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STATEMENT OF THE CANADIAN  
DELEGATION ON

- ITEM 115: PROPOSED PROGRAMME BUDGET FOR THE BIENNIUM 1988-89  
ITEM 116: PROGRAMME PLANNING  
ITEM 41: REVIEW OF THE EFFICIENCY OF THE ADMINISTRATIVE AND  
FINANCIAL FUNCTIONING OF THE UNITED NATIONS,  
AND  
ITEM 43: CURRENT FINANCIAL CRISIS OF THE UNITED NATIONS

DELIVERED BY ADO VAHER  
CANADIAN REPRESENTATIVE TO FIFTH COMMITTEE  
OCTOBER 26, 1987

Mr. Chairman,

I would like first of all to express the appreciation of my delegation to the Secretary-General for his personal introduction of the programme budget proposal for the 1988-89 biennium. It is quite obvious that he and his colleagues have put considerable effort over the last year into production of the budget and the array of other documentation relating to the four items under discussion. It now becomes the responsibility of the Fifth Committee to review the budget proposals of the Secretary-General, to adopt a programme budget for the coming biennium and to deal with other issues related to the financial health of the Organization and the effective delivery of its programmes. This year, for a variety of reasons, these traditional tasks are more complex and demanding than ever before.

First, the financial crisis of the U.N. continues and the situation of the Organization is becoming increasingly precarious. Although the high level of overt anxiety among delegations which was a characteristic of the last General Assembly has perhaps not been sustained, the fact is that the overall financial situation of the U.N. has deteriorated dramatically as for the third year in a row the timing and amount of payments to the U.N. regular budget are largely unpredictable. Outstanding contributions at the end of September totalled some \$522 million, almost 100 countries were in arrears and the largest contributor owed some \$353 million. There is a strong element of irresponsibility in the sort of behaviour that forces the General Assembly and the Secretariat to devote precious time and energy towards ensuring that the Organization can survive another 12 months, time and energy that comes at the expense of efforts which should be directed at the more effective use of resources and delivery of programmes.

Second, although good and steady progress has been achieved in the implementation of resolution 41/213, and this is vital for the financial and political well-being of the Organization, the process of reform has raised a number of important practical issues which demand timely resolution. We must this year address complex, and, to a certain degree political, issues such as the definition of a contingency fund and the setting of an overall level on budgetary resources. My delegation will present its views on these and other issues later in this statement.

Third, while continuation of the recruitment freeze through 1987 and implementation of other operational economies during 1986 and 1987 have enabled the United Nations to remain solvent through the current year, the Organization has paid a considerable price. The implementation of mandated programmes is threatened and distortions in staffing patterns and staff remuneration are hardening and taking on an air of permanence. If these matters are not addressed, they could have serious and long-term deleterious effects.

Fourth, there are new and pressing demands on the United Nations in almost every field of activity. The U.N. is asked to arbitrate between Iraq and Iran and to respond to the worsening economic situation in Africa. It is required to show leadership on numerous economic questions, such as the "Brundtland Report" (the report of the World Commission on Environment and Development) and social issues such as how do we deal with AIDS. The Secretary-General himself pointed out the obvious paradox, that of the persisting financial crisis "at a time when the role of the United Nations is becoming even more vital and recognized as such".

Fifth, the programme budget proposal before us is "transitional" in nature and lacks the customary programmatic and financial detail on what will really happen in the upcoming biennium. Since the original instructions to programme managers preceded adoption of resolution 41/213, and since fascicles had to be prepared this past spring for review by ACABQ and CPC, the Secretary-General's proposal does not, and could not be expected to, reflect many of the fundamental changes stemming from Resolution 41/213. Despite this lack of precision, my delegation concurs with ACABQ in considering the budget proposal as an indispensable first step for the development of a proper programme budget for the 1988-89 biennium. The contents of the Secretary-General's current proposal should constitute a firm basis upon which reform, restructuring and revisions build in a clear, logical, orderly and timely manner.

Mr. Chairman,

These introductory points lead logically to consideration of the programme budget itself. The Secretary-General's proposal for the 1988-89 biennium calls for gross expenditures of \$1.68 billion, some \$30 million below the \$1.71 billion that is the current appropriation for 1986-87. This reduction, estimated by the Secretary-General as 1.8 percent in nominal terms and 1.5 percent in real terms, means that for the first time ever at this stage in consideration of the budget, we have a decline in expenditures from one biennium to the next. This is an important event in its own right, and represents a continuation of the steady decline in budgetary growth rates which has characterized the budget proposals of recent biennia.

However, despite the significant reduction proposed by the Secretary-General, the final level of the budget remains uncertain. This Committee must still discuss the proposals of ACABQ for a reduction of \$51.4 million and possible increases stemming from recommendations in the reports of ICSC and the Joint Staff Pension Board. The financial information for some sections is not yet included in the proposed programme budget. A decision must be taken on establishment of a contingency fund to accommodate resolutions with financial implications which the General Assembly might adopt during the course of its 42nd Session and which otherwise would be treated as "add-ons". Finally, the budget appropriation will have to be recalculated in December taking into account recent fluctuations in exchange rates. In the absence of an agreement by CPC on an overall level of resources for 1988-89 we will not have a final figure for budgetary expenditures until the end of this Session.

Although the transitional nature of the budget proposal minimizes the specific programmatic and financial comment that is possible on the Secretary-General's proposals, there are several aspects of the budget that my delegation wishes to note at this time.

My delegation is pleased at the extent to which the Secretary-General was able to reflect implementation of Resolution 41/213 in his programme budget proposal. The fascicles incorporate for the first time estimates for certain political activities of a perennial nature and conference-servicing costs that were formerly part of wrap-up statements. My delegation appreciates the reduced estimates for staff travel and consultant services as well as the increased use of the programmatic format for detailing proposed activities.

Many other measures affecting the budget are at the proposal stage or still under review. Therefore their final budgetary impact will not be known for some time. My delegation is looking forward with particular interest to the results of the vacancy management and staff redeployment schemes. We look forward, above all, to a more meaningful review of the programme budget after revised estimates are submitted in 1988.

With respect to the financial aspects of the budget my delegation wishes to thank the Chairman and members of ACABQ for their usual thorough and professional technical analysis and their valuable recommendations with respect to the budget and also to the other related issues. We concur with the ACABQ recommendations for reductions in the provision of consultants and official travel, reductions in unobligated balance of appropriations and balance of unliquidated obligations, and reductions in certain other expenditures. However, we must reserve our position on the ACABQ recommendation to increase turnover rate by a further 2.5 percent for both Professional and General Service categories.

The financial solvency of the United Nations during 1986 and 1987 was preserved by making substantial "short-term" savings and economies. These savings were large in proportion to the budget, \$83 million in 1986. Some fat was trimmed, of that we have no doubt, but because the majority of economies came from the recruitment freeze and other staff related measures, a number of distortions were introduced. My delegation feels very uncomfortable with the prospect of extending further into the future distortions related to a) pay and service conditions, b) age and grade composition of staff, c) geographic location of vacancies, and d) geographic distribution of Secretariat staff. We are therefore prepared to endorse the ACABQ proposed savings of \$31.7 million which would result from increasing the rate of staff turnover only if the Secretary-General can assure us that this would not reduce his ability to deliver the mandated programmes nor reduce his flexibility and effectiveness in hiring and retaining the top quality career personnel that the U.N. and its Member States need and deserve.

With respect to the programmatic aspects of the budget proposal, my delegation believes that the Secretary-General has correctly interpreted the concerns of Member States in focussing priorities for the biennium on two subjects: the advancement of women and African economic recovery and development. It goes without saying that all delegations will rally around Africa as a priority but my delegation believes

that both priorities noted are consistent with the consensus views of Member States as expressed at the World Conference to Review and Appraise the Achievements of the U.N. Decade for Women and at the Special Session on Africa and by the General Assembly in its subsequent resolutions adopted by consensus.

With respect to the broader issues of reform, my delegation is pleased at the commitment and sense of urgency that the Secretary-General has shown in implementing Resolution 41/213. We urge him to continue this implementation and to continue keeping Member States informed through periodic progress reports. The progress report and its updates already issued are clear and lucid statements of actions taken to date and of future proposals which my delegation has found very useful.

My delegation is pleased with the restructuring already undertaken in the political sector, the important steps taken in the economic and social sectors and the proposed re-structuring of the Department of Public Information. We are pleased at the appointment of three women Under-Secretaries-General since the beginning of the year and at the number of appointments of other senior women managers. We note that this has been done while reducing by some 15 percent the number of ASG's and USG's as a first step towards the agreed target of 25 percent.

With respect to reform of the Secretariat structure in the economic and social sectors we expect further changes following completion of work by the ECOSOC Special Commission studying the structure and functioning of the intergovernmental machinery in the economic and social fields.

Mr. Chairman,

I should now like to comment briefly on several other aspects of the items under discussion.

First, the contingency fund adopted by the General Assembly last year will provide a greater degree of certainty and stability to the initial budget estimates of the Secretary-General by providing a financial facility to accommodate add-ons and revised estimates without raising the overall level of resources required. My delegation welcomes the analysis and background work contained in the reports of the Secretary-General, the report of ACABQ which provides recommendations and observations on the establishment, scope and operation of a contingency fund and the proposal of the Secretary-General to include a contingency fund in the programme budget for the 1988-89 biennium.

My delegation supports introduction of a small, straightforward facility for the 1988-89 biennium as a prototype with full operation starting as part of the 1990-91 programme budget cycle. The initial period would provide valuable experience in use of the facility and agreement on basic elements such as procedures, scope and the split of resources between the two years of the biennium. As regards the size of the contingency fund, the preference of my delegation is for a constant percentage of the regular budget but we would want to see how the fund works before settling on a specific figure for prolonged use. For the coming biennium we could accept the proposal of the Secretary-General for a level of 0.75 percent of the regular budget or we could accept a level slightly higher at say 1.00 percent. In any case, our choice for the 1988-89 biennium should not prejudice the choice for full operation from 1990 onwards.

Second, my delegation believes that the overall level of resources should be established at the earliest stages of the budget planning cycle. The principles behind the Canadian view on this question are explained at some length in a set of budgetary and financial proposals that was prepared specifically for the specialized agencies and that has been circulated widely to Member States. In our view the United Nations Organization is now moving in the proper direction. As a result of resolution 41/213, the Secretary-General will launch preparations for the programme budget for the 1990-91 biennium with a programme budget outline in April 1988. The CPC will then examine the outline and determine the level of financial resources to be made available. My delegation believes that Member States should at that point agree to a level of resources expressed in real terms. This means that having accepted the broad composition of the programme and set the real budget level, Member States would be committed to protecting the budget against further real growth. At this point in time, at the very end of the budget preparation cycle for the coming biennium, the basis of a budget ceiling for the 1988-89 biennium should rest with the Secretary-General's proposals and the ACABQ recommendations.

Third, with respect to programme planning, my delegation thanks the Vice-Chairman of the Committee for Programme and Coordination for his presentation on behalf of the Chairman and supports the conclusions and recommendations reached by the CPC at its 27th Session. While we were expecting more specific conclusions and recommendations, we recognize it was the first year of operation for the revitalized CPC, and that the session coincided with the final planning stages for the next programme budget. Also, the Session was effected by the question of

withholdings and the implication by some delegations of a linkage between reform and contributions. Given the realities of the U.N. it was probably not reasonable to hope for more than we got. Given these qualifications, my delegation is generally satisfied with the manner in which CPC worked and the level of discussion on key issues. However, in future years we would hope for CPC to bring about broad agreement on many more issues related to the priorities, orientation, planning and coordination of programmes.

As regards the Medium Term Plan, the proposed rollover of the current plan for an additional two years appears the most practical solution to enable the Secretary-General to carry out a lengthy but logical sequence of consultations prior to preparation of the next Plan. My delegation is most anxious that Member States indeed have the full opportunity in central, sectoral and functional fora to discuss and ultimately set priorities and establish direction in the U.N. system. The roll-over also provides the Secretary-General the opportunity to produce a Plan that is not merely a recitation of what inter-governmental bodies are already doing but rather is a flexible and comprehensive outline of directions and priorities for the 1990's. The Plan should guide and it should capture the imagination in its sketch of the future. It should stimulate energies and enhance performance and finally the Plan should provide yardsticks to measure achievement.

Fourth, Mr. Chairman, my delegation fully shares the concern expressed by the Secretary-General and by several other delegations on the severity of the financial crisis. We have always held the view that all Member States have a binding and legal obligation to pay assessed contributions in full and on time. Actions which deny the organization its assessed contributions are contrary to the terms of the Charter, which all Member States have signed, and penalize those member states which pay on time. My delegation does not accept any linkage between implementation of Resolution 41/213 and payment of assessed contributions and regards implications of such a linkage as damaging to the reform process. In view of our position, we welcome the recent announcement by the USSR to pay all of its arrears to the U.N. regular budget and to peacekeeping activities. We also salute the decision by Japan, a fully paid-up member of the U.N., to make an emergency special contribution of \$20 million.

Mr. Chairman,

We have heard that if the current pattern of expected contributions continues the United Nations faces insolvency by August 1988. It is therefore clear that we face a short term

financial crisis of unprecedented severity and one that demands an active and immediate response. My delegation wishes to express its willingness to join with others in developing the appropriate means of ensuring the normal functioning of the U.N. through the coming year. In this regard we are encouraged by public and private statements indicating a willingness on the part of Member States to discuss options and alternatives which were considered inappropriate even six months ago. My delegation believes all Member States share a common interest in the effective and continued full functioning of the United Nations.

In closing, Mr. Chairman, I would note that my delegation has addressed the four items under discussion as an integrated whole. However, we wish to reserve the right to speak on each of the issues separately if it should become so necessary.

Thank you, Mr. Chairman.

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