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## Fifth Committee

### Summary record of the 6th meeting

Held at Headquarters, New York, on Tuesday, 17 October 2023, at 10 a.m.

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

## Contents

Agenda item 136: Improving the financial situation of the United Nations  
(*continued*)

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

**Agenda item 136: Improving the financial situation of the United Nations** (*continued*) (A/78/524)

1. **Ms. Pollard** (Under-Secretary-General for Management Strategy, Policy and Compliance), introducing the report of the Secretary-General on the financial situation of the United Nations (A/78/524), said that, since the presentation on the financial situation of the United Nations at the Committee's 4th meeting, payments received had brought to 53 the number of Member States that had paid in full their assessments for peacekeeping operations; to 114 the number that had paid their assessments for the international tribunals in full; and to 46 the number that had paid their assessments in full for all categories. In addition, regular-budget contributions had been received from 1 Member State and peacekeeping contributions had been received from 8 Member States.

2. **Mr. Tur de la Concepción** (Cuba), speaking on behalf of the Group of 77 and China, said that the Group was seriously concerned about the fact that, as at 30 September 2023, only 64 per cent of assessed contributions to the regular budget had been received, the lowest level in five years. The unpredictability of payment patterns had once again resulted in extraordinary measures such as the suspension of hiring and restrictions on spending, both of which adversely affected mandate fulfilment. The gap between budgeted and actual vacancy rates, together with the increase in post adjustments, had increased the liquidity pressure. Budget management must be based on programme implementation rather than the available cash. The Group was therefore extremely concerned about the fact that one Member State owed more than two thirds of all outstanding regular-budget assessments, despite having the capacity to pay. Furthermore, that Member State benefited from an artificial maximum rate of assessment, or ceiling, which had been predicated on its clearance of prior arrears, a condition that remained unmet. That Member State should fulfil its financial and legal obligations to the Organization without delay.

3. With regard to peacekeeping, the Group was encouraged by the timelier payment of liabilities to troop- and police-contributing countries. However, as at 30 September 2023, the unpaid percentage of assessed contributions was the highest in the past five financial periods, which would potentially affect the reimbursement of those countries. Member States that were in a position to do so should translate their words into action, settle their arrears and pay their assessments in full, on time and without conditions.

4. The Group was sympathetic to Member States that were genuinely 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, and Member States should not be hindered from honouring their legal and financial obligations to the Organization. Despite bearing an ever-increasing share of the financial burden of the United Nations, the Group was committed to participating constructively in any effort to resolve the Organization's financial difficulties. It called upon its partners to do likewise; otherwise, they would be setting up the Organization for failure at a time when its success was most needed.

5. Speaking as the representative of Cuba, he said that his country had fully met its financial obligations to the Organization. Doing so had cost it a great deal of effort owing to the persistent effects of the economic, commercial and financial blockade imposed by the United States of America, a blockade that had been tightened to an extreme and unprecedented degree, even during the recovery from the coronavirus disease (COVID-19) pandemic. Because of the financial persecution arising from the blockade, dozens of Cuban diplomatic missions had lost their relationship with the banks that had traditionally provided them with services. As a result, Cuba had encountered major obstacles in making payments to the agencies, funds and programmes of the United Nations system, and to other international bodies. That persecution had been aggravated by the arbitrary inclusion of Cuba in the list of alleged State sponsors of terrorism. It was absurd that any Cuban citizen, including himself, could be regarded as a terrorist because of the country's inclusion in that list, which restricted Cuban banking and financial operations and had been condemned by dozens of Heads of State and Government during the high-level week of the General Assembly. Despite those setbacks, Cuba would not neglect its financial obligations to the Organization.

6. **Mr. Seah** (Singapore), speaking on behalf of the Association of Southeast Asian Nations (ASEAN), said that ASEAN was concerned about the Organization's liquidity situation, which resulted from the late payment or non-payment of assessed contributions. The payments received had fallen short of the estimates throughout the year, and the level of contributions received by the end of the third quarter had been \$216 million lower than expected. The Association was dismayed to learn that the Secretariat had borrowed the full amount of \$250 million from the Working Capital Fund in August 2023 to meet its payroll obligations and would borrow the full amount from the Special Account

in October. Although it had begun 2023 in a stable cash position, the Organization was now at risk of exhausting its entire liquidity reserve and ending the year with a cash deficit. ASEAN noted, from the briefing given by the Controller on 6 October 2023, that the United Nations was preparing to introduce further spending restrictions, in addition to the hiring freeze implemented in July 2023. Operating on a cash-conservation basis was unsustainable, had affected mandate fulfilment and would continue to undermine Organization's effectiveness, especially as the international community sought to accelerate progress towards the Sustainable Development Goals. ASEAN noted the same worrying trends in relation to peacekeeping operations, for which the percentage of unpaid assessments had risen to its highest level in four years, reaching 92 per cent as at the end of September 2023. The total amount outstanding for peacekeeping operations, \$3.3 billion, exacerbated the liquidity problems faced by peacekeeping operations.

7. Given the severe liquidity issues facing the regular and peacekeeping budgets, Member States must fulfil their financial obligations in full, on time and without conditions. ASEAN commended those Member States that endeavoured to meet their obligations to the United Nations despite facing genuine difficulties in paying their assessed contributions owing to factors beyond their control. The Secretariat must provide that Member States with regular updates on the Organization's financial situation and the proposed way forward. The States members of ASEAN were committed to fulfilling their financial obligations and called upon other States Members of the United Nations to do likewise so that the Organization remained credible and well-equipped to tackle complex global challenges.

8. **Ms. Osei** (Ghana), speaking on behalf of the Group of African States, said that, in order to maintain the financial health of the Organization, Member States must meet their financial obligations in full, on time and without conditions. Timely contributions must be provided to ensure that the financial situation was stable and predictable, and that the Organization could implement its programmes. The Group appreciated those Member States that had paid their assessed contributions and encouraged the remainder to fulfil their financial responsibilities.

9. The Group was pleased that reimbursements in respect of troop and police units for peacekeeping missions were current. The obligation to reimburse the countries that contributed those troops and police, some of whom made the ultimate sacrifice as peacekeepers, must be honoured. The Group commended the efforts made to reimburse Member States in respect of

contingent-owned equipment. Those reimbursements were current for all missions except the African Union-United Nations Hybrid Operation in Darfur (UNAMID) and the United Nations Multidimensional Integrated Stabilization Mission in Mali (MINUSMA). The Group called upon Member States to finalize their outstanding contributions to those two missions.

10. Despite the measures taken by the General Assembly to reduce liquidity pressures, unpredictability and delays in the payment of assessed contributions were hampering the functioning of the Organization. In particular, the level of unpaid contributions as at 30 September 2023 was higher than at the same point in 2022. The Group hoped that recent undertakings by Member States to pay their contributions would help to meet the liquidity challenge. The Group was concerned about the impact on the Organization's functioning of the hiring freeze resulting from the challenges that might, according to the report of the Secretary-General, emerge in relation to the cash balance in 2024. Such challenges, which resulted from unpredictability in the payment of contributions, adversely affected mandate fulfilment. The Financial Regulations and Rules of the United Nations and the General Assembly's decisions on financial management must be fully enforced. The members of the Group would make every effort to pay their contributions in full and on time, and called upon other Member States to do likewise.

11. **Ms. Abo** (Japan) said that Member States had a responsibility to ensure that the Organization functioned properly by paying their assessed contributions in full and in a timely manner. Japan, as a committed Member State and the third-largest contributor, had faithfully fulfilled its financial obligations to the United Nations. In response to the Secretary-General's call, in summer 2023, for Member States to address the liquidity situation in peacekeeping, Japan had disbursed \$380 million in August, when the cash balance had been extremely unstable. In order to enhance liquidity relief, Japan had included in that amount an additional advance payment of \$144 million for the non-mandated period. Japan was determined to contribute actively to mandate fulfilment.

12. Member States and the Secretariat had a shared responsibility to strive continuously for the effective and efficient use of their finite resources in order to maintain a high level of accountability to taxpayers and meet the needs of those the Organization served. Her delegation would continue to call for budgetary discipline, a prerequisite for accountable mandate fulfilment, and was committed to engaging in constructive discussions based on that principle.

13. **Mr. Cottam** (United Kingdom) said that the United Kingdom was concerned about the deterioration of the Organization's liquidity situation, particularly given the decision, taken by the Committee only 18 months previously, to increase the Working Capital Fund by \$100 million. However, while the resumption of cost-containment measures was regrettable, the United Kingdom understood the restrictive operational parameters facing the Secretariat. His delegation commended the Organization on carefully prioritizing its activities and managing its resources to ensure mandate fulfilment, with a focus on those activities that had the most impact.

14. The Organization's financial health depended on Member States' paying their assessed contributions in full, on time and without conditions. The United Kingdom had striven to make its outstanding payments expeditiously and urged other Member States to do likewise. Given the current geopolitical uncertainty, it was more important now than at any point in the twenty-first century to provide the Secretariat with sufficient resources and up-to-date financial rules and regulations to enable mandate fulfilment.

15. The United Kingdom was committed to stabilizing the Organization's finances. In response to the Secretariat's concerns about unpredictability and delays in the payment of assessed contributions, the United Kingdom had aligned its payments with United Nations budget periods; it encouraged other Member States to do likewise. In view of the comments made by the Secretary-General at the 5th meeting of the Committee about the ways in which the current financial procedures were impeding mandate fulfilment, his delegation looked forward to working with the Secretariat and other Member States to ensure that the Organization's internal rules and procedures enabled it to best serve those in need. The impact of every dollar spent by the United Nations must be maximized. Member States must honour their financial obligations to the Organization and pay their assessed contributions in a manner that allowed the United Nations to make the best use of its resources.

16. **Ms. Edwards** (Guyana) said that her delegation was concerned about the deterioration in the regular-budget liquidity situation over the past year and the possible reversal of the improvements made in the previous two years. Her delegation was concerned about the reintroduction of hiring restrictions in July 2023, given the implications for programme and mandate implementation. Member States that were in a position to do so should pay their assessed contributions to the regular budget in full and in a predictable manner, in order to improve the liquidity situation and prevent an

increase in liquidity pressure in 2024. In the interest of the prudent fiscal management of the Organization, Member States that were experiencing difficulties in paying their assessed contributions in full and on time should work with the United Nations to submit a payment plan suitable to their circumstances.

17. Her delegation was concerned about the high percentage of peacekeeping contributions that had not been paid, and appealed to Member States to pay their peacekeeping contributions in full and on time. Guyana would constructively discuss any proposal by the Secretary-General to improve resource management and the liquidity situation. It was committed to working with other Member States to improve the Organization's financial stability, and predictability in the timing and amount of contributions.

18. **Ms. Bouazzaoui** (Morocco) said that the United Nations depended on the contributions of Member States for the sustainability of its financial situation and its ability to fulfil its mandates. In that regard, Morocco supported the Secretary-General's proposals, which would further Our Common Agenda by accelerating the implementation of the Sustainable Development Goals and building a more inclusive, networked and effective multilateralism for the twenty-first century. Sufficient and predictable funding was essential to the effectiveness of the United Nations development system.

19. With regard to the regular-budget liquidity crisis, the Organization needed predictability in the timing and amount of payments of contributions so that it could manage its cash outflows and plan its spending properly, without running the risk of defaulting on payments. Her delegation welcomed the proposed programme budget for 2024, particularly the continued investment in sustainable development through an increase of \$4 million for programmes in the development pillar. The proposed budget reflected a shift towards new skills, including in the areas of data and innovation, in order to build United Nations 2.0. The Secretary-General's proposals provided adequate opportunities for addressing the current financial situation.

20. The best solution to the liquidity problem was for Member States to meet their financial obligations in full and in a timely manner. As at 30 September 2023, Morocco had been one of 111 Member States that had paid their assessed contributions for the tribunals in full and one of 137 Member States that had paid their regular-budget contributions in full.

21. **Ms. Guo Zhiqi** (China) said that China was the second-largest contributor to the regular and peacekeeping budgets, and actively fulfilled its financial obligations to the United Nations. It had informed the

Secretary-General that it would soon pay the balance of its 2023 assessed contributions, including for peacekeeping missions mandated by the Security Council. In recent years, China had seen its share of contributions increase significantly, resulting in great financial pressure. The fact that China had overcome all difficulties to pay its 2023 contributions in full showed its support for the United Nations through concrete actions.

22. Finance was the foundation and an important pillar of United Nations governance. The root cause of the Organization's liquidity problem was the persistent refusal of one major contributor to pay its contributions in full. No other measure to alleviate the liquidity issue would fundamentally resolve the problem. A sound financial situation was not only the basis for the United Nations to carry out its functions but also a guarantee of the implementation of the various reforms. China would continue to fulfil its financial obligations to the United Nations and support the provision of the resources necessary for the Organization to play its central role in international affairs. The Secretariat should strengthen fiscal discipline, increase cost-effectiveness and efficiency, and make good use of every penny contributed by Member States.

23. **Ms. Schmied** (Switzerland) said that the financial situation of the United Nations reflected the collective commitment of Member States, which would achieve their goals only if they paid their assessed contributions in full, on time and without conditions. Without the necessary liquidity, which was a fundamental basis for international cooperation, the fulfilment of every mandate was at risk. The Secretariat had been obliged to take an increasing number of measures to remedy the situation, including the temporary suspension of recruitment and further reductions in non-staff costs. She requested further information regarding the cost-cutting measures taken at the United Nations and those planned for the coming months.

24. **Ms. Sakala** (Zambia) said that Zambia was committed to paying its assessed contributions in full and on time, in the interest of optimal budget planning and sustainable mandate fulfilment. As evidence of that commitment, Zambia had started paying its regular-budget contributions in the first quarter, rather than in the third quarter as previously. The timely payment of assessed contributions was essential to the effective financial management of the Organization. The Committee should complete its work at the main part of the current session in a timely fashion in order to stabilize the liquidity situation and allow the Secretariat sufficient time to plan for the new year.

25. Zambia would constructively discuss any proposals by the Secretary-General to improve resource management and the Organization's liquidity situation. Member States must collectively and effectively finance United Nations operations, particularly in order to advance peacebuilding efforts in addition to humanitarian assistance in areas of need, honour their pledge regarding multilateralism and peace and security, and implement the 2030 Agenda for Sustainable Development. Zambia would make every effort to ensure the predictability and availability of resources, which was critical to the functioning of the Organization.

26. **Mr. Hanna** (United States of America) said that the United States, which was the largest contributor to the United Nations, took its financial responsibilities seriously and believed in transparency. In 2023, it would make its regular-budget payments of approximately \$200 million in October and an additional payment in November, in accordance with its practice in recent years. His country's financial commitment to the United Nations was demonstrated by the fact that its regular-budget arrears as at 1 January 2023 had been \$222 million, the lowest level, as a percentage of that budget, since 1984. The United States would pay those arrears in full.

27. Although the United States had sizeable arrears under the peacekeeping budget, \$350 million was owed to missions that had closed long before, such as the United Nations Protection Force (UNPROFOR), which had closed in 1995. Those arrears did not affect the liquidity of peacekeeping budgets or the regular budget, or on payments to troop-contributing countries. In fact, the United States had recently worked with other Member States to liquidate funds in closed peacekeeping operations in order to make payments to troop-contributing countries and return credits to Member States. In 2023, the United States had provided \$947 million in peacekeeping contributions in the first quarter of the peacekeeping financial period.

28. The United States had taken concrete measures to improve the financial situation of the United Nations under the regular and peacekeeping budgets. It communicated constantly with the Secretariat regarding its financial contributions and had welcomed Secretariat officials to Washington, D.C., to speak with government officials and elected representatives. Other Member States, especially large contributors, should also be transparent and predictable, openly discuss and share their payment plans, and ensure predictability for the smooth operation of the Organization.

29. **Ms. Pollard** (Under-Secretary-General for Management Strategy, Policy and Compliance) said that, although the Organization could not be run on the basis of cash-conservation measures, mandates must be implemented on the basis of approved budgets. She therefore hoped that the Organization would receive substantial payments of assessed contributions in the coming weeks so that the liquidity situation would improve by the end of 2023.

30. **Mr. Ramanathan** (Controller) said that the provision by Member States of information about the timing of payments of assessed contributions was as important as the timing itself. With regard to cost-cutting measures, the Secretariat had imposed a temporary suspension of hiring in July 2023, because the payments of assessed contributions received during the year had been far lower than expected, despite the immense amount of liquidity available at the start of the year. The Secretariat had made exceptions to the suspension when possible, to ensure that the fulfilment of time-sensitive mandates was not affected. In doing so, the Secretariat discussed with the programme managers concerned the possibility of their offsetting any additional recruitment-related expenditure through an equivalent reduction in non-post expenditure.

31. The suspension of hiring had been expected to be lifted at the end of September 2023, but had been extended until the end of the year and would remain in place unless the situation improved dramatically. In late September, as the situation had worsened, restrictions on spending had been imposed. Non-post expenditure in an amount of \$60 million, including \$20 million for special political missions, had been blocked in the Secretariat to prevent the Organization from running out of cash. However, the United Nations still did not have enough liquidity. It had borrowed the full amount from the Working Capital Fund in August and, in order to pay salaries, the full amount from the Special Account in October. Although that borrowing, together with borrowing from closed tribunals, would provide the Organization with enough cash until November, the United Nations would not have enough liquidity for December unless sufficient payments were received from Member States. In the meantime, the current restrictions would not be relaxed, in order to ensure that salaries could be paid. However, no further cost-cutting measures would be introduced before the end of the year.

32. Even if all assessed contributions were paid, the Organization would start 2024 in a worse situation than a year earlier. The cash balance was decreasing continuously because of the return of credits to Member States. Rigidities in the financial regulations must be

reduced in a reasonable manner so that the United Nations could meet its obligations. The Secretariat needed more certainty in order to operate more smoothly.

*The meeting rose at 10.50 a.m.*