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Chair: Ms. González López (El Salvador)
*Vice-Chair of the Advisory Committee on Administrative
and Budgetary Questions:* Ms. Brennen-Haylock

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The meeting was called to order at 10 a.m.

Agenda item 141: Improving the financial situation of the United Nations
(continued) ([A/79/521](#))

1. **Mr. Ramanathan** (Controller), introducing the report of the Secretary-General on the financial situation of the United Nations ([A/79/521](#)) said that, since the presentation on the financial situation of the United Nations at the Committee's 4th meeting, payments received had brought to 65 the number of Member States that had paid in full their assessments for peacekeeping operations; to 121 the number that had paid their assessments for the international tribunals in full; and to 59 the number that had paid their assessments in full for all categories. In addition, peacekeeping contributions had been received from 7 Member States.

2. **Mr. Ainomuhisha** (Uganda), speaking on behalf of the Group of 77 and China, said that the United Nations must have adequate and predictable funding in order to fulfil its mandates. The Group was concerned by the fluctuations in the cash situation, which led to unpredictability and uncertainty in the implementation of the regular budget. Unpaid assessed contributions had amounted to \$1.5 billion as at 30 September 2024, which was higher than at the same date in 2023, indicating a worrying trend that had necessitated continued cash conservation measures. Total outstanding assessments for the programme budget, peacekeeping operations and the international tribunals had amounted to over \$3.3 billion as at 30 September.

3. The Organization's ability to settle its liabilities depended entirely on its receipt of payments. The Member States with the highest levels of arrears had aggravated the financial situation. It was a matter of great concern that one Member State owed more than one half of all outstanding assessments for the regular budget and peacekeeping operations, despite having the capacity to pay. Although it benefited from a 22-per-cent ceiling in its assessments, which fundamentally distorted the Organization's financing, that Member State continued to unilaterally withhold its contributions for political reasons while still retaining its special privileges in the Security Council.

4. The Group called on the Member States that were in a position to do so to meet their commitments by settling their arrears and paying their assessments in full, on time and without conditions. Financial stability was critical for the Organization to function effectively and fully implement its mandates. The Group appreciated the efforts made by Member States that had reduced their outstanding contributions despite the financial challenges affecting their economies and was sympathetic with those that were genuinely unable to meet their financial obligations for reasons beyond their control. Action should be taken to facilitate the payment of assessed contributions, and Member States should not be prevented or hindered from honouring their legal and financial obligations to the Organization, particularly at a time when it faced persistent liquidity challenges.

5. The Group was of the view that whenever the Organization was experiencing a liquidity crisis, the Secretary-General should make a statement at the general debate of the General Assembly to inform participants of the financial constraints and the largest amounts of outstanding contributions, as that critical matter deserved the attention of all delegations at the highest levels and would be remedied only through greater political commitment to the Organization. The Group, which bore an ever-increasing burden in financing the Organization, remained committed to constructive efforts to resolve the financial difficulties and called on its partners to do likewise.

6. **Ms. Chia Yihui** (Singapore), speaking on behalf of the Association of Southeast Asian Nations (ASEAN), said that the liquidity situation of the United Nations remained bleak as a result of irregular and late payment or non-payment of assessed

contributions. ASEAN was concerned that the level of unpaid regular-budget assessments at the end of September 2024 had stood at \$1.5 billion, the highest level in four years. It was disappointing that the financial target for the current year remained unmet, as had been the case for the previous five years. It was a matter of concern that the Secretariat had had to engage in liquidity management by borrowing from the Working Capital Fund and that it would even have to borrow from the Special Account. ASEAN also noted that the percentage of unpaid assessments for peacekeeping operations was increasing, despite the decline in the overall peacekeeping budget.

7. The dire liquidity situation resulting from the unstable capital inflow was unsustainable. Mandate delivery in some areas had already been affected, at a time when the aim was to accelerate the implementation of the Sustainable Development Goals and to implement other initiatives, including in key areas such as digital cooperation, and peace and security. The root cause of the liquidity issues could be addressed only by Member States consistently fulfilling their financial and legal obligations to the United Nations by making payments in full, on time and without conditions. Only then could the Organization implement the mandates entrusted to it by the Member States. ASEAN recognized that some Member States faced genuine difficulties in paying their assessed contributions due to circumstances beyond their control and commended those Member States that nevertheless endeavoured to meet their obligations to the Organization.

8. The Secretariat should continue to provide regular updates to keep the Member States fully informed of the financial situation and the proposed path forward. ASEAN members remained committed to meeting their financial obligations to ensure that the United Nations remained a credible institution that was well equipped to tackle the complex challenges facing the world, and called on all Member States to do the same.

9. **Ms. Reyes Fernandez** (Representative of the European Union, in its capacity as observer), speaking also on behalf of the candidate countries Bosnia and Herzegovina, Montenegro, the Republic of Moldova and Türkiye and, in addition, Monaco and San Marino, said that the European Union continued to be concerned about the persistent liquidity shortages, which hindered the Organization's ability to fulfil its mandates. The root cause of the issue could be resolved only through Member States making full payment of their contributions on time and without conditions. In cases where Member States were unable to make timely payment in full, the European Union urged them to ensure as much predictability as possible. The States for which she spoke welcomed the reduction of arrears by some Member States and urged all others with outstanding arrears to address the issue as a matter of urgent priority. Sustainable remedies must be found to address the downward spiral in the liquidity situation, which was harming the Organization's performance and undermining its relevance at a time when needs had multiplied. When approving budgets, the Committee must consider the broader implications of the ongoing problem.

10. The European Union reiterated its support for a review of the Financial Regulations and Rules of the United Nations with the aim of better reflecting the intent of the rules while also allowing for better management of cash. There was merit in retaining unspent appropriations from Member States in arrears and in continued discussions on the development of comprehensive cash pooling across the regular and peacekeeping operations budgets. Emphasizing the importance of liquidity bridging mechanisms, the European Union urged the Committee to ensure that such mechanisms remained fit for purpose. While weaknesses in the budgetary process should be addressed, the solutions adopted should not be detrimental to Member States that paid their dues in full and on time, as did the States members of the European Union.

11. With respect to peacekeeping operations, the cash-pooling measures adopted at the seventy-third session of the General Assembly had had a positive effect but had been insufficient. At the present critical time for international peace and security, it should be a priority to ensure that a lack of cash did not hinder the work of peacekeepers in the field or the implementation of their mandates.

12. The historic adoption of the Pact for the Future had underscored that multilateralism remained the path to shaping the future. It was the responsibility of the Fifth Committee to ensure that the United Nations had the financial means to match the ambitions set collectively by the Member States. The European Union would continue to support the Organization with flexibility and responsibility, and to seek a sustainable solution to improve the financial situation while also ensuring that the measures proposed did not burden Member States that consistently met their obligations.

13. **Mr. Aldawas** (Kuwait) said that improving the Organization's financial situation was a complex matter that would require the adoption of innovative rules. Finding a solution would require a renewed commitment to multilateralism and the collective efforts of stakeholders, the United Nations and the Member States. It was necessary to move forward with reform of the Organization and ensure equitable representation in all areas. Improvements in the Organization's financial architecture would enable Member States facing challenges to adopt multi-annual payment plans.

14. It was necessary to put an end to wars and conflicts, which had immense costs and had a harmful impact on the United Nations budget. There should be a focus on financing for development programmes in developing countries and countries affected by crisis and conflict. Those countries, which suffered from the burden of debt, should be given assistance to pay their contributions, which would help improve the Organization's financial situation. He urged the Member States – particularly the wealthier ones – to pay their contributions on time and without conditions in order to enable the United Nations to carry out its work properly.

15. **Ms. Rodrigues-Birkett** (Guyana) said that her delegation was concerned about the trend of declining liquidity, which had necessitated cash conservation measures to keep the United Nations running smoothly. Slowing expenditures in order to conserve cash affected programme and mandate delivery. The depletion of the regular budget liquidity reserves would constrain budget implementation in 2025 unless they were replenished by the end of 2024. The timely payment of assessments by Member States was paramount in order to stop the liquidity crisis from worsening. Guyana appealed to all Member States in a position to do so to pay their assessed regular-budget contributions in full and in a predictable manner so that the liquidity situation improved. Member States experiencing difficulties in making payments should work with the Secretariat to implement a payment plan suitable to their circumstances. Her delegation also noted with concern the continued high percentage of unpaid contributions for peacekeeping operations, which had ranged from 63 per cent to 92 per cent over the previous four years. She appealed to the Member States to pay their peacekeeping contributions in full to stem the liquidity problems facing those operations. Guyana would constructively engage on any proposal by the Secretary-General that would help improve resource management and consequently the liquidity situation, and would work with other Member States to improve the Organization's financial stability.

16. **Mr. Cottam** (United Kingdom) said that his Government was concerned about the continued deterioration of the United Nations liquidity position and the persistence of spending restrictions owing to insufficient cash balances. The United Kingdom reiterated its strong belief that all Member States should pay in full and on time, and called on all Members who experienced difficulties to engage constructively

with the Secretariat on payment plans. The Secretariat was to be commended for its diligent and flexible approach to prioritizing United Nations activities and managing available resources to ensure the delivery of mandated activities. His delegation would work constructively with the Secretariat and Member States to ensure that the United Nations had the modern financial regulations and access to resources that were needed to effectively manage liquidity challenges.

17. The Organization's financial health depended on all Member States paying their assessed contributions in full, on time and without conditions; those with outstanding or late contributions should make payment expeditiously. During the current moment of heightened geopolitical tension, it was more important than ever that the Member States, in keeping with their basic obligations under the Charter of the United Nations, should provide sufficient resources and updated financial rules in order to enable the Organization to implement the mandates they themselves had established. The United Kingdom would continue to pay its assessed contributions in full and on time and reiterated its calls for all Member States to pay their contributions in a manner that would allow the United Nations to make the maximum use of those resources.

18. **Mr. Soberón Guzmán** (Cuba) said that his delegation was concerned at the financial state of the United Nations. There was no reason why the Organization should be partially paralyzed owing to a lack of resources when all Member States had a legal obligation to pay their assessed contributions. It was regrettable that the host country, the wealthiest country in the world, had failed to meet its responsibility in that regard and continued to owe an enormous amount to the United Nations. Despite benefiting from a ceiling in the scale of assessments that did not reflect its actual capacity to pay, the United States of America owed almost \$1 billion in unpaid assessments for the regular budget. It was inconceivable that the United States, one of the principal parties to the founding of the United Nations, would be the country now bringing the Organization to the brink of failure by withholding payment of its assessed contributions.

19. Cuba had managed to pay its contributions in full despite the barriers raised by the economic, trade and financial embargo imposed by the United States for over 60 years and that country's decision to include Cuba in a list of alleged sponsors of terrorism, an action that had further hindered the banking transactions required for making payments. Cuba reiterated its call to all Member States to pay their contributions in full and on time, as that was the sole path towards true financial stability for the United Nations.

20. **Ms. Jiang Hua** (China) said that the root cause of the liquidity crisis was that a certain major contributor had long refused to pay its assessed contributions in full. Temporary measures would not permanently solve the problem. Suspending the return to Member States of regular-budget credits for 2023 would not fundamentally relieve the liquidity crisis, while returning credits to countries that had not paid their arrears was neither reasonable nor fair. The Secretariat should urge Member States in arrears to fulfil their financial obligations and take measures to facilitate the payment of assessed contributions. The United Nations must have a sound financial situation to function properly and should be provided with the necessary resources to implement its mandates fully. The Secretariat should maintain strict financial discipline, adopt zero tolerance of corruption and fraud, enhance efficiency and make good use of the financial resources contributed by the Member States.

21. **Ms. Schmied** (Switzerland) said that, in a global context marked by increasing tensions and conflicts, it was imperative that the United Nations be able to implement its mandates and remain a robust resource for peace and multilateralism. Without predictable, adequate funding the Organization would not be able to fulfil its primary tasks; indeed, budgetary decisions and the implementation of mandates were

increasingly being determined by liquidity constraints. It was a matter of concern that the very Member States that paid for the United Nations were also preventing it from reaching its full potential. The necessary resources would be available only if all Member States shouldered their responsibility by paying their contributions in full, on time and without conditions. Switzerland would participate constructively with other Member States and the Secretariat to find a solution to the chronic liquidity crisis, which had been affecting the Organization for several years. Any solution must be sustainable, however, and must not penalize those Member States that did fulfil their obligations.

22. **Ms. Jones** (Australia), speaking also on behalf of Canada and New Zealand, said that the three countries for which she spoke were deeply concerned about the deteriorating financial situation and urged all Member States to pay their assessed contributions on time, in full and without conditions. Member States should communicate with the Secretariat about the timing of their payments in order to support effective financial planning and management of the Organization. As at 30 September 2024, unpaid regular budget contributions had totalled \$1.5 billion, over 90 per cent of which had been owed by just two Member States. She urged the United States and China to pay their outstanding regular-budget contributions for 2024 at the earliest date possible. Australia, Canada and New Zealand were committed to working with all Member States on long-term solutions to improve the financial situation of the Organization.

23. **Mr. Ramanathan** (Controller) said that the Secretariat had borrowed the full amount from the Working Capital Fund in September 2024. In order to meet its obligations for October, the Secretariat had borrowed the full amount available from the Special Account. Unless additional payments were received, in November it would be necessary to borrow from the accounts of closed international tribunals.

24. As a result of the collection of some arrears, it was now forecast that 99.8 per cent of assessments for 2024 would be collected. It should be recalled, however, that the collection of a total of 115 per cent of assessments would in fact be required to cover the return of credits to Member States and replenish cash reserves. At present, an additional amount of \$490 million would be required to replenish those reserves in full. Despite the expected increase in collections, it was unlikely that all the spending restrictions currently in place could be lifted. The Secretariat would seek to meet the most urgent requirements, but there would be no use of special commitments. Any unspent amounts would be reflected in the financial performance report for 2024. The arrears, while lower than in 2023, were nevertheless expected to be over \$825 million, and spending restrictions would therefore remain in place at the beginning of 2025. Any unspent amounts would be returnable to the Member States in 2026.

25. Unless the Committee acted to address the financial situation, severe spending restrictions would remain in place in 2025 and 2026. While the situation was better than had been projected in January 2024, it had not improved sufficiently for those restrictions to be removed. While there were no restrictions on hiring as such, an effective 10.5-per-cent budget cut had been imposed across all programmes. Programme managers were therefore unable to hire additional personnel unless they made commensurate non-post reductions in expenditure. Many were unable to do so because, under the restrictions in place, they had received less than 60 per cent of their budgeted non-post resources.

Agenda item 139: Proposed programme budget for 2025 (continued)*Construction and property management (continued)*

Seismic mitigation retrofit and life-cycle replacements project at the Economic and Social Commission for Asia and the Pacific (A/79/7/Add.10 and A/79/221)

Replacement of office blocks A–J at the United Nations Office at Nairobi (A/79/7/Add.11 and A/79/267)

26. **Mr. Ramanathan** (Controller), introducing the eighth progress report of the Secretary-General on the seismic mitigation retrofit and life-cycle replacements project at the Economic and Social Commission for Asia and the Pacific (ESCAP) premises in Bangkok (A/79/221), said that the report provided updates on the project, including on construction, the removal of hazardous materials and business readiness. ESCAP had transferred the project functions from the project team to the Division of Administration to avoid cost increases and facilitate the early involvement of the operational teams who would take over management of the renovated premises. Construction phase 1 had now been substantially completed and phase 2 was expected to be substantially completed by the end of 2024. ESCAP was committed to delivering the project within the overall budget of \$41.3 million approved by the Assembly.

27. Introducing the seventh progress report of the Secretary-General on the replacement of office blocks A–J at the United Nations Office at Nairobi (A/79/267), he said that the report provided updates on the three main components of the project: the early works, the flexible workplace strategies and the new building. The flexible workplace strategies component had been completed for the existing office blocks and construction work had progressed on the new building. The project was expected to be substantially completed in December 2025 within the maximum overall cost of \$66.2 million approved by the Assembly.

28. **Ms. Brennen-Haylock** (Vice-Chair of the Advisory Committee on Administrative and Budgetary Questions), introducing the Advisory Committee's report on the seismic mitigation retrofit and life-cycle replacements project at ESCAP (A/79/7/Add.10), said that the Advisory Committee noted that substantial project completion was currently expected for December 2024, five months later than the forecast in the previous progress report (A/78/346). The Advisory Committee trusted that every effort would be made to avoid further delays and achieve substantial completion of the project by December 2024, and to minimize the financial impact of the delays. The Advisory Committee also trusted that the Secretary-General would continue to monitor and mitigate all project risks to ensure that the project was delivered within the approved scope, budget and timeline.

29. The Advisory Committee noted the measures taken by ESCAP to transfer project responsibilities and knowledge from the project team to operational staff in the Division of Administration and to minimize cost increases. With regard to the construction-in-progress account for the project, the Advisory Committee trusted that updated information on expenditures and unused balances would be provided to the Assembly until the project was completed.

30. Introducing the Advisory Committee's report on the replacement of office blocks A–J at the United Nations Office at Nairobi (A/79/7/Add.11), she said that the Advisory Committee noted that the overall cost of the project remained unchanged at \$66.2 million and that the confidence level that the project would be delivered within that envelope had increased to 99 per cent. Nevertheless, the Advisory Committee also noted that the project was currently forecast to be substantially completed in December 2025, a delay of 12 months as compared to the previous progress report (A/78/510).

In that regard, the Advisory Committee outlined a number of lessons learned by the project team in respect of risk mitigation and delivery within budget and trusted that those lessons would be disseminated for the benefit of other United Nations capital construction projects.

31. On the issue of space utilization and efficiency, the Advisory Committee also noted the improved projections for accommodating staff of the existing tenants of the Gigiri complex. With respect to accommodating staff of United Nations system entities that had expressed interest in relocating some of their operations to Nairobi, the Advisory Committee noted that temporary solutions were being developed to address the increased demand and looked forward to receiving future updates.

32. The Advisory Committee recommended additional resources of \$906,100 for the project for 2025.

33. **Mr. Ainomuhisha** (Uganda), speaking on behalf of the Group of 77 and China, said that the Group attached great importance to both projects. The Group welcomed the progress made on the new office facilities at the United Nations Office at Nairobi. It acknowledged the high confidence level that the project would be delivered within the approved budget, while also noting the updated project schedule necessitated by delays in the shipment of goods and in moving tenants to the renovated spaces. Every effort should be made to avoid further delays in order to conclude the project within the approved scope, budget and timeline. Continued oversight and coordination would be important, including as provided by the Global Asset Management Policy Service at Headquarters. Best practices and key lessons learned from other construction projects should be applied, where appropriate, particularly in the closeout phase of the project, and collaboration with the co-located conference services should continue. The Group noted that vacancies had been used to improve equitable geographical representation and gender balance within the project management team and trusted that similar efforts would be made for other projects.

34. The Group noted that the seismic mitigation retrofit and life-cycle replacement project at ESCAP was expected to be completed by December 2024. It welcomed the efforts to minimize delays arising from unforeseen circumstances and noted that ESCAP was committed to completing the project without the need for additional resources. ESCAP had made commendable efforts to generate space and energy efficiency gains. The Group urged Member States to fully support the project as it neared completion.

35. **Ms. Chua** (Singapore), speaking on behalf of ASEAN, said that ESCAP played a unique role as the largest United Nations Regional Commission, serving 53 members and 9 associate members of the Asia-Pacific region. ASEAN supported the important work of ESCAP in promoting regional cooperation and providing technical assistance to help Member States achieve inclusive and sustainable development. ASEAN was grateful to the host country, Thailand, for its continued support of ESCAP. The Commission must have safe and accessible premises to ensure that it could continue to deliver on its mandates.

36. ASEAN supported the efforts of ESCAP to apply good governance, effective oversight, transparency and accountability to ensure timely completion of the project within the budget. It was commendable that ESCAP had followed up on the recommendations from the eighth annual audit report of the Office of Internal Oversight Services and that there were no outstanding recommendations from previous audits. There had been marked improvement in the confidence level that the project would be delivered within its approved revised maximum cost.

37. ESCAP was adopting innovative strategies, including flexible workspace solutions and building design features, that would promote cost savings and

environmental sustainability. ASEAN encouraged ESCAP to strengthen its commitment to use local knowledge and past lessons to improve work processes, including by retaining the services of a local hazardous materials expert as the project seismic designer. ESCAP was to be commended for incorporating lessons learned from phase 1 of construction and other capital projects to inform and expedite phase 2 construction works. ASEAN was pleased that those valuable lessons would be documented and shared with the Global Asset Management Policy Service.

38. ASEAN commended ESCAP on its commitment to completing the project by the end of 2024 without a request for additional resources and also supported the strategy established to facilitate the transition to long-term management of the facilities. ASEAN also reaffirmed its unwavering support for construction projects at the other United Nations regional commissions.

39. **Mr. Roshdy** (Egypt), speaking on behalf of the Group of African States, said that the Group appreciated the support of the Government of Kenya in facilitating the implementation of the project for the replacement of office blocks A–J at the United Nations Office at Nairobi and trusted that the Secretary-General would continue to engage with Kenya to ensure the project's successful completion. The Group encouraged the Secretariat to seek voluntary contributions, including in-kind contributions, for the project from Member States and other potential donors.

40. Despite recent delays, there was now a 99-per-cent confidence level that the project would be completed within the approved budget. The Group commended the Secretary-General and the project management team for their diligent efforts, and trusted that oversight would be maintained to mitigate any potential risks and ensure the project's successful delivery. The Group emphasized the importance of using locally and regionally sourced materials, labour and expertise and looked forward to receiving updates on those aspects of the project. The continued commitment of the Fifth Committee to ensuring sustainable and predictable resources for the project would be crucial for its successful completion.

41. **Mr. Aungsusuknarumol** (Thailand) said that ESCAP, more than half of whose members were countries in special situations, played an important role in promoting inclusive and sustainable development in Asia and the Pacific. It was therefore imperative to provide ESCAP with adequate support and resources, including safe and secure premises in Bangkok, where more than 30 United Nations agencies were co-located. His Government commended ESCAP on its efforts to minimize delays in the project and ensure that it was within budget. Thailand would continue to support the project, including in its capacity as the host country. It would make voluntary contributions for the Asia-Pacific Lounge and encouraged others to make such contributions. As the project neared completion, it would be important to draw lessons and share best practices with other construction projects, including in such areas as the use of local knowledge and materials, universal design and innovative strategies that promoted environmental sustainability and cost-saving while ensuring business continuity.

42. **Ms. Mwanjila** (Kenya) said that her delegation appreciated the close cooperation and diligent efforts maintained by the project team and the Secretariat throughout the project on the replacement of office blocks A–J at the United Nations Office at Nairobi. Her Government reaffirmed its commitment to facilitating the project, welcomed the continued support of the Fifth Committee and looked forward to the completion of the project in 2025.

The meeting rose at 11.05 a.m.