



UN REFORM WATCH no. 30

Analyses from Associates of the Center for UN Reform Education

Why was the UN Budget Approved by Vote and not by Consensus?

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29 January 2008

A look at the current dynamics in the General Assembly's Fifth Committee which deals with budget and administrative matters, based on conversations with key players from the EU, Group of 77, and the US. In particular, the following focuses on the powerful Group of 77 and the US. The latter insisted on the vote to approve the budget.

During its first session – from 4 October till late in the evening of 21 December 2007 - the Fifth Committee had the arduous task of reaching agreement on the UN's programme budget for 2008/2009. There has been a clear understanding since 1986 among Member States, that the budget would be adopted by consensus.¹ This time, however - at the request of the US - a recorded vote had to be taken on the budget by the General Assembly on Saturday 22 December. Those Member States who often side with the US – Israel and a number of small island states – were absent and the US ended up being the only country voting against.² In spite of the vote, delegates congratulated themselves on adopting the 4.17 billion budget with a standing ovation, fueled by relief that after intense negotiations – which included meetings in the weekend and throughout the night – at least 191 of them could come to agreement.³

THE GROUP OF 77 AND CHINA

The Group of 77 and China (G77) – consisting of 130 Member States – did not just merely pitch its message of development during the recent budget negotiations, though development is of course the *raison d'être* of the G77. The G77 was broadly engaged and showed flexibility on some of the most contentious issues. The G77 did succeed in promoting its agenda by forging agreement on strengthening the development pillar of the UN. By the first resumed session in March, the Secretary-General will have to propose measures to strengthen the Department of Economic and Social Affairs (DESA), the UN Conference on Trade and Development (UNCTAD), and development accounts. At the budget presentation, the Secretary-General had stressed that development, human rights, and peace are interlinked but he had not actually made proposals in regard to development for this round of budget negotiations. Thus far, the reform proposals from the Secretary-General all relate to issues regarding peace and security, which are higher on the agenda of most countries from the North.

Among the more controversial issues that came up during the negotiations were the continuation of the Procurement Task Force; plans for a conference to follow-up on the 2001 World Conference against Racism; and the ad hoc measure to address problems UN pensioners in Ecuador face because of 'dollarization.'

In spite of serious concerns, the G77 showed flexibility by allowing the Procurement Task Force (PTF) – the ad hoc body that is investigating corruption at the UN – to continue its work throughout 2008. The PTF was established at the urging of Christopher Burnham, the former

Under-Secretary-General for Management from the US. The G77 is especially upset that the PTF was established through a “back-door-mechanism” - without a mandate approved by the General Assembly. Furthermore, the group felt that the PTF has been managing its caseload poorly and appeared to be focusing on staff from the South.⁴ Singapore, a G77 member, has strong concerns about the PTF investigation into one of its nationals, Andrew Toh, former Assistant Secretary-General for General Support Services, who was denied legal counsel early in the investigation. Toh remains under investigation by the PTF for his alleged improper involvement in the leasing of two helicopters. According to a recent article in the *Washington Post*, the task force is still seeking Swiss bank records from a Canadian company before it will be able to finally close Toh's case. Meanwhile, after an investigation of Toh by the PTF for nearly two years, the internal justice system of the United Nations cleared him of all legal charges for which he could have been indicted in a US court if found guilty by the UN, and instead cited him for misconduct for not providing full financial disclosure of his personal assets when requested to do so. The Secretary General subsequently demoted him for this misconduct and fined him two months salary. The G77 regards Toh as a “casualty” of the PTF.

During an intense period near the end of the budget negotiations, it seemed as if the G77 would insist that the ad hoc PTF finish its work on 30 June 2008.⁵ However, a compromise was reached after it was agreed that the Board of Auditors would review the work of the PTF, allaying Singapore's concerns.⁶ If the PTF had been discontinued, this would undoubtedly have sent a bad message to the critics of the UN, fueling accusations that the UN is not serious in its fight against corruption.

Although there were intense disagreements, a special measure was approved to deal with the issue of UN retirees in Ecuador, whom the G77 feels suffer undue hardship because of dollarization. The measure will entail a one-time payment and should not create a precedent. This issue came to a vote with the G77 in favor, the US against, and the rest of the North abstaining. The US expressed concern about potential inequalities between retirees in Ecuador and elsewhere and further noted that retirees from the UN were still financially well-off compared to the average population in Ecuador. Because of its numerical majority, the G77 prevailed on the issue.

The most controversial issue in the end was the planned follow-up to the 2001 World Conference Against Racism which had been held in Durban, South Africa. The proposed budget estimated that the planned review conference – Durban II – would cost almost 7 million dollars to be covered by the regular budget rather than by voluntary contributions. In the end, the opposing views among Member States followed the classical North-South divide though there were different reasons to oppose Durban II among countries from the North, varying from technical – not enough details provided on the costs and follow-up conferences should not be paid for by the regular budget - to concerns about what took place at Durban I. For the US – whose delegates walked out of Durban I – the 2001 conference was taken over by countries with an anti-Israel agenda. Some countries from the North, according to one source, are worried that Durban II could result in demands for compensation for abuses as a result of apartheid or slavery. Again, G77's numerical majority prevailed when it came to a vote.⁷

According to our sources, Cuba – the current chair of the Non-Aligned Movement (NAM) - was the Member State in the Fifth Committee that began challenging the Secretary-General's funding requests related to the Responsibility to Protect (R2P) – a new norm in international relations agreed to at the 2005 World Summit. This norm holds that when a country cannot - or will not - protect its citizens, the world community has a responsibility to do so. It is unclear whether there is a common NAM position on R2P but some Member States are said to believe that since R2P was not negotiated in an intergovernmental process, it does not have a mandate. But not to regard the largest gathering of Heads of State ever - the 2005 World Summit - as an

intergovernmental process, one observer noted, is “rather radical.” Clearly, concerns about sovereignty are paramount for many G77 countries, whose colonial pasts are still intensely felt.

Some critics of the G77 argue that often it is not genuinely representative of its 130 members. They suspect that only a handful of countries dominate the G77’s agenda on certain issues and that the majority of its members rarely attend the G77 meetings organized to reach common positions. According to one source, on average only 20-25 delegates attend the G77 meetings. One delegate from the G77 explained that the absence of so many of its members is because capitals – when their missions are very small – instruct them to only focus on certain agenda items where their countries have identified a certain degree of self-interest. When asked about these perceptions about the G77, a key player in the G77 indicated that the G77 is stronger than ever; that the above perception about the dominance of just a few of its members is not factual and that the G77’s efficacy is not at risk because of limited attendance at meetings. He added that the voting records of the G77 prove that the common positions are upheld by the entire group. The voting records during the budget negotiations do, however, show the absence of a sizable portion of G77 members.

One observer noted about the G77 that in any bloc, effective leadership by an able chair can make all the difference and that last year in the Fifth Committee, Pakistan managed to avoid polarization and further widening or deepening the North-South divide.

THE UNITED STATES

The two key overarching goals of the US delegates in the Fifth Committee appear to be: first, cost savings, and second, implementation of management reforms. The cost savings should come, from the US perspective, from eliminating mandates or streamlining efforts in the Secretariat. The US, according to one of its delegates, is concerned that the expenditures for the Secretariat involve roughly 75% staff costs. These two goals of the US are in themselves very understandable and reasonable and appeal to many other Member States. Based on interviews conducted by the Center since September 2006, there is wide support for management reform, among the EU as well as the G77. Making the Secretariat function more efficiently and effectively, holding it more accountable, are goals that are in every Member State’s interest. However, the insistence of the US that management reform and cost savings should be achieved in tandem, causes difficulties. The expectation that the Mandate Review will result in cost savings, which can then be used to fund management reforms, is not shared by the G77. Management reforms are expected to be discussed in the Fifth Committee’s resumed sessions in March and May as well as at a thematic debate planned by the President of the General Assembly which will take place in April. The US will have to decide soon whether it will allow these reforms to be negotiated independently of the slow-moving Mandate Review or the absence of streamlining efforts from the Secretariat thus far.

That the US eventually would insist on a vote on the budget came as an unpleasant surprise even to its usual allies. At the official presentation of the budget on 22 and 23 October – a few weeks later than had been planned – it was clear that the proposed budget was incomplete because a number of outstanding proposals would result in additional costs. The US joined many other Member States – both from the North and the South – in expressing regret that the budget would be presented in a piecemeal fashion, seen as a clear sign of lack in fiscal discipline.⁸ Controller Warren Sachs did provide rough estimates for various add-ons – mostly for improving the IT system, a number of upcoming management reform activities, Administration of Justice, as well as a new proposal from the Secretary-General to strengthen conflict-prevention and peacebuilding capacities – which indicated that the final budget might see an increase of 15-25%. Not having a complete budget makes it harder to prioritize, according to a US delegate.

The figures presented for approval by the Secretariat in October only constituted an increase of \$23 million or half a percent. At this budget presentation, the US did not seem more concerned

than most other Member States. US Ambassador Mark Wallace even stated in a rather matter-of-fact fashion that zero-growth - on which the US has insisted for many years - was clearly not possible this time.⁹

The Advisory Committee on Budget and Administrative Questions (ACABQ) proposed that the \$23 million increase be reduced by \$11 million. In the end, Member States reduced the budget by almost \$100 million. They achieved this, among others, by factoring in vacancies' rates, reducing travel costs of non-staff (e.g. consultants), and cutting the budget of the Office of Central Support Services.¹⁰ The US itself did not come with any proposals to cut the budget, which was surprising to many delegates. According to one source, it was the way in which the budget was cut that was not acceptable to the US because it did not involve setting priorities and was not done holistically – instead it was done by “just a cut here and there.”

On 11 November – six weeks after the presentation of the budget - Ambassador Wallace made a statement in an informal meeting of the Fifth Committee which came as a shock to many delegates. The US proposed not to adopt the budget in this session because of its piecemeal presentation and with additional expenditures still to be presented for approval at the resumed sessions. Ambassador Wallace presented charts which showed that budgets of other international organizations or countries had not seen anything like the expected increase in the UN's budget over the last ten years.¹¹ He therefore suggested postponing the budget approval until the resumed session in March and approving only funding for the first three months, possibly by roll-overs. But the US did not find any endorsers for this proposal, not even among the usual “budgetary hardliners,” including CANZ (Canada, Australia and New Zealand), Japan, or Mexico. Many Member States – knowing that this proposal of the US stood little chance and that this time the EU would not be willing to broker a compromise, as it had done during the previous budget negotiations – assumed it was meant for domestic consumption, showing Congress that the US delegates had done the utmost to oppose the budget increase. One US delegate, however, informed us that the US does not “tailor” its messages and that it did not have motives other than those clearly enunciated in their statements.

The US made a statement on 22 December explaining why it would not agree to the budget: the piecemeal presentation of the budget and the sizable increase which, after the add-ons, would amount to almost 1 billion.¹² But the “straw that broke the camel's back,” according to the statement, was the fact that funding from the UN budget would be made available for Durban II.¹³

According to some critics of the US, the US made statements and issued press releases to advance its opinions but did not really engage in the Fifth Committee debates very much. There seems to have been little give and take forthcoming from the US delegates, although from the perspective of the US, it was fully engaged in the budget negotiations' process. Furthermore, one observer noted in defense of delegates from the US mission that Washington probably does not provide much flexibility to its UN delegation. Possibly, the oft-used phrase of US delegates that they have to “check back with Washington first,” may not just be a stonewalling tactic, as is often assumed.

Some delegates, both from the North and South, were not pleased that the US tried to negotiate outside the framework of the Fifth Committee by discussing some of the more contentious issues with ambassadors instead. Within the EU, according to one source, it was not much appreciated that the US would try to discuss issues directly with Germany, France or the UK rather than with Portugal, which held the EU Presidency at the time.

RELATIONSHIP BETWEEN THE SECRETARIAT AND MEMBER STATES

When Secretary General Ban Ki-moon took office, he promised to improve trust between the Secretariat and Member States. But many of his actions thus far – according to some delegates –

has not helped to improve this relationship. Some delegations feel that the Secretary General has not sufficiently consulted with Member States and as a result the motivations behind his reform proposals and various actions are not properly understood. One NGO observer noted, however, that limiting consultations could also be interpreted as an indication of the Secretary-General's independence.

There is, however, sincere appreciation for Under-Secretary-General for Management Alicia Barcena, both from EU and G77 delegates. She made herself generously available to answer questions, even late at night. And according to one delegate, she played a crucial role in the success of the Administration of Justice meetings by having been able to broker a deal between the Staff Unions and Management on contentious issues.

CHANGES IN MEMBERSHIP DYNAMICS

Analysis on the work of the Fifth Committee tend to zoom in on the much maligned North-South divide. However – as the budget negotiations indicate – the North is not one solid bloc. The US is increasingly isolated and it seems not only to have lost much of its regular support from the EU, but also that of CANZ (Canada, Australia, and New Zealand) and Japan. There appears to be less polarization between the EU and the G77, who seem able to overcome strong differences in opinion and are occasionally prepared to live with resolutions which are far from ideal from their own perspective.

From an outsider's perspective, it seems that it would be in the interest of the US to harmonize its positions with other Member States in the Fifth Committee in order to achieve at least some of its objectives, rather than none at all.

Notes:

1. See resolution A/41/213. This resolution was adopted because, too often, votes did not represent the will of a large number of Member States.
2. Israel's absence was likely due to the fact it was Sabbath.
3. 49 countries were not present at the vote. Presumably, if they had strong objections, they would have been there, though the fact that so many missions have small staff and are not able to follow all negotiations may be a key factor.
4. This observer would like to note that the G77 did not really make its strong and particular concerns known to other Member States till rather late in the negotiations. For reasons of transparency, it would be good practice for Member States to relay their biggest concerns on agenda items early in the process so that there is enough time to reach consensus.
5. Had the task force been discontinued, some sources say, its investigations would have been continued under the Office of Internal Oversight Services (OIOS). After 2008, the OIOS is expected to have a 'white collar crime' unit dealing with the kind of investigations now performed by the task force.
6. Also see the Center's analysis: [The Future of the Procurement Task Force \(29 November 2007, revised 13 December 2007\)](#) and [The UN will Continue to Fight Corruption in 2008\(2 January 2008\)](#)
7. On 17 December 2007, a draft resolution (H.Res. 879) in the US Congress urges that any proposal to fund Durban II from the regular budget should be subject to a vote in the Fifth Committee. Resolution 879 has been referred to the House Committee on Foreign Affairs.
8. To our knowledge, the Secretariat's delay in submitting these add-ons has not been intentional. For instance, the IT proposals could not be finished on time because Mr. Choi Soon-hong, the new Chief Information Technology Officer/Assistant-Secretary-General had only just started. And the various management reforms may have been delayed because the new SG and USG for Management prefer to present some of these

- in a more consolidated way. They are planning to present an 'accountability architecture' in 2008 which will include risk-based and results-based management as well as other accountability measures.
9. One cynical observer assumed that the US was pleasant in the negotiations until it had secured a seat on the newly established Independent Audit Advisory Committee, after which it became less flexible.
 10. If the Secretariat would fill a larger number of vacancies than the expected percentage, it is generally understood, the expenditures would end up higher than budgeted.
 11. Please see the following material from the US Mission:
 - [CHARTS](#),
 - [PRESS RELEASE # 387\(07\), 22 December 2007: Explanation of vote by Amb. Wallace](#),
 - [PRESS RELEASE # 367\(07\), 11 December 2007: Statement by Amb. Wallace](#),
 - [PRESS RELEASE # 229\(07\), 5 October 2007: Statement by Amb. Wallace](#),
 - [PRESS RELEASE # 302\(07\), 12 November 2007: Statement by Amb. Rashkow](#)
 12. See the following press-release of the US: [USUN PRESS RELEASE # 387\(07\), 22 December 2007: Explanation of vote by Amb. Wallace](#)
 13. See footnote 7

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