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Chair: Mr. Bhattarai (Nepal)
*Chair of the Advisory Committee on Administrative
and Budgetary Questions:* Mr. Ruiz Massieu

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The meeting was called to order at 10.05 a.m.

Agenda item 136: Improving the financial situation of the United Nations (*continued*) (A/70/433)

1. **Mr. Takasu** (Under-Secretary-General for Management) said that the financial situation of the Organization had improved as a result of efforts by Member States to expedite payments of outstanding contributions. Since the reporting cut-off date of 2 October 2015, a total of \$6.0 million had been received for the regular budget from six Member States; \$110.3 million had been received for peacekeeping operations from 20 Member States; and \$1.5 million had been received for the international tribunals from two Member States. Those payments had resulted in additions to the lists of Member States that had paid their contributions in full under different budget categories. Since his presentation on improving the financial situation of the United Nations (A/70/433) on 15 October 2015, four Member States had paid their regular budget assessments in full, bringing the total number to 134; five Member States had paid their peacekeeping assessments in full, bringing the total number to 30; and payment by one Member State had brought to 96 the number of Member States that had paid in full their assessments for the international tribunals. Lastly, since 15 October 2015, the number of Member States that had paid their contributions in full for all budgets had reached 29, thanks to payments received from five Member States.

2. **Mr. Davidson** (South Africa), speaking on behalf of the Group of 77 and China, said that, although the Group was concerned that the level of unpaid assessments for the regular budget and international tribunals was only marginally higher than at October 2014, the increase in the level of peacekeeping assessments paid as compared with the previous year was encouraging. Bearing in mind that the national financial cycles of Member States were not uniformly aligned with that of the United Nations, the Group was confident that the Organization's financial situation would improve as Member States took action to pay their dues.

3. While the Group recognized the efforts made to reduce the amount owed by the Organization to Member States in respect of troops, police units and contingent-owned equipment, steps must be taken to reduce that amount further, and within improved time frames, by the end of 2015. As most troop-contributing

countries were also developing countries, they were not in a position to sustain their troop commitments and maintain their equipment for extended periods of time without reimbursement. The issue was a priority for the Group.

4. The Group recognized the need for financial stability if the Organization was to function effectively and fully implement its mandates and activities, and reaffirmed its legal obligations in accordance with the Charter. While acknowledging the need to extend sympathetic understanding to those temporarily unable to meet their financial obligations as a consequence of economic difficulties, the Group urged all Member States to pay their assessed contributions in full, on time and without conditions. He expressed the Group's appreciation to those Member States that had reduced their outstanding contributions and emphasized its rejection of all unilateral coercive measures contrary to international law that obstructed or impeded payments from its members.

5. The Group was concerned about the withholding of financial obligations to the Organization aimed at creating linkages to reform of the United Nations. Withholding funds for approved budgets created artificial political leverage that undermined the principle of governance of the United Nations on the basis of the sovereign equality of Member States. In that context, given the significant arrears accumulated by the Organization's largest contributor and their potential impact on the implementation of mandates, the Group reiterated its concern that the rationale for reducing the ceiling for the scale of assessments to 22 per cent had not been upheld. Lastly, the Group sought reassurance that the implementation of programmes and activities under the regular budget would not be delayed or scaled down due to non-payment of assessed contributions.

6. **Ms. Pereira Sotomayor** (Ecuador), speaking on behalf of the Community of Latin American and Caribbean States (CELAC), said that, although CELAC welcomed the positive position of the cash balances for the international tribunals, the capital master plan and peacekeeping operations, it was concerned about the cash position of the regular budget at the end of the year. She commended those Member States that had paid their regular budget assessments in full and encouraged the rest to do so in a timely manner.

7. It was of particular concern that the cash shortfalls in the regular budget were expected to result in severe cash flow problems by the end of 2015, unless further payments were received. That situation should be rectified in order to ensure a sound cash position at year-end. Member States must meet their financial obligations on time and without conditions, especially when their debt was substantial, as was repeatedly the case for one particular Member State. In that connection, every effort should be made to minimize the impact of arrears on the financial stability of the Organization and to ensure consistent management of financial resources, with a view to guaranteeing the implementation of mandates. In addition, the efforts made by developing countries to meet their financial obligations to the Organization, despite the economic problems they faced, should be duly recognized.

8. Reimbursements for troops, formed police units and contingent-owned equipment depended on the prompt and full payment of assessments by all Member States. She noted that several CELAC members were making considerable sacrifices in order to sustain their troop commitments and maintain contingent-owned equipment. Noting that outstanding debts to Member States were expected to decrease by the end of 2015 as a result of efforts undertaken to streamline and expedite payments, CELAC welcomed continued progress in that regard.

9. Most Member States had paid their contributions to the capital master plan in full and the rest were encouraged to do so in a timely manner, in view of the responsibility of the Secretariat to conclude the project on budget and within the agreed timeframe. Assistance should be provided to Member States for due and timely payment of contributions. In that connection, CELAC rejected all unilateral coercive measures contrary to international law liable to obstruct or impede payments from its members.

10. **Mr. Teo Choon Heng** (Singapore), speaking on behalf of the Association of Southeast Asian Nations (ASEAN), said that while ASEAN was encouraged that overall financial indicators for 2015 were generally sound and commended those Member States that had made a concerted effort to meet their financial obligations to the Organization in full, on time and without conditions, it was concerned that the level of unpaid assessments was higher than in 2014. In view of the likelihood of severe cash flow problems by year-

end unless adequate contributions to the regular budget were received, Member States were encouraged to fulfil their financial obligations duly and promptly, in order to ensure the effective implementation of mandates. ASEAN appreciated the efforts made to reduce the level of outstanding payments to Member States for troops, formed police units and contingent-owned equipment and underscored the need to expedite payment of remaining dues to Member States.

11. Entrusted with the responsibility of addressing the increasingly complex challenges that Member States collectively faced, from violent extremism to global climate change, the United Nations must have the necessary resources to fulfil its mandates. Concomitantly, the Organization should continue to strengthen its internal processes with a view to improving transparency and accountability in delivering results.

12. **Mr. Presutti** (Observer for the European Union), speaking also on behalf of the candidate countries Albania, Montenegro, Serbia, the former Yugoslav Republic of Macedonia and Turkey; the stabilization and association process country Bosnia and Herzegovina; and, in addition, the Republic of Moldova and Ukraine, said that, in view of the multitude of global challenges faced by the international community, a strong and effective Organization was more crucial than ever. In that connection, sound management of the United Nations' financial resources must be a joint responsibility between the Organization and Member States, and providing and utilizing funding in a responsible manner was a vital element of that partnership. The number of Member States that had paid their regular budget assessments in full had slightly increased compared with 2014, while the number that had paid their assessments for peacekeeping operations and the international tribunals had decreased. His delegation remained concerned at the significant level of outstanding assessments and welcomed the payments made since the reporting cut-off date of 2 October 2015.

13. Although the financial indicators for 2015 were otherwise largely positive, the low level of cash available for the regular budget was expected to tighten further toward year-end, making it all the more crucial for Member States to pay their assessed contributions in full and without delay. In carrying out all United Nations activities, steps must be taken to ensure that resources were spent more wisely, that creative ways

were developed to ensure effective delivery of mandates and that the Organization respected agreed budget levels. While the members of the European Union were committed to providing the resources necessary for the Organization to conduct its work, they believed that there was still substantial room for improving its functioning through the adoption of cost-saving and cost-efficient approaches that would enable effective re-prioritization of activities and delivery of results.

14. **Mr. Vachon** (Canada), speaking also on behalf of Australia and New Zealand, expressed concern at the prospect of severe cash problems by year-end, unless the three countries with the greatest proportion of regular budget arrears paid their dues expeditiously. In that context, he urged those Member States that had not yet done so to pay their regular budget assessments.

15. Unpaid assessments, which currently exceeded \$2.5 billion, had a range of negative consequences, including the delay of reimbursement to Member States for troops, formed police units, contingent-owned equipment, as well as for letters of assist and death and disability claims. He commended efforts undertaken to lower the level of outstanding payment to troop- and police-contributing countries, despite the failure of some Member States to meet their financial obligations in full and on time. The three delegations regretted the inequity between those Member States which had paid their assessed contributions in full and on time and those which had not. They would continue to demonstrate their commitment to the Organization by paying their dues in full, on time and without conditions, and he urged all Member States to fulfil their Charter obligations in the same way. Member States in arrears should submit multi-year payment plans.

16. Given the fiscal constraints that many Member States continued to face, it was incumbent upon the Organization to ensure that its practices were continuously improved and adapted, that efficiencies were actively sought, and that programmes were delivered more effectively. The three delegations remained committed to supporting efforts to improve financial discipline, enhance oversight and ensure accountability for results. Member States must not only ensure that the Organization had the resources it needed to deliver the mandates that they had entrusted to it, but should also work collectively to identify areas

where efficiency gains could be made, and to find innovative solutions to streamline processes and prioritize activities. In that regard, he welcomed the progress made toward implementing the recommendations of the independent expert panel report on United Nations planning and budgeting processes commissioned by a cross-regional group of Member States.

17. The resources provided to the Organization by Member States must be effectively managed, in order to meet the demands of the full range of global peace, security and development challenges it faced. Fiscal discipline by the Organization and commitment by all Member States to meet their obligations, once priorities had been identified and mandates agreed, were two sides of the same coin.

18. **Mr. Kishimori** (Japan) said that, in recognition of its responsibilities under the Charter, his Government had paid in full all its assessments for the regular budget, peacekeeping operations, the international tribunals and the capital master plan, in spite of its longstanding domestic financial difficulties and recent trends in currency exchange rates.

19. Noting with appreciation the Secretariat's great efforts to utilize resources in an efficient and effective manner, his delegation expected the Secretariat to monitor the cash position of the regular budget closely and inform the General Assembly as appropriate.

20. The resources contributed by Member States must be utilized efficiently and effectively by the Organization to implement mandates. In that regard, the Secretariat could draw on Member States' domestic experience. The General Assembly should aim for a reasonable and practical solution when discussing the various budget proposals.

21. **Mr. Ibrahim** (Malaysia) said that, while the financial situation of the United Nations was sound and 128 Member States had paid their regular budget assessments in full as at 2 October 2015, his delegation was concerned that unpaid regular budget assessments amounted to \$1 billion. All Member States were obliged to finance the Organization, as a lack of funds could undermine its activities and would mean that it would be unable to carry out its mandates effectively.

22. His delegation was likewise concerned that the unpaid amount for peacekeeping operations was more than \$1 billion. Although Member States' fiscal cycles

differed from those of the different peacekeeping missions, the financing of peacekeeping, for which the approved budget was around \$8 billion, represented a serious commitment to international peace and security. Member States should ensure that the 17 peacekeeping missions and 100,000 peacekeepers were not hampered by a lack of financial resources.

23. **Mr. Chanthaphim** (Lao People's Democratic Republic) said that Member States should meet their annual financial obligations in full, on time and without conditions, because without adequate resources the United Nations would not be able to fulfil its mandate to maintain international peace and security and promote development cooperation. The financial indicators of the Organization were generally positive, and his delegation welcomed the efforts of the many States that had paid all their assessments in full. His Government was committed to paying its contributions and on time and called on Member States to do the same so that the Organization could fulfil its mandates.

24. **Mr. Deme** (Senegal) said that the overall cash situation of the United Nations had improved and the number of countries that had paid their contributions had increased. The situation could nevertheless become untenable and cash problems could arise at the end of 2015 if the outstanding \$1 billion in regular budget contributions was not paid in the next few months.

25. A detailed analysis revealed that voluntary contributions were increasingly used to fund specific activities, which adversely affected the regular budget and could result in an imbalance in the programmes implemented. The full, timely and unconditional payment of contributions was essential to the financial stability needed by the United Nations to perform its mandates. His country considered meeting all its financial obligations to the Organization as a duty, despite its limited resources and the unfavourable economic environment.

26. The gloomy global economic situation had obliged Member States to manage their national budgets carefully, and the United Nations should do the same in the face of its resource problems. However, at \$568 billion, the proposed budget for the biennium 2016-2017 was \$180 million higher than the previous biennium. The Organization should do more with less, improve the collection of its financial resources and find innovative ways of improving the effectiveness of

its activities. It should be managed to the highest standards of efficiency, transparency and cost-effectiveness, and in compliance with General Assembly resolution 64/259.

27. While the Secretariat had made welcome efforts to control operating expenditure and rationalize posts, thereby reducing the wage bill, imaginative new ways of improving efficiency and cutting costs must be found. His delegation welcomed the reduction in outstanding payments to Member States that provided troops, police and contingent-owned equipment, but called for faster reimbursement to avoid penalizing such States. The proposed budget for special political missions was more than \$1.1 billion for the biennium 2016-2017; a separate account should be established for such missions, as was already the case for each peacekeeping operation.

28. The Umoja enterprise resource planning system, the International Public Sector Accounting Standards (IPSAS), the improved mobility framework and the global service delivery model were a good basis for improving efficiency and system performance. Efforts in that area should be refocused and services improved to ensure coherence. To that end, a restructured United Nations must be given the means to meet the needs of the modern world and fulfil its mandates.

29. The Committee should examine the scale of assessments in a spirit of openness, flexibility and economic realism. Its decisions should respect the exclusive responsibility of the General Assembly for changing the scale, in accordance with the resolutions of the Assembly and Article 17 of the Charter of the United Nations. Such changes must be approved by consensus; his delegation would not support any decision that was non-consensual.

30. Broad consultations should be held to alleviate the doubts and suspicions of many delegations in relation to the principle of capacity to pay, essential to the calculation of the scale of assessments. The discussions on the new scale should take into account all Member States' capacity to pay and the special responsibility of the permanent members of the Security Council. Any increase in the contributions of developing countries was questionable, given the difficulties resulting from the economic crisis and such countries' high levels of debt.

31. **Mr. Goren** (Israel) said that his country had in recent years been part of a small group of Member

States that had paid all their assessments in full and on time, owing to the decision of his Government to be proactive with regard to the budget and administration of the United Nations and ensure that its point of view was reflected in the resolutions of the Committee.

32. The fiscal responsibility of Member States was only half the equation. They must also give the United Nations the funding it needed to meet peace, security and development challenges in line with the Charter and values of the Organization, without bias or partiality.

33. His delegation would champion consensus and collegiality in the Committee's discussions on the proposed programme budget for the biennium 2016-2017, the second performance report on the programme budget for the biennium 2014-2015 and the information and communications technology strategy. It would work with the Secretariat and Member States to build a United Nations that was responsive to global challenges.

34. **Mr. Sánchez Azcué** (Cuba) said that the United Nations was one of humanity's most important achievements and the vision enshrined in its Charter had withstood the test of time. Despite the call in the Charter for Member States to unite for development, peace, prosperity and dignity, however, the challenges of poverty, climate change and the new development agenda remained. Under the supervision of the General Assembly, the United Nations must consolidate its global reach and fulfil its mandates efficiently. To that end, Member States must ensure stable financing by paying their assessed contributions in full, on time and without conditions.

35. It was cause for concern that a single Member State, coincidentally the beneficiary of the main distortion in the methodology for calculating the scale of assessments, accounted for the largest share of unpaid budget contributions. The intentional withholding of payments compromised the financial stability of the Organization, while the accumulation of unpaid contributions hindered the fulfilment of its mandates and imposed significant financial constraints. The Secretariat should minimize the impact of such economic pressure and manage its financial resources efficiently to enhance the international prestige of the Organization. Demanding results while reducing financial and human resources was not a happy scenario. Doing more with less must not mean doing

everything with next to nothing. Efficiency and accountability should be increased, but sufficient resources were required to that end, in line with the programmes of the Organization. Arbitrary budget cuts directly hindered the implementation of the mandates approved by the Member States.

36. Many developing countries had shown their commitment to the United Nations by meeting their financial obligations despite their economic difficulties. Their capacity to pay was limited not only by the financial crisis but also by unilateral coercive measures that were contrary to international law, including the Charter of the United Nations and agreements between the Organization and the host country. Cuba denounced that situation. Even though it had suffered the consequences of the unjust economic, commercial and financial blockade imposed by the United States Government, it had made every effort to pay its budget assessments on time.

37. The re-establishment of diplomatic relations between Cuba and the United States had been the first step towards the normalization of bilateral relations, and his delegation welcomed the intention of the President of the United States to call upon Congress to end the blockade. The President, however, could significantly alter the implementation of the blockade, the most unjust and prolonged system of unilateral sanctions imposed on any country, through his executive powers alone. The support of the international community for the President of the United States and those members of Congress who advocated the end of the blockade would be essential. Cuba hoped that the vast majority of Member States would once again support the draft General Assembly resolution calling for the end of the blockade.

The meeting rose at 11.10 a.m.