

CHAPTER 4

THE GROUP OF 77 AND THE FIFTH COMMITTEE

by *Lydia Swart*

The G-77 is more united and more powerful in the Fifth Committee than in any other committee. Not just because of the deadlines and the importance of scales and budgets, but also because the role of consensus gives the group considerable leverage. *Delegate from the US in interview, 2010*

The uniqueness the Fifth Committee (administrative and budgetary) enjoys is rather obvious: it provides Member States with an opportunity to exert considerable influence on the UN Secretariat and its activities. While many GA resolutions tend to have an ambiguous character in order to please all sides—with follow-up on their contents by no means a given—decisions on budget appropriations and dues from Member States are of a more clear-cut and immediate nature. Without timely approval of adequate budgets and payment of dues, for instance, the UN Secretariat cannot properly function. Concrete decisions and commitments have to be made by specific deadlines.

Apart from its consideration of budgets and dues, the committee derives much of the influence it has on the Secretariat from its decisions on oversight and management issues. These latter issues, though, don't have stringent deadlines and often end up delayed—and sometimes even indefinitely postponed—because of different priorities, perspectives, and concerns that often divide the North and South.

The Group of 77 is a very active player in the Fifth Committee where it has intensified and expanded its engagement considerably since the early 1990s.⁸⁰ These days, the G-77 coordinates a common

⁸⁰ The interest of the G-77 in the Fifth Committee apparently followed the UN financial crisis caused by the US withholding dues. The Secretary General felt forced to make programme cuts and reallocations but did so without the explicit authorization of Member States, always a sore point for the G-77. According to one insider, around 1994, a working group was established to deal with the UN financial crisis which served as a catalyst for common G-77 positions in the Fifth Committee on other issues besides the budget.

position on all Fifth Committee agenda items. Our sources indicate that the more influential countries in the G-77 consider the Fifth Committee the most powerful committee in the General Assembly and a place where the group can exert unmistakable influence when united, which it usually is. Only when peacekeeping budgets are being considered does the G-77 find it difficult to reach consensus.

Countries from the North clearly resent this influence of the G-77, which one Northern Ambassador suggested is “more about power than ideological differences.” Among many Fifth Committee delegates from the North, the G-77 is seen as extremely inflexible on certain agenda items. In an attempt to counteract the G-77’s influence, the North—though not always united in this regard—at times designs strategies to undermine the cohesion of the G-77, but apparently to no avail.⁸¹

Budget Approval Process

The G-77 regards the Fifth Committee primarily as a subsidizing mechanism. *Ambassador from the North in interview, 2010*

The Fifth Committee approves both the regular budget for the UN Secretariat and funding requirements for UN peacekeeping activities. While the approval of the annual funding for peacekeeping activities takes place in the Fifth Committee’s second resumed session in May each year,⁸² the biennial regular budget is negotiated every other year in its main session from October till late December. Approval of the regular budget is always arduous and doesn’t take place until the very end of the first session, weeks beyond its anticipated deadline, and following grueling meetings over the weekend or throughout the night before agreement is reached. Apart from an overloaded agenda and a multitude of documentation that does not always arrive in a timely manner, the key reason for this is that postponing final decisions on contentious issues allows for better horse-trading at the

⁸¹ Additional information on the Fifth Committee can be found on the Center’s website at www.centerforunreform.org/node/27. However, because of resource limitations and difficulties with access to informal meetings, the Center no longer updates these pages.

⁸² No other GA committee has resumed sessions, a clear sign of the Fifth Committee’s heavy workload. The first resumed session typically takes place in March but occasionally spills over into April.

end. To delay the approval process, delegates will often ask for more information in Q&A sessions with the Secretariat, or claim that the answers provided are inadequate.

Late Issuance of Reports, Draft Budget and the Issue of Add-Ons

To the chagrin of all Member States, the Secretariat tends to be quite late in submitting draft budgets. Equally upsetting to Member States is the fact that the Secretariat does not present all components of the regular budget at once. Instead, when introducing the regular budget, the Secretariat often announces that various “add-ons” are not yet included. During the 2007 budget approval, these additional expenditures were mostly for improvements related to a new internal justice system and management reform proposals agreed to by Member States at the 2005 World Summit. At the 2009 budget approval, additional expenditures were presented separately for improved security measures in the field and an enterprise resource planning system.

Especially the costs in the regular budget for roughly 20-30 Special Political Missions (SPMs)—such as the expensive missions in Afghanistan and Iraq—have skyrocketed during the last decades.⁸³ Based on decisions by the Security Council as well as the General Assembly, the costs for such missions are approximately 600-800 million per year out of a roughly \$5 billion biennial regular budget. As they skew the expenditures for the regular budget, the Secretariat and some delegates propose establishing a separate budget for SPMs, as there is for peacekeeping activities.

It is tempting to suspect that one of the reasons for the “piecemeal” presentation of the budget is that the Secretariat prefers to first secure funding for existing activities before expenditures for new and potentially divisive issues are considered. On a number of occasions, however, the Secretariat has argued that the amount of reports requested by Member States is so taxing that some of them are presented late as a result. Of all the reports prepared for the GA each year, almost half are for the Fifth Committee.

Opinions among delegates about the reasons for the late issuance of reports differ. One G-77 delegate believes that the delays

⁸³ See A/64/349 for a list of Special Political Missions and related cost estimates.

are caused by major donors who insist on providing input while reports are being drafted, long before they are presented to all Member States. Another delegate thinks the delays are the result of too many officials in the Secretariat wanting to sign off on them. In defense of the Secretariat, one delegate from the North noted that when Member States cannot reach agreement, they will often just ask for more reports, thereby exacerbating the Secretariat's problem of having to produce hundreds of reports each year as well as thousands of pages of written answers in response to questions from Fifth Committee delegates.

The Fifth Committee has often adopted resolutions in order to remedy the late issuance of reports. In April 2008, the then Chair of the Fifth Committee, Ambassador Hamidon Ali of Malaysia, wrote a letter to key officials in the Secretariat in which he pointed out that as a result of late reports, the agenda is "determined by the documentation made available rather than by priorities set by Member States." Some Member States, he stated: "even consider [that] documents [are] being presented late on purpose." The Secretariat's reply, a one-page letter, stated: "we do not wish to make excuses, but there have been, in a number of cases, legitimate reasons for delay (e.g. greater need for consultations than anticipated, particularly where policies and procedures are involved, delayed receipt of information from offices away from Headquarters, vacancies, increased workload)." The answer further indicated that they have "instructed respective staff to pay greater attention to time managements and planning."

"Without stronger repercussions," Rajat Saha—former Chair of the Advisory Committee on Administrative and Budgetary Questions (ACABQ)—noted, the Secretariat will not be sufficiently motivated to produce all documentation on time.⁸⁴ For the 2009 approval of the biennial budget, the Secretariat provided more, though not all, reports in a timely manner, according to our sources. Therefore, the Fifth Committee once again adopted language urging for more timely presentation of all reports.

⁸⁴ See interview on the Center's website at www.centerforunreform.org/node/299

Size of the Budget

When presenting the proposed regular budgets in 2007 and 2009, the Secretary-General stated that they just contained a slight increase of 0.5% over the previous budget. However, because of add-ons, the final increase was considerably higher. For instance, the 2008-2009 proposed regular budget presented in October 2007 was \$4.2 billion, of which \$4.17 billion was agreed to by Member States in December 2007 after they had made some cuts in the areas of general services, consultants and travel expenses. With add-ons approved after December 2007—plus recosting for inflation and currency exchange fluctuations—the revised appropriation for 2008-2009 was 4.87 billion, constituting an increase closer to 15%.

In October 2009, the Secretary-General proposed a budget for 2010-2011 of \$4.89 billion and Member States actually approved a \$5.16 billion budget after recosting. Add-ons may again cause a sizable increase. Some of these add-ons cannot be foreseen by the Secretariat and actually follow decisions by Member States after the initial budget presentation, while others probably are the result of delays caused by the Secretariat.

Opposing perspectives from the North and South about the desirability of budget increases can make it difficult for the Secretariat to produce a regular draft budget acceptable to both sides. The G-77 as a rule believes that it is only to be expected that the budget will continue to grow steadily because of expanding activities, preferably in the area of development. While China has expressed the view that more money could be allocated to development by reducing administrative costs to a minimum and by approving efficiency, the G-77 as a whole tends to be wary of such cost-saving efforts.⁸⁵

Countries from the North that pay most of the bills tend to be more fiscally conservative, though they are by no means united on this topic: while some countries insist that there should be no increase in the budget, others are more flexible on the matter. Nevertheless, most countries from the North do share the sentiment that it seems wrong that the G-77—which together pays about 20% of the budget

⁸⁵ See www.un.org/News/Press/docs/2009/gaab3925.doc.htm

—should dictate its overall size. They point out that the South “only has to gain from budget increases, especially in terms of posts.” This oft-heard observation seems to be accompanied with the perception that their colleagues from the South are keen to seek employment at the UN for themselves or their ‘cousins.’

The G-77 always counters arguments related to the much smaller percentage of the budget provided by the group as a whole with the observation that Member States’ share of dues is based on a fair principle, the *capacity to pay*. Considering their much smaller share of the world’s economy, large external debts, and poverty levels, the G-77 feels it is only logical that countries from the South contribute less to the UN’s budgets. The G-77 also notes that because of strong economic growth of some of their members, their share of the budget has been increasing and is likely to continue to do so in the future. As for posts, they believe that the Charter’s stipulation of “equitable regional representation” is not adequately applied.

The EU has tended to be more flexible with respect to increases in the regular budget than other countries in the North, in particular the US and Japan—the two biggest individual donors. Japan has been consistently adamant that new activities should be taken on “within existing resources.” However, the US seems to have softened its stances in this regard. Previously, the US had often insisted on “zero-growth” in the regular budget, suggesting that costs related to management reforms should be made possible through substantial savings in other areas.

Others concerned about budget increases have been the CANZ countries (Canada, Australia, and New Zealand) and Mexico, too, has regularly expressed misgivings.

It seems that the financial crisis and significant cuts in national budgets may change the stance of some countries in the EU as well. According to some sources, France and Germany—and to a lesser degree the UK—were noticeably more difficult in recent budget negotiations than other EU members. One insider stressed, however, that the EU as a whole is “still willing, though with great care” to consider increases. From the perspective of the G-77, the North is to be blamed for the financial crisis and therefore cannot use it as an argument to renege on financial obligations determined by the UN membership as a whole.

The G-77 often notes that the peacekeeping budgets keep growing much faster than the regular budget, confirming their observation that countries from the North—especially those that are Permanent Members of the Security Council—will quite readily fund activities they themselves initiate and that are higher on their agenda. A remark made by US Ambassador Zalmay Khalilzad in April 2008, illustrates some of these points: “the Secretary-General should propose off-sets as one of the means for financing new or expanded activities not involving matters of peace and security.”⁸⁶

The Secretariat, however, has very little leeway in reallocating funds as was made very clear when the Secretary-General in 2008 urged his senior management in a letter to find ways to reduce expenditures by two percent. Most Member States learned about this exercise from the media and especially the South was in an uproar. In a special session that took three hours, delegates from the South grilled the Secretary-General’s Deputy Chief de Cabinet, Kim Won-soo, Controller Jun Yamazaki, and Under-Secretary-General for Management, Angela Kane. Kim explained that the Secretary-General was taking action for three reasons: the calls for budget discipline; the recent budget growth; and the global financial crisis. Kim stressed that the action was an entirely internal exercise seeking to identify savings of two percent in order to meet new demands with existing resources. As he phrased it: “getting 102% of work done with 100% of the budget,” without making operational cuts. He emphasized that the exercise would have no effect on the already approved 2008/2009 budget but might help to identify efficiencies that could be included in the 2010/2011 budget, which all Member States would have a chance to review.

G-77 delegates were up in arms, asking what “savings” meant. Some said that they had “heard through the grapevine” that such savings actually constituted cuts in the budget. They argued that the Secretary-General does not have the authority to make cuts without Member States’ approval. As Cuba put it, some States had been “illuminated” about this effort while others were kept “on the moon.” The South generally feels that the many bilateral discussions

⁸⁶ Remark made at the thematic debate on management reform:
www.centerforunreform.org/node/334

on budget matters between the Secretariat and the biggest donors lead to a “lack of transparency and accountability.”⁸⁷

Egypt was “astonished” that the press knew about the letter from the Secretary-General before Member States were briefed on it. Some delegates from the South said that the two percent realignment suggested an adherence to zero-growth, a concept which Member States as a whole had never agreed on and therefore represented a lack of Secretariat neutrality.

In contrast, many delegates from the North expressed support for the Secretary-General’s cost-saving efforts. Canada said that the Secretariat is doing “exactly what we could expect.” The US, while seemingly concerned about the atmosphere of speculation and rumor, said that the Secretary-General had the “responsibility” to look for efficiencies and that the timing made sense given the many concerns over budget growth. France, speaking on behalf of the EU, said that it “seems like a sound action” and thanked the Secretariat for being responsible. Japan also agreed, suggesting that the exercise was a “normal, reasonable procedure.”

During regular budget negotiations, the G-77 always insists on more funding for development. The North on the other hand will contend that most of the UN’s development activities are covered by the separately funded Bretton Woods Institutions (IMF and World Bank) and UNDP, among others. The South notes, however, that the North controls these bodies by virtue of the system of weighted voting in the World Bank and IMF, which favors the biggest donors, or by contributing largely voluntary funding for UNDP, which gives the North the chance to fund its preferred activities besides core activities agreed to by all Member States.

Not only does the G-77 consider the Secretariat to be overly influenced by the North, it also complains that key senior positions in the UN Secretariat are automatically allotted to certain Member States from the North, undermining the principle of equitable regional representation.⁸⁸

⁸⁷ For instance, the Geneva Group, in existence for some 40 years and consisting of Member States’ UN directors in foreign ministries of countries paying more than 1% of the budget, meet twice a year: in Geneva in the spring, in New York in the fall.

⁸⁸ See the website www.unelections.org

A key player from the North in the Fifth Committee rather laconically noted that as the cuts made by Member States in the last budget “only amounted to 300 million” out of a total of roughly five billion dollars, it is in the end surprising that it took delegates three months to agree. Peacekeeping budgets approved in May 2010 total \$7.2 billion for one year, far outstripping the biannual regular budget.

Efforts to Improve the Budget Process, Outcomes and Management of Human Resources

In April 2008, a two-day thematic debate was organized by Srgjan Kerim, then President of the General Assembly, on three key questions:

- How should mandates be formulated, implemented, and evaluated?
- How can we improve the planning and budgetary process?
- How can we reform the management of human resources?⁸⁹

The idea behind thematic debates/dialogues is that they could establish a broad international understanding on current, substantive issues. The hope has been that by having debates on urgent or unresolved topics—ideally also engaging policy-makers from the capitals of UN Member States in addition to experts from UN missions—the work of the GA could be made more relevant.

This particular debate allowed the Member States behind the *Four Nations Initiative*, consisting of Chile, South Africa, Sweden and Thailand, to present their ideas on governance and management issues. The thinking behind this initiative, the brainchild of Ambassador Bengt Save-Soderbergh—recently retired from the Swedish Foreign Service—was that Member States themselves should initiate specific governance and management reform proposals and not leave these to be formulated by the Secretary-General. The results of their efforts were summarized in: *Towards a Compact: Proposals for Improved Governance and Management of the United Nations Secretariat*.⁹⁰

To our knowledge, few policy-makers from capitals participated in the thematic debate and though some Ambassadors showed up for

⁸⁹ See www.centerforunreform.org/node/334

⁹⁰ See www.centerforunreform.org/node/275

their own interventions or, out of courtesy, for the speech of the Secretary-General, most did not stay much longer than that.⁹¹ As one observer noted, most participants were in effect Fifth Committee delegates in their best suits. The G-77 made it abundantly clear how it felt about having a thematic debate on these issues in its statement:

"The Group trusts that the outcome of this meeting will be similar to other previous thematic debates in the form of a factual Chair's summary, namely, that it will have no bearing on the work and the role of the Fifth Committee ... The Group will not accept parallel tracks to negotiate issues that are already on the agenda of the Fifth Committee."

The debate provided a unique opportunity, though, for officials within the Secretariat to voice their opinions to Member States. The Secretariat and a number of oversight committees made presentations. Unsurprisingly, the Secretariat advocated for a review of the budget process. According to Alicia Barcena, speaking from the Secretariat's perspective, Member States keep adding mandates (program activities in UN parlance, called for by the GA and ECOSOC) without corresponding resources or guidance about how to reallocate available funds. She stressed that the Secretariat would like a clearer link between mandates and resources. She also suggested that Member States could agree on a budget level and then allocate resources based on priorities.

Then head of the Office of Internal Oversight Services, Under Secretary-General Inga-Britt Ahlenius, noted that the budget dialogue between Member States and the Secretariat was "dysfunctional." She added that there was never enough time allotted to have strategic discussions about priorities. The Chairperson of the Joint Inspection Unit, Even Fontaine Ortiz, in his personal capacity, noted that mandates should be much more precise, action oriented, and also come with commensurate resources. Others too noted that expected outcomes are typically not clearly defined by Member States. In addition, they pointed out that timeframes are rarely attached, and responsible entities typically not identified.

The GA thematic debate on this topic did not seem to bring about any changes and has not been repeated. Subsequent to the

⁹¹ This is by no means unusual for GA debates or plenary discussions.

2008 debate, however, the Swiss government organized a retreat for Ambassadors and Fifth Committee delegates and furthermore there has been a series of dialogues between Northern and the Southern delegates, hosted alternatively by missions of the North and South. According to one delegate, these efforts may have lessened mistrust between the North and South to some degree, alleviating stresses that followed controversial votes in the Fifth Committee in 2006 and 2007, but have not fundamentally changed the dynamics or opposing positions in the Fifth Committee. Another delegate suggested that “Ambassadors were pleasant but non-committal.”

Results-Based Budgeting

Results-Based budgeting (RBB) was approved by the GA in 2000 and links resources to results. Instead of inputs and outputs—how much money was made available, and what was done with it—RBB demands the formulation of specific targets, objectives and expected achievements in the planning phase and better evaluation as to their implementation at the end of the budget cycle. RBB is part of Results-Based Management (RBM), also approved in 2000, which aims to integrate strategy, people, resources, processes and measurements to improve decision-making, transparency, and accountability.

Started as a pilot project, RBB is seen in the UN Secretariat as “complex and difficult.” An external review conducted in 2006 found that the Secretariat had not applied RBM techniques satisfactorily. Subsequently, the Four Nations Initiative concluded that lack of training on the relevant concepts and techniques contributed to RBB not being implemented adequately. The Joint Inspection Unit noted that there is no clear roadmap for RBB and that managers resist having one.

As far as we know, few Member States themselves have instituted the concept in their national systems. Organizations such as the UNDP, Unicef, and the World Bank, however, are applying these concepts.

Contributions to the Regular Budget

The obligation of countries to pay their share of the UN’s budget is set out in Article 19 of the UN Charter. A Country in arrears loses

its right to vote in the General Assembly “if the amount of its arrears equals or exceeds the amount of the contributions due from it for the preceding two full years.” The US—when withholding part of its dues out of dissatisfaction with some activities of the UN—has hovered close to losing its vote on a number of occasions in the past. Countries experiencing difficulties in paying their dues may request an exemption when non-payment is due to conditions beyond their control. Also, multi-year payment plans are allowed after approval received from the GA.

The scales of assessments are determined for three years with separate negotiations held to agree on the scale for the regular budget (that of the UN Secretariat and Special Political Missions) and one setting out payments related to peacekeeping budgets. Dues negotiations are typically very intense, pitting the North and South against each other.⁹² Reflecting the importance of this agenda item, many Ambassadors take part in the negotiations. In 2006 and 2009, the G-77 largely determined the outcome.

As noted earlier, under the current methodology, countries from the North contribute more than 80% of the regular budget, of which the EU pays almost half. This methodology is based on the *capacity to pay* principle which not only takes countries’ share in the world’s gross national income (GNI) into account over a certain period—the current base period is the average of GNI figures for the last three and six years—but also factors in conversion rates, high external debt burdens, and low per capita income. Member States also established maximum and minimum assessment rates. The US, for instance, pays a ceiling rate of 22% of the regular budget while its relevant GNI share has been closer to 27-30% over the last decade. The minimum rate is 0.001% and each of the 50 least developed countries pays a maximum of 0.01%. The G-77 has made it clear that the *capacity to pay* principle—which resembles progressive income tax in most countries of the North—should not be tampered with.

As a result of these reductions for poorer countries, richer countries end up paying more—with the exception of the US, which pays the ceiling rate. The EU as a whole pays 40% of the dues while its share of GNI is closer to 30%. The three largest EU countries—

⁹² The G-77 formulated its first position on the scale of assessments in 1997.

France, Germany, and the UK—together pay 20.7% of the UN's regular budget while their relevant share of the world's GNI is closer to 15%.

Almost all G-77 members pay less than their GNI share, with the exception of the Bahamas, Saudi Arabia, and Singapore. Emerging economies like Brazil, India, and South Africa—which are insisting on a larger voice in international affairs as a result of their increasing economic might—together pay 2.5% of the regular budget, but their share of the world's income is closer to 6%. This reduction is because of continuing poverty levels but the EU feels that these countries can nevertheless afford to pay more, as could Russia, which pays 1.2% while their relevant GNI share is 1.8%.

Due to the shifts in the global economy, the percentage EU countries pay according to the 2010-2012 dues schedule are less than for the period 2007-2009. France, Germany, and the UK together pay 0.8% less now than they did previously. Japan paid 16.6% before but now is responsible for 12.5% of the UN budget. (The percentages of the regular budget each country pays can be found in Appendix I.)

The scale for peacekeeping activities follows the regular budget but reduces the share of developing countries even more, while the permanent members of the Security Council pay more as a result.

In the 2009 negotiations on the scales, the EU had high hopes of changing the methodology to assess contributions. Because the EU thought the G-77 was particularly inflexible on this issue, the EU—as one delegate explained—contacted the capitals of about a dozen countries in the South to argue their case. However, according to our source, this initiative caused a great deal of anger among those Missions concerned.

The G-77 had insisted during the last scales' negotiations that the methodology should not be changed at all. During the G-77's annual Ministerial Meeting at the opening of the GA, a resolution to this effect was adopted which allowed G-77 delegates to argue that they had no flexibility whatsoever in the matter. From the perspective of one Northern delegate, such inflexibility should be considered a form of arm-twisting.

Ironically, in this instance, the G-77 successfully split up positions of the Northern countries. To ensure that the US would

not be difficult, they had made it clear that they would insist that the ceiling rate of 22% be increased to the previous maximum of 25% if the US agreed to changes in the existing methodology. The US clearly preferred not risking such an increase over accommodating EU concerns.

When the latest scales of assessments were approved in 2009, the existing scale of assessments for the regular budget was maintained, a clear victory for the G-77. The North did succeed in having language added to the resolution saying that the scales should be “urgently reviewed,” no later than by the end of the 66th session. This constituted mere “face-saving language”—according to one insider—and does not actually guarantee a change of methodology as the G-77 “could run out the clock” during the next round of negotiations. The scales of assessments are again on the agenda in the Fall 2010 session of the Fifth Committee and the G-77 and the EU have disagreement about the amount of time to be spent on this agenda item.

In spite of the G-77’s success in having the existing dues’ schedule continued, they experienced a failure as well. Before the scale on the regular budget was adopted by consensus, there was a vote on an amendment initiated by Russia that surprisingly split the G-77 membership. Russia contended that there were significant distortions in the assessments of those States that experienced serious currency fluctuations and therefore proposed to apply price-adjusted rates of exchange in the methodology. Only 22 Member States voted in favor, and among them were 12 G-77 members: Cambodia, China, Cuba, Lao People’s Democratic Republic, Mongolia, Myanmar, Nicaragua, Qatar, Syria, Venezuela, and Viet Nam.

Voluntary Contributions to the Budget

The Group of 77 and China is concerned to notice the growing imbalance between assessed and voluntary contributions. Indeed, we are facing a situation in which the amount of extra-budgetary resources has reached a level that is nearly twice as large as the regular budget. This has put the Organization in a governance crisis, whereby on the one hand, legislative bodies approve mandates and priorities, and, on the other hand, voluntary contributions are often used to bend the priorities toward specific mandates. We currently have two classes of mandates: the privileged ones, which benefit from constant flow

resources from assessed contributions or voluntary assistance by donor countries; and the neglected ones, constantly under-funded and scrambling for a few crumbs of the regular budget. *G-77 Chair from Sudan, 2009*

In December 2009, the GA decided that in the future, the Secretariat should make clearer which activities are funded by assessed contributions as opposed to voluntary contributions. For the G-77, voluntary contributions are of concern as they allow richer Member States to set priorities. Rather predictably, John Bolton—after he left as US Ambassador and resumed his work for a conservative think-tank—has proposed that all contributions to the UN should be voluntary. The Charter, however, is clear about the obligation of paying dues as assessed by the UN membership.

Considering that many Member States in the North strongly oppose increases in the regular budget, while using voluntary contributions for selected activities higher on their agenda, it is somewhat surprising that the South has not sought to promote alternative or supplemental funding mechanisms for the UN. Proposals to tax currency exchanges to fund UN activities (apparently some 60 countries favor this at the moment, with France taking a leading role) or airline tickets to fund development (a French initiative) would lessen the influence of the biggest donors in regard to priorities while at the same time potentially allowing bigger UN budgets without raising assessments.

Yet, some in the South have voiced reservations, fearing it might be a ploy to renege on ODA commitments. Moreover, some richer countries like Japan view the airline ticket taxation as potentially creating unfair competition—though they apparently do support the taxing of currency exchanges.

Votes in Spite of Consensus Process

The North/South divide is often very intense in the Fifth Committee, but never more so than when a vote is held on an important issue. In spite of a 1986 agreement to “continue to make all possible efforts with a view to establishing the broadest possible agreement” on budgetary issues (A/41/213), the Fifth Committee ended up voting on key budget issues in 2006 and 2007. In 2009, the

budget and scales of assessments were agreed to by consensus, although a few votes on amendments were held during the process.

The agreement to avoid votes had been initiated by the US who used to be regularly outvoted while providing almost one-fourth of the budget. The consensus process, the US felt at the time, would provide it with a better opportunity to block those proposals to which it strongly objected. While most Member States appreciate the consensus process as it isn't as polarizing as votes, the US has started to feel differently. In reality, the US has found it difficult to prevent consensus when it is the lone objector because others will then accuse the US of being "isolated" or "arrogantly inflexible." And, possibly, the G-77 is more easily united in a consensus process than in the case of votes, because votes may require specific instructions from capitals.

In any case, the consensus process has never prevented some very contentious issues to be voted on. As a rule, votes on amendments of parts of the budget do not hold up consensus on the overall budget, with the exception of the 2007 budget vote described below.

The first vote that seemed to be in contradiction of the 1986 consensus agreement took place in April 2006 and concerned management reform. In 2005, the World Summit had produced the *Outcome Document* which specified a number of management reform proposals. Mostly at the insistence of the US, but with the reluctant acquiescence of the EU, a spending cap was established in December 2005 for the 2006/2007 budget. Under it, only one-fourth of the budget was to be released prior to June 2006, after which Member States would have to agree by consensus to remove the cap. The cap would be removed only if the Secretary-General produced requested reports on the topic in time so that significant management reforms could be agreed on by June 2006.⁹³ The G-77 only reluctantly gave in to this rather heavy-handed initiative at the very end of the budget approval in December 2005.

During the first resumed session in the spring of 2006, the Secretary-General's report on management reform was discussed in the Fifth Committee but it also needed to be approved—probably in amended form—in order to remove the spending cap. But with

⁹³ A/RES/60/247A

South Africa presiding over the G-77 at that time—its Ambassador Dumisani Kumalo was not easily intimidated—the group was as bold as it had been in the sixties and seventies.⁹⁴ The EU and the G-77 had been working on a compromise resolution but it fell through even though the session's duration had been expanded with a few weeks to try to reach consensus. The G-77 then requested action on its own resolution that essentially asked for more information from the Secretary-General, which meant that the June deadline could not be met. By requesting action on its own draft, the G-77 in fact demanded a vote, which it got and won with 108 countries in favor to 50 against. The vote clearly followed the North/South divide.⁹⁵ Subsequently, the spending cap was removed by consensus. While the US had won a large battle in December 2005, it lost its gains in April 2006.

This show of G-77 power was met with great consternation in the North. Media reports at the time quoted Northern delegates as saying that with this vote, the polarization between the North and South had reached dangerous levels. Arguably, however, the institution of the spending cap in late 2005 had itself been a result of strong arm-twisting that later backfired.

Subsequently, and maybe partially as a result, the 2008-2009 budget was decided by vote. The recorded vote took place at the insistence of the US and it was the only country that voted against the budget. The Member States that almost always vote with the US—Israel and a few small island states—were absent. Israel was not present because the vote was held on a Jewish Sabbath; Israel registered its objection at a later date.

At the presentation of the budget in October 2007, the US had not seemed more concerned than other countries about the increase

⁹⁴ One source suggested that the US called a South-African minister to complain about Ambassador Kumalo but apparently without success. In February 2006, according to another source, Ambassador Kumalo received a letter from the US Congress' Committee on International Relations, complaining that the G-77 was blocking efforts to bring UN corruption to light and hindering UN reform in general. The letter made the argument that the citizens of those countries that pay for UN programs may not appreciate G-77s stances in this regard, adding that many of those UN programs benefit G-77 countries.

⁹⁵ Uganda, a G-77 member, abstained. This probably indicated a lack of complete consensus within the Group—this was likely one of those instances in which a G-77 member made a reservation on an issue within the group, but did not block internal consensus. Almost 30 G-77 countries were absent.

in the budget. US Ambassador Mark Wallace even stated that unlike its previous position, the US would not insist on a zero-growth budget this time around. The proposed budget was reduced by almost \$100 million by factoring in vacancy rates, lowering travel costs, reducing the number of consultants, and cutting the funding amount for general services. The US itself had not offered any proposals to cut the budget. Ambassador Wallace explained that the way the budget was reduced was unacceptable to the US because it did not involve setting clear priorities and was not done holistically. He later explained in an interview with the Center that he did not approve of having “just a cut here and there.”

On 11 November—six weeks after the initial presentation of the budget—Ambassador Wallace made a proposal that caused quite a stir in the Fifth Committee. Pointing to the piecemeal presentation of the budget, with additional expenditures to be approved in the resumed session in March, he proposed that the budget approval should be postponed until March, during which time the Secretariat would only be provided with limited or rollover funds. To make his case, he presented charts, which showed that budgets of other international organizations or countries had not seen anything like the increases in the UN budget. He did not find any other Member State willing to endorse his proposal and many delegates assumed that his efforts were for “domestic consumption”—showing Congress and the Bush administration that he had done the utmost to oppose additional budget increases. When asked by the Center about this, however, Ambassador Wallace said that the US does not “tailor its messages” and that its reasons were those that were clearly enunciated in its statements.

Then, on December 22nd, 2007, the US made a statement explaining why it would not agree to the budget: the piecemeal presentation of the budget with increases, including add-ons, amounting to almost \$1 billion and citing in particular the funding for the UN budget for Durban II, the follow-up conference for the 2001 World Conference Against Racism held in South Africa. The \$7 million allocated for this conference, to be covered by the regular budget rather than by voluntary contributions, was also opposed by other countries in the North. Most of these countries argued that they disapproved for technical reasons—not enough details provided

on the costs plus the argument that follow-up conferences should not be funded from the regular budget. Others, like the US (whose delegates walked out of Durban I), were concerned with their perception that Durban had a strong anti-Israel agenda.⁹⁶ The issue of funding Durban II came to a vote in which the G-77 prevailed because of its majority status. Only the US considered the issue of such importance that it requested a recorded vote on the overall budget.

The 2010-2011 regular budget was approved without a vote in December 2009. The scales of assessments too were eventually adopted by consensus, but not before the controversial vote on the amendment proposed by Russia was held, as mentioned earlier. Another vote took place in the process of approving the budget, though it did not prevent final consensus. When funding for the Human Rights Council (HRC) needed to be approved, Israel objected because of its dissatisfaction with the Goldstone report, which the HRC had authorized to investigate human rights violations committed by Israel and Hamas during Israel's invasion of Gaza. Israel insisted on a vote, but the US did not join Israel this time. Only Guatemala voted with Israel, and just three countries abstained (Benin, Cameroon, Cote d'Ivoire). The Israeli Ambassador stated that, "her country could not support any expenditure or allocation of funds, even in a retroactive manner, that endorsed and permitted the work of any fact-finding mission that was established with predetermined conclusions." The EU as well as the US resisted a vote because of technical reasons, with the US explaining its stance further by saying that it was not willing to risk other mandates in that part of the budget for the Human Rights Council (Sudan, the People's Republic of Korea, and Burma), adding that its critical views on the Goldstone report were already well known.

Insisting on a vote, even when it is clear there is no chance of winning it, helps countries make their points of view more loudly while also clarifying that consensus on the budget does not mean that

⁹⁶ One source from the North explained that many in the North had reservations about conferences on racism because of fears it might result in requests for compensation for abuses as a result of apartheid or slavery. The Center could not find confirmation for this explanation among other Northern delegates.

unanimity was reached on each of its components. While such protest votes do not alter results, they do contribute to polarization.

Management Reform

Just as development is a key issue on the G-77's agenda, management reform, along with peace and security issues, are at the top of the North's agenda.

Soon after taking office, Secretary-General Kofi Annan issued his report *Renewing the UN: A Programme for Reform* in July 1997, which included recommendations for reform of the Secretariat as well as reform related to financial procedures. At the same time, the US was withholding dues and arrears because of dissatisfaction with certain activities of the UN. Developed countries welcomed the SG report, but developing countries were suspicious. The South wanted time to have in-depth discussions first, with NAM coordinating political and security issues, and the G-77 economic and development ones.⁹⁷

The G-77, at its ministerial meeting in September 1997, issued a declaration dealing with the Secretary-General's reform effort in which it made clear that to satisfy their group, reform had to look at the bigger picture. The declaration stated that: "managerial measures to reduce overlap of functions, eliminate redundancies and minimize fragmentation are exceedingly important, but must be subservient to the larger goals of the reform process." UN reform, according to the G-77, should primarily result in more focus on development; a bigger role for the GA in the area of macro-economic policy formulation; stable funding for the UN; and reform of decision-making of the World Bank, the IMF and other bodies to improve their transparency, pluralism and democracy.

Subsequent reports of Kofi Annan in 2003 [*A More Secure World: Our Shared Responsibility*] and in 2005 [*In Larger Freedom: Towards Development, Security and Human Rights for All*] were clear efforts to garner support for change from both Member States in the North and in the South in by stressing how closely interlinked problems related to development, human rights, peace and security (including terrorism), and humanitarian affairs are. The G-77, however, did not

⁹⁷ Asadi, 2006

buy this argument. Former Iranian Ambassador, Bagher Asadi, wrote in 2006:

to see development in the context of addressing prevention of terrorism and organized crime is questionable. It is a rather narrow and restricted approach which diminishes the importance of development which in itself represents one of the major challenges of our time.

The 2005 World Summit was originally meant to be a follow-up conference for the Millennium Summit. However, the 2005 *World Summit Outcome Document* included two pages with detailed proposals on Secretariat and management reform, while the *Millennium Declaration* only had one general paragraph on this topic: “To urge the Secretariat to make the best use of those resources, in accordance with clear rules and procedures agreed by the General Assembly, in the interests of all Member States, by adopting the best management practices and technologies available and by concentrating on those tasks that reflect the agreed priorities of Member States.”

The oil-for-food scandal and John Bolton’s arrival as US Ambassador to the UN provided much impetus for such reform. Though the 2005 Volcker Report on the oil-for-food scandal also criticized Member States in the Security Council for not providing enough oversight, it pointed out management shortcomings of the Secretariat, in particular its “culture of inaction.” Ambassador John Bolton—an avid skeptic about the usefulness of the UN to the US—arrived in New York just five weeks before the summit took place and after the draft outcome document was considered pretty much finalized by other Member States. Bolton played hardball, however, indicating his “red lines” and there seemed to be a real risk that the summit meeting would fail miserably. According to Bolton, then Secretary of State Condoleezza Rice told him: “If this thing is going to collapse, I’d rather go to the wall over management reform than anything else.”⁹⁸

The US imprint on Secretariat and management reform paragraphs in the *Outcome Document* is obvious, while some G-77 stances are also apparent. A paragraph (161.e) that mixes typical Northern and Southern concerns reads:

⁹⁸ Bolton, 2007

[we] Pledge to provide the UN with adequate resources, on a timely basis, to enable the Organization to implement its mandates and achieve its objectives, having regard to the priorities agreed by the General Assembly and the need to respect budget discipline. We stress that all Member States should meet their obligations with regard to the expenses of the Organization.

The South promotes adequate and timely resources for the UN while countries from the North want a more “efficient, effective, and accountable Secretariat,” to be achieved by strengthening internal and external oversight mechanisms and providing other accountability measures, such as RBM and RBB. The North, and especially the US, were also keen on a review of all mandates older than five years that had originated from GA or ECOSOC resolutions.

All in all, the G-77—together with the NAM—felt that the Secretariat and management reform proposals were “pushed down their throats.” Though developing countries would like the Secretariat to improve its output, and especially to make senior managers more accountable to Member States, they nonetheless had doubts about the proposed efforts to achieve this. Primarily, they were concerned that some of these might be a guise to give even more control of the biggest donors over the Secretariat or to cut the budget of the UN.

Key proposed management reforms in the last decade can be summarized as follows:⁹⁹

- Review of mandates older than five years, which had not been reviewed.
- Review of general management practices; creation of accountability architecture.
- Review of the oversight and governance system and practices.
- Human resource management reforms.
- Procurement reform.
- New administration of justice system (internal justice).
- Establishment of an ethics office.
- Improving the Information Technology Infrastructure, and establishing Enterprise Resource Planning.

The mandate review, as we will shortly see, fizzled out, but an ethics office was established. Significant progress has also been made in

⁹⁹ See Irene Martinetti’s analysis at www.centerforunreform.org/node/308

other areas, in particular related to human resources, administration of justice, and procurement, though negotiations on some of these are still ongoing. Oversight remains on the agenda though an Independent Audit Advisory Committee (IAAC) was established to provide external oversight. Accountability and IT reforms have made the least progress, with only pilot projects agreed to thus far. Reaching a definition on accountability alone took five years. The primary role of the G-77 in the accountability negotiations appears to be to stall progress in a number of areas by asking for more reports. The resistance to IT reform comes from both the North and the South, even though the Secretariat has assured Member States that these reforms will save funds eventually and that they are key, for instance, to improve processes related to hiring of staff and procurement in the field. A number of delegates have suggested that there is insufficient need for such an advanced IT system, with some in the South claiming that their own countries could not afford such “toys.” The costs of \$300 million are prohibitive to some Member States though the plans have not been cancelled and enough funding was made available so that a start could be made.

Mandate Review

Member States, particularly the US, feel that the thousands of existing mandates created over the years have never been properly evaluated to see whether they are outdated or overlap with others. One previous US Ambassador for UN reform indicated in an interview that “there must be many UN staffers just turning out the same report year after year.”

The mandate review was undoubtedly the most contentious proposed management reform measure. The review “resolved to strengthen and update the programme of work of the UN so that it responds to the contemporary requirements of Member States.” Member States agreed to conduct a review of all mandates older than five years (as of September 2005) in order to determine if they were still relevant, were not duplicative or overlapping, or could be considered complete. The review process was undertaken in an *ad hoc* informal working group in the GA rather than in the Fifth Committee. Some countries in the North evidently believed an *ad hoc* committee would be more likely to invite higher-level participation

than delegates from the budget committee, which are seen as rather junior and “stuck in their ways.” One expert from a Northern capital explained: “they are full of technical expertise but too far removed from the larger picture.” Nevertheless, in the end, Fifth Committee delegates from the South mostly attended the meetings rather than their Ambassadors.

The fate of the mandate review is an excellent example of how the G-77 can, and often does, use its power to stall a process it technically has agreed to, but opposes for a multitude of reasons. The mandate review fizzled out after three years of negotiations. Although many obstacles identified by the G-77 were resolved during the review process, the G-77 was still able to slow down the process by continuing to identify new problems. In the end, a technical problem—the Secretariat not being able to link mandates with resources, a result of the existing budget process—officially ended the review. However, as one G-77 source informed us, the G-77 would have continued to thwart the process because of specific mandates that serve the interests of a few G-77 countries.

The mandate review process was dangerously politicized from the very beginning. Member States from the South immediately voiced suspicions that the review was just an attempt to cut costs—at the expense of implementing mandates dealing with development—as well as to dispose of such ‘politically sensitive mandates’ as those on Palestine. One Ambassador from the North called these objections “knee-jerk” reactions. They were resolved, however. Member States agreed that any cost savings resulting from terminating development related mandates would be reinvested in developmental mandates and that “politically sensitive mandates” would be “respectfully dealt with, taking into account the perspectives of those Member States whose interests were directly involved.” On its part, the North won a battle to include mandates that had been renewed in the last five years, which increased the number to be reviewed from 7,000-9,000 mandates.

Ambassador Rosemary Banks from New Zealand, who together with Kaire Mbuende from Namibia chaired the process during the 62nd session, said in an interview with the Center: “Towards the end of the 61st Session, there appeared to be a growing consensus across the various regional groups that the UN could not afford to fail in its

attempt to rationalize the UN's agenda." The facilitators succeeded in developing a new methodology to deal with the roughly 9,000 mandates that the Secretariat had identified. This methodology provided for evaluation of mandates on the dual basis of the need to which they respond, and their delivery. Mandates were categorized as to whether they fully, partly, or no longer reflected current needs, and—in regard to timing, cost, and output—whether they were efficiently delivered, delivered but with duplication, or not being delivered. Member States agreed to this and they started with reviewing 279 mandates on humanitarian assistance.

When this methodology was applied to the cluster of humanitarian mandates, 57% were considered to reflect current needs and also effectively implemented. It even determined that another 20% could be considered completed. The remaining 23%, the Co-Chairs concluded, would benefit from consolidation, strengthening, or could require either updating or discontinuation. When the Co-Chairs asked the Secretariat, however, the exact amount allocated to each mandate, they were told that a connection between resources and specific mandates could not be made. As a result, it would be difficult to assess how much savings could be achieved by the discontinuation or completion of certain mandates.

Although the US publicly said in meetings during the 62nd session that the mandate review was not primarily a cost-cutting exercise, a US delegate nonetheless recently confirmed to the Center that in fact the hope of savings had been a key factor in its considerations. Similar to the G-77 expressing concerns over development mandates, the US publicly, as quoted earlier, stated in 2008 that, "any cost-savings should not be at the expense of mandates dealing with peace and security."

The Co-Chairs, in spite of their hard work, finally gave up on the process as soon as it became clear that the link between resources and mandates would be impossible to make, which made even the US lose interest in the review.

Size of the Fifth Committee

At the 2005 World Summit, the GA requested that the Secretary-General "submit an independent external evaluation of the auditing

and oversight system of the UN and its specialized agencies as well as the roles and responsibilities of management ... within the context of the comprehensive review of the governance arrangements.” To this end, then Secretary-General Kofi Annan established an *Independent Steering Committee for the Comprehensive Review of Governance and Oversight* consisting of six members, assisted in its technical work by PricewaterhouseCoopers.

Besides oversight issues, the Steering Committee made a number of governance recommendations some of which the South strongly disagreed with. The most crucial one was the idea of limiting the size of the Fifth Committee to make its decision-making more efficient. The South noted that Member States had clearly pronounced their opposition to this earlier because of the sovereign equality of all Member States. The South also feels that smaller bodies tend to be more easily dominated by the North. And, as Tanzania asked at an informal meeting on the issue: Was the Advisory Committee on Administrative and Budgetary Questions—with its 16 members, representing the various geographic regions of the world—not established to deal with Fifth Committee issues more effectively?

According to many Fifth Committee delegates, it seems unlikely that a smaller body would make decision-making in the Fifth Committee easier. One Northern delegate noted, the main players are already limited because positions are drawn up in such groups as the G-77 and the EU first. And the smaller-sized ACABQ itself takes increasingly longer to make decisions, apparently because it has become as politicized as the Fifth Committee, which is not surprising as a majority of its members were elected while serving as Fifth Committee delegates.

Specific G-77 Issues in the Fifth Committee

The G-77 has a number of specific interests in the Fifth Committee in addition to more funding for development, fair apportionment of dues, and safeguarding the sovereign rights of all Member States in GA decision-making. Among these more narrow self-interests are insistence on “equitable geographical representation” in the hiring of staff—especially of high officials—and in procurement (obtaining

goods and services). To have a more diverse staff, representing all Member States and less linked to the amount of dues a country pays to the UN, often comes up in Fifth Committee debates. One former Ambassador from the South, however, when asked for his opinion, said he thought that better representation from the South among UN staff members, and especially officials, would be unlikely to improve matters for the South as a whole, explaining that the larger G-77 countries would probably “end up with the cream.”

As to having more vendors from the South supply goods and services to the UN, the G-77 likes to point out that those vendors can likely do so at reduced costs. One delegate from the North, however, suspects that Southern companies are often lacking in internationally recognized accounting practices and are therefore unable to satisfy documentation requirements. To improve procurement from the South, the Secretariat has a worldwide procurement training program. One source complained, however, that these training programs most often take place in a country that has an active Fifth Committee delegation.

Even much narrower self-interest comes into play when, for instance, Kenya, which hosts UNEP and Habitat, strongly argues for more resources for the UN facilities in Nairobi. (The same accusation has been directed to Austria and Switzerland because of the sizable UN presence in Vienna and Geneva.) An even more interesting example of narrow self-interest occurs when a national of a Member State is accused of corruption or similar crimes. For instance, when the former Assistant Secretary-General for General Services, Andrew Toh, from Singapore, was accused of financial wrongdoing, Singapore took it as a personal insult and ever since has taken a very intense interest in the issue of internal justice.¹⁰⁰ Similarly, Russia has taken a strong interest in discussions on the Secretary-General’s right to remove a staff member’s immunity after the internal justice system has found cause for prosecution in the national jurisdiction where the crime took place. That a former ACABQ Chair from Russia was found guilty of money laundering in a US Court, probably spiked Russia’s interest in the matter. But not all countries get that involved. India, for instance, had one of its nationals who worked at the UN

¹⁰⁰ See www.centerforunreform.org/node/295 and www.centerforunreform.org/node/375

found guilty in a US Court for accepting bribes from vendors. But, India, according to our sources, kept a respectful distance, adhering to the principle that UN staff members are independent international civil servants.

G-77 Successes in the Fifth Committee

As described above, the G-77 has considerable influence in the Fifth Committee. It has been able to determine the outcome on the scales of assessments negotiations and has also succeeded in influencing—often by slowing down—most Secretariat and management reform proposals. From its own perspective, one of the G-77's more significant recent successes in the Fifth Committee was the decision to increase funding for development. According to delegates from the North, this victory will not produce real or significant outcomes. In 2007, at the insistence of the G-77, Member States agreed to provide more funding for development and asked the Secretary-General to prepare a proposal to this effect. His subsequent report recommended adding 130 positions in total—the G-77 wanted 152—for UNCTAD, the development account, and regional commissions was discussed in 2008. The official US reaction was that it did not favor adding any posts whatsoever, but the EU was willing to consider only 20-30. In the end, since the Secretary-General had proposed more posts for the Department of Political Affairs (DPA)—which the North endorsed—a deal was struck to add some 90 positions for the above-mentioned development activities as well as additional posts for DPA. In the view of one Northern Ambassador, “the posts for development were mostly nonsensical” and even a delegate from the South admitted: “additional allocations for development are just peanuts, just creating jobs. Actually, the money goes to bureaucracy.”

When the Center asked a former Chair of the Fifth Committee why more similar deals have not been struck, by, for instance, agreeing to a certain amount of management reforms or a revised budget process in return for more funding for development or better representation of the South among high-level officials, he explained that such deals likely would be difficult as they are negotiated in different processes.

Conclusion

The G-77 has significant power in the UN's Fifth Committee. Often, though, its successes appear to involve blocking or delaying proposals from the North rather than realizing goals at the heart of its own agenda. When it succeeds in having more money allocated to development, this usually results in more posts rather than money going to specific development activities.

Though the G-77, because of its numerical majority in the GA and its 10-15 very active Fifth Committee delegates, definitely has power in the budget committee, the biggest donors from the North hold considerable sway as well. According to one Ambassador, the G-77 would have to give in on issues much more often if countries from the North were more united. For this to be possible, he added, the EU would have to set out its own priorities more clearly. The EU, like the G-77, is a large bloc, and it too typically manages to reach common positions. But EU countries that have honored the 0.7 % ODA, for instance, tend to be more flexible about UN budgets, possibly suggesting a higher commitment on their part to multilateralism and the UN.

One Ambassador said that, sooner or later, shifts in economic realities will significantly change dynamics in the Fifth Committee. When more G-77 members see their dues increase, he further opined, they will become more fiscally conservative. He gave the example of previous G-77 members, like Mexico (now the 10th largest contributor to the UN) and South Korea, which have become much closer to the positions taken by the North these days. Even China, he added, may eventually have problems explaining the steep growth of its dues to its people's assembly.