



# General Assembly

Seventy-sixth session

Official Records

Distr.: General  
11 May 2022

Original: English

## Fifth Committee

### Summary record of the 10th meeting

Held at Headquarters, New York, on Friday, 4 March 2022, at 3 p.m.

*Chair:* Mr. Margaryan . . . . . (Armenia)  
*Chair of the Advisory Committee on Administrative  
and Budgetary Questions:* Mr. Bachar Bong

## Contents

Organization of work

Agenda item 140: Improving the financial situation of the United Nations  
(*continued*)

Agenda item 137: Programme budget for 2021 (*continued*)

*Managing after-service health insurance*

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/>).

22-03255 (E)



Please recycle A small graphic of a recycling symbol, consisting of three chasing arrows forming a triangle.



*The meeting was called to order at 3.10 p.m.*

### **Organization of work (A/C.5/76/L.23)**

1. **The Chair** invited the Committee to consider the proposed tentative and provisional programme of work for the first part of the resumed seventy-sixth session, prepared on the basis of the note by the Secretariat on the status of preparedness of documentation (A/C.5/76/L.23).

2. **Mr. Ajmal** (Pakistan), speaking on behalf of the Group of 77 and China, said that, while the Group acknowledged recent efforts to issue reports in a timely manner, there was room for further improvement. The timely availability of documents was essential to the Committee's deliberations and to ensuring that the items on its agenda received the attention they deserved.

3. The Group would strive to find consensus on human resources management matters at the current session, focusing in particular on promoting equitable geographical representation, filling vacant posts, addressing deficiencies in the staff selection process, achieving gender parity and refining performance management. While the financial situation of the Organization must be improved, any alternative administrative approaches to resource management would be ineffective if the current pattern of payments of contributions continued. Member States, in particular those that consistently and deliberately withheld payments for political reasons, must therefore pay their assessed contributions in full, on time and without conditions.

4. The Group attached great importance to accountability as the means for Member States to ascertain whether decisions of the General Assembly were fully implemented. The Group would therefore engage constructively in the Committee's deliberations on the accountability system, paying particular attention to the contribution of reforms to enhancing accountability. The Group would also participate actively in the Committee's deliberations on such matters as supply chain activities, the management of after-service health insurance, construction and property management, the improvement of the Organization's financial situation and the report of the Joint Inspection Unit (JIU).

5. **Mr. Camelli** (Representative of the European Union, in its capacity as observer), speaking also on behalf of Albania, Andorra, Bosnia and Herzegovina, Georgia, Liechtenstein, Monaco, Montenegro, North Macedonia, the Republic of Moldova, San Marino, Turkey and Ukraine, said that the European Union and its member States stood in full solidarity with Ukraine

and its people. Recalling General Assembly resolution [ES-11/1](#), entitled "Aggression against Ukraine", adopted by an overwhelming majority of members of the Assembly at its eleventh emergency special session held on 2 March 2022, the European Union strongly condemned the aggression of the Russian Federation against Ukraine, as it represented a gross violation of international law and the Charter of the United Nations and undermined international security and stability. The European Union remained committed to the sovereignty, independence, unity and territorial integrity of Ukraine within its internationally recognized borders. The European Union was alarmed and horrified by the human impact of the ongoing military aggression and the indiscriminate attacks perpetrated, which had resulted in the deaths of innocent civilians, including children, and had forced millions to flee their homes. The unimpeded delivery of humanitarian assistance and the protection of civilians in line with international law must remain top priorities for the international community.

6. The States members of the European Union were concerned at the increasing number of recommendations of the Advisory Committee on Administrative and Budgetary Questions that seemed to lack an underlying technical basis. The Advisory Committee should make every effort to fulfil its technical mandate: the provision of neutral, evidence-based and transparent expertise and the timely issuance of reports by the Advisory Committee was essential to the Fifth Committee's work.

7. The Committee could not continue to defer reaching a decision on human resources management. United Nations staff played a vital role in fulfilling the Organization's mandates while upholding its principles and values, and Member States should provide them with an updated and improved labour framework, as well as adopting modern and effective human resources policies that met the current and future needs of the Organization. The European Union was encouraged by the significant progress made at the first part of the resumed seventy-fifth session, at which the Committee had, for the first time, focused predominantly on human resources management. The European Union would build on those efforts in order to find consensus on all aspects of that issue.

8. The European Union was concerned about the recent attempts made to undercut the independence of supervisory bodies and hamper their investigations. It remained strongly committed to the development of a robust accountability framework. The accountability of the Secretariat and other stakeholders was a cornerstone of management reform and an integral part of the system of delegation of authority. Such accountability was also

essential to fostering a culture of ethics and transparency and to preventing and addressing misconduct. The Committee should strive to find responsible solutions to long-term structural issues such as the Organization's liquidity situation and the funding of after-service health insurance, while avoiding the temptation to postpone important matters.

9. The proper financing and functioning of the Organization depended on the work of the Committee, which should improve its working methods in order to conduct its proceedings more efficiently and adopt high-quality resolutions. The first part of the resumed session would, once again, be held in a virtual format; consensus must remain the Committee's guiding principle, and all Member States must remain engaged in order to avoid resorting to default options or deferral. A solution to enable multilingual proceedings must be identified in order to ensure the inclusiveness of discussions. The Committee should also make good use of available supplementary information so as to avoid overburdening the Secretariat with redundant questions. Member States must engage earnestly and expeditiously, without posturing or establishing artificial linkages between issues.

10. **Mr. Eboa Ebongue** (Cameroon), speaking on behalf of the Group of African States, said that, despite the efforts of the Secretariat and the Advisory Committee, the issuance of documents in all language versions continued to be delayed. The timely issuance of reports, in accordance with the rules of procedure of the General Assembly, was essential to the successful conclusion of the Fifth Committee's work. Simultaneous interpretation should also be available not only during formal meetings but also during other critical parts of the Committee's deliberations, so as to ensure the equal participation of all delegations.

11. The most valuable asset of the United Nations was its human resources. Therefore, the first part of the resumed session should be dedicated primarily to matters pertaining to human resources management, including the composition of the Secretariat, the system of desirable ranges and the human resources management strategy. The first part of the resumed session also provided an opportunity to discuss such issues as the revised estimates for the United Nations Support Mission in Libya (UNSMIL), the utilization of the contingency fund and the report of JIU. However, the Group was concerned at the inclusion in the Committee's programme of work for the first part of the resumed session of matters deferred from the main part of the session that had no direct link to human resources management. That practice prevented the Committee

from seriously considering all matters before it within the time allotted and should therefore be discontinued.

12. At the current part of the session, the Group would pay particular attention to the diversification of the workforce, equitable geographical representation, the funding of the internship programme, and personnel recruitment and mobility. The Committee must properly guide the Secretary-General in his efforts to develop a modern human resources management strategy.

13. **Ms. Webster** (Australia), speaking also on behalf of Canada and New Zealand, said that Australia, Canada and New Zealand strongly condemned the unprovoked and unjustified attack of the Russian Federation on Ukraine, as it represented a gross breach of international law, including the prohibition on the use of force under the Charter. The three delegations called on the Russian Federation to stop its egregious violations and withdraw its military forces immediately. The protection of the civilian population and of infrastructure in Ukraine must be the highest priorities. The bombardment of densely populated areas by the Russian Federation, reportedly including through the use of so-called vacuum bombs, was a serious breach of international humanitarian law. The three delegations were also deeply concerned at the shelling of the Zaporizhzhia nuclear power plant by the Russian Federation, an attack that constituted a flagrant violation of the norms of the International Atomic Energy Agency and of international humanitarian law. Both acts might constitute war crimes for which the Russian Federation must be held accountable.

14. The current part of the resumed session provided the Committee with an opportunity to increase the Organization's efficiency and accountability, improve its financial situation and strengthen human resources management. The most valuable asset of the United Nations was its staff. The three delegations were mindful of the difficult working conditions associated with the coronavirus disease (COVID-19) pandemic and appreciated the Organization's efforts to adapt its work practices and prioritize staff welfare. Now more than ever, in order to fulfil the Organization's challenging mandates, it was important to have a capable, geographically diverse workforce that reflected gender parity, consisted of empowered staff and operated to the highest standards of efficiency, professionalism and integrity.

15. It was regrettable that the Committee had been unable to reach consensus on human resources management at the seventy-third, seventy-fourth and seventy-fifth sessions. The Committee should strive to achieve an outcome in respect of each report before it, on the basis of its own merits, and to provide clear

guidance to the Secretary-General. The three delegations looked forward to building on the progress made at the seventy-fifth session, in particular on those matters on which agreement had nearly been reached.

16. Australia, Canada and New Zealand noted with appreciation the attenuation of the liquidity crisis over the previous year and welcomed the increase in the number of Member States that had paid their assessments in full and on time. The Organization nevertheless continued to face structural liquidity problems that undermined mandate delivery and required sustainable solutions. Member States should pay their assessments in full, on time and without conditions. That was both a moral and a legal obligation. The Organization must maintain adequate liquidity reserves, make better use of existing funds and adopt more flexible budgetary procedures in order to improve the financial situation. The United Nations should be driven by the programmes approved by Member States rather than by available cash.

17. **Mr. Kimura** (Japan) said that Japan stood in full solidarity with the people of Ukraine and called on the Russian Federation to heed the calls of the international community, as reflected in General Assembly resolution [ES-11/1](#). At the current part of the resumed session, his delegation would carefully consider issues such as accountability, supply chain activities, after-service health insurance, the improvement of the Organization's financial situation and human resources management both on their own merits and in order to improve mandate fulfilment through the development of a stronger, more integrated and more accountable Organization.

18. Human resources management was a key aspect of an effective, efficient and inclusive organization. Member States must strive to provide the Secretary-General with appropriate guidance in that regard, while fully capitalizing on the discussions on clusters of topics related to human resources management, as introduced at the seventy-fifth session, and on the more focused discussions of each topic. The role of the Fifth Committee as the Main Committee entrusted with responsibilities for administrative and budgetary matters, as well as its long-standing practice of consensus-based decision-making, must be preserved.

19. **Mr. Alateek** (Saudi Arabia) said that an effective, efficient and transparent human resources system enabled the United Nations to maintain competitive recruitment, retain staff and implement its mandates. The cornerstone of that system was the principle of broad geographical representation, as reflected in the Charter. Saudi Arabia was disappointed at the lack of

progress made in ensuring Member State representation within the system of desirable ranges. The Organization should strengthen its commitment to that goal and should more closely consider applications from qualified candidates from Saudi Arabia and other developing countries.

20. The Secretariat should adopt a rotational mobility scheme, following the example of many foreign services and United Nations funds and programmes. The scheme proposed in the report of the Secretary-General on a new approach to staff mobility: building an agile Organization by providing opportunities for on-the-job learning and skills development ([A/75/540/Add.1](#)) represented a reasonable solution that took into account the views of staff unions. Saudi Arabia would strive to ensure that the Committee considered the scheme favourably.

21. All Member States must pay their assessed contributions in full and on time. The Secretary-General was to be commended for implementing the measures approved by the General Assembly in its resolution [73/307](#). In his report on improving the financial situation of the United Nations ([A/76/429](#)), the Secretary-General put forward practical proposals that did not absolve any Member State of financial responsibility, ensured mandate fulfilment and facilitated the reimbursement of troop- and police-contributing countries.

22. **Mr. Cheng Lie** (China) said that, given the ongoing pandemic, the turbulent international situation and the urgent need for economic recovery, the United Nations, as the core platform for global governance, was shouldering greater responsibilities and facing greater challenges than ever. Administrative and budgetary matters were essential to the effective operation and performance of the United Nations. All parties must engage in a spirit of cooperation, consultation, constructiveness, compromise and consensus in order to ensure the successful outcome of the current part of the session.

23. His delegation attached great importance to human resources management. During the previous three sessions, the Committee had failed to adopt a resolution on the matter, thereby depriving the Secretariat of necessary guidance. With regard to geographical representation, the number of unrepresented and underrepresented Member States remained high. The Secretariat must avoid tackling tangential issues and instead take effective, tailored and results-oriented measures aimed at improving geographical representation, in particular of developing countries.

The specific issues contributing to under-representation should also be addressed.

24. Financial resources were the foundation of United Nations governance, and a sound financial situation was essential to enable the Organization to perform its functions and to facilitate United Nations reform. Reforms, however well-designed, could not solve the Organization's liquidity problems if Member States, especially those with significant levels of arrears, did not pay their dues on time. The Organization's largest contributor had not fulfilled its financial obligations over the years, a situation that was unfair to other countries. Moreover, unilateral sanctions were affecting the payment of assessed contributions by Member States; institutional guarantees were needed to address that problem. Reforms aimed at improving the financial situation of the United Nations should be in strict compliance with the Charter and should be driven by Member States. Such reforms should not impose an additional burden on Member States and should help to strengthen financial discipline and improve comprehensive budget performance.

25. While China valued the welfare of international staff, it was also cognizant of the long-term impact of after-service health insurance on future budgets of the United Nations. An in-depth, collaborative study of that issue should be conducted in order to find a reasonable solution. His delegation supported the Secretariat's efforts to enhance accountability, strengthen comprehensive budget performance management and improve internal control mechanisms in support of management reform. China also appreciated the Secretariat's efforts to enhance supply chain management. He hoped that the concerns of developing countries relating to procurement and other activities would be addressed and that the market potential of such countries would be explored.

26. **Mr. Mnguni** (South Africa) said that South Africa attached great importance to the timely issuance of the reports of the Secretary-General and the Advisory Committee in all official languages. At the current part of the resumed session, his delegation would give priority to matters pertaining to human resources management, in particular the human resources strategy and reforms, mobility, the composition of the Secretariat and the system of desirable ranges, seconded personnel and internship programmes. South Africa welcomed further information on efforts made to increase the accessibility of internship programmes to young people from developing countries, including in Africa.

27. A successful outcome on human resources management at the current session was essential in order

to provide the Secretariat with the necessary policy guidance to pursue goals such as gender parity and equitable geographical representation, in accordance with the Charter. Other issues of importance to South Africa included the review of the efficiency of the administrative and financial functioning of the United Nations, in particular the proposal to establish financial regulations for the Office of the United Nations High Commissioner for Refugees.

28. **Mr. Velázquez Castillo** (Mexico) said that the Committee, in considering the matters before it at the current part of the resumed session, had an opportunity to foster the development of a less bureaucratic and more agile, effective, modern, coherent and efficient Organization that promoted responsible spending and made use of the resources entrusted to it by Member States in strict accordance with the principles of efficiency savings, austerity, transparency and accountability.

29. He hoped that, in its discussions on improving the financial situation, the Committee would reach firm agreements on viable ways to remove structural obstacles, improve the flexibility of budget management where possible, and ensure the predictable, sustainable and effective financing of the regular budget and peacekeeping operations. He also hoped that the Committee would agree on solutions to address the issues set out in the reports on human resources management submitted for consideration at the current session and deferred from previous sessions. Such solutions should be aimed at developing a modern, responsible, high-quality, agile, efficient and effective human resources system in which the responsibilities of both staff and departments were clearly delineated, with a view to avoiding duplication and waste and promoting mobility, diversity, workforce rejuvenation, excellence, resilience, adaptability, transparency and accountability.

30. Amendments to the Staff Regulations and Rules should comply with the mandate that the Member States had given to the Secretary-General to intensify his efforts to achieve gender parity in the Secretariat. His delegation recognized the progress made to date in that area. An organization that promoted gender equality and women's empowerment must aspire to gender balance among its staff, in particular management.

31. Mexico was concerned at the prevalence of disciplinary misconduct, in particular in the field. Steps should be taken to deter and prevent future such misconduct, and to avoid setting precedents and wasting resources. Other issues to which his delegation would pay particular attention were after-service health insurance, the revised estimates resulting from

resolutions and decisions adopted by the Human Rights Council, the report of JIU for 2021 and programme of work for 2022, and the revised estimates for UNSMIL.

32. **Mr. Croker** (United Kingdom) said that the assault of the Russian Federation on Ukraine was an unprovoked, premeditated attack against a sovereign democratic State. The United Kingdom and its international partners condemned the reprehensible acts of the Government of the Russian Federation, which were an egregious violation of international law and the Charter. His delegation condemned the increasing use by the Russian Federation of heavy weapons, including cluster munitions, in population centres, as well as the attack on the Zaporizhzhia nuclear power plant carried out in the early morning of 4 March 2022. The United Kingdom welcomed the clear message contained in General Assembly resolution [ES-11/1](#). The Russian Federation must urgently de-escalate the situation and withdraw its troops. It must also be held accountable and stop undermining democracy, global stability and international law.

33. The Organization's response to the unprecedented challenges of 2020 and 2021 had been enhanced by the reforms agreed upon by the Committee in previous years. The first part of the resumed seventy-sixth session was an opportunity to ensure that the United Nations was equipped to find relevant, system-wide and cost-effective solutions to current challenges.

34. The United Nations and its staff must have modern and fit-for-purpose human resources policies. Enhancing accountability at all levels and improving transparency were critical to the effective management of the Organization. The improvement in the Organization's financial situation was encouraging. The United Kingdom had contributed to that improvement by aligning its payment schedule with the United Nations financial year, and encouraged other Member States to do the same.

35. The reforms agreed upon at the seventy-third session continued to have a positive impact on the financial health of peacekeeping operations, including by facilitating the issuance of timely payments to troop- and police-contributing countries. Those reforms should be further leveraged in order to address remaining challenges, in particular with regard to the regular budget. Progress on after-service health insurance would also be important for the long-term financial health of the United Nations.

36. The previous two years had demonstrated the importance of integrated, agile and responsive supply chains and of cost-effective and transparent procurement activities for ensuring efficient mandate

implementation and protecting the health of personnel. The Secretariat's focus on the entire supply chain and on the transition to a circular supply chain was conducive to efficiency and sustainability. United Nations supply chain activities should reduce the impact of climate change and advance the implementation of the 2030 Agenda for Sustainable Development in accordance with United Nations procurement principles such as the principle of best value for money, and across the economic, environmental and social dimensions of sustainability.

37. UNSMIL played an important role in ensuring peace and security in Libya. The new ceasefire monitoring mechanism established pursuant to the Agreement for a complete and permanent ceasefire in Libya between the Libyan Army of the Government of National Accord and the Libyan National Army of the General Command of the Armed Forces was critical to improving the fragile security environment and keeping the political process on track. Adequate and cost-effective resources must be provided for mandate fulfilment, including the swift onboarding of ceasefire monitors.

38. **Ms. Jun Ji Sun** (Republic of Korea) said that the Republic of Korea stood in full solidarity with Ukraine and its people and strongly condemned the armed invasion of Ukraine, as it represented a violation of the fundamental principles of the Charter. At a time when the role of the Organization in maintaining and restoring international peace and security was more important than ever, her delegation looked forward to reaching successful outcomes on all agenda items before the Committee in order to ensure successful mandate fulfilment.

39. Her delegation supported the Secretary-General's management reform initiative. The greatest asset of the United Nations was its human resources, and efficient human resources management was essential to the effective management of the Organization, especially in the long term. It was thus a matter of concern that the Committee had been unable to provide the Secretariat with appropriate guidance on human resources management since the seventy-third session. She hoped that the Committee would adopt a resolution on the matter at the current session.

40. The Republic of Korea welcomed the efforts made by the Secretary-General to foster a culture of accountability in the Secretariat since the seventy-fifth session, despite the Committee's failure to adopt a resolution on the matter at that session. Her delegation looked forward to achieving a tangible outcome on the matter at the current session. The improvement in the



Organization's financial situation was encouraging. The Republic of Korea had contributed to that improvement by paying its dues in full and on time. Her delegation stood ready to engage constructively in discussions on the Secretary-General's proposals and other ideas to further improve the financial situation while ensuring fair burden-sharing among Member States.

41. **Mr. Tona** (Rwanda) said that Committee members must hold themselves accountable for addressing the matters before them at the current part of the resumed session, and must provide the Secretary-General and the United Nations with the means necessary to fulfil their mandates. Each matter before the Committee was important to enable the Organization to carry out its work effectively and efficiently.

42. Rwanda attached great importance to improving the financial situation of the United Nations, in particular the aspects of that situation that affected peacekeeping, financial support for internship programmes and human resources management. The Organization's financial situation looked bleak as a result of steeply declining resources and budget cuts. The delays in reimbursements to contributors of troops, police and contingent-owned equipment and the high level of unpaid assessments were matters of concern. The financial situation had not only undermined liquidity and the overall financial health of the Organization but had also exacerbated operational challenges, hindering mandate fulfilment.

43. **Mr. Chumakov** (Russian Federation) said that Western countries had harnessed the strong emotions elicited by the situation in Ukraine in order to portray the actions of the Russian Federation as being those of an aggressor against a victim. That representation was not aligned with reality. The armed forces of the Russian Federation posed no threat to civilians in Ukraine; rather, such threats came from Ukrainian nationalists, who were using civilians as human shields. The main aim of the Russian Federation was not to diminish the interests of Ukraine but to protect the citizens of the Russian Federation, particularly against those who had taken control of and were pouring weapons into Ukraine, and who were trying to turn the citizens of the Russian Federation against their own country. The special military operation in Ukraine was being conducted in accordance with the right to self-defence enshrined in the Charter. As indicated by International Atomic Energy Agency, misinformation regarding the Zaporizhzhia nuclear power plant had been disseminated by Western mass media; that information had naturally been reflected in the statements of representatives of Western countries. The current

information war must not hamper the Committee's work.

44. Although the General Assembly had not adopted a resolution on procurement or human resources during the previous five sessions and had failed to adopt a resolution on accountability at the seventy-fifth session, the Russian Federation trusted that progress would be made in all three areas at the current session. Recent experience had shown that Member States were more likely to participate in person in meetings on agenda items that they considered to be important. The number of formal and informal meetings held in person should therefore be increased.

45. **Mr. Lui** (United States of America) said that the unprovoked and unjustified attack of the Russian Federation on Ukraine was a vivid and horrific reminder of the importance of the Committee's work, which was critical to the staffing, operations and financing of the United Nations. As a result of that attack, the territorial sovereignty of Ukraine had been violated, thousands of innocent civilians had been killed and more than a million Ukrainians had fled the country. In order to give meaning to the Charter, Member States must build a modern Organization that was capable of addressing such crises.

46. With regard to human resources management, the United States would give priority to reaching consensus on a resolution that would enable the Secretariat to modernize and diversify its workforce, including by reforming the mobility framework, the Staff Regulations and Rules, the internship programme and ethics requirements for staff. The Committee's failure to reach such consensus in previous years had directly undermined the Organization's ability to advance key priorities such as those set forth in the report of the Secretary-General entitled "Our Common Agenda" (A/75/982).

47. The United States looked forward to considering the report of the Secretary-General on supply chain activities in the United Nations Secretariat (A/76/613) and would seek to ensure fair and competitive procurement practices. His delegation supported measures aimed at granting the Secretary-General greater flexibility in managing the liquidity crisis, while maintaining transparency and accountability. The United States also hoped to strengthen the accountability system of the United Nations, in particular the system's response to sexual exploitation and abuse. In addition, the lessons learned from the COVID-19 pandemic should be mainstreamed in efforts to promote organizational resilience and a flexible workplace.

48. **Mr. Mmalane** (Botswana) said that the Secretary-General and the Advisory Committee were to be commended for the timely issuance of their reports, as that would enable the Fifth Committee to review the reports properly. His delegation attached great importance to human resources management and had long called for action to ensure equitable geographical representation at all levels, refine performance management and address deficiencies in staff selection.

49. Botswana took particular interest in matters relating to human resources management, such as the human resources strategy and reforms, in particular mobility; the composition of the Secretariat and the system of desirable ranges; the Ethics Office, disciplinary measures and the report of JIU entitled "Review of mechanisms and policies addressing conflict of interest in the United Nations system" (JIU/REP/2017/9); the proposed amendments to the Staff Regulations and Rules; internship programmes; and change management. Innovative measures were needed to ensure that more nationals of unrepresented and underrepresented Member States entered the workforce. The Young Professionals Programme, the Junior Professional Officers Programme, the United Nations Volunteers programme and the United Nations internship programme should therefore be efficiently managed.

50. JIU was the only independent external oversight body of the United Nations mandated to conduct evaluations, inspections and investigations, and as such it was an agent for system-wide change. His delegation would participate actively in the Committee's deliberations on the work of the Unit, in particular the rate of implementation of accepted recommendations.

51. **Mr. Alshahin** (Syrian Arab Republic) said that the Syrian Arab Republic condemned the hostile statements made by a number of delegations against the Russian Federation. The Russian Federation had the right to defend its territory and population against security threats. The Chair should remind Committee members to focus on administrative and budgetary matters and to refrain from addressing political issues.

52. **Mr. Bachar Bong** (Chair of the Advisory Committee on Administrative and Budgetary Questions) said that the Advisory Committee had always striven to be impartial; its reports were based on the decisions of Member States and on the reports of the Secretary-General. Despite the enlargement of the Advisory Committee over the years, the timely issuance of its reports had improved. The Advisory Committee had recently finalized its last report for the current part of the resumed session, pending technical review in

cooperation with the Secretariat. The Advisory Committee would continue to make every effort to issue its reports in a timely manner.

53. **The Chair** said he took it that the Committee wished to approve the proposed programme of work on the understanding that it would be adjusted as necessary, as the first part of the resumed session progressed.

54. *It was so decided.*

#### **Agenda item 140: Improving the financial situation of the United Nations** (*continued*) (A/76/7/Add.29 and A/76/429)

55. **Mr. Ramanathan** (Controller), introducing the report of the Secretary-General on improving the financial situation of the United Nations (A/76/429), said that the Secretary-General remained committed to using resources effectively and efficiently in order to fulfil mandates. The United Nations must have realistic budgets as well as predictable and adequate financing, with liquidity reserves set at sufficient levels for budget implementation. In recent years, the Secretary-General had repeatedly written to Member States to express his concern about the deterioration of the Organization's financial health. A major cause of that deterioration had been the increase in arrears, which had grown alarmingly high since the previous report of the Secretary-General on improving the financial situation of the United Nations (A/73/809). The financial situation had further worsened as a result of fluctuating payment patterns throughout the year: the fact that a large share of assessed contributions was not received until December of a given year, with significant uncertainty regarding the timing and volume of those payments, had made the already difficult task of planning nearly impossible. As a result, it was becoming increasingly challenging for the Organization to comply with the regulatory framework without seriously undermining mandate implementation.

56. Although the Organization had previously faced liquidity problems in relation to the regular budget, that situation had worsened in recent years and had begun to affect mandate fulfilment significantly. The previous four years had shown that the current levels of the liquidity reserves were not sufficient to enable the Organization to safely plan for full budget implementation. Curtailing non-post expenditure had not been adequate to mitigate the risk of disruptions. Although severe hiring restrictions, including a hiring freeze, had made the liquidity crisis more manageable, such restrictions had had adverse consequences, including a vicious cycle of declining budget implementation and increasing pressure on existing



staff. Such restrictions were therefore neither desirable nor sustainable.

57. Underexpenditure should not be confused with savings resulting from more efficient and cost-effective working methods. The liquidity situation had been temporarily improved by reduced spending and mandate fulfilment. Expenditure and outflows were being deferred to future budget periods in order to avert disruptions and underperformance. Such deferrals were not sustainable, however, as they resulted in budget reductions when the Organization did not have sufficient time to commit the funds received.

58. The Organization must not be forced to operate in such a cash-strapped environment, in which mandate fulfilment was disrupted by unpredictable cash flows. Therefore, in his present report (A/76/429), the Secretary-General once again proposed measures to strengthen liquidity-bridging mechanisms, while recognizing that Member States had not approved his previous proposals for greater flexibility in budget management, as set out in his previous report (A/73/809). First, he reiterated his request that the General Assembly increase the level of the Working Capital Fund from \$150 million to \$350 million. Second, he reiterated his proposal that the General Assembly replenish the amount of \$63.2 million withdrawn from the Special Account to finance the appropriations for the regular budget and the capital master plan project in 2013 and 2015. Third, in order to break the vicious cycle of declining liquidity, he requested the General Assembly to approve the return of credits for the regular budget only if the level of outstanding assessments was lower than that of the regular-budget liquidity reserves.

59. Since the publication of the present report (A/76/429), payments received had brought to 153 the number of Member States that had paid in full their regular-budget contributions for 2021, the highest number in nearly 20 years. The Organization had received 113.3 per cent of assessments for 2021. As a result, year-end arrears had dropped from \$808 million in 2020 to \$434 million in 2021, the lowest level in five years and the lowest amount as a percentage of assessments since 2012. In the last quarter of 2021, the Organization had received \$903 million in contributions, nearly 84 per cent of which had been received before December. That had enabled the Organization to better manage year-end spending.

60. The situation at the beginning of 2022 had been positive. The number of Member States that had paid their contributions on time had grown from 41 in 2021 to 53 in 2022. However, the liquidity crisis had

undermined mandate fulfilment in 2021. The budget implementation rate for 2021 had been 93 per cent. The return of credits for unspent funds would adversely affect the liquidity situation of the regular budget for 2023, eroding the liquidity reserves by the end of that year. Consequently, the liquidity crisis would continue in 2023 and 2024, with spending restrictions becoming inevitable unless the underlying problems were resolved. The Organization was thus caught in a vicious cycle in which liquidity shortages in the regular budget led to reduced budget implementation rates, which in turn further reduced liquidity.

61. Although the liquidity challenges affecting peacekeeping operations were not as serious as those affecting the regular budget, until the adoption of General Assembly resolution 73/307, payments for troop- and police-contributing countries had been delayed in order to ensure adequate liquidity for peacekeeping operations. Peacekeeping operations did not have a working capital mechanism to cover cash shortages; the Peacekeeping Reserve Fund was available only to support new missions and the substantial expansion of existing missions. Missions had therefore maintained a three-month operating cash reserve as a buffer; consequently, whenever a mission had had cash reserves covering fewer than three months of operations, payments to troop- and police-contributing countries had been delayed. However, following the adoption of resolution 73/307, the Organization had begun to manage the cash balances of active peacekeeping operations as a pool, a practice that had enabled cross-borrowing among active missions. As a result, the Organization had been able to maintain a three-month aggregate reserve for all missions rather than individual reserves for each mission. That had enabled the issuance of payments to troop- and police-contributing countries in cases in which such payments would previously have been impossible.

62. In resolution 73/307, the General Assembly had also approved the Secretary-General's proposal for assessment letters for peacekeeping operations to be issued for the full budget period, pending mandate approval. That had resulted in the receipt of an increased level of contributions. While those two measures had contributed to the improvement of the financial situation of peacekeeping operations, the problem of timely payments had still not been fully resolved, with outstanding dues not yet having returned to the low levels of the 2016/17 period.

63. To alleviate that problem, the General Assembly should allow the Peacekeeping Reserve Fund to be used as a liquidity mechanism for active peacekeeping operations, as that would enable the Organization to use

the idle cash to improve payments to troop- and police-contributing countries without undermining the Fund's ability to support new missions or to substantially expand existing missions. A maximum amount of \$40 million had been withdrawn from the Fund in 2013, and the Fund had not been used at all since 2014. Interest earned in the Fund should also be retained up to the amount necessary to bring its cash balance to \$150 million. In addition, the General Assembly should not approve the return of credits for unspent funds or the cancellation of prior-period commitments for a specific mission if the payments to troop- and police-contributing countries due and payable for that mission had not been settled at the time that the Assembly took the decision on the return of such credits. That would reverse the practice of returning unspent funds to Member States when legal obligations to troop- and police-contributing remained unsettled, and would facilitate the closure of missions such as the African Union-United Nations Hybrid Operation in Darfur (UNAMID). Lastly, the General Assembly should acknowledge that the management of the cash balances of peacekeeping operations as a pool had been beneficial for the timely settlement of payments to troop- and police-contributing countries. The Assembly had approved the cash-pooling mechanism on a trial basis for three budget periods; the mechanism had improved the settlement of dues in each quarter since its introduction.

64. The Secretariat was committed to meeting the objectives set by Member States. In order to do so, it relied on predictable and adequate contributions for its programmes. The Secretary-General was committed to working with Member States in order to implement practical and reasonable solutions to the problems faced. The proposals set out in his report (A/76/429) were aimed at addressing the unsustainable situation of the regular budget and at building on the success of the measures adopted in relation to peacekeeping operations in 2019. Those proposals did not diminish the obligation of Member States to pay their contributions in full and on time. Nevertheless, a failure to address the problem as a result of political differences and long-standing objections to certain proposals would jeopardize the work of the Organization and negate the effects of reforms that had been overwhelmingly supported by Member States. A strong United Nations was required in order to attain a more equitable world, address extreme poverty, hunger, hatred, the climate crisis and protracted conflicts, and harness multilateral cooperation for the common good. An Organization constantly hampered by cash shortages and a precarious financial situation could not effectively achieve those goals.

65. **Mr. Bachar Bong** (Chair of the Advisory Committee on Administrative and Budgetary Questions), introducing the related report of the Advisory Committee (A/76/7/Add.29), said that the Advisory Committee noted the efforts of the Secretary-General to manage the liquidity challenges experienced by the Organization in 2020 as a result of the increase in the arrears accumulated by Member States. The Advisory Committee also noted that, since the issuance of the Secretary-General's report (A/76/429) on 19 October 2021, owing to the receipt of a significant level of assessed contributions, including from Member States with arrears for previous years, the Organization's liquidity situation had improved in relation to 2020.

66. As the General Assembly had approved the management of the cash balances of active peacekeeping operations as a pool on a trial basis, the Advisory Committee recommended that the Assembly authorize the Secretary-General to continue that practice, while maintaining balances in separate funds for each mission. The Assembly should also request the Secretary-General to provide updates in that regard in his report on the overview of the financing of peacekeeping operations and in the performance reports for the peacekeeping operations involved.

67. The Advisory Committee saw merit in the proposed use of the Peacekeeping Reserve Fund as a liquidity mechanism for active peacekeeping operations, in addition to its intended use as a method of supporting new missions and the expansion of existing missions. The Advisory Committee therefore recommended that the General Assembly approve the use of the Fund as a liquidity mechanism up to the level of \$110 million for active peacekeeping operations. The Advisory Committee also recommended that the Assembly keep \$40 million in reserve so that the Fund could fulfil its original purpose of supporting new missions and the expansion of existing missions. Noting that the proposal to relax the restrictions on the use of the Fund would lead to a loss of interest for the Fund, the Advisory Committee recommended that the General Assembly, should it approve the proposal, request the Secretary-General to present, for its consideration, options for potentially charging interest on internal borrowing and methods for calculating, charging, collecting and accounting for interest.

68. The Advisory Committee recommended that the General Assembly request the Secretary-General to provide, in future budget submissions, detailed information on the impact of liquidity on mandate delivery and performance, including absorption capacity, and on measures taken to fulfil mandates more

effectively and efficiently. The Advisory Committee also recommended that the General Assembly request the Secretary-General to review, as appropriate, in his next report on improving the financial situation of the United Nations, his previous proposals to address the liquidity situation. In particular, he should review the proposals relating to incentives for the timely payment of assessments and to the offsetting of Member State credits against arrears, as well as to the potential retention and use of interest on extrabudgetary resources to finance the regular budget. The steady increase in the accumulated surplus generated through cost-recovery services also merited further analysis.

69. **Mr. Ajmal** (Pakistan), speaking on behalf of the Group of 77 and China, said that a strong, healthy and financially secure United Nations was required in order to address development needs and poverty and to fulfil the Sustainable Development Goals. Although the liquidity crisis had improved, the Group remained concerned about the long-term financial health of the Organization, in particular the deep and persistent liquidity problems affecting the regular budget. All Member States must pay their assessed contributions in full, on time and without conditions. Financing was a cornerstone of United Nations governance. Adequate and predictable resources must be provided in order to ensure effective and efficient mandate fulfilment, and budget management must be driven by programme implementation rather than available cash.

70. The Group expressed its appreciation to Member States that had made efforts to reduce their outstanding contributions, despite the impact of the pandemic on their economies. It was also sympathetic to Member States that were unable to meet their financial obligations for reasons beyond their control. Every effort should be made to assist Member States in paying their assessed contributions.

71. The Organization's ability to settle its liabilities was entirely contingent on the payment of assessed contributions. The unpredictability of payment of assessed contributions had repeatedly resulted in extraordinary measures such as a slowdown in hiring and controlled spending, undermining mandate fulfilment. The Group was therefore deeply concerned that half of regular-budget arrears could be attributed to a single Member State.

72. With regard to peacekeeping, it was encouraging that the measures approved by the General Assembly in its resolution [73/307](#), specifically the cross-borrowing mechanism for active peacekeeping operations and the issuance of assessment letters inviting Member States to pay contributions for the entire peacekeeping financial

year, had facilitated the timelier payment of liabilities to troop- and police-contributing countries. The Group nevertheless remained concerned that cash shortfalls in the regular budget had been covered by borrowing from the accounts of closed peacekeeping missions. Such borrowing was neither a good, nor a sustainable, budgetary practice. The Group's members bore an ever-increasing share of the Organization's expenses and were committed to participating constructively in efforts to resolve the Organization's financial difficulties.

73. **Mr. von Schwerin** (Representative of the European Union, in its capacity as observer) said that it was a relief that the financial situation had improved and that the cash-conservation measures introduced in 2020 and 2021 were no longer necessary. Against a backdrop of skyrocketing cash deficits, those measures had helped to prevent an operational shutdown of the Organization. Without them, an even greater number of activities and outputs would have been postponed or cancelled, and persistent low rates of budget implementation would have undermined the relevance of the Organization. Programme managers were to be commended for their dedication to fulfilling their mandates despite those challenges and the COVID-19 pandemic.

74. The liquidity situation was improving as a result of the partial settlement of arrears and more favourable payment patterns. Member States must make every effort to pay their assessed contributions in full and on time. In cases in which full and timely payment was impossible, Member States should communicate their payment plans expeditiously, clearly and reliably to the Secretariat in order to ensure cash-flow predictability as far as possible. His delegation welcomed the efforts of some Member States to reduce their arrears and encouraged other States with arrears to address that situation as a matter of priority.

75. More must be done to address the structural root causes of the downward spiral in the liquidity situation. The rigidity of the regulatory framework for the regular budget hampered effective management and worsened an already difficult cash situation. The Organization was trapped in a vicious cycle in which low budget implementation rates resulted in the return of unspent funds to Member States, thus further deepening the cash deficit. In 2023, that deficit could exceed \$200 million.

76. The European Union noted with satisfaction the positive effects of the decisions related to peacekeeping operations taken at the second part of the resumed seventy-third session of the General Assembly, in particular the management of the cash balances of all active peacekeeping operations as a pool and the issuance of assessment letters inviting Member States to

pay peacekeeping contributions for the full annual budget period. Those measures had not only improved liquidity management and cash predictability but had also strengthened mandate fulfilment, as well as resulting in more timely payments for uniformed personnel. It was nevertheless regrettable that closed peacekeeping operations could not be liquidated because of the persistent liquidity shortfalls in the regular budget.

77. As a strong defender of the principles of multilateralism and as the largest collective financial contributor to the United Nations, the European Union was committed to providing the resources necessary to enable the Organization to fulfil its mandates effectively. Ensuring the financial health of the United Nations was a shared responsibility of Member States and the Organization that was critical to enabling the Organization to implement its mandates. The European Union continued to call for responsible and sustainable solutions to the liquidity crisis and sought to find common ground within the Committee in that regard, while upholding the highest standards of transparency and accountability.

78. **Mr. Teo** (Singapore), speaking on behalf of the Association of Southeast Asian Nations (ASEAN), said that the Secretary-General was to be commended for his regular outreach concerning the financial situation of the Organization. ASEAN appreciated the Secretariat's efforts to manage the liquidity challenges while minimizing their impact on mandate fulfilment. That had required the Secretariat to take difficult decisions such as the decision to contain costs through a partial hiring freeze and the postponement of non-post expenditure.

79. It was encouraging that, as indicated in the letter dated 15 February 2022 from the Secretary-General addressed to Member States, the financial situation had improved owing to the receipt of an increased level of contributions and earlier payments throughout 2021. The receipt of 113.3 per cent of assessments for 2021 was all the more impressive given the significant economic uncertainties that had arisen as a result of COVID-19. ASEAN commended the Member States that had made that achievement possible.

80. ASEAN noted the Secretary-General's proposals to improve the financial situation of the Organization, which had been affected by challenges arising mainly from the late payment of assessments; enhanced flexibility in the management of financial resources would be of little use if the level of those resources was inadequate to begin with. The only sustainable way to address the liquidity situation was to ensure that

Member States paid their assessments in full, on time and without conditions. That was a legal and financial obligation. ASEAN hoped that the high levels of contributions received in 2021 signalled a new trend, rather than an anomaly, in payment patterns. The Secretary-General should nevertheless continue to spend resources prudently in order to prevent the worsening of the financial crisis.

81. Notwithstanding the continued increase in ASEAN member States' share of regular-budget assessments, they remained committed to paying their assessments in order to support the Secretary-General and the work of the United Nations. ASEAN was also committed to engaging in efforts to resolve the Organization's financial difficulties, while stressing that such efforts must not result in unfair additional burdens or other negative effects on Member States.

82. **Mr. Ammann** (Switzerland), speaking also on behalf of Liechtenstein, said that Switzerland and Liechtenstein stood in full solidarity with the people of Ukraine. The two delegations strongly condemned the military attack of the Russian Federation on Ukraine, which constituted a serious violation of international law. They called for the immediate cessation of all hostilities and the prompt withdrawal of the troops of the Russian Federation from Ukrainian territory. All parties must respect international human rights law and protect life and civilian infrastructure.

83. It was encouraging that the financial situation at the start of 2022 was more stable than in previous years and that inflows and the amount of cash received had reached record levels. It was also encouraging that all spending restrictions imposed as a result of the liquidity shortage had been lifted. Those improvements mainly were the result of the increase in the number of Member States that had paid their contributions in full and on time. The improvements demonstrated that compliance with the financial regulations concerning the payment of contributions was an effective way to avoid future liquidity crises. The timely receipt of contributions enabled the Secretariat to more effectively allocate resources and thus to prevent the disruption of operations. Such timely receipt would enable the Organization to implement the mandates adopted by Member States on the basis of factors other than the availability of funding. The Secretary-General should therefore continue to urge Member States to make timely payments and should introduce disincentives for delayed payment or non-payment.

84. The Organization was nevertheless not shielded from future crises. The restrictions on non-post expenditure had been inadequate to bridge the

increasing gaps between cash inflows and outflows. If the General Assembly did not make determined and sustained efforts to address the problem, United Nations mandates would be systemically underfunded. Although necessary given the difficult cash situation, the prioritization of activities by the Secretariat jeopardized Member States' oversight over the implementation of United Nations mandates.

85. A comprehensive review of the liquidity challenges was essential in order to identify lasting solutions. The Fifth Committee should examine thoroughly the proposals set out in the Secretary-General's report ([A/76/429](#)). The Secretary-General should be given more leeway in managing the budget, including the authority to reallocate resources between budget sections as needed, while ensuring full transparency and accountability to Member States. Switzerland and Liechtenstein would continue to pay their financial contributions in full and on time.

86. **Mr. Kimura** (Japan) said that it was encouraging that the financial situation of the Organization had improved compared with recent years, thanks to the receipt of 113.3 per cent of regular-budget contributions for 2021 and to enhanced liquidity management by the Secretariat. Those efforts had enabled the Organization to begin 2022 with a cash surplus of over \$300 million. Japan was grateful to those Member States that had contributed to reversing the trend of delayed payment and encouraged them to continue to do so.

87. Member States had a responsibility to pay their assessments in full and on time. Notwithstanding the impact of COVID-19 on its economy and the severe domestic financial challenges it faced, Japan had faithfully fulfilled its obligations and would continue to do so. Japan also remained determined to contribute to the implementation of United Nations mandates.

88. The Secretary-General, the Controller and the rest of the Secretariat were to be commended for carefully and effectively managing liquidity in order to ensure better mandate fulfilment. Japan appreciated the Secretariat's continuous efforts to provide information on the situation of the Organization. His delegation nevertheless remained concerned at the Organization's liquidity challenges, including those relating to the regular budget, as they were hampering mandate implementation. Japan welcomed the specific measures proposed by the Secretary-General to address that situation.

89. In formulating resource requirements, the Secretariat and the General Assembly should determine a level of resources that was realistic as well as sufficient for mandate implementation. At the same

time, Member States did not have unlimited resources. It was the shared responsibility of Member States and the Secretariat to seek to promote a more effective and efficient use of resources in order to ensure a high level of accountability to taxpayers. His delegation stood ready to participate in open and constructive discussions on ways to address the matter, and would continue to call for budgetary discipline, a prerequisite for accountable mandate fulfilment.

90. **Ms. Jerbouï** (Morocco) said that financial health was essential to the longevity of any organization. Member States had a shared responsibility to pay their contributions in full and on time in order to provide the Organization with the necessary resources to fulfil its mandates. Morocco welcomed the improvement in the financial situation as a result of the Secretary-General's appeal to Member States regarding the worsening liquidity crisis, as set out in his letter of 27 March 2021.

91. Morocco noted with appreciation the report of the Secretary-General ([A/76/429](#)) and his letter of 15 February 2022 on the financial situation of the United Nations. Her delegation welcomed his efforts to ensure the Organization's financial stability and predictability. Morocco was proud to have been included in the honour roll of Member States that had paid their contributions within the 30-day period specified in financial regulation 3.5. All other Member States should likewise fulfil their financial obligations to the Organization, in accordance with the Charter. Morocco would consider the Organization's liquidity challenges comprehensively in order to identify sustainable solutions.

92. **Ms. Valles** (Philippines) said that the Philippines noted the Secretary-General's efforts to manage the liquidity situation caused by the increase in arrears in the payment of assessed contributions in previous years. That situation had had a significant impact on programme implementation and mandate fulfilment. Some improvements had nevertheless been made: outstanding arrears under the regular budget had decreased from \$808 million at the end of 2020 to \$517 million as at November 2021, while arrears for peacekeeping operations had declined from \$3.18 million to \$1.47 million over the same period. Moreover, in November 2021, owing to the receipt of a large volume of assessments earlier that year, it had appeared unlikely that the Organization would need to borrow from the accounts of closed peacekeeping missions in 2021 in order to cover shortfalls in the regular budget.

93. The Philippines supported Member States' efforts to fulfil their financial obligations to the Organization in



full, on time and without conditions, in accordance with the Charter. Although the measures taken to increase liquidity had been moderately successful, they had not had a meaningful impact on the overall situation of the Organization. Consequently, in order to ensure the sustainability of the Organization's operations, the Secretary-General had resubmitted for consideration at the current session a number of proposals that had been deferred from previous sessions. The implementation of some of those proposals might nevertheless be complicated, resulting in an increase in the assessments of Member States; further review of the proposals and a sound analysis of the liquidity situation of the regular budget were therefore necessary. Her delegation also welcomed updates on the Secretary-General's initiatives to explore options for the replenishment of the Special Account, in particular through voluntary contributions. All measures taken to manage liquidity must be in full compliance with the Financial Regulations and Rules of the United Nations.

94. In continuing to manage the cash balances of active peacekeeping missions as a pool, the Secretary-General should guarantee proper oversight in order to ensure that lending missions were not negatively affected. He should also provide regular updates in that regard in his reports on the overview of the financing of peacekeeping operations and in the performance reports for the relevant peacekeeping operations. The proposal to return credits for unspent funds for active peacekeeping operations only if payments to troop- and police-contributing countries due and payable had been settled at the time that the decision on the return of such credits was taken should be reviewed further, considering the proposed continuation of the cash-pooling arrangement for active peacekeeping operations.

95. **Mr. Velázquez Castillo** (Mexico) said that Mexico recognized the Secretariat's efforts to address the financial challenges and liquidity problems facing the Organization. The steps taken to increase flexibility in the management of resources for peacekeeping operations had been particularly valuable, including in ensuring the timely settlement of payments to troop- and police-contributing countries. Such demonstrably useful steps should continue to be taken.

96. He thanked the Secretary-General for his proposals to address the financial uncertainty facing the United Nations, as set forth in his report (A/76/429). That uncertainty had worsened over the years, jeopardizing not only the implementation of institutional programmes and the timely achievement of results, but also the progress of ongoing reforms. Mexico would carefully examine the proposals relating to the regular budget and peacekeeping operations,

bearing in mind the recommendations of the Advisory Committee and the central goal of promoting creative solutions based on the effective use of available resources in accordance with the Financial Regulations and Rules, and without increasing Member State contributions.

97. The improvement of the financial situation of the United Nations was inextricably linked to the reform of the Organization. Member States had a responsibility to support the Organization and to collaborate with the Secretariat in putting forward and adopting measures to remove structural obstacles, improve the flexibility of budget management where possible, and ensure the predictable, sustainable and effective financing of the regular budget and peacekeeping operations.

#### **Agenda item 137: Programme budget for 2021** (continued)

##### *Managing after-service health insurance* (A/76/373 and A/76/579)

98. **Mr. Ramanathan** (Controller), introducing the report of the Secretary-General on managing after-service health insurance (A/76/373), said that health insurance had been an essential part of the compensation package provided to United Nations staff members since the Organization's establishment. In December 1966, the General Assembly had approved the establishment of the after-service health insurance programme, thereby extending coverage under United Nations health insurance plans to eligible retiring staff. After-service health insurance continued to be an important component of social security for retiring staff members, many of whom could not benefit from national social security schemes because of their service with the United Nations. Since its inception, enrolment in the after-service health insurance programme had grown substantially, with significant increases in costs. Those costs were expected to continue to increase as a result of the rising number of retired participants, changing demographics, medical advances and the growing cost of medical services.

99. Unlike pension entitlements, after-service health insurance was funded on a pay-as-you-go basis, whereby benefits were funded as they were provided to retirees. That approach had resulted in an increasingly high level of unfunded liabilities, which were projected to total \$23.4 billion by 2051, compared with \$7.5 billion in 2020. It had also resulted in an increase in the annual budget for after-service health insurance, which was projected to reach \$499.7 million in 2051, compared with \$92.5 million in 2020. Pay-as-you-go was a viable funding option when the number of



participants in the after-service health insurance scheme was modest. However, the continually expanding population of participants in the United Nations after-service health insurance programme and the rising costs of the programme would inevitably place a significant strain on future budgets and increase the level of unfunded liabilities. The approach was therefore unsustainable.

100. The Secretary-General was concerned about the level of unfunded after-service health insurance liabilities and the financial pressure placed by the pay-as-you-go funding method on current and future budgets. The Board of Auditors had also cautioned that the employee benefit liability was likely to account for an increasing portion of the regular budget over time if it remained unfunded. In addition, in its report on its activities for the period from 1 August 2020 to 31 July 2021 (A/76/270), the Independent Audit Advisory Committee had reiterated its previous observation that maintaining the pay-as-you-go approach posed a significant risk that should be properly managed. The Committee had also recommended that the General Assembly consider alternative strategies for funding after-service health insurance liabilities in order to mitigate that risk.

101. In order to ensure prudent financial management of the after-service health insurance programme, the United Nations must adopt a systematic method for funding accrued liabilities, to ultimately replace the pay-as-you go method. Some United Nations organizations had adopted their own funding strategies and had achieved various levels of funding. The United Nations should follow their example and gradually shift to a pay-as-you accrue approach to funding the Organization's share of after-service health insurance costs beginning in 2023. That strategy would entail the maintenance of pay-as-you-go funding for a closed group of existing staff and retirees and the introduction a charge against salary costs in order to fund the future after-service health insurance benefits of new staff. Given the high sensitivity of the valuation of after-service health insurance liabilities to demographic and economic factors, partial funding of up to 75 per cent of such liabilities, through a 6 per cent charge against salary costs, was proposed.

102. Periodic reviews of reserve-fund balances and cash flows would be required in order to ensure progressive and adequate funding. While the proposed strategy would initially require additional assessed contributions, it would considerably reduce budgetary requirements in the long-term, securing the financial viability of the after-service health insurance programme. The Secretary-General attached high

importance to the sustainability of the programme, as it enabled the Organization to ensure that retirees had access to appropriate health care irrespective of their place of residence and at a cost that was commensurate with their pension income.

103. **Mr. Bachar Bong** (Chair of the Advisory Committee on Administrative and Budgetary Questions), introducing the related report of the Advisory Committee (A/76/579), said that the Advisory Committee acknowledged the cost-containment measures taken by the Secretariat and recommended that the General Assembly request the Secretary-General to include, in future submissions relating to the regular and peacekeeping budgets, information on budgeted and actual health-insurance expenditure for active staff. The audit of medical claims and of the performance of third-party administrators that was being conducted by the Administration was overdue; the Advisory Committee looked forward to receiving the audit findings.

104. The Advisory Committee recommended that the General Assembly request the Secretary-General to continue to explore, with national Governments, opportunities to leverage national health insurance plans in countries with a significant population of Secretariat retirees, including the possibility of introducing further incentives for retirees to participate in national plans or by mandating such participation. The Advisory Committee recommended that the Secretary-General be requested to report on the outcome of those efforts in his next report on managing after-service health insurance.

105. The Advisory Committee welcomed the inclusion in the Secretary-General's report (A/76/373) of information on projections relating to the eligibility of staff serving in peacekeeping operations for after-service health insurance, as requested by the General Assembly. With regard to the Secretary-General's recommendations concerning the funding of after-service health insurance liabilities, the Advisory Committee saw the need for clearer justifications for the use of the pay-as-you-accrue method as opposed to the pay-as-you-go method, and for well-established and consistent funding and investment strategies.

106. There were significant differences between the Secretary-General's new funding proposal and his previous proposals; those differences had not been identified in his report (A/76/373) or explained upon inquiry. The Advisory Committee was not convinced by the rationale provided by the Secretary-General for his new proposal to ensure partial funding of up to 75 per cent of a potential reserve, compared with his previous proposal for a fully funded reserve. The Advisory

Committee was likewise unconvinced by the Secretary-General's proposal to initially invest, in the existing short- to medium-term pool managed by the United Nations Treasury, after-service health insurance funds to be accumulated from the regular and peacekeeping budgets, given the concerns expressed by the Board of Auditors regarding the management of extrabudgetary reserve funds for after-service health insurance and the lower rates of return on investment within the short-to medium-term portfolio. The 2020 actuarial valuation of after-service health insurance liabilities, as a roll-forward exercise, had retained some of the assumptions that had been identified by the Board of Auditors as having inconsistencies, a finding that indicated a potentially high risk of error in the calculation of after-service health insurance liabilities.

107. Overall, the Advisory Committee was not fully convinced by the proposals of the Secretary-General and continued to believe that the objective of ensuring the availability of adequate resources to settle recognized employee benefit liabilities could be achieved without necessarily or immediately establishing a reserve. The Advisory Committee therefore reiterated its recommendation to continue the pay-as-you-go approach, as recommended by the General Assembly in various resolutions. The Advisory Committee also recommended against approval of the recommendations contained in paragraph 77 (b) and (c) of the Secretary-General's report (A/76/373).

108. While noting that the General Assembly had not taken a decision on the funding of a reserve for after-service health insurance liabilities, on the investment of such liabilities by organizations and on the points made by the Working Group on After-Service Health Insurance and the United Nations Joint Staff Pension Board, the Advisory Committee maintained its view, as endorsed by the General Assembly in its resolution 71/272 B, that the role of the United Nations Joint Staff Pension Fund in providing a cost-effective solution in terms of investing assets set aside to fund future after-service health insurance benefits could be explored by system organizations whose governing bodies had approved such funding. The Advisory Committee therefore recommended further exploration of options for the management of a potential after-service health insurance reserve, in particular by the Pension Fund.

109. **Mr. Ajmal** (Pakistan), speaking on behalf of the Group of 77 and China, said that the Group attached great importance to the welfare of United Nations staff and was committed to the settlement of their end-of-service liabilities, including those related to after-service health insurance, as many staff members could not benefit from national social security schemes

because of their service with the United Nations. The Group had carefully considered the Secretary-General's report (A/76/373) and noted with appreciation the concerns expressed by the General Assembly in its resolution 73/279 B. The Group had also noted the concerns expressed regarding the significant level of after-service health insurance liabilities and the potential impact of such liabilities on the sustainability of after-service health insurance and the future solvency of the United Nations. The Group recognized the long-term implications of decisions regarding after-service health insurance for the Organization's future budgets and for its staff. In informal consultations, the Group would seek to gain a better understanding of the proposed payroll charge, bearing in mind the fundamental interests of United Nations staff and the impact of the charge on Member-State contributions.

*The meeting rose at 5.35 p.m.*