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Chair: Mr. Rosenthal (Guatemala)
*Chairman of the Advisory Committee on Administrative
and Budgetary Questions:* Ms. McLurg

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The meeting was called to order at 10.10 a.m.

Agenda item 131: Improving the financial situation of the United Nations (*continued*)

1. **The Chair**, recalling that the Under-Secretary-General for Management had briefed the Committee on the current financial situation of the Organization at its 6th meeting, held on 12 October 2010, said that her statement had since been issued as a report of the Secretary-General (A/65/519).

2. **Mr. Yamazaki** (Controller) said that Kazakhstan and Sweden should be added to the Member States listed in paragraph 26 of the report as having paid their assessed contributions in full.

3. **Mr. Al-Shahari** (Yemen), speaking on behalf of the Group of 77 and China, said that, while the Group welcomed the decrease in the Organization's debt to Member States, it was concerned at the dramatic growth in outstanding peacekeeping assessments. Recognizing that many States, particularly developing States, were suffering the effects of the global financial crisis, the Group emphasized that most of the arrears in payment not just for the peacekeeping budget, but also the regular budget and tribunal budgets, were owed by a small group of developed countries, and by one of them in particular. Moreover, a number of the States with peacekeeping budget arrears were permanent members of the Security Council with special responsibility for maintaining international peace and security.

4. Payment of assessed contributions in full, on time and without conditions was an obligation under the Charter of the United Nations. Failure to comply with that obligation undermined the efforts of the Member States and the Secretariat to make the Organization more effective and efficient and placed the fulfilment of its mandates at risk. All States in a position to honour their financial commitments should do so promptly. The Group rejected all unilateral coercive measures contrary to international law that obstructed or impeded payments from its members.

5. Although the Group was encouraged at the likely decrease in the Organization's debt to troop- and police-contributing countries, more action was needed to ensure that those countries were reimbursed as a matter of priority, in full and on time. Most of them were developing countries, and were unable to sustain their troop commitments and maintain contingent-

owned equipment unaided for extended periods. The sacrifice and commitment of their many nationals working in the field should be acknowledged.

6. **Mr. De Preter** (Belgium), speaking on behalf of the European Union; the candidate countries Croatia, Iceland and the former Yugoslav Republic of Macedonia; the stabilization and association process countries Albania, Bosnia and Herzegovina, Montenegro and Serbia; and, in addition, Armenia, the Republic of Moldova and Ukraine, said that it remained the responsibility of each Member State to pay its assessed contributions in full, on time and without conditions. European Union member States accounted for almost 40 per cent of all assessed contributions, and therefore emphasized the importance of ensuring effective, efficient and transparent use of the Organization's resources and finding a more balanced way to share responsibilities for its budget. The Organization could only perform its growing and increasingly challenging tasks if all Member States fulfilled their financial responsibilities to it. The establishment of an online portal to track the status of contributions was a positive step.

7. The European Union welcomed the improvement of the financial situation of the international tribunals and the progress made with the capital master plan. Although the timing and level of peacekeeping assessments was unpredictable, particularly following the adoption in December 2009 of a new scale of assessments, the use of funds remaining in the accounts of closed peacekeeping missions to finance active peacekeeping missions was an unsustainable solution to the problem. The funds remaining in the accounts of closed missions should be returned to the Member States, as required by the Organization's Financial Regulations and Rules. As peacekeeping operations depended heavily on the efforts of police- and troop-contributing countries, they should receive full and prompt reimbursement. Recognizing the shortcomings of the current system of peacekeeping financing, the European Union stood ready to discuss possible improvements, particularly in order to avoid cash shortfalls in individual missions.

8. **Mr. Errázuriz** (Chile), speaking on behalf of the Rio Group, said that the Group believed that payment arrears risked harming the Organization's ability to fulfil its mandates and to operate effectively and efficiently. Member States must meet their financial obligations in full and on time, especially when their

debt was substantial, as was repeatedly the case for one particular Member State.

9. While some members of the Group, not without sacrifice, had been able to make their payments on time, others had delayed their payments purely because of domestic budget problems and pressing social needs, including poverty alleviation and coping with frequent humanitarian emergencies. Welcoming the reduction in arrears to the budgets of the international tribunals and encouraging all Member States to provide financial support for the capital master plan, the Group emphasized the need to ensure reimbursement of police- and troop-contributing countries. Lastly, it rejected all unilateral coercive measures contrary to international law and liable to obstruct or impede payments from its members.

10. **Mr. O'Brien** (Australia), speaking also on behalf of Canada and New Zealand, said that the three delegations welcomed the establishment of the status of contributions website and hoped that it would continue to be improved, in consultation with the Member States.

11. The Organization's relatively strong cash position should not lead to a relaxation of fiscal discipline, disregard of the need to ensure the efficient and effective use of available resources or failure to adhere to the Charter-derived obligation to pay assessed contributions in full and on time. While the increase in unpaid assessments for peacekeeping operations in 2010 could be explained in part by the higher level of those assessments, the problem of arrears to the peacekeeping budget was perennial and therefore a matter of concern.

12. While current financial challenges and domestic circumstances undoubtedly prevented some Member States from fulfilling their financial obligations in full and on time, those obligations should be made a priority. Global threats to peace, security and prosperity required global solutions and must be addressed through the United Nations. That task would be impossible if the Organization was not properly funded.

13. **Mr. Prokhorov** (Russian Federation) said that the web portal providing updated information on the status of contributions would greatly facilitate the work of the Member State missions. The decrease in the Organization's debt to troop-contributing countries was positive, but it was too early to speak of a definitive

solution to the problem of such debt. As in the past, the bulk of unpaid assessments was accounted for by a small number of Member States.

14. The Member States were assuming a financial burden at a time of unstable domestic economic conditions and therefore could and should expect the Secretariat to strive for rational financial planning and realistic forecasts of the human and financial resources needed to fulfil the mandates approved. Only the payment of assessed contributions in full, on time and without conditions would enable the Organization to react credibly to challenges and threats and to undertake the projects and programmes entrusted to it by the Member States.

15. **Mr. Sugiura** (Japan) said that each Member State remained responsible for paying its assessed contributions in full and on time. Japan had faithfully complied with that obligation, despite a difficult domestic financial situation and a fundamental review of government expenditure. The overall improvement in the cash position of the Organization could be attributed to the similar efforts of other Member States. Japan hoped that the substantial outstanding contributions to the capital master plan for 2010 would not be used to justify delays in implementation or requests for additional resources.

16. **Mr. Beg** (India) said that payment of assessed contributions in full, on time and without conditions was a fundamental duty of every Member State, enshrined in the Charter of the Organization. Efficient and effective fulfilment of the mandates entrusted to the Organization by the Member States depended on the timely and adequate provision of resources for that purpose.

17. While sympathetic consideration should be given to the Member States unable to pay their assessed contributions because of circumstances beyond their control, unpaid assessments remained unacceptably high. As a major contributor of troops and contingent-owned equipment to peacekeeping operations, India was concerned at the persistent negative trend of growing arrears to the peacekeeping budget. While the financial cycle of peacekeeping operations and varying assessment schedules affected the situation, the fact remained that 34 per cent of the arrears were concentrated with only two Member States and a further 41 per cent were concentrated with a group of

seven Member States, several of which were permanent members of the Security Council.

18. Despite the fall in the level of debt to Member States involved in peacekeeping operations, delayed payment and non-payment was untenable in the long run and must be addressed as a matter of priority. India's commitment to peacekeeping was born out of its faith and conviction in the principles and purposes of the Charter of the Organization. However, its Government was accountable to its people and parliament and must explain the cause and duration of reimbursement delays. If the situation remained unaddressed, legislative and parliamentary support for peacekeeping might decline.

19. India remained concerned at the concentration of outstanding assessments for all budget categories, with 88 per cent of regular budget arrears and 68 per cent of international tribunal arrears accounted for by a single Member State. It urged all Member States, particularly those with the requisite means, to meet their financial obligations and ensure that the Organization was financially healthy, debt-free and able to pursue prudent budgetary and financial management.

20. **Mr. Rosales Díaz** (Nicaragua) said that the challenges to peace and development could be met only by strengthening multilateralism and providing the United Nations with the necessary financial resources. Paradoxically, some Member States accumulated substantial arrears in payments to the regular budget, yet still made generous voluntary contributions carrying conditions which sometimes skewed legislative mandates. Furthermore, the trillions of dollars spent on rescuing an unjust economic system that caused millions of deaths each year dwarfed the assessed contribution of any of the Member States.

21. The Charter clearly obliged all Member States to pay their assessments in full, on time and without conditions so that the Organization could discharge its mandates. It was therefore a matter of concern that 88 per cent of the regular budget arrears was owed by the Organization's main contributor and hence its principal debtor. Even more disturbing was the near doubling in one year of arrears to the peacekeeping budget and its concentration with Member States whose position as permanent members of the Security Council gave them special responsibility for the maintenance of international peace.

22. No State that had failed to meet its financial obligations to the United Nations, or made it difficult for others to do so, was in a position to point to management shortcomings as the cause of inefficiencies within the Organization. It was time to lift once and for all the unjust and irrational embargo that prevented Cuba from paying its assessed contributions by placing innumerable hurdles in its way. It was time to turn the page on a chapter of history that persisted as a sad relic of an apparently unending cold war.

23. The situation of the regular budget would be much improved if a separate account was established for special political missions, the cost of which in just 10 years had increased from \$100 million to an estimated \$1.27 billion. Without troop-contributing countries, the vast majority of them developing countries, there would be no peacekeeping operations. They should receive reimbursement for their services as a matter of priority.

24. The United Nations could not be strong and effective when its finances were precarious. Nicaragua, a small but dignified nation that faced many challenges, had nevertheless paid in full its assessments to the regular budget, the international tribunals and the capital master plan and would continue to meet its obligations despite the burden on its national budget and the need to eradicate poverty in the country.

25. **Mr. Bui The Giang** (Viet Nam) said that the lingering effects of the global economic and financial crisis and the uneven recovery explained why some countries, particularly developing countries, had been unable to pay some of their assessments. The United Nations must have adequate, timely and predictable resources to ensure the implementation of all its mandates; it was therefore essential for Member States, especially the major contributors, to meet their obligations. At the same time, understanding, cooperation and appropriate financial assistance were required to help the developing and least developed countries overcome the immediate and long-term effects of the crisis. In that connection, the Secretariat must further improve accountability and efficiency in order to make better use of its increasingly scarce resources and eliminate waste and duplication.

26. **Mr. Núñez Mosquera** (Cuba) said that it was significant that the largest share of unpaid assessments

was owed by a single Member State, one that also benefited from the greatest distortion in the methodology for calculating the scale of assessments. Financial obligations should be met in full, on time and without conditions. Most States that had suffered a decline in their capacity to pay were the victims, not the cause, of the economic crisis.

27. Despite the challenges it faced as a developing country and as a victim of the crisis, Cuba maintained its commitment to multilateralism by actively participating in the United Nations and meeting its financial obligations. It had fully paid its assessments under the regular budget and the capital master plan and had partially paid its assessments for the international tribunals and peacekeeping operations despite the unjust and criminal economic, commercial and financial embargo imposed by the United States. Because it was unable to use the United States dollar or make direct transfers, its payments were subject to currency fluctuations and must be made through a third party. The embargo violated international legal norms and the United Nations Charter and was the principal obstacle to Cuba's sustainable development. The General Assembly's repeated calls for it to end had gone unheeded.

28. It was alarming that some three quarters of the proposed increase in the regular budget during the current session was related to requests in respect of special political missions, which would extend the imbalance in the regular budget at the expense of development activities. The Organization's development pillar must be strengthened in the interests of peace and security: economic and social development needs were the underlying causes of many conflicts, yet insufficient resources were directed towards meeting those needs. Many problems could be solved with just a fraction of the sums devoted to military spending worldwide.

29. Lastly, he welcomed the establishment of the web portal enabling Member States to track the status of their contributions.

30. **Mr. Wang** Min (China) said that, in the current complex international situation, the international community was increasingly looking to the United Nations to maintain peace and promote development. The growing number of tasks the Organization was expected to perform should be matched by an increase in its financing. Unless Member States honoured their

financial obligations to the Organization, its budget would be a mere document with no binding power and there would be no reliable financing for the tasks entrusted to it.

31. Noting that a small number of developed countries were responsible for the bulk of the arrears, especially for peacekeeping budgets, he said that many Member States — developing countries in particular — had exerted themselves to meet their financial obligations despite multiple financial constraints caused by the global financial crisis and natural disasters. All Member States should follow their example by paying their assessments in full, on time, and without conditions.

32. At the same time, the Secretariat should strengthen budget management, enforce accountability, strictly comply with its Financial Regulations and Rules, take cost-saving measures wherever possible and maximize outputs and efficiency. Reform efforts should promote the effective management and implementation of programmes and activities without an increase in staff and resources, which would lead to an even more bloated bureaucracy.

33. As a country with a low per capita income, China faced financial difficulties for the reasons already explained. Nevertheless, it had fully paid its assessments for the regular budget, the international tribunals and the capital master plan and would strive to pay the balance of its assessments for peacekeeping by the end of the year.

34. **Ms. Corti** (Argentina) said that the implementation by the United Nations of its mandates depended on its financial health; all Member States should therefore meet their financial obligations to the Organization without conditions. Unfortunately, circumstances beyond the control of some States, including her own, sometimes made it impossible for them to pay their assessments.

35. It was a matter of concern that most of the total amount owing under the peacekeeping budgets was attributable to a single Member State. She commended the Secretariat for its efforts to keep payments to troop-contributing countries up to date and hoped those efforts would continue. Member States should redouble their efforts to pay their assessed contributions for peacekeeping operations so that the Secretariat could remain current with its payments.

36. Her Government had recently made immense efforts to repay a debt to the Organization that had been owing for several years. It was now up to date with payments for previous years. For the current year, Argentina had paid in full its assessments for the capital master plan and the international tribunals, had paid outstanding balances for a number of peacekeeping missions and would attempt to complete its other payments by the end of the year. She expressed gratitude for the web portal that allowed her Government to track the status of its contributions online.

The meeting rose at 11.20 a.m.