to deliver effectively on their respective mandates, particularly with regard to development programmes.

34. The Group emphasized that resources should be allocated equitably among all United Nations duty stations and offices. While some steps had already been taken to bring the financial arrangements of the United Nations Office at Nairobi into line with those of similar United Nations administrative offices, pursuant to General Assembly resolution 62/236, much remained to be done. The Group therefore called on the Secretary-General to further intensify his efforts in that regard. Equitable geographical distribution and gender balance in recruitment and placement also remained concerns. Transparency and accountability should be improved and the lack of proper representation of African States in senior positions addressed.

35. While extrabudgetary resources were vital for United Nations operational activities, given the high percentage of regular budget resources that were earmarked for personnel and common staff costs, they should not be used to circumvent or realign intergovernmental mandates and priorities, nor should they provide an opportunity for donors to facilitate recruitment of their nationals. Proper mechanisms were needed to enhance transparency and accountability in the approval, use and reporting of such resources.

36. The Group was committed to open, transparent and inclusive negotiations on the proposed programme budget, and emphasized that the budget-related mandates of the General Assembly, the Fifth Committee, the Committee for Programme and Coordination and the Advisory Committee should be adhered to, in line with the provisions of General Assembly resolutions 41/213 and 42/211 and rule 153 of the rules of procedure of the General Assembly.

37. **Ms. Coye-Felson** (Belize), speaking on behalf of the Caribbean Community (CARICOM), said that the programme budget was not merely a financial and accounting tool, but rather an authoritative document that should reflect the strategic vision of the Secretary-General for the full and efficient implementation of all mandated programmes, activities and policies, as decided on by the Member States. The General Assembly, together with its intergovernmental and expert bodies, within their mandates, played a central role in planning, programming, budgeting and monitoring.

38. The CARICOM member States had suffered the repercussions of the global financial and economic crises which had begun in the major developed economies. While the more advanced of those member States had managed to take countermeasures, others were left with no fiscal or policy options. The region had been forced into recession, jeopardizing progress towards the Millennium Development Goals.

39. In the midst of global economic distress, it was more than ever important to invest in the United Nations, ensuring adequate funding for development, peace and security and human rights. The CARICOM member States were therefore concerned at the arbitrary 3.7 per cent cut in resources, implemented without any formal approval from the General Assembly and intended to appease a few Member States. The reduction would constrain the Organization’s capacity to implement all mandated programmes and activities, and was all the more worrying for the insistence of some Member States that it was still insufficient, because of the effect of potential add-ons. Even with such add-ons, the proposed budget would assign less than one dollar to each of the world’s inhabitants.

40. The CARICOM member States found untenable the argument that the economic crisis warranted such action, given the trillions of dollars spent on saving domestic banks while reducing the already meagre funds devoted to helping the poor, who had played no part in the financial collapse. It would be difficult to explain the proposed 40 per cent reduction in the already minimal resources allocated for decolonization to the 2 million people living in non-self-governing territories. The United Nations, a beacon of hope for the most vulnerable, should not pay the price for

poorly regulated markets and industries. The planned reduction in the budgets of the regional commissions, which played an important part in facilitating global development, would incapacitate them at a time when their work was critical. That was particularly true of the Economic Commission for Latin America and the Caribbean.

41. The Organization's indispensable role in world affairs was reflected in the growing number of mandates approved by intergovernmental organs. However, the growing imbalance between assessed and voluntary contributions was creating a crisis of governance: legislative bodies approved mandates and priorities, but voluntary contributions were being used to provoke a departure from the original pattern of those mandates and priorities. Another imbalance had arisen because, while resources for development activities in the regular budget had been falling, the resources for special political missions, also part of the regular budget, had grown dramatically, from $100 million in 2000 to an estimated $1.2 billion currently. The resulting distortion led to the misconception that the level of the budget was spiralling out of control. The implementation of priority activities should not be jeopardized by the weight of special political missions. The budget negotiations should be carried out in an open, transparent and inclusive manner, respecting the positions of the Member States.

42. **Mr. Rishchynski** (Canada), speaking also on behalf of Australia and New Zealand, said that the Governments of the three countries, which were working to find innovative cost savings in their national budgets, believed that the current discussions at the United Nations should include the same financial discipline. They were encouraged by the Secretary-General's proposed 3 per cent reduction in the budget for the biennium 2012-2013, and looked forward to moving beyond that measure to systemic changes that would generate real long-term savings.

43. The practice of introducing often substantial and often foreseeable add-ons to the initial budget proposals caused concern. Such a piecemeal approach to the budget obscured final estimates of its level. While unforeseen circumstances and new mandates could arise, add-ons were not a substitute for sound planning. The process of recosting by making adjustments to the budget to account for inflation and exchange-rate fluctuations also increased the level of the budget beyond initial estimates. The three delegations looked forward to the report of the Secretary-General on that practice, a review of which was long overdue.

44. With regard to potential sources of cost savings, the Committee should consider how to provide high-quality conference services in a more efficient and cost-effective way, given the significant resources involved. In more general terms, the growth of personnel costs, one of the largest funding requirements of the Organization, should be controlled. The Committee should support the efforts of the Secretary-General relating to harmonization in human resources and should examine carefully the numbers and level of staff, in the light of the needs of the Organization and its clients.

45. As the share of the budget represented by special political missions was increasing steadily, their allocations should be considered carefully to ensure that they had the resources required for their mandates, while being subject to strict financial discipline. The three delegations looked forward to reviewing the report of the Secretary-General on the review of arrangements for funding and backstopping those missions (A/66/340).

46. In addition to examining the figures in the proposed programme budget, the Committee should focus on the Organization's business methods. For that reason, the three delegations strongly supported the Umoja enterprise resource planning project. However, believing that the project should exemplify its goal of efficiency throughout the Organization, they questioned the delays in its implementation. The increasing amount of funding for information and communications technology was a concern, as such investments, while necessary to improve the delivery of programmes, should be balanced against the need for demonstrated savings and efficiency gains.

47. Strong budget discipline was in the interest of the entire Organization, as Member States' financial contributions were ultimately investments in global peace, security and prosperity. Every challenge was an opportunity to effect change, and collective efforts could improve performance, institutional coherence and global confidence in the Organization's work. Taking the view that budget discipline must be coupled with strong accountability, the three delegations were encouraged by the commitment of the Secretary-General in that regard, and by the effort of the Office of Internal Oversight Services to strengthen its role,

particularly by investigating serious corruption more proactively.

48. **Mr. Gürber** (Switzerland), speaking also on behalf of Liechtenstein, welcomed the initiative of the Secretary-General to present a proposed budget 3.7 per cent below the amount authorized in the budget outline for the biennium, while guaranteeing the full implementation of mandates. However, judging by the 10 per cent increase in the 2010-2011 budget caused by add-ons and recosting, the budget was still certain to grow, so the 3.7 per cent reduction would predictably become a net increase by the end of the biennium.

49. The inability to avoid that systematic overspending revealed the basic flaw of a budget process no longer suited to an organization that had changed greatly in the previous years. No strategic oversight of the process seemed to be exercised by the Secretariat or the Member States. As a result, Member States micromanaged a budget presented piecemeal, negotiating resources fascicle by fascicle without any real consideration of the strategy of the Organization. As supporters of a strong and modern United Nations, Switzerland and Liechtenstein saw a need for structural reform of the budget process, with an approach more closely based on strategies and results. The Secretariat should demonstrate leadership in that regard.

50. Efforts to find alternative methods of financing special political missions were positive, marking a first step towards greater oversight of the budgetary process. However, the current fragmented methods hampered progress on the system of administration of justice, the strategic heritage plan and information and communications technologies, which the two delegations regarded as priorities and essential to a modern United Nations. They failed to appear in the programme budget, and must be covered by separate requests, making them more vulnerable to budget cuts. Consequently, the two delegations supported the view of the Advisory Committee that resource requirements foreseeable at the time of preparation of the programme budget should be included, at least in the form of estimates.

51. At a time of worldwide financial difficulty, the Organization must exploit every opportunity for optimum cost-effectiveness and returns on investment. However, the pursuit of those goals must not be at the expense of its ability to fulfil its mandates or interfere with modernization. For example, support for the enterprise resource planning project should continue, and the strengthening of UN-Women, the Office of the United Nations High Commissioner for Human Rights (OHCHR), the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA), the International Strategy for Disaster Reduction, (ISDR) and OIOS should be pursued.

52. **Mr. Mayr Harting** (Observer for the European Union), speaking also on behalf of the candidate countries Croatia, Iceland, Montenegro and the former Yugoslav Republic of Macedonia; the stabilization and association process countries Albania, Bosnia and Herzegovina and Serbia; and, in addition, the Republic of Moldova and Ukraine, said that the position of the European Union on the procedural arrangements for its participation in the work of the Organization was well known, and was in accordance with the annex to General Assembly resolution 65/276 of 10 May 2011 and the subsequent note of the Secretary-General (A/65/856) of 1 June 2011.

53. Following discussion of the matter in the Third Committee, at its 32nd and 33rd meetings, its Chair had requested clarification from the President of the General Assembly, who had responded in a letter dated 6 October 2011 that, in the bodies in which it was a practice for major groups of Member States to speak before other representatives, the principle of "first come, first served" would generally apply. In light of the resolution, the note of the Secretary-General and the letter from the President of the General Assembly, it was clear that the European Union should have spoken in the original order of its inscription in the list of speakers.

54. Under the very specific circumstances of the current meeting, and out of respect for the Secretary-General's wish to hear the views of the major groups of Member States, including the member States of the European Union, which together contributed some 40 per cent of the Organization's budget, his delegation had agreed to an ad hoc decision by the Chair on the order of speakers. While the European Union had accepted that one-time solution, it did not believe it befitting of the dignity of one of the Main Committees of the General Assembly to make such decisions by drawing lots.

55. Remaining a firm supporter of the Organization and of the principle of effective multilateralism, the European Union believed that the United Nations

should be provided with the resources necessary to conduct its work but also that it could further promote effective and efficient functioning, and do more with less. The Organization could fulfil its mandates using rigorous results-based management and budgeting by optimizing the use of resources and reducing costs. Despite the welcome initiative by the Secretary-General to require a review of programmes and business processes, there was scope for more significant and structural efficiencies that could be sustained in future budgets, as the Advisory Committee had indicated in its report.

56. The Organization must respond to the reality of the global financial crisis through close dialogue with its Member States, but it had not so far engaged in such a dialogue, which should aim to readjust the level of the proposed programme budget to allow the fulfilment of mandates while still respecting economic circumstances, including the Member States' capacity to pay, depending on their share of world gross national income. The current scale of assessments did not respect that principle, which had been recognized by the General Assembly in its resolution 64/248. A new methodology for calculating the scale of assessments, reflecting a fairer and more balanced distribution of responsibilities among the Member States, according to their capacity to pay, was a key priority for the European Union.

57. The current unpredictable budget process required a fundamental overhaul. Reform proposals should seek greater discipline, transparency, accountability and flexibility, while moving away from incremental budgeting. Better results could be achieved with fewer resources through new thinking and creative solutions. In the interests of sustainable resourcing, practices such as attaching add-ons and undertaking recosting, failing to prioritize requests for funding and automatically replacing all retiring staff members, should be re-examined.

58. The European Union supported management reform, which should pursue modernization and better administration of human and financial resources. However, as the Member States had already invested considerable sums in reform initiatives in recent years, it was fair for them to expect substantial qualitative and quantitative benefits before being asked to provide more funding.

59. **Mr. Torsella** (United States of America) said that, in the current widespread financial crisis, resources had become more scarce, results had become more important, and leaders were being held more accountable. Those leaders, if they were wise, would also know that crisis offered opportunity. The Organization had an opportunity to respond fully to long-standing calls for fundamental, far-reaching reform of its business practices. The Member States had an opportunity to move beyond the habitual dynamics of their deliberations in the Committee, and therefore to unite around a common goal and leave a lasting legacy in the form of a strengthened, renewed, more dynamic and more entrepreneurial United Nations.

60. The Secretary-General had shown leadership, sending the clear message that the Organization was facing unusual circumstances, calling for managers to reduce costs and thus seeking to reverse a 10-year trend of budget increases. Some parts of the Organization had shown examples of innovative thinking, with the Department of Public Information proposing a reduction in expenditure of approximately $5 million compared to the previous biennium, by introducing modern information-management technologies, using the Internet and social media more widely and deploying online reporting and management tools. Others had shown examples of entrepreneurial management, as the Committee on Conferences had heard from the Department for General Assembly and Conference Management, where the number of pages printed had been cut by 65 per cent since 2009, demonstrating that reducing resources did not mean compromising mandates, as the Organization could always do more with less, encouraging a cycle of creativity, dynamism, innovation and renewal.

61. Although the Secretary-General had led, not enough had followed, either among the Member States or in the Secretariat. While the Department for General Assembly and Conference Management had proposed a reduction of 41 posts in publishing, the net reduction across the Organization as a whole was only 44 posts, or 0.4 per cent. It should also be remembered that unless the Committee worked with care and discipline, add-ons, both those already known and those yet to come, could result in a budget higher than that of the previous biennium, despite the Secretary-General's appeal for restraint.

62. The first task of the Committee in responding to the lead given by the Secretary-General was to

establish genuine fiscal discipline for the forthcoming biennium, adopting a budget with substantial and sustainable reductions, gauging real savings by using as a benchmark the budget adopted for the previous biennium, 2010-2011, rather than the budget outline for the forthcoming biennium, 2012-2013. The budget should reflect savings that were, in the words used by the Advisory Committee in paragraph 13 of its report, “significant and structural”.

63. Personnel costs, which had increased dramatically over the previous decade, accounting for 74 per cent of regular budget expenditure, must be addressed. His delegation called for the salaries of United Nations staff to be frozen while the comparator salaries, those of members of the United States federal civil service, remained frozen. The cost-of-living adjustment of nearly 3 per cent awarded in August 2011 to staff based in New York should be rescinded. The Secretariat should conduct a comprehensive review of all current employee benefit programmes and costs, including health insurance, pension, leave and travel policies.

64. The Organization should follow the example of many Governments, businesses and non-governmental organizations, and halt or reduce recruitment to replace staff lost by attrition. Posts which had remained persistently vacant for long periods should be abolished. The trend towards upward reclassification of posts, also highlighted by the Advisory Committee, should be reversed, and few of the reclassifications in the proposed programme budget, more than double the number in the budgets for the previous three bienniums combined, should be allowed to proceed. While his delegation respected the efforts of the dedicated staff serving the Organization, many of them serving in difficult conditions and at great personal sacrifice, it believed that disregarding trends in personnel costs would ultimately harm those very staff members. If the Member States and the programme managers did not act prudently, more severe austerity measures would become necessary. However, if they took advantage of normal attrition rates, they could simultaneously “right-size” the United Nations and avoid large-scale staff layoffs.

65. The second task of the Committee was to ensure that the budget adopted was binding, and prevented the Organization from spending more than the amount approved. In successive years, Member States had been presented with substantial add-ons that sometimes failed to reflect actual mandates, sometimes were foreseeable and always should be better managed. The principles in General Assembly resolutions 41/213 and 42/211 should be adhered to strictly, and new proposals must be budget-neutral or offset by savings made within the budget adopted. The Member States must ensure that the Secretary-General had the tools to enforce those principles.

66. Moreover, while recognizing the need for protection against inflation and currency fluctuations, his delegation expressed concern at the substantial addition to requested resources resulting from recosting. It wished the Secretariat to analyse other options, such as currency hedging, to provide the necessary protection. Budgets did not contain suggested amounts: the Member States must be confident that they had approved a final budget rather than a first draft.

67. The third task of the Committee was to reform the budget process itself, to ensure that the current year was the last covered by the existing rules. The budget was too complex and opaque, containing too much data, yet too little useful information. While information could be found on the number of policy papers issued by a particular committee, it was impossible to discern the cost of health insurance for staff members, or the actual travel expenditure of each department. The function of the Committee was to determine priorities rather than to constrain the Secretary-General’s ability to meet the goals established while adjusting to changing circumstances. If the Member States were demanding that managers should be more accountable, they should also give them flexibility to redeploy some resources within and between budget sections. As the Board of Auditors and the Advisory Committee had recommended, the current results-based budgeting framework should be overhauled thoroughly to make it genuinely useful to managers.

68. The method of building the Organization’s budget should be re-examined. It was striking that the basis for each item of expenditure was the related appropriation in the previous budget, using the flawed assumption that all previous mandates required the same level of funding and the same implementation methods as before, and that each new mandate required new resources. Resources did not produce results. No organization could work effectively without establishing priorities to reconcile limited resources with ambitious goals.

69. Representatives in the Fifth Committee should keep in mind their citizens, whose futures depended on their work, and the fact that, while representatives were responsible for allocating resources, those resources did not belong to them. The funds received by the Organization were the product of taxpayers' labour. Any funds wasted represented a wasted opportunity to build a safer, freer, more prosperous world. His delegation was committed to a reformed and renewed United Nations that protected human rights, maintained peace and security, stimulated development, found common solutions to urgent problems and lived within its means.

70. **Mr. Camarena Villaseñor** (Mexico) said that the Organization could not remain isolated from the effects of the global financial crisis which had led Member States, including Mexico, to reduce public expenditure and pursue rationalization, and must do likewise. The established practice of incremental increases to the proposed programme budget, with the baseline amounts being taken for granted, led to constant growth and prevented in-depth analysis of resource requirements as a whole. While his delegation welcomed the laudable efforts of the Secretary-General to ensure that the level of the proposed programme budget was lower than the budget outline approved by the General Assembly, it agreed with the view of the Advisory Committee that the reductions were not significant, structural or sustainable.

71. Many of the proposed reductions would be difficult to effect, either because they were based on unrealistic assumptions, as in the case of special political missions, or because they did not have the prior approval of the intergovernmental bodies, as in the case of certain measures in the Department for General Assembly and Conference Management. Moreover, the efficiencies would be cancelled out by the add-ons yet to be announced. Add-ons should be approached with a minimalist mindset. Only those that reflected General Assembly mandates and could not be delayed should be considered. Accordingly, his delegation advocated postponing consideration of the strategic heritage plan for the Palais des Nations until the prospects for absorption of additional and associated costs for the capital master plan could be determined, and also postponing consideration of the information and communications technology proposals in order to focus on restoring progress to the enterprise resource planning (Umoja) project, which had fallen two years behind schedule. It hoped to see the most senior levels of the Organization permanently involved in that project, which was forecast to save approximately $200 million per year. The project should also have a resilient governance structure in place, to guarantee transparency and accountability.

72. The financing arrangements for special political missions should be reviewed without delay. Such missions, the vast majority established by the Security Council, currently accounted for about one quarter of the regular budget, and had become very different from the original concept of small and efficient initiatives for good offices and special envoys of the Secretary-General, being almost indistinguishable from peacekeeping operations. A special account should be established for them, with financing prorated according to the involvement of the Member States in establishing and operating them. His delegation would find it difficult to join consensus on a programme budget if a final solution was not found to the question of financing special political missions.

73. **Mr. Rosales Díaz** (Nicaragua) said that the Organization and its Member States had never before been faced with such a number of challenges at once. However, all continued to agree that United Nations action was founded on the three pillars of peace and security, development and human rights. For that reason, his delegation was deeply concerned at the imbalance in the proposed programme budget. Despite the repeated calls from world leaders to unite behind the Millennium Development Goals, words were not followed by action, and the necessary financial resources had not been provided.

74. The developing countries, which had suffered, and would continue to suffer, the consequences of a financial crisis that they had played no part in creating, must cope with the fact that some States were seeking to undermine the development role of the Organization. That situation stood in stark contrast to the costly rescue of an unjust and criminal economic model that was responsible for tens of thousands of deaths per year. The sums involved dwarfed the regular budget of the United Nations.

75. The hard-won strengthening of the development pillar agreed upon only three years previously risked being reversed, as the instruction from the Secretary-General to reduce expenditure had resulted in a proposed programme budget totalling 3.7 per cent less than the budget outline approved by the General

Assembly. The selective application of the cost reductions highlighted once more the Secretariat's double standards regarding development. The Department of Management, which was itself the channel for the Secretary-General's instruction, was not leading by example, because the resource requirements it had presented to the General Assembly showed a 25.6 per cent increase. The citing of the enterprise resource planning (Umoja) project as justification was inadequate, particularly in light of the serious governance crisis provoked by the resignation from its Steering Committee of the project director and the Under-Secretary-General for Management. Moreover, the Office of Information and Communications Technology had also undergone governance changes, and its budget was rising unchecked.

76. Against that background, it seemed inconceivable that the Development Account should represent only 0.4 per cent of the truncated proposed programme budget, leaving it far from the original target level of $200 million agreed in 1997. His delegation would seek a reliable mechanism to finance the Development Account from the regular budget. The distortion of that budget caused by the large sums devoted to special political missions must be eliminated. Another cause of distortion was the volume of voluntary contributions. While the generosity of States which paid more than their assessed amounts deserved praise, the level of voluntary contributions was more than double that of the regular budget and should be gradually incorporated into that budget. Moreover, voluntary contributions led to the establishment of posts additional to those established as a result of the mandates of the General Assembly, further aggravating the serious imbalance in geographical distribution within the Secretariat, and undermining the intergovernmental governance structure of the Organization.

77. The imbalance of the proposed programme budget reflected the Organization's lack of overall vision, particularly in connection with the mandates adopted by its legislative organs, chief among them its only universal intergovernmental entity, the General Assembly. Believing that the budget must reflect those mandates, and that multilateralism must be strengthened, Nicaragua would reject any attempt to impose artificial expenditure limits which, far from encouraging efficiency, would impede the implementation of mandates. It was obvious that the approval of new mandates increased resource requirements, and that the world needed greater United Nations involvement.

The meeting rose at 6.05 p.m.