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Chair: Ms. Bird (Australia)
*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 138: Improving the financial situation of the United Nations (*continued*) (A/73/443)

1. **Ms. Beagle** (Under-Secretary-General for Management), said that, since the presentation on the financial situation of the United Nations at the Committee's fifth meeting on 16 October 2018, payments received had brought to 145 the number of Member States that had paid their regular budget assessments in full; to 55 the number of Member States that had paid their peacekeeping assessments in full; and to 45 the number of Member States that had paid their assessments in full for all categories. Regular budget contributions had been received from two Member States; peacekeeping contributions had been received from 10 Member States; and contributions for the international tribunals had been received from two Member States.

2. Detailed information on the amounts owed for troops and formed police units and for contingent-owned equipment, together with her presentation and statement delivered at the Committee's fifth meeting on 16 October 2018, had been posted on the Fifth Committee's website. The Secretariat was committed to meeting obligations to Member States providing troops and equipment as expeditiously as the cash situation permitted.

3. **Mr. Ahmed** (Egypt), speaking on behalf of the Group of 77 and China, said that the Group was concerned at the Organization's precarious cash situation, with deficits becoming larger and arising earlier in the year. It further noted that the cash shortfall had been covered by borrowing from the accounts of closed peacekeeping missions, an unsound and unsustainable budgetary practice.

4. While significant progress had been made in reducing the amounts owed to troop- and police-contributing countries, it was unacceptable that payments continued to be owed to 76 Member States, most of which were developing countries. It was furthermore ironic that the two countries to which the largest amounts were owed had also paid their assessments in full.

5. He expressed the Group's appreciation to those Member States that had reduced their unpaid contributions. While more States had paid all their assessments in full than a year previously, the United Nations faced greater uncertainty in 2018 than in previous years. The Group was sympathetic to Member States that were unable to meet their financial obligations for reasons beyond their control and

commended those States that had striven to pay their assessed contributions despite the domestic challenges they faced.

6. The non-payment of assessed contributions, in particular the wilful, unilateral withholding of contributions, had led to the difficulties faced by the Organization. Over half of all unpaid assessed contributions could be attributed to one Member State. It was unacceptable that Member States that insisted on maintaining special privileges and called for limits on their assessed contributions continually failed to uphold their financial commitments to the Organization. States that claimed entitlement to such privileges must fulfil in full, on time and without conditions the responsibilities entailed by their position.

7. The Organization must be financially stable in order to function effectively and implement its mandates. All stakeholders must therefore uphold their legal obligation to bear the Organization's expenses. Those Member States that were most vocal in their support of United Nations reform should enable the Secretary-General to implement such reform by paying their assessed contributions in full, on time and without conditions. Should such States face difficulties in paying their dues, they were encouraged to consider submitting multi-year payment plans.

8. **Ms. Lee** (Singapore), speaking on behalf of the Association of Southeast Asian Nations (ASEAN), said that ASEAN was encouraged that more Member States had paid their regular budget and peacekeeping assessments in full than the previous year. ASEAN commended those States that had striven to pay their assessed contributions despite the domestic challenges they faced. It also appreciated the Secretariat's efforts to reimburse troop- and police-contributing countries, which made considerable sacrifices in the cause of peace and security.

9. The Organization must be provided with adequate resources in order to function effectively and fulfil its mandates. Under the Charter of the United Nations, Member States had an obligation to provide the Secretary-General with adequate resources to implement the mandates they approved, while the Secretariat, in turn, was responsible for managing those resources efficiently and effectively. In that regard, ASEAN was disappointed that, despite the increase in the number of Member States that had paid their assessments, the Organization's financial situation remained precarious, as the regular budget reserves, comprising the Working Capital Fund and the Special Account, had been depleted. That situation had forced the Secretariat to cover the shortfall by borrowing from

closed peacekeeping operations, an unsound and unsustainable budgetary practice.

10. The Organization's financial uncertainty was the result of the non-payment of assessed contributions and, in some cases, the deliberate, unilateral withholding of contributions. One Member State accounted for over half of all contributions owed to the United Nations. As at the 30 September 2018 cut-off date for the Secretary-General's report on the financial situation of the United Nations (A/73/443), three permanent members of the Security Council had not paid their peacekeeping assessments, including for missions for which they acted as penholders. Noting the updated information provided by the Secretary-General regarding the latest payments made by major peacekeeping contributors, ASEAN encouraged those Member States to continue to pay their assessments in demonstration of their support for multilateralism and multilateral institutions. She recalled that special responsibilities for the maintenance of peace and security entailed financial responsibilities and that all Member States had a responsibility to fulfil their financial commitments to the Organization in full, on time and without conditions.

11. Despite the continued increase in the assessments of ASEAN member States in recent years, ASEAN members remained committed to fulfilling their financial obligations under the Charter. Political statements in support of multilateralism should be matched by concrete action. All Member States must shoulder their legal and political responsibilities to provide the Secretary-General with the resources required to implement mandates and reform in order to enable the Organization to address challenges in a timely and effective manner.

12. **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, Georgia, the Republic of Moldova and Ukraine, 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.

13. The European Union noted with concern that the level of unpaid assessments was higher than a year previously. It therefore encouraged Member States, in

particular those with outstanding dues for 2018, to pay their assessments in full as soon as possible, in order to prevent severe cash problems in the final months of 2018. In that regard, the European Union thanked those Member States that had made payments since the presentation on the financial situation of the United Nations at Committee's fifth meeting on 16 October 2018.

14. 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. His delegation was confident that management reform would enhance transparency and accountability.

15. 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.

16. **Mr. Cheshire** (New Zealand), speaking also on behalf of Canada and Australia, said that the issue of funding was critical to the future of the United Nations. In that connection, the payment of contributions in full and on time by all Member States was essential for ensuring the Organization's stability and for providing it with adequate resources to achieve agreed goals.

17. The three delegations were concerned at the potential impact of the significant level of unpaid assessed contributions for the regular and peacekeeping budgets, which 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. As cash flow problems prevented the Organization from functioning as intended, he urged those States that had not yet done so to pay their outstanding assessments without delay.

18. Canada, Australia and New Zealand remained committed to paying their assessed contributions in full, on time and without conditions, while acknowledging that differences in national structures and financial calendars could affect timely payment by some States. He encouraged all eligible Member States to take advantage of the mechanisms established by the Organization to facilitate payment of outstanding contributions.

19. The Fifth Committee attached high priority to improving the functioning of the United Nations in line

with the Secretary-General's vision for organizational reform. To that end, reliable funding from Member States must be provided in full, on time and without conditions to enable the Organization to respond to the demands of a rapidly changing global context.

20. **Mr. Otsuka** (Japan) said that assessed contributions were indispensable to the functioning of the United Nations and that Member States had a responsibility to pay their assessments in full and on time. Notwithstanding its numerous domestic priorities, Japan had faithfully paid all its assessments in full. The Secretariat must also do its part to improve the Organization's financial situation by seeking further efficiencies and taking appropriate cost-saving measures, including ensuring the judicious use of travel resources.

21. In their respective roles of formulating and deliberating on resource requirements, the Secretariat and the General Assembly shared a common objective to determine a level of resources that was realistic as well as sufficient for mandate implementation. Consequently, the Fifth Committee had an important responsibility to maintain strict budgetary discipline in considering any additional budgetary requirements for the biennium 2018–2019. For its part, the Secretariat must ensure that the budget was utilized in the most efficient and effective manner, with full accountability.

22. **Ms. Rodríguez Camejo** (Cuba) said that, notwithstanding the complex global situation faced by the United Nations, there had been an increasing tendency in recent years to reduce its budgets and to expect it to do more with less. Several times each year, the Secretary-General had to request Member States to pay their dues to the Organization, even though they had an obligation to do so, and despite increased efforts by the vast majority of States to pay their contributions on time, in full and without conditions. In that regard, consideration should be given to the special circumstances that prevented some developing countries from fulfilling their financial obligations, in spite of their political will to do so.

23. The information presented at the Committee's fifth meeting on 16 October 2018 demonstrated the Organization's poor financial health. As at 30 September 2018, the regular budget shortfall had reached \$365 million, depleting the reserves, and outstanding contributions for the regular and peacekeeping budgets had represented 44 and 51 per cent, respectively, of the amounts assessed for those categories in 2018. It was alarming that the largest share of unpaid assessments continued to be owed by the United States of America, which, despite regularly

reminding Member States of its status as a main financial contributor to the Organization, had accounted for approximately 58 per cent of all assessments owed by Member States as at 30 September 2018. The more than \$800 million owed by the United States for peacekeeping operations hindered the full implementation of the related Security Council mandates; had caused the Organization to accumulate significant debt to troop-contributing countries, many of which were developing countries; and prevented the Organization from returning to Member States the surplus balances from the accounts of closed peacekeeping operations.

24. It was clear that the withholding of payments by the United States and its tendency to submit regular budget contributions at the end of the year had nothing to do with its capacity to pay and were primarily aimed at subjecting the Organization to financial blackmail. Coincidentally, the United States also benefited from the greatest distortion in the methodology for calculating the scale of assessments, having demanded over the years progressive reductions in the maximum assessment rate, from 39.89 per cent in 1946 to the current rate of 22 per cent. It was furthermore alarming that the United States sought to increase returns on its investment in the United Nations, demonstrating that it viewed international peace and security, development and human rights as business opportunities. Moreover, it was paradoxical that the United States objected to the level of assessments that it owed the United Nations when United States companies made significant profits from business conducted with the Organization and from its presence on United States territory. Those profits had been valued at approximately \$1.6 billion at the end of 2016. Nevertheless, the United States sought once again to impose its will on Member States by reducing its assessed contributions, which were already far below a level commensurate with its capacity to pay.

25. Cuba was proud to have paid all its assessments in full, despite the challenges it faced owing to the economic, commercial and financial embargo imposed against it by the United States for 56 years, which was currently being strengthened. Despite that attempt to isolate Cuba, her country remained committed to multilateralism and to the values and principles of the Charter.

26. **Mr. Gohar** (Pakistan) said that, with populism, nationalism and unilateralism on the rise, fulfilling the objectives of the Charter was essential and the United Nations remained an indispensable mechanism for addressing challenges in the areas of development, international peace and security, human rights and humanitarian action.

27. The Organization's financial situation was bleak, characterized by dwindling resources, increasing levels of unpaid assessments, arbitrary budget cuts and a precarious cash situation. Indeed, outstanding assessments for the peacekeeping and regular budgets had amounted to \$3.6 billion as at 30 September 2018.

28. Pakistan had consistently promoted multilateralism, having provided over 200,000 troops, of whom 156 had made the ultimate sacrifice, to 46 missions in 28 countries since 1960. Moreover, his country had fulfilled its international obligations while paying in full its assessed contributions for the regular budget and the international tribunals. It was nevertheless a matter of concern that, as at 30 September 2018, \$221 million had been owed to Member States providing troops, police and equipment, including \$86 million in respect of closed peacekeeping missions, \$92 million in respect of troops and formed units, and \$43 million in respect of contingent-owned equipment.

29. In addition to undermining liquidity and the overall financial health of the United Nations, the Organization's precarious financial situation exacerbated operational challenges, hindering mandate delivery on the ground. Member States should therefore pay their assessed contributions, in accordance with the Charter. Furthermore, the negative impact of the continued non-payment of assessments must be taken seriously, and the debt owed to troop-contributing countries, especially for closed peacekeeping missions, must be reimbursed in full and on time.

30. **Mr. Kumar** (India) said that Member States must pay their assessed contributions on time, in fulfilment of their legal responsibilities to the Organization. Despite the continuous expansion over the years of the mandates entrusted to the Organization, the regular and peacekeeping budgets had decreased in real and nominal terms, while arrears had increased. That situation hindered mandate fulfilment, to the detriment of those Member States that would have benefited from efficient mandate implementation and of those Member States that had paid their assessments on time. The negative impact on those States was evidenced by the long-standing issue of the handling of closed peacekeeping mission accounts and the outstanding payments owed to many Member States, including India, in respect of contingent-owned equipment for closed missions.

31. Despite being among the 76 States to which the Organization owed significant amounts in respect of troops and contingent-owned equipment for active peacekeeping missions, India consistently supported the United Nations; was the largest contributor of troops to United Nations peacekeeping operations; and was

among the few Member States that had paid all their assessments for 2018 in full. It had also paid in full its regular budget assessments for 2019 in advance. In addition to the considerable amount owed to Member States providing troops, police and contingent-owned equipment, significant payments in respect of letters of assist and of death and disability claims remained outstanding. India hoped that those payments would be settled expeditiously.

32. A deadline for reimbursements to Member States providing troops, police and contingent-owned equipment, including for claims in respect of closed peacekeeping operations, must be established. To that end, all States must pledge to pay their assessed contributions and settle their arrears in full and without conditions.

33. **Ms. Kalamwina** (Zambia) said that, according to the *World Economic Outlook, October 2018*, published by the International Monetary Fund, the global economy was projected to grow at a rate of 3.7 per cent, the same rate achieved in 2017. The stagnant growth rate could be primarily attributed to a weaker outlook for key emerging markets and developing economies owing to, inter alia, tight financial conditions, geopolitical tensions and high oil import bills. Mounting economic and political challenges were preventing some developing countries, in particular least developed countries, from meeting their financial obligations in full and on time. Indeed, Zambia was among those countries, as it was steadily returning to stability following an economic downturn in 2016 and 2017. Her delegation was therefore opposed to any adjustments to the current methodology for the preparation of the scale of assessments that would increase Member States' assessed contributions; as such increases would only further hinder their ability to meet their financial obligations to the United Nations. Nevertheless, Zambia emphasized the need for States pay their assessed contributions in full and on time, as the significant level of arrears and unpaid contributions accumulated could undermine mandate fulfilment. Those Member States that were unable to meet their financial obligations due to circumstances beyond their control were encouraged to submit multi-year payment plans in demonstration of their commitment to the implementation of Organization's mandates.

34. **Mr. Fu Daopeng** (China) said that China noted with appreciation that, as at 30 September 2018, more countries had paid their regular and peacekeeping budget contributions in full than the year before. It was nevertheless a matter of concern that unpaid assessments for the regular and peacekeeping budgets had amounted to \$1.088 billion and \$2.523 billion,

respectively, and that, for the first time in recent years, the regular budget reserves had been depleted, as a result of which \$12 million had been borrowed from the accounts of closed peacekeeping missions.

35. A sound financial situation was essential to supporting United Nations governance, enabling the Organization to perform its duties and functions, and ensuring reform of the United Nations system. As a developing country and a major financial contributor to the Organization, China had paid all its assessments for 2018 in full and on time. Countries that had the capacity to pay should do so as soon as possible in a gesture of support for the United Nations, multilateralism and the Secretary-General's reforms.

36. Continued strengthening of budgetary management at the United Nations would require innovative approaches, a greater focus on results-oriented budgeting, increased cost-effectiveness, improved budgetary discipline, and integration of budgetary and performance management. To that end, the Secretariat must scale up performance management, ensure financial discipline, and guarantee the effective and accountable use of every penny contributed by taxpayers.

37. **Mr. Alyakin** (Russian Federation) said that, in future presentations on the Organization's financial situation, his delegation wished the Secretariat to provide information on the status of payments owed by the United Nations to suppliers of goods and services, and on measures taken to reduce overdue payments to such suppliers. The significant level of unpaid assessments for the regular and peacekeeping budgets was a matter of concern, as failure by Member States to meet their financial obligations on time undermined the Organization's functioning and negatively affected the expected outcomes of its work. Nevertheless, more Member States had paid in full their assessments for the regular and peacekeeping budgets than a year previously; those States that had not yet done so should follow their example.

38. The Russian Federation had been among the first Member States to pay in full its assessed contributions for the regular budget for 2018. It also paid its peacekeeping budget contributions in a timely manner, upon notification by the Secretary-General. Member States must pay their regular and peacekeeping budget assessments within established time frames and without preconditions to enable the Organization to efficiently carry out the responsibilities entrusted to it by Member States.

39. **Ms. Norman-Chalet** (United States of America) said that the United States Government took its

international obligations seriously. The level of assessed contributions owed by the United States, as presented by the Secretariat, was distorted as a result of, inter alia, the difference between the financial calendar of the United States Government and that of the United Nations. The suggestion that her Government was not meeting its obligations was patently false. So far in 2018, the United States had contributed \$1.4 billion for peacekeeping operations and \$151 million for the regular budget; it would contribute an additional \$200 million for the regular budget in October 2018. As the Organization's largest financial contributor, the United States contributed \$10 billion annually in assessed and voluntary contributions for activities throughout the United Nations system. Her Government remained committed to supporting the Organization's essential role in maintaining peace and security, providing development and humanitarian assistance, and promoting human rights.

40. She reminded those Member States that wished to raise political issues in the Committee that the actions of the Cuban regime were the primary cause of the challenges faced by the people of Cuba and of its Government's difficulties in fulfilling its financial obligations. Moreover, recent actions taken in the Conference Building were inconsistent with the behaviour of a responsible United Nations contributor committed to good stewardship of the resources entrusted to all Member States and to the use of the Fifth Committee as a forum for constructive dialogue. Such actions demonstrated the Cuban regime's efforts to distract the international community from the underlying reason for the embargo against Cuba: the continued repression by that country's Government of its people and its failure to ensure the conditions for a free and just society.

41. **Ms. De Armas Bonchang** (Cuba) said that recognition of the dignity of and sacrifices made by the people of Cuba compelled her to respond to the statement made by the representative of the United States. Cuba consistently and unhesitatingly contributed a portion of its limited resources to support the functioning of the United Nations. Her country was thus committed to reaching agreements by consensus with the other members of the Committee and rejected attempts to subject the Organization to blackmail, including the withholding of financial contributions by the United States. The differences of opinion that inevitably arose among Member States as a consequence of the multilateral character of the United Nations must never be cause for withholding funds that the Organization urgently needed.

42. Cuba was heartened by the nearly universal support demonstrated each year by the General Assembly for the lifting of the economic, commercial and financial embargo imposed against it by the United States, which indicated the international community's recognition of the injustice committed against her country for the past 56 years. The United States constantly disregarded international law and the purposes and principles of the Charter, despite claiming to promote them. By failing to uphold its financial commitments in fulfilment of its moral and legal obligations, that country made clear its interest in contributing only in those areas where its Government could exercise tight control over the funds it provided. Cuba failed to understand why, if capacity to pay was not an issue, the United States did not provide the outstanding funds to the United Nations in a transparent and visible manner.

43. **Ms. Beagle** (Under-Secretary-General for Management), expressing gratitude to those Member States that had paid their assessed contributions in full, said that she appreciated the recognition by some States of the difficulties faced by the Secretariat in managing the United Nations and fulfilling mandates in the light of the Organization's difficult cash flow situation. The Secretariat would continue to exercise strict budgetary discipline and to use the resources entrusted to it in a cost-effective, efficient and transparent manner.

The meeting rose at 10.50 a.m.