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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*)

1. **Ms. Pollard** (Under-Secretary-General for Management Strategy, Policy and Compliance) said that since the presentation on the financial situation of the United Nations at the Committee's 37th meeting, payments received had brought to 111 the number of Member States that had paid their regular-budget assessments in full; to 58 the number that had paid their assessments for peacekeeping operations in full; to 90 the number that had paid their assessments for the international tribunals in full; and to 51 the number that had paid their assessments in full for all categories. In addition, regular-budget contributions had been received from two Member States, peacekeeping contributions had been received from eight Member States, and contributions for the international tribunals had been received from one Member State.

2. **Mr. Ainomuhisha** (Uganda), speaking on behalf of the Group of 77 and China, said that the United Nations needed adequate and predictable funding to fulfil its mandates. The fluctuations in the cash situation of the regular budget resulted in unpredictability and uncertainty with respect to budget implementation. The Group noted that, as at 30 April 2024, the level of unpaid regular-budget and peacekeeping assessments had amounted to \$1.7 billion and \$2.6 billion, respectively. The Organization had been obliged to prolong the cash conservation measures to avoid running out of cash by August 2024.

3. The Organization's ability to settle its liabilities was entirely contingent on the payment of assessed contributions by Member States, in particular those with the highest arrears. The Group was extremely concerned that one Member State owed more than half of all outstanding regular-budget and peacekeeping assessments, despite having the capacity to pay. The situation was especially egregious in the current circumstances. Despite benefiting from a fundamental distortion in the method for determining how the Organization was financed, that Member State unilaterally withheld its contributions for political reasons while clinging to its special privileges in the Security Council. Member States that were in a position to do so should put their words into action, settle their arrears and pay their assessments in full, on time and without conditions.

4. The Organization's financial stability was critical to its effective functioning and the fulfilment of its mandates. The Group expressed its appreciation to

Member States that had made efforts to reduce their outstanding contributions, despite financial challenges. It 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, particularly when it was experiencing persistent liquidity challenges. Despite bearing an ever-increasing share of the financial burden of the United Nations, the Group was committed to participating constructively in efforts to resolve the Organization's financial difficulties. It called upon its partners to do likewise; otherwise, Member States would be setting up the Organization for failure at a time when its success was most needed.

5. **Mr. Gafoor** (Singapore), speaking on behalf of the Association of Southeast Asian Nations (ASEAN), said that ASEAN was concerned about the Organization's liquidity situation and the impact on its work, both at Headquarters and in peacekeeping operations. ASEAN noted that despite the cash surplus in the regular budget at the start of 2023, the cash deficit at the end of the year had been over \$400 million. It was dismayed that the Secretariat had needed to exhaust the Working Capital Fund and a large portion of the Special Account by the end of 2023.

6. While collections as at 30 April 2024 had surpassed the Secretariat's estimate, that was partly because of payments of arrears. Member States should not be lulled into complacency. The Organization was still in a bad position, particularly if the top contributor did not pay its dues in a timely fashion. The Organization's stringent cash-conservation measures were already affecting mandate delivery and undermining the effectiveness of the Organization, including its support for the work of Member States.

7. ASEAN noted that the financial situation of peacekeeping operations was somewhat better. As at 30 April 2024, contributions amounting to \$5.6 billion had been received out of the total of \$6 billion assessed for peacekeeping operations. Nevertheless, the level of unpaid assessments was \$2.6 billion, including arrears. ASEAN urged Member States to pay their outstanding contributions as soon as possible to enable peacekeeping operations to fulfil their mandates without compromising the safety of peacekeepers.

8. The Organization's financial challenges were mainly due to the late payment or non-payment of assessed contributions. Given the severe liquidity crisis facing the Organization, Member States must fulfil their

financial obligations in full, on time and without conditions. Member States had a legal obligation and a moral responsibility to ensure that the United Nations had the resources it needed to implement the mandates set by Member States. 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 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 effective and able to tackle complex global challenges.

9. Speaking in his national capacity, he said that as Member States prepared for the Summit of the Future and the adoption of a pact for the future, it was imperative to find a sustainable, long-term solution to the recurring liquidity challenges of the Organization. The United Nations must not be held hostage to such challenges, especially when they were caused by the non-payment of assessed contributions. All Member States that were committed to the multilateral system must fulfil their legal obligations and pay in full and on time, just as Singapore had always done. In addition, there should be greater transparency regarding the payment of assessed contributions, to ensure that Member States that proclaimed their support also demonstrated that support by paying in full and on time.

10. **The Chair** said that he encouraged Member States to seize the opportunity presented by the Summit of the Future to ensure the inclusion of language in the pact for the future that addressed the structural difficulties and rigidities affecting the Organization's financial situation, with a view to ensuring that the United Nations could continue to fulfil its mandates.

11. **Mr. Camelli** (Representative of the European Union, in its capacity as observer) said that the Organization's persistent liquidity problems were affecting its ability to deliver on its mandates. At Headquarters and in the field, activities and outputs were being postponed or cancelled. The accumulation of delays and underimplementation created a downward spiral that gravely affected the Organization's performance and relevance.

12. Solving the liquidity crisis was the shared responsibility of the Secretariat and Member States. The European Union commended the efforts of the Secretary-General, the Controller and programme managers to deliver on their mandates despite the cash shortages. The root cause of the liquidity problems could only be addressed if Member States paid 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 clearly to the Secretariat in order to ensure cash-flow predictability as far as possible. The European Union 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.

13. More must be done to address the structural root causes of the downward spiral in the liquidity situation and find sustainable solutions. The Financial Regulations and Rules of the United Nations should be reviewed. The European Union saw merit in preventing the return of unspent funds to Member States in arrears, and in comprehensive cash pooling to enable the Organization to make the best use of the liquidity available across United Nations accounts. Liquidity-bridging mechanisms were also important and should be kept under close review to ensure that they remained fit for purpose.

14. 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.

15. As a strong defender 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 critical to enabling it to implement its mandates.

16. **Mr. Williams** (United Kingdom) said that his delegation was concerned about the deterioration of the Organization's liquidity situation. While the implementation 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.

17. The Organization's financial health depended on Member States' paying their assessed contributions in full, on time and without conditions. His delegation was pleased that, as at 20 May 2024, more Member States

had paid in full than at that point in any previous year, and urged those with outstanding dues to pay as soon as possible. It was essential for all Member States to pay in full and on time. Given the current geopolitical uncertainty, the Secretariat must be provided with adequate resources and sufficiently flexible financial rules and regulations to enable mandate fulfilment. The Secretariat should consider amending the Financial Regulations and Rules of the United Nations to improve liquidity management.

18. 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. His delegation was pleased that the United Kingdom appeared on the honour roll, the list of Member States having paid their regular budget assessments in full within the first 30 days of the year. As noted by the Under-Secretary-General for Management Strategy, Policy and Compliance at the 37th meeting of the Committee, the Organization could resolve the liquidity crisis only if Member States met their financial obligations in a predictable, timely manner. Member States should listen to the concerns of the Secretariat and pay their assessed contributions in a manner that allowed the United Nations to make the best use of its resources.

19. **Mr. Lysikov** (Russian Federation) said that the significant increase in the cash available to the Secretariat in recent months was a positive sign. As noted by the Under-Secretary-General for Management Strategy, Policy and Compliance at the 37th meeting of the Committee, the Russian contribution to the regular budget had not been credited to the Secretariat's account by the bank and had been returned to the entity that had sent it. His delegation was concerned about the fact that the Secretariat was unable to receive payments to United Nations budgets from all Member States. Given that the transfer had been rejected by a United States bank as a result of illegal unilateral restrictive measures, responsibility for the non-receipt of the Russian contribution lay entirely with the United States of America. The Russian Federation was being prevented from financing the United Nations by States that did not pay their assessed contributions in full, while at the same time financing military activities around the world. The Fifth Committee and the Committee on Contributions, which were mandated to consider the financial situation of the United Nations and obstacles to the Organization's stability, should hold dedicated discussions on the matter. Nevertheless, the Russian

Federation would make every effort to fulfil its financial obligations to the Organization in full and as soon as possible.

20. His delegation regretted the fact that the Secretariat periodically submitted proposals on granting the Secretary-General flexibility in administrative, budgetary and human resources matters, to enable him to move available funds from one budget line to another, or from the account of one mission to the account of another mission that was heavily in debt. In addition, the cost-saving measures imposed by the Secretariat without consulting Member States, including the hiring freeze and the refusal to provide conference services, were adversely affecting the work of the United Nations. The Secretariat should develop proposals aimed at putting pressure on those States with significant arrears, including provisions regarding the hiring of their nationals and payments to their suppliers.

21. **Ms. Alshaikh** (Saudi Arabia) said that Saudi Arabia was committed to paying its assessed contributions in full, on time and without conditions. Her Government had taken measures to enable Saudi Arabia to pay its peacekeeping dues by the end of the year.

The meeting rose at 10.40 a.m.