



# General Assembly

Seventy-second session

Official Records

Distr.: General  
1 November 2017

Original: English

---

## Fifth Committee

### Summary record of the 5th meeting

Held at Headquarters, New York, on Friday, 13 October 2017, at 10 a.m.

*Chair:* Mr. Tommo Monthe ..... (Cameroon)  
*Vice-Chair of the Advisory Committee on Administrative  
and Budgetary Questions:* Mr. Sene

## Contents

Agenda item 137: Programme planning (*continued*)

Agenda item 136: Proposed programme budget for the biennium 2018–2019  
(*continued*)

*International Public Sector Accounting Standards*

Agenda item 138: Improving the financial situation of the United Nations  
(*continued*)

---

This record is subject to correction.

Corrections should be sent as soon as possible, under the signature of a member of the delegation concerned, to the Chief of the Documents Management Section ([dms@un.org](mailto:dms@un.org)), and incorporated in a copy of the record.

Corrected records will be reissued electronically on the Official Document System of the United Nations (<http://documents.un.org/>).

17-18124 (E)



Please recycle



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

**Agenda item 137: Programme planning**

*(continued) (A/C.5/72/L.3)*

*Draft resolution A/C.5/72/L.3: Programme planning*

1. *Draft resolution A/C.5/72/L.3 was adopted.*

**Agenda item 136: Proposed programme budget for the biennium 2018–2019 (continued)**

*International Public Sector Accounting Standards (A/72/7/Add.4 and A/72/213)*

2. **Ms. Bartsiotas** (Controller), introducing the tenth and final progress report on the adoption of the International Public Sector Accounting Standards (IPSAS) by the United Nations (A/72/213), said that, as at the end of 2016, all United Nations system organizations had presented IPSAS-compliant financial statements, which had received unqualified audit opinions. Those results attested to the capability of the United Nations system to sustain compliance with IPSAS, which continued to evolve in order to improve the quality of financial reporting, and thus enhance transparency and accountability.

3. The report summarized the progress made and challenges experienced during the institutionalization of IPSAS compliance in the United Nations system. It also focused on progress in the Secretariat with respect to the five pillars of IPSAS sustainability identified in the eighth (A/70/329) and ninth (A/71/226) progress reports. Those pillars comprised the management of IPSAS benefits; the strengthening of internal controls, leading to the issuance of a statement of internal control; the management of the IPSAS regulatory framework; the strengthening of Umoja as the backbone of IPSAS-compliant accounting and reporting; and training and skills development. In addition, the report described the outlook for sustainability into the future.

4. She was pleased to note that the Advisory Committee on Administrative and Budgetary Questions had observed, in its related report (A/72/7/Add.4), that the IPSAS project was a success story among the United Nations' transformational projects, and that it had commended the Secretary-General's efforts to complete its implementation.

5. A number of critical activities, including the implementation of the statement of internal control, must be mainstreamed within the Office of Programme Planning, Budget and Accounts in order to support the sustainability of IPSAS. In the future, the Organization would devote its attention to implementing a

comprehensive internal control framework with the goal of enhancing transparency and accountability.

6. **Mr. Sene** (Vice-Chair of the Advisory Committee on Administrative and Budgetary Questions), introducing the related report of the Advisory Committee (A/72/7/Add.4), noted the successful completion of the IPSAS project, 11 years after its commencement in 2006. The Advisory Committee encouraged the Secretariat to further utilize information generated by IPSAS at all levels of management, in order to better inform decision-making. It also recommended that the General Assembly should request the Secretary-General to include, in future reports on the matter, further information on the implementation of the internal control framework, which had been delayed. In addition, it recommended that quantifiable and distinct Umoja- or IPSAS-related benefits should be identified in future reports of the Secretary-General. The Advisory Committee expected that the Organization would continue its system-wide efforts to promote compliance with IPSAS and recommended that the General Assembly should take note of the Secretary-General's report (A/72/213).

7. **Ms. Pereira Sotomayor** (Ecuador), speaking on behalf of the Group of 77 and China, recalled that, in its resolution 60/283, the General Assembly had approved the adoption of IPSAS as a means of improving the Organization's accounting standards and efficiency in financial management. She commended the efforts undertaken by the Secretary-General to complete the IPSAS project.

8. The Group concurred with the view of the Advisory Committee that, notwithstanding the implementation of IPSAS in 24 organizations, more needed to be done to promote the full utilization of information generated by IPSAS at all levels of management. Future reports of the Secretary-General should also include information on the benefits attributable to the adoption of IPSAS and those attributable to Umoja-related system enhancements.

9. With regard to the strengthening of internal controls, the Group noted the efforts of the Secretary-General to provide training and promote skills development in order to ensure IPSAS sustainability. As highlighted by the Advisory Committee, the Secretary-General's report (A/72/213) did not include information on the results of the pilot exercise to test the organization-wide assurance process supporting the issuance of the statement of internal control, which had been planned in selected peacekeeping missions for late 2016 but had been postponed owing to the six-month delay in the preparation of the statement. The Group

looked forward to receiving the results of the pilot exercise in 2018.

10. United Nations system entities were called upon to utilize the information generated by IPSAS to improve accountability, transparency, efficiency, controls and the financial sustainability of the Organization. In that regard, the Group requested the Secretary-General, as Chair of the United Nations System Chief Executives Board for Coordination, to continue to coordinate all aspects of the transition from the United Nations system accounting standards to IPSAS and to gather, analyse and disseminate information on challenges faced, lessons learned, best practices identified and benefits realized by the United Nations until Umoja was fully operationalized, in order to further refine the Organization's implementation plans and strategies. The Group also expected that there would be sustained system-wide collaboration between entities on matters related to IPSAS compliance in the post-implementation phase. In addition, it would seek further information on the potential recovery of the costs of the services provided to the 13 financial reporting entities by the IPSAS team.

11. **The Chair** welcomed the successful transition from the United Nations system accounting standards to IPSAS and from the Integrated Management Information System to the enterprise resource planning system, while emphasizing the need to improve the human resources management component of the latter system. He urged Member States to make every effort to harness the full potential of IPSAS.

**Agenda item 138: Improving the financial situation of the United Nations** (*continued*) ([A/72/522](#))

12. **Ms. Bartsiotas** (Controller) said that, since the presentation on the financial situation of the United Nations at the Committee's third meeting on 6 October 2017, Jamaica had paid its assessments for the regular budget in full, bringing to 136 the total number of Member States that had paid their regular budget assessments in full. In addition, Australia, Jordan and Kuwait had paid their outstanding peacekeeping assessments in full, bringing to 37 the total number of Member States that had paid in full their assessments for that category. As reflected in the report of the Secretary-General on the financial situation of the United Nations ([A/72/522](#)), the payments received from Australia and Kuwait after the presentation of 6 October 2017 had resulted in their addition to the list of Member States that had paid their assessments in full under all categories, bringing the total number to 33.

13. **Ms. Pereira Sotomayor** (Ecuador), speaking on behalf of the Group of 77 and China, noted with concern that the financial situation of the Organization could become dire in the final months of 2017, as regular budget cash was currently exhausted and reserves were low. She was also concerned that the Working Capital Fund and the Special Account combined amounted to just \$351 million, which was sufficient to cover only six weeks of regular budget operation, and thus looked forward to receiving the Secretary-General's reform proposal on the level of the Working Capital Fund. Financial stability was essential to the effective functioning of the United Nations, which required all stakeholders to honour their legal obligation to bear the Organization's expenses. She expressed the Group's appreciation to those Member States that had reduced their outstanding contributions and urged those States that had not yet done so to settle their regular budget arrears in order to avoid undermining the work of the Organization.

14. The decision by the Under-Secretary-General for Management to withhold information from her presentation on the financial situation of the United Nations set an unhealthy precedent and was at odds with the Secretary-General's commitment to transparency. Full transparency, honesty, and accountability in matters related to the financial health of the United Nations were essential to enable Member States to understand why the Organization continued to face financial difficulties, particularly in the context of discussions on its financial future and ability to implement its mandates.

15. Member States must be prepared to adapt to unpredictable financial requirements for peacekeeping operations owing to the changing demand for such activities. In that connection, they must fulfil their legal obligation to pay their peacekeeping assessments, in accordance with Article 17 of the Charter of the United Nations, in order to avoid reversing the hard-earned gains of peacekeeping operations. The Secretariat must also reduce outstanding payments to Member States that provided troops and contingent-owned equipment, as many such States were developing countries that were not in a position to sustain their troop commitments and maintain their equipment for extended periods of time without reimbursement.

16. While sympathising with States temporarily unable to meet their financial obligations owing to economic difficulties, the Group urged all Member States to pay their assessed contributions in full, on time and without conditions. It also rejected all unilateral coercive measures contrary to international law that obstructed or impeded payments from its members and was concerned about the withholding of financial

contributions to the Organization as a means of pressuring the United Nations to adopt reforms. Withholding funds for approved budgets created artificial political leverage that undermined the principle of United Nations governance, which was based on the sovereign equality of Member States.

17. **Ms. Lee** (Singapore), speaking on behalf of the Association of Southeast Asian Nations (ASEAN), noted that the Organization's financial indicators for peacekeeping operations and the international tribunals for 2017 were generally sound and positive. In that regard, ASEAN was encouraged that, as at 30 September 2017, 134 Member States had paid their regular budget assessments in full, 8 more than in 2016; 32 Member States had paid their peacekeeping assessments in full; 106 Member States had paid their assessments for the international tribunals in full; and 31 Member States had paid their contributions in full for all budgets. ASEAN was nevertheless deeply concerned that regular budget cash had been exhausted and reserves were low, noting that severe cash problems might be experienced in the final months of 2017 unless sufficient contributions were received.

18. ASEAN sympathized with those Member States that faced genuine difficulties in paying their assessments and commended those States that had striven to meet their financial obligations to the Organization despite the domestic challenges they faced. However, some States that had the ability to pay their assessments had not done so. In that regard, she stressed that Member States' failure to fulfil their legal and financial obligations to the United Nations in full, on time and without preconditions undermined the Organization's ability to fulfil its mandates. In view of the need for adequate cash reserves to ensure sound financial management and timely compliance with financial obligations, ASEAN would carefully review the Secretary-General's proposal regarding the Working Capital Fund, while underscoring that the proposal should not detract from Member States' responsibility to meet their legal and financial obligations to the Organization. ASEAN also commended the Secretariat's efforts to reimburse troop- and police-contributing countries and urged it to reduce the amount owed to zero at the earliest opportunity.

19. Noting that the Secretariat had given Member States the option of receiving assessment letters by email, she failed to understand why the need to streamline processes at the United Nations had been judged to extend to the presentation by the Under-Secretary-General for Management to Member States. The effort to maintain a positive tone in the Committee should not come at the cost of transparency, particularly

in the light of the Organization's cash flow problems. Member States deserved to have a comprehensive and honest picture of the financial health of the United Nations that would allow them to understand the challenges faced by the Organization in implementing its mandates and the need for reforms.

20. **Ms. Wilson** (Australia), speaking also on behalf of Canada and New Zealand, said that the three delegations were concerned at the potential impact of the approximately \$1.1 billion and \$2.5 billion in unpaid assessed contributions to the regular and peacekeeping budgets, respectively, as at 30 September 2017, particularly in view of the significant pressure that outstanding contributions, coupled with inadequate reserve funds, had placed on United Nations expenditure in December 2015 and 2016. High levels of unpaid contributions created a disparity between those Member States that had paid their assessments and those that had not, while also causing delays in reimbursement to States that contributed troops and other resources, a situation that could undermine the stability of the Organization's field operations. She urged those States that had not yet done so to pay their outstanding assessments without delay.

21. The three delegations remained steadfast in their commitment to paying their dues in full, on time and without conditions, and urged other Member States to do the same, while acknowledging that differences in financial years and legislative processes could affect timely payment by some States. She encouraged all eligible Member States to take advantage of the mechanisms established by the Organization to facilitate payment of outstanding contributions.

22. Member States must work together to build a coherent, nimble and efficient United Nations that was capable of fulfilling its mandates. To that end, they must reject a business-as-usual approach and provide the United Nations with the support necessary to improve processes, develop cost-saving tools and adapt to a rapidly-changing world. The reforms proposed by the Secretary-General were essential in that regard, and the Organization's dire cash flow situation must be remedied before fiscal discipline and innovation could be achieved.

23. **Mr. De Preter** (Observer for the European Union), speaking also on behalf of the candidate countries Albania, Montenegro, Serbia and the former Yugoslav Republic of Macedonia; the stabilization and association process country Bosnia and Herzegovina; and, in addition, Armenia, Georgia, Liechtenstein and the Republic of Moldova, said that guaranteeing the financial health of the United Nations was a

responsibility shared between Member States and the Organization that was fundamental to the capacity of the United Nations to fulfil its numerous mandates and missions. The promotion of sound financial management at the United Nations was a priority for the European Union. It was each Member State's responsibility to pay its assessed contributions in full, on time and without conditions.

24. The European Union noted with appreciation that the level of unpaid contributions to the regular budget was lower than in 2016 and welcomed the significant increase in available cash. He nevertheless encouraged Member States, in particular those with outstanding dues for 2017, to pay their assessments in full as soon as possible, in order to prevent severe cash problems in the final months of 2017.

25. His delegation welcomed the significant reduction in outstanding payments to troop-contributing countries and the increase in the number of Member States that had paid their peacekeeping assessments in full, while noting with concern the decrease in the amount of total cash available for peacekeeping. Moreover, while an increased number of Member States had paid their assessed contributions to the international tribunals, there were significant difficulties in securing voluntary contributions for the tribunals. He therefore called on donors to continue to provide such contributions.

26. Financial health depended not only on the reliable receipt of funds but also on the standards applied to the spending of those funds. The United Nations must continue its efforts to spend more wisely and accountably in line with agreed budget levels. In that regard, the Secretary-General's management reform proposals would contribute to necessary improvements in transparency and accountability. The member States of the European Union were committed to providing the Organization with the necessary resources to conduct its work. At the same time, there was substantial scope for improving the way it operated by seeking further savings and efficiencies and by promoting the meaningful reprioritization of activities and delivery of results.

27. **Ms. Rodríguez Abascal** (Cuba) said that, despite the tendency of some to question the role of the United Nations, the Organization was the product of the international community's aspiration to strengthen peace and development worldwide. Significant collective effort was nevertheless required to fulfil the ambitious commitments made by Member States, in particular those related to eradicating poverty, combating climate change and ensuring the financing and implementation of the 2030 Agenda. While the financial position of the

international tribunals in 2017 was generally positive, her delegation regretted that outstanding contributions represented approximately 41 and 42 per cent of the amounts assessed for peacekeeping operations and the regular budget, respectively.

28. The fact that a majority of Member States had met their financial obligations in full demonstrated the commitment of the Organization's membership to its effective and efficient functioning. She welcomed the efforts made by many States to fulfil their payment obligations, in particular developing countries, which were disproportionately affected by current global economic and financial challenges. In that regard, consideration should be given to the special circumstances that prevented some developing countries from honouring their obligations, in spite of their political will to do so. In addition, it was a cause for concern that the largest share of unpaid assessments continued to be owed by a single Member State, one that also benefited from the greatest distortion in the methodology for calculating the scale of assessments and the presence of the Headquarters of the Organization in its territory.

29. The success of the Secretary-General's proposed reforms would depend on Member States' commitment to fulfilling their financial obligations on time, in full and without conditions in order to facilitate the implementation of mandated programmes and activities, and to ensure the provision of services that were essential to the proper functioning of intergovernmental bodies. States must therefore translate their words into action by providing the Organization with stable, predictable and adequate resources.

30. Her country appreciated the recognition that it had received for having met all of its financial obligations to the Organization for 2017, despite the challenges it faced as a result of the unilateral economic, commercial and financial embargo imposed against it for 55 years in violation of international law and the Charter of the United Nations. Cuba nevertheless remained firmly committed to multilateralism and to participating actively in the work of the Organization.

31. **Mr. Fu Daopeng** (China) noted with concern the significant proportion of unpaid assessments under the regular and peacekeeping budgets and hoped that the regular budget cash shortfall would be addressed promptly in order to avoid a shortage of funds at year-end.

32. China had always supported the United Nations and multilateralism. Notwithstanding its ambitious domestic initiatives to transform the economy, alleviate poverty and improve livelihoods, his Government had

managed to pay all of its assessed contributions on time and in full. It also provided additional assistance to the United Nations system, including through contributions to the recently established China-United Nations Peace and Development Fund.

33. A sound financial situation was critical for ensuring strong governance, the Organization's success in fulfilling its responsibilities, and the implementation of reform measures. Countries that had the requisite resources, in particular those with significant arrears, should pay their assessments on time and without conditions as a testament to their support for the mission and reform of the Organization. In the light of the constraints imposed by limited income on expenditure, any reform relating to budget management must focus on promoting the efficient use of the financial resources contributed by the taxpayers of Member States, strengthening accountability and upholding budgetary discipline.

34. **Mr. Imada** (Japan) stressed the need for Member States to pay their assessments on time and in full. Despite its long-standing financial difficulties, his Government had faithfully met its international commitments and its financial obligations to the Organization, thereby contributing to international peace and prosperity. However, Member States' capacity to pay was not unlimited, and assessed budgets were funded by taxpayers. Resource requirements must therefore be realistic as well as sufficient for mandate implementation, which would require strict adherence to budgetary discipline. For its part, the Secretariat must ensure that the budget was utilized in the most effective manner with full accountability.

35. **Ms. Bartsiotas** (Controller) said that the Secretariat was making every effort to reduce outstanding payments to troop-contributing countries, including by issuing expedited, off-cycle payments when there was sufficient cash available. As at 30 September 2017, it had brought the outstanding amount down to \$1 million and would continue its efforts to further reduce that amount as swiftly as possible.

36. Transparency remained a key priority for the Secretariat. In that regard, all information on Member States' assessments was available online through the secure status-of-contributions portal. She expressed gratitude to those Member States that had paid their regular budget contributions in full and trusted that those States that had not yet done so would pay their assessments at the earliest opportunity in order to allow the United Nations to fulfil its mandates.

*The meeting rose at 11.10 a.m.*