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Held at Headquarters, New York, on Wednesday, 8 May 2013, at 10 a.m.

Chair: Mr. Berger. (Germany)
*Chairman of the Advisory Committee on Administrative
and Budgetary Questions:* Mr. Ruiz Massieu

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The meeting was called to order at 10.15 a.m.

Agenda item 147: Financing of the United Nations Interim Security Force for Abyei (A/67/599, 704 and Corr.1 and 780/Add.18)

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Agenda item 164: Financing of the activities arising from Security Council resolution 1863 (2009) (A/67/600, 712 and 780/Add.16)

Agenda item 146: Administrative and budgetary aspects of the financing of the United Nations peacekeeping operations (*continued*)

United Nations Logistics Base at Brindisi, Italy (A/67/582, 722 and 780/Add.10)

1. **Ms. Casar** (Controller) introduced the budget performance reports of the Secretary-General for the period 2011/12 and the budget reports for the period 2013/14 for the United Nations Interim Security Force for Abyei (UNISFA) (A/67/599 and 704 and Corr.1), the United Nations Peacekeeping Force in Cyprus (UNFICYP) (A/67/590 and 706), the United Nations Interim Administration Mission in Kosovo (UNMIK) (A/67/587 and 700), the United Nations Disengagement Observer Force (UNDOF) (A/67/589, 705 and 857), the United Nations Interim Force in Lebanon (UNIFIL) (A/67/631 and 747), the United Nations Mission in South Sudan (UNMISS) (A/67/610 and Corr.1 and 716), the United Nations Mission for

the Referendum in Western Sahara (MINURSO) (A/67/612 and 731), the activities arising from Security Council resolution 1863 (2009) (A/67/600 and 712), and the United Nations Logistics Base at Brindisi, Italy (A/67/582 and 722). She informed the Committee that a note had been prepared by the Secretary-General on the financing arrangements for UNDOF for the period from 1 July 2012 to 30 June 2013 (A/67/857) and submitted to the Advisory Committee, requesting additional funds, in the amount of \$8 million, owing to the fact that during the 2012/13 period, the security situation in the Syrian Arab Republic had deteriorated further, to the extent that it had begun to have an impact on the operations of UNDOF. With regard to MINURSO, she said that the Security Council, in its resolution 2099 (2013), had extended the Mission's mandate until 30 April 2014 and given its support to the Secretary-General's request for an additional six United Nations police officers to implement the expanded family visit programme. Lastly, she informed the Committee that UNIFIL would transition to the International Public Sector Accounting Standards (IPSAS) and Umoja on 1 July 2013, while all other peacekeeping operations would transition to IPSAS on 1 July 2013 and Umoja on 1 October 2013. In that connection, all missions had been provided with special closing instructions for the finalization of their United Nations system accounting standards (UNSAS) ending balance, which would become their beginning IPSAS balance as at 1 July 2013. All the relevant divisions of the Office of Programme Planning, Budget and Accounts had been working closely with the missions, the Department of Field Support and the Office of Enterprise Resource Planning — Umoja to prepare for the roll-out of IPSAS and Umoja, which would not have been possible without that close collaboration.

2. **Mr. Ruiz Massieu** (Chair of the Advisory Committee on Administrative and Budgetary Questions), said that the Advisory Committee, in its report on the financing of UNISFA (A/67/780/Add.18), recommended a reduction of some \$12.1 million in the proposed budget of UNISFA. Having noted the low rate of implementation of construction projects in 2011/12 and 2012/13, the Advisory Committee recommended against the requested increase in resources for construction services, so that resources for construction services for 2013/14 would be maintained at the same level as for the current period. Any additional resources required in 2013/14 for

construction services should be reflected in the performance report.

3. In its report on the financing of UNFICYP ([A/67/780/Add.8](#) and Corr.1), the Advisory Committee recommended approval of the Secretary-General's proposed budget for 2013/14, but reiterated its concern at the persistent precariousness of the financial situation of the Force and the potential impact of that situation on timely reimbursement to troop-contributing countries. In that connection, he recalled the repeated calls by the General Assembly for all Member States to fulfil their financial obligations as set out in the Charter of the United Nations on time, in full and without conditions. The report also contained the Advisory Committee's comments and observations on the status of electrical power generation in Cyprus, letter-of-assist arrangements, IPSAS and Umoja implementation, and efficiency gains. With regard to the proposal to establish two National Professional Officer posts in the Civil Affairs Section, the Advisory Committee took the view that such a step would signal the Force's willingness to build national capacity and increase the involvement of Greek Cypriots and Turkish Cypriots in the normalization process through a perception of local ownership of field-level day-to-day processes.

4. In its report on the financing of UNMIK ([A/67/780/Add.11](#)), the Advisory Committee recommended approval of the Secretary-General's proposals for 2013/14. In view of the importance of confidence-building measures aimed at promoting reconciliation among different communities in Kosovo, the Committee recommended approval of the request for funds for quick-impact projects, and stressed the need for continued coordination with other relevant actors.

5. In its report on the financing of UNDOF ([A/67/780/Add.1](#)), the Advisory Committee noted that the proposed resources for national staff for 2013/14 reflected an increase of 65.8 per cent over the apportionment for the current period, arising from the denomination of the national salary scales in United States dollars with effect from 1 August 2012. In that connection, the Advisory Committee recommended that the General Assembly should request the Secretary-General to carefully monitor developments in the UNDOF mission area and to revert to the payment of salaries to national staff in the appropriate national currency as soon as economic conditions

permitted. Based on the information provided by the Secretary-General, the Advisory Committee recommended that the vacancy factor applied for international staff in UNDOF should be increased to 10.9 per cent and that the related budgetary requirement should be reduced accordingly. With the exception of that reduction, the Advisory Committee recommended approval of the Secretary-General's proposals.

6. In its report on the financing of UNIFIL ([A/67/780/Add.9](#) and Corr.1), the Advisory Committee indicated that it had no objection to the Secretary-General's proposed budget for 2013/14, noting that most of the operational and staffing changes proposed were designed to respond to the recommendations of the 2012 strategic review of the Force and were supported by the Security Council in its resolution [2064 \(2012\)](#). The report also included comments and recommendations on ground and air transportation, information technology, quick-impact projects and environmental initiatives. The Advisory Committee welcomed the steps taken and envisaged to reduce generator fuel consumption and recommended that the General Assembly should request the Secretary-General to explore the applicability of the new fuel injection system for United Nations-owned generators to other peacekeeping missions.

7. In its report on the financing of UNMISS ([A/67/780/Add.17](#)), the Advisory Committee recommended application of a vacancy rate for international staff of 12 per cent rather than the proposed 10 per cent, which appeared over-optimistic in the light of the current 16 per cent vacancy rate. The proposed budget would be reduced by \$3.9 million as a result. The Secretary-General's proposed start-up budget for UNMISS in 2011/12 ([A/66/532](#)), formulated on the basis of the standardized funding model, had been the first example of the use of the model for a mission in the start-up phase. While noting almost full implementation of the 2011/12 approved budget, the Advisory Committee did not believe it possible to assess properly the applicability of the standardized funding model or its effectiveness as a budgeting tool for start-up missions on the basis of the overall budget implementation rate alone, as that was not an indicator of the efficient utilization of the resources provided or of the accuracy of the budgetary assumptions underlying the standardized model itself. In the light of the significant redeployment between the military,

civilian and operational categories of expenditure, the Advisory Committee continued to hold the view that UNMISS was not an adequate measure of the effectiveness of the standardized funding model approach to budget formulation. Accordingly, the Advisory Committee would not express a view on the merits of the standardized funding model as a budgeting tool until the model had first been applied to a more typical start-up peacekeeping operation.

8. In its report on the financing of MINURSO (A/67/780/Add.4), the Advisory Committee recommended approval of the Secretary-General's proposed budget for 2013/14. As the budget performance report for 2011/12 reflected the full financial effect of an April 2010 post classification exercise, leading expenditure to exceed the amounts budgeted for national staff, the Advisory Committee stressed that mission-wide post classification exercises should be undertaken on a timelier basis and the results more fully explained, so as to limit the extent of unforeseen financial implications. It also noted that the Mission's relative isolation from other peacekeeping operations in Africa had insulated it from the direct impact of the Regional Service Centre and Regional Procurement Office in Entebbe. However, the Mission's location should not stand in the way of efforts to find further efficiencies and to draw on the positive experiences of other peacekeeping missions.

9. In its report on the financing of the activities arising from Security Council resolution 1863 (2009) (A/67/780/Add.16), the Advisory Committee recommended reductions to the proposed budget for 2013/14. In the light of the inconsistent rate of implementation of United Nations Support Office for the African Union Mission in Somalia (UNSOA) construction projects since 2009, and the trend of underutilization of associated resources, the Advisory Committee recommended against the requested increase in resources for construction services. Similarly, the Advisory Committee recommended against the requested increase in resources for maintenance services and consultants, given the low implementation rate for maintenance services during the previous and current financial periods and the low utilization rate of resources earmarked for consultants in the current period. Any additional resources required in 2013/14 for those categories of expenditure should be reflected in the performance report.

10. In its report on the financing of UNLB (A/67/780/Add.10), the Advisory Committee recommended the abolition of four posts in the Planning and Project Unit, as the workload of the Unit was expected to decrease significantly after the completion of the last major capital master plan project at UNLB with the commissioning in 2012/13 of the Communications and Information Technology Service building. The Advisory Committee also considered that the functions of the posts proposed for reassignment from the Planning and Project Unit to the Engineering Standardization and Design Centre could be accommodated from within existing capacity. In that connection, it recalled that the Centre had already been strengthened by the transfer of five posts from Headquarters. With regard to the reprofiling of UNLB as the Global Service Centre, the Advisory Committee recalled that the relocation of functions to Brindisi was expected to provide opportunities to re-engineer processes, achieve efficiencies and improve service delivery. It therefore encouraged the Secretary-General to pursue his efforts in that regard and recommended that he be requested to provide details on the results achieved in his next report, and to ensure that the functions transferred from Headquarters to the Global Service Centre were adequately staffed and worked satisfactorily.

11. Noting the Secretary-General's intention to restructure the Communications and Information Technology Service in 2013/14 in order to better address present and future operational and organizational needs, the Advisory Committee recommended that the General Assembly request him to take that opportunity to re-engineer, consolidate and standardize processes in order to achieve improved service delivery and greater efficiencies. As the enterprise data centres at Brindisi and Valencia would host the enterprise systems serving the entire Secretariat, including offices away from headquarters and other entities, the Advisory Committee called for clearer lines of responsibility and accountability for the management of the centres and the delivery of services to end users. The Advisory Committee also recommended that the Secretary-General should be requested to elaborate on those issues in the context of his next progress report on the information and communications technology strategy. Lastly, the Advisory Committee trusted that the Secretary-General would transfer the remaining two education grant processing posts located in Valencia back to Brindisi.

without further delay, in accordance with the decision taken by the General Assembly in its resolution 66/264.

12. **Mr. Navoti** (Fiji), speaking on behalf of the Group of 77 and China, expressed satisfaction with the budget implementation rate for the United Nations Logistics Base for 2012/13. The Group remained committed to working with all stakeholders to help the Secretariat to fulfil the mandate assigned to the Global Service Centre but regretted that the Secretary-General had transferred Global Service Centre functions from Brindisi to the United Nations Support Base at Valencia, going against the original strategy. In that connection, the Group reiterated that the prerogative for approving such decisions lay with the General Assembly, and that it strongly supported all of the Advisory Committee's related recommendations. The Group was also deeply concerned by the issues identified by the Board of Auditors in its report (A/67/5 (Vol. II)) in connection with the management of the financial, human and material resources of the Global Service Centre, and requested the Secretary-General to take all appropriate steps to rectify the situation.

13. **Mr. Coffi** (Côte d'Ivoire), speaking on behalf of the African Group, said that the Group attached great importance to the allocation of adequate resources to all United Nations peacekeeping operations, particularly those located in Africa, because of their unique role in maintaining global peace and security. However, analysis of the proposed 2013/14 budgets had revealed a decrease of some \$110 million from the overall level of funds in the previous year, despite unchanged or even expanded mandates and increasingly difficult and complex operating conditions on the ground. Consideration of peacekeeping budgets should not be a cost-saving exercise; missions must have appropriate resources to implement their mandates in full and on time.

14. In that connection, the Group expected that the new United Nations Multidimensional Integrated Stabilization Mission in Mali (MINUSMA) would be provided with sufficient and timely resources and logistical support, particularly in its start-up phase. The Group looked forward to examining the proposed budget for the Mission, and expected the related reports to be made available to the Member States in due course. Lastly, the Group requested that the Secretariat should prepare and distribute a table outlining the current budget levels and those proposed

by the Secretary-General and the Advisory Committee, highlighting any differences.

15. **Mr. Ayzouki** (Syrian Arab Republic), speaking on agenda item 158 (a), said that UNDOF had been established some 40 years earlier by Security Council resolution 350 (1974) to separate Syrian forces and the Israeli occupying forces in the Syrian Golan. Despite resolutions calling for a withdrawal to the 4 June 1967 borders, the occupation continued; consequently, the financing of UNDOF should be borne by the occupying Power.

16. The practices of the Israeli forces in the occupied Syrian Golan were in flagrant violation of international law, the 1974 Disengagement of Forces Agreement and the mandate of the Force. As Israel's Government and army had admitted publicly, Israel provided logistical support for terrorist groups in the area of separation, transferring wounded terrorists across the ceasefire line to Israeli hospitals for treatment before returning them to the territory of the Syrian Arab Republic. Those practices also endangered the personnel of UNDOF and of the United Nations Truce Supervision Organization (UNTSO), as the kidnapping by a terrorist group of 25 UNDOF personnel in March and July 2013 had demonstrated.

17. Furthermore, on 5 May 2013, Israeli jets had fired missiles from Lebanese airspace at three positions of the armed forces of the Syrian Arab Republic near Damascus, resulting in many civilian deaths and injuries and in serious material damage. Once again, such blatant aggression contravened international law, the Disengagement of Forces Agreement and the mandates of UNDOF and the United Nations Interim Force in Lebanon (UNIFIL). The consequent increase in tension increased the likelihood of a regional war, threatening international peace and security. The Government of the Syrian Arab Republic had notified the Secretary-General of those circumstances and had demanded that the Security Council assume its responsibilities.

18. Since the establishment of UNDOF, the Syrian Arab Republic had respected the Disengagement of Forces Agreement in full, recognizing it as a transition intended to last until the implementation of Security Council resolutions 242 (1967) and 338 (1973) and the end of the occupation of the Syrian Golan. The Syrian Arab Republic looked forward to the establishment of just and comprehensive peace in the region through the

implementation of all relevant United Nations resolutions and the withdrawal of Israeli forces to the 4 June 1967 line. It had welcomed and provided all necessary support for the Force, had established cooperation between its authorities and the Force, and was grateful to all the countries contributing troops to the Force.

19. **Mr. Adou Mohammed Ali** (Djibouti), speaking on agenda item 164, said that in the light of the goals of Security Council resolutions [1863 \(2009\)](#) and [2036 \(2012\)](#), and the ongoing UNSOA construction programme aimed at providing timely support to the African Union Military Observer Mission in Somalia (AMISOM), his delegation was concerned that UNSOA would have an estimated unencumbered balance for 2012/13 of \$2.67 million and that the Advisory Committee had recommended reductions of \$9.4 million to the allocations for construction and maintenance services and consultants.

20. As a country contributing troops to AMISOM, Djibouti believed that adequate funding of such activities was required to enable that Mission to fulfil its mandate. The troops on the ground, particularly those stationed in Beledweyne, were facing extremely challenging conditions. Concerns had been repeatedly raised with the Secretariat and with the leadership of UNSOA with regard to construction and maintenance services, air support, spare parts, water and food supplies, and insufficient housing and medical care, but the response had been discouragingly slow. He urged prompt action to remedy the situation.

21. **Mr. Bame** (Ethiopia), speaking on agenda item 147, said that UNISFA had played a vital role in creating an environment conducive to the voluntary return of displaced persons, the delivery of humanitarian aid and the free movement of humanitarian personnel in the Abyei area, and in maintaining a stable environment there as the Sudanese and South Sudanese armed forces withdrew. In addition, UNISFA had continued to implement its conflict prevention and mitigation strategy and to carry out tasks related to the Joint Border Verification and Monitoring Mechanism to create a safe demilitarized border zone.

22. Despite the intention of the Force to complete its planned construction projects during 2013/14, his delegation remained concerned about repeated weather- and logistics-related delays and requested the

Secretary-General to ensure completion on schedule. In that connection, the reduction in funds proposed by the Advisory Committee would be unwise at the current stage of the project and would have a negative impact on the overall performance of UNISFA.

23. **Mr. Karaçay** (Turkey), speaking on agenda item 150, said that his delegation had noted the references, in the reports of the Secretary-General and the Advisory Committee on the financing of UNFICYP, to what they had described as a tense atmosphere on the island and in the region, and to the possible role of UNFICYP in the event of an escalation of tensions. While UNFICYP operations were kept under review, to take into account developments on the ground, it was disappointing that the Force had not changed decades-old practices, such as providing escorts for convoys to the Karpas peninsula, particularly as seven border crossing points were already open and Turkish and Greek Cypriots could travel freely between the two sides. In that connection, he asked whether the Secretariat intended to review the UNFICYP mandate.

24. **Ms. Demetriou** (Cyprus) said that the mandate of UNFICYP, which was clearly laid out in Security Council resolution [186 \(1964\)](#), was a matter for discussion in the Security Council, not the Fifth Committee.

Agenda item 129: Review of the efficiency of the administrative and financial functioning of the United Nations (*continued*)

Agenda item 130: Programme budget for the biennium 2012-2013 (*continued*)

25. **Ms. Casar** (Controller), explaining the Secretariat's approach to implementing General Assembly resolution [67/248](#) on the proposed programme budget outline for the biennium 2014-2015, and accompanying her briefing with a digital slide presentation, said that the preparation of the proposed programme budget for 2014-2015, on the basis of the outline for that biennium, continued to be guided by the relevant General Assembly resolutions, including [41/213](#) and [47/212](#), and General Assembly decision [67/551](#).

26. The original \$5,492.5 million preliminary estimate proposed by the Secretary-General had consisted of an initial budget outline level plus an adjustment, contained in Annex II to the budget outline, to take account of financing new or expanded

mandates. The adjustment responded to the wish expressed by the General Assembly, in its resolution [63/266](#) on the proposed programme budget outline for the biennium 2010-2011, for that and subsequent budget outlines to be accompanied by an annex establishing requirements for new or expanded mandates and activities. The relevant information for the biennium 2014-2015 had been included as Annex II to the proposed budget outline ([A/67/529](#)), with further updated information provided as Addendum 2 to the supplementary information on the budget outline, dated 18 December 2012. The total level of the adjustment was \$151.5 million.

27. While the General Assembly, in the successive bienniums 2010-2011 and 2012-2013, had requested the Secretary-General to prepare a programme budget within the level of the proposed outline, including the requirements contained in its Annex II, the Assembly had not made the same request in the case of the programme budget for 2014-2015; instead, in its resolution [67/248](#), it had invited the Secretary-General to reduce the level of the proposed programme budget to approximately \$100 million below the proposed outline.

28. In order to implement the \$100 million reduction, the Secretariat had taken account of the wish of the General Assembly, expressed in paragraph 11 of resolution [67/248](#), to ensure fair, equitable and non-selective treatment of all budget sections. However, some budget sections or subsections with a specific status had been exempted from reductions. They included those given autonomy by a specific regulation or statute, such as the International Court of Justice; special expenses whose level the Secretariat could not predict or dictate, including banking fees and after-service health insurance; and programme support, conference management, public information and capital projects, already covered by existing proposed reductions. Accordingly, the \$100 million reduction had been distributed among the remaining sections of the budget, including special political missions.

29. The point of departure for the preparation of the proposed programme budget for 2014-2015 had been the series of resource requests made by programme managers from January 2013 onwards; while those had taken account of the \$63 million savings already identified by the Secretary-General, a further adjustment had been made necessary in the wake of the adoption of resolution [67/248](#), the effects of which she

had reported to programme managers in electronic mail messages sent on 27 December 2012. They had received additional instructions in mid-January 2013, in a memorandum requesting them to determine how reductions could be achieved, while safeguarding the continued operation of the Organization by balancing the reductions between post and non-post resources. A comprehensive review of staffing requirements should be conducted in order to determine the best allocation of reductions in post resources. Lastly, programme managers had been asked to explain any expected impact of the resource reductions.

30. The Member States could expect to see the effect of those reductions in the budget fascicles, which quantified and categorized the changes in the proposed programme budget, and would thus look different from previous budget fascicles. In the past, the base level of the proposed programme budget had been that of the previous biennium, unaltered, but in the case of the 2014-2015 biennium, the General Assembly had requested the Secretary-General to use revised 2012-2013 rates, which had been calculated as described in paragraphs 46 and 47 of the first performance report for the biennium ([A/67/592](#)).

31. One of the fascicle categories was devoted to the resource changes mandated by resolution [67/248](#); it quantified the impact of those changes on outputs and performance targets, in the light of the Secretary-General's warning of likely effects on the implementation of the Organization's mandates. Another category was devoted to the savings already identified by the Secretary-General, explained in paragraph 12 of the proposed budget outline ([A/67/529](#)) as efforts to increase efficiency while adhering to mandates, for example, in the approximately 20 per cent of the budget which financed support activities.

32. With regard to the reduction mandated by resolution [67/248](#), programme managers had been requested to indicate in the descriptive portion of each section of the budget any resulting impact on the quality of mandate delivery in terms of volume of outputs or performance targets. With regard to savings already identified by the Secretary-General, the descriptive portion would specify how sustainable efficiency gains had been achieved while leaving mandates and performance targets unaffected. Those savings had been concentrated in the Executive Offices of each department, and on the Department of

Management, Department for General Assembly and Conference Management and Department of Public Information.

33. Having finalized the format of the budget fascicles, the Secretariat was certain that all objectives, expected accomplishments, indicators of achievement and the list of mandates, as endorsed by the Committee for Programme and Coordination and adopted by the General Assembly, remained unchanged. No outputs or performance targets had been completely discontinued as a result of the reduction mandated by resolution 67/248. As in previous bienniums, managers had decided to eliminate a number of outputs: approximately 800 in the forthcoming biennium, compared to approximately 1000 in the current biennium. However, none of the outputs eliminated for the forthcoming biennium were connected with the reduction mandated by resolution 67/248.

34. The Secretariat was proposing steps to reduce the resource requirement volatility caused by gaps in vacancy rates. The current biennium had begun with a deficit attributed to vacancies. For the forthcoming biennium the Secretariat would use only the actual vacancy rate, rather than notional rates, believing that that method would make the budget more realistic and lend it more certainty. It should be recalled that, in connection with the first performance report for the biennium (A/67/592), the General Assembly had decided to defer reporting on \$30 million of salaries already paid until the second performance report.

35. **Mr. Navoti** (Fiji), speaking on behalf of the Group of 77 and China, said that the Group was deeply concerned by the information presented by the Controller on the implementation of General Assembly resolution 67/248. When the General Assembly had considered the budget outline for the biennium 2014-2015, it had considered and approved a number of revised estimates and programme budget implications with a significant impact on the proposed programme budget for the next biennium. As was customary, the preliminary estimate given in paragraph 10 of resolution 67/248 did not include provision for the implementation of new or expanded mandates discussed or adopted by the General Assembly at the same time as the budget outline. In the past, the preliminary estimate discussed during consideration of the budget outline had subsequently been updated by the Secretariat to include any new or expanded mandated activities; unfortunately, the update for the

2014-2015 budget outline did not appear to have been submitted to the Committee.

36. While it was expected that those new or expanded mandates would increase the level of the proposed programme budget for 2014-2015 to above the preliminary estimate, it was a matter of concern that the Secretariat was completely reinventing the budgetary process through new readings and creative interpretations of long-standing General Assembly decisions, particularly resolutions 41/213 and 42/211. It was regrettable that those changes had been made surreptitiously without adequate discussion of the possible implications.

37. All mandates approved by an intergovernmental body were equally important and politically sensitive, and should therefore be adequately funded. It was unacceptable that a questionable budgetary rationale was being used to curtail mandated activities with blatant disregard for the intergovernmental bodies that had approved them. The General Assembly had not considered or approved any initiatives to streamline the biennium budget outline; the Group would not accept attempts to carry out a disguised mandate review exercise through the budgetary process, nor would it accept any changes to the established budgetary procedure, format or presentation.

38. **Ms. Casar** (Controller) said that the budget outline had been drawn up in compliance with all relevant General Assembly resolutions, particularly resolution 41/213, and the Secretariat had not deviated from the budget review process as set out in the Regulations and Rules Governing Programme Planning, the Programme Aspects of the Budget, the Monitoring of Implementation and the Methods of Evaluation. Accordingly, the Secretary-General had prepared his proposed programme budget outline for the following biennium on the basis of a decision by the General Assembly. The updated preliminary estimate of \$5,492.5 million, which included the estimated costs of the new or expanded mandated activities, had been distributed to Member States on 18 December 2012 in the informal consultations of the Committee. However, in its subsequent resolution 67/248, the General Assembly had invited the Secretary-General to prepare his proposed programme budget for the biennium 2014-2015 on the basis of a preliminary estimate some \$100 million lower than the original amount. The Secretariat had carried out a responsible budget exercise for the biennium 2014-

2015, based on information from managers on the budgetary impact of mandated activities, outputs and other performance indicators. That information would be reflected in the relevant programme budget fascicles, accompanied by a balanced budgetary narrative.

39. **Ms. Power** (Observer for the European Union) said that it was important to bear in mind the context in which the proposed programme budget for 2014-2015 would be discussed at the sixty-eighth session of the General Assembly: the Organization was being required to operate against a background of budget restraint and spending cuts in many Member States, which looked to it to fulfil growing mandates while finding ways to work better and more efficiently, keeping within the budget they had approved.

40. In adopting resolution [67/248](#) in December 2012, the Member States had sought to give the Secretary-General an opportunity to examine how the Organization fulfilled the mandates that they had approved. The European Union member States expected the proposed programme budget to show that that opportunity had been grasped, that the Secretary-General, as the Organization's chief administrative officer, had remained within the preliminary estimate approved by the General Assembly, adhering to the latter's mandate to look for savings opportunities in all sections of the budget, identify any obsolete activities, increase cost effectiveness and simplify procedures. They also looked forward to proposals reflecting the outcome of the review of the Organization's staffing requirements. They remained confident that, having taken such steps, the Secretary-General would establish a robust budget proposal, within the resource limits that the Member States had judged to be appropriate for the full implementation of mandated programmes and activities.

41. Recalling the decision of the General Assembly in December 2012 to defer further the consideration of post-related recosting for inflation and exchange rate projections, she emphasized that the deferral should not be considered a delay, and that neither the Secretary-General nor the Organization's staff, at any level, should assume that the General Assembly would approve further resources to cover recosting when the matter was taken up later in 2013. Immediate action must be taken to ensure that the Organization operated within its means, worked more creatively and spent more wisely. Although other methods must be pressed

into use, including forward purchasing to reduce the impact of currency fluctuations, the primary need was for a fundamental change in approach.

42. **Mr. Yamamoto** (Japan), recalling that the General Assembly had adopted resolution [67/248](#) by consensus, said that the sustainability of the Organization's operation depended on the adherence by the Member States and the Secretariat to the established level of the budget outline. In adopting the resolution, the General Assembly had expressed its expectation that all of the mandates entrusted to the Secretariat, whether current or future, could be implemented within the financial envelope of the outline. The General Assembly had provided the means to accomplish that goal by deciding to implement the enterprise resource planning project (Umoja), and by calling for a comprehensive review of staffing requirements.

43. **Ms. Comesaña Perdomo** (Cuba) said that the programme budget directly affected the functioning of the Organization and the implementation of the mandates established by the Member States. Nobody was unaware of the serious departures from the long-standing provisions of General Assembly resolution [41/213](#) in previous bienniums, and it was a matter of concern that the General Assembly was currently acting against its past decisions and challenging the validity of the budget as an important legislative instrument.

44. Any efficiency measures proposed to the Member States should target all sections of the budget, particularly those relating to the Organization's development pillar, in a fair and balanced manner. In order to preserve the Member States' involvement in the budget process and to ensure reliable, consensual and transparent decision making, the Secretariat should provide detailed information on the effects of the proposed programme budget on mandates and expected outputs. Without compliance with those mandates and expected outputs, there could be no claim to have achieved full efficiency.

45. The formulation of the regular budget was structurally unbalanced, with peace and security, particularly special political missions, absorbing about 22 per cent of the total funds. The nature, mandate and means of adoption of such missions led her delegation to conclude — as it had often stated — that they should

be funded in accordance with the scale of assessments for peacekeeping operations.

46. Her delegation wished to emphasize the established position of the Group of 77 and China that the proposed programme budget must accommodate the financial consequences of revised estimates resulting from the United Nations Conference on Sustainable Development and from the decisions of the Human Rights Council. To do otherwise would run counter to established budgetary procedure and practice.

47. **Mr. Torsella** (United States of America) said that his delegation was pleased to conclude from the Controller's briefing that the Organization would be able to implement all of its mandates within the financial envelope of the budget outline, with no material impact on its core functions. The decision of the General Assembly regarding the budget outline had achieved its aims: to encourage the Secretariat to find the best and most creative way to fulfil its role, and to take account of the financial constraints facing most Member States. While that and other related decisions doubtless contained elements which did not enjoy universal support, they were decisions achieved by consensus and compromise.

48. It was important to understand the nature of the Organization's mandates. Mandates established an expected result, rather than the method to be used to achieve that result. It was therefore misleading to conclude that an increase in mandates required an increase in budget funds. Public and private organizations throughout the world had understood that fact, and had been able to use different means to achieve greater ends with fewer resources. By approving a modest 1.8 per cent reduction in the original proposed budget outline, the General Assembly was requesting the Organization to the same, managing resources in the same way as businesses, governments and families. His delegation hoped that the proposed programme budget would demonstrate such new working methods and benefits from the heavy investment in business transformation initiatives such as Umoja.

49. In determining how the Organization would fulfil its mandates within the budget envelope it had established, the Committee should provide direction and guidance and examine results and key drivers of costs. It should not, however, micromanage staff or confuse outputs (such as the number of reports

produced) with outcomes (whether expenditure would translate into results in terms of improved security, prosperity or protection of rights).

50. As staff costs accounted for approximately 70 per cent of the budget, his delegation was concerned that there had been no comprehensive analysis of the Organization's overall staffing structure. The scope of current efforts in that regard had been too limited, and failure to address the issue promptly would lead to future problems. That was the reason for the General Assembly's request for a review, the results of which he hoped would be presented as part of the proposed programme budget for the next biennium.

51. His delegation was also concerned that the proposed programme budget would be incomplete, as further programme budget implications would be reported to the Committee later in 2013, additional costs might be generated by urgent requirements and the anticipated recosting for the biennium might increase the level of the budget. The Committee should ensure that the proposed programme budget left room for unforeseen expenditure, and the Secretary-General should ensure that the level of funds requested was fully in line with the budget outline level determined by the General Assembly, which was a ceiling amount, not a floor amount.

52. Lastly, taking a longer term view, the Organization must engage in long-delayed but real and significant budget reform, in order to put an end to the cycle of ongoing changes to every budget.

53. **Mr. González Segura** (Mexico) said that the efforts made by the Secretariat in connection with the proposed programme budget outline for the biennium 2014-2015 were indicative of a spirit of realism and responsibility, and a welcome recognition of the financial situation of the Member States. The Member States, for their part, should refrain from micromanaging the details of the proposal, but rather judge the outcome, bearing in mind that the Advisory Committee and other bodies would also place it under careful review. Once the proposal had been received, the Member States would be able to determine whether it had identified savings, increased efficiency, improved procedures, eliminated duplication and redundant activities, and if it enabled the Secretariat to fulfil its mandates.

54. Clearly, considerations of political priority and balance must be observed, as all the activities of the Organization were equally important. New mandates,

for example in the fields of peace and security, must not affect the balanced fulfilment of mandates in the fields of development and human rights.

55. **Mr. Safronov** (Russian Federation) said that his delegation understood that the General Assembly had decided in December 2012 to place a limit on the level of the proposed budget outline, but emphasized that all existing mandates established by the General Assembly must remain unaltered and that the proposed budget for the forthcoming biennium must not result in any harm to the functioning of the Organization. The budget envelope established, while important, was primarily a means of guiding the Secretariat. It must not neglect to take into account recent additional decisions of the General Assembly, or decisions which the General Assembly would doubtless take during the remainder of 2013.

56. His delegation wondered whether the Secretariat, facing difficult circumstances which required it to further reduce expenditure on existing activities, found the existing budget planning mechanisms adequate, or whether it considered additional budget planning mechanisms necessary to ensure implementation of all mandates in 2014-2015.

57. **Ms. Casar** (Controller) said that she agreed with the advice of the representative of Mexico that the Committee should wait until it had received the budget proposal for the forthcoming biennium before deciding whether procedures had been complied with or the implementation of mandates had been affected. She was confident that the Secretariat had greatly increased the discipline, strategic thinking and transparency in the budget process.

58. She had been concerned to hear the impression that the Secretariat had made surreptitious alterations to the budget process, for example, with regard to recosting. The alteration to the budget process in connection with recosting had in fact resulted from a decision of the General Assembly in December 2011 to defer that exercise. Similarly, many of the changes to past practice made by the Secretariat were reactions to decisions of the General Assembly.

59. She also took the view that the implementation of the two rounds of budget reductions — that proposed by the Secretary-General and that requested by the General Assembly — would not lead to an unbalanced budget, as the Secretariat had made great efforts to

comply with the wish of the General Assembly to be fair, equitable and non-selective in cutting costs.

60. Mandates, activities, outputs and outcomes were at great risk of being confused with each other. The Organization's way of measuring mandate implementation was complex and cumbersome, so she would endeavour to be clear when discussing the impact of the reductions on the Organization's activities.

61. Referring directly to resolution [67/248](#), she recalled the request of the General Assembly that the proposed programme budget for 2014-2015 should be prepared on the basis of revised 2012-2013 rates. Unless the impact of recosting was considered, there was a risk of the Organization being unable to fulfil its mandates. Exchange rate fluctuations and inflation — with the latter affecting staff costs, including post adjustment — influenced the Organization's ability to pay what it owed. Accordingly, the Organization would follow the instructions of the General Assembly and try to reduce volatility in the budget by fixing exchange rates for expenditure certain to occur within the biennium. The same concern for reducing volatility lay behind the adoption of a single vacancy rate.

62. A review of the Organization's staffing structure was inescapable in the light of the two rounds of budget reductions. The situation in every department had been examined thoroughly. Taking into account the proposed 115 new posts, mainly to cover new mandates connected with the United Nations Environment Programme, the net reduction would be 261 posts. The General Assembly would be able to see the exact location of every post concerned, and how the Secretariat had drawn on the expected benefits of the implementation of Umoja to achieve savings.

63. Lastly, with regard to the implementation of mandates, she assured the Committee that the Secretariat would make a structured presentation of how it had adhered to the instructions and guidance provided by the General Assembly. However, she wished to urge caution in comparing the use of resources from one biennium to the next, as it was clear that the number of new mandates in the forthcoming biennium was substantial. While efforts should certainly be made to improve efficiency and effectiveness, the existence of new mandates inevitably placed pressure on many areas of activity, including support functions.

The meeting rose at 12.05 p.m.