



General Assembly

Sixty-fifth session

Official Records

Distr.: General
20 September 2011

Original: English

Fifth Committee

Summary record of the 38th meeting

Held at Headquarters, New York, on Thursday, 19 May 2011, at 10 a.m.

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

Contents

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

This record is subject to correction. Corrections should be sent under the signature of a member of the delegation concerned *within one week of the date of publication* to the Chief of the Official Records Editing Section, room DC2-750, 2 United Nations Plaza, and incorporated in a copy of the record.

Corrections will be issued after the end of the session, in a separate corrigendum for each Committee.



The meeting was called to order at 10.20 a.m.

Agenda item 131: Improving the financial situation of the United Nations (*continued*) (A/65/519/Add.1)

1. **The Chair**, recalling that the Under-Secretary-General for Management had updated the Committee on the current financial situation of the Organization at its 36th meeting, held on 12 May 2011, said that her statement had since been issued as a report of the Secretary-General (A/65/519/Add.1).

2. **Mr. Yamazaki** (Controller) said that, since 10 May 2011, full payment of due and payable assessments had been received from China, Cuba, Panama, Samoa, the Syrian Arab Republic and the United Kingdom for the international tribunals; from Mongolia and Pakistan for the regular budget; from Belgium for the tribunals and the capital master plan; from Saint Kitts and Nevis for the capital master plan; and from Myanmar for the regular budget, capital master plan and tribunals.

3. **Mr. Di Luca** (Argentina), speaking on behalf of the Group of 77 and China, said that while the Group noted the improvement in the financial situation of the United Nations as at the end of 2010, and welcomed the reduction in the level of debt owed to Member States, it was concerned that outstanding peacekeeping assessments currently stood at \$1.716 billion. Recognizing that many States, particularly developing States, had been hit hard by the global financial crisis or natural disasters, the Group emphasized that most of the arrears in payments for the peacekeeping budgets, regular budget and tribunal budgets were owed by a small group of developed countries. 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. Payment of assessed contributions in full, on time and without conditions was a Charter obligation. 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.

4. The Group rejected all unilateral coercive measures contrary to international law that obstructed or impeded payments from its members. In that connection, it was particularly concerned that the

accounts of many of its members had been closed, hindering their day-to-day operations and resulting in the late payment of their contributions. The Group reminded the host Government of its responsibility to provide an appropriate environment for Member States to perform their activities in relation to the United Nations and urged it to quickly find a solution to the problem. The private nature of the banking system was not an acceptable excuse for failing to take action.

5. More should be done to ensure that troop- and police-contributing 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. Kos** (Observer for the European Union), speaking also on behalf of the candidate countries Croatia, Montenegro and the former Yugoslav Republic of Macedonia; the stabilization and association process countries Bosnia and Herzegovina and Serbia; and, in addition, 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. The European Union, whose members contributed nearly 40 per cent of total assessments, also stressed the need for effective, efficient and transparent use of resources by the Organization, especially in the context of the world financial crisis, and for a more equitable distribution of financial responsibility. The effective, sustainable and equitable funding of the United Nations was important for global governance and effective multilateralism. The Organization's current financing architecture could jeopardize its sustainability. Consequently, maintaining the status quo was not an option.

7. While the European Union noted with satisfaction that the overall financial situation of the United Nations had improved and more Member States had paid their regular budget assessments in full as at the end of 2010, it was concerned that unpaid assessed contributions to the regular budget as at 10 May 2011 were almost 40 per cent higher than a year earlier, at over \$1.3 billion. The deterioration in the financial situation of peacekeeping operations as at the end of 2010, and the outstanding peacekeeping assessments of over \$1.7 billion as at 10 May 2011, were also worrying. The European Union therefore called on all

Member States to pay their assessments so that the Organization could perform its challenging tasks and fully implement its peacekeeping mandates. It noted with appreciation that payments for troop and formed police unit costs were current up to February 2011.

8. The balance of funds in the accounts of closed peacekeeping missions should be surrendered and returned to Member States without further delay, in accordance with the Financial Regulations and Rules of the United Nations. The practice of using those funds to offset shortfalls arising from unpaid assessments for active peacekeeping missions was unacceptable.

9. Despite the slight improvement in the financial situation of the international tribunals compared to the previous year, it was worrying that assessments of \$133 million remained unpaid, as that could hamper implementation of the tribunals' completion strategies. The European Union remained firmly committed to the capital master plan, in respect of which there had been an outstanding balance of \$116 million as at 10 May 2011. All Member States should pay their related assessments expeditiously in order to ensure that the project was completed on time.

10. **Ms. Pakarati** (Chile), speaking on behalf of the Rio Group, said that the United Nations must have adequate financing to implement its mandates. Despite welcome improvements in the Organization's financial situation, it was a matter of concern that substantial arrears remained with respect to the regular and peacekeeping budgets. Since payment arrears adversely affected the efficiency and effectiveness of the United Nations and its ability to discharge its mandates, the Group urged all Member States, particularly the State that repeatedly accounted for the bulk of the debt, to pay their assessed contributions in full, on time and without conditions. It was, however, aware that special consideration would need to be given to various countries that had been affected by major natural disasters in the last year. Some members of the Group had delayed their payments because of domestic budget problems and pressing social needs that required priority attention. Others had managed to meet their financial obligations on time, though not without sacrifice.

11. The Group welcomed the progress made in 2010 and early 2011 with regard to reimbursement for troops, formed police units and contingent-owned

equipment. It was, however, concerned that \$728 million was still owed as at 10 May 2011. While it hoped that the Secretariat would redouble its efforts to ensure full and timely reimbursement, it was also aware of the extent to which that depended on the timely payment of assessments, for which all Member States were responsible. Several countries in the Group contributed troops and equipment to United Nations peacekeeping operations, making great sacrifices to keep them active at their own expense over long periods of time.

12. Although the decrease in unpaid assessments for the international tribunals as at 31 December 2010 was encouraging, the Group noted a reversal of the situation as at 10 May 2011 and hoped that a positive balance would be achieved by the end of 2011. It was extremely concerned to note that five Member States had made no contributions to the capital master plan to date and encouraged all Member States to continue to support the project in order to ensure its timely completion. In that connection, several of the Group's members had already paid their assessments for the plan in full.

13. Member States must be given proper avenues for making full and timely payments. The Group therefore condemned any unilateral measure contrary to international law that hindered the payment of assessments by its members. In particular, it was concerned that some of its members' bank accounts had inexplicably been closed. Recalling the host country's responsibility for ensuring that all Member States could perform their diplomatic functions without hindrance, it called for an expeditious solution to that problem.

14. **Mr. Cabactulan** (Philippines), speaking on behalf of the Association of Southeast Asian Nations (ASEAN), said that, while the improvement in the financial situation of the United Nations was encouraging, it was unfortunate that some peacekeeping missions were experiencing cash shortages that required cross-borrowing from the accounts of closed missions. ASEAN members endeavoured to meet their financial obligations in full, on time and without conditions, despite continued economic difficulties. Convinced that the effectiveness of the United Nations depended to a large extent on its financial health and integrity, and that its funding problems were often attributable to a lack of political will, it called on all Member States to act urgently to

fulfil their financial obligations. The Secretariat should also continue to seek innovative and cost-effective ways of utilizing the limited resources available, striving for greater accountability and more effective delivery of results. The timely submission of financial reports would facilitate the payment of assessments by Member States. In that connection, the Association welcomed the successful launch and operation of the online portal that allowed Member States to check the status of their assessed contributions.

15. **Mr. Coffi** (Côte d'Ivoire), speaking on behalf of the Group of African States, said it was a matter of concern that, just six weeks before the end of the financial year for peacekeeping operations, substantial assessments remained unpaid, hindering the delivery of mandates and the reimbursement of costs to troop-contributing countries. The Group commended those Member States that had met their financial obligations to the Organization and urged all States with outstanding contributions to pay their assessments in full, on time and without conditions.

16. While the Group appreciated the Secretariat's efforts to streamline the information provided to Member States on the status of their contributions, especially by means of the new online portal, it was concerned that many of its members had recently experienced problems in accessing financial services in the host country, as a result of bank account closures that not only hampered the day-to-day operations of their missions but also affected their ability to meet their financial obligations to the Organization. The Group urged the host country to find a solution to that problem as a matter of priority.

17. **Ms. Minigoulova** (Australia), speaking also on behalf of Canada and New Zealand, said that the three delegations commended the Secretary-General and senior management for their efforts to instil a culture of financial responsibility and discipline across the United Nations. They encouraged Member States to reach a consensus on the contentious issue of closed peacekeeping missions, taking advantage of the opportunity offered by the Organization's relatively strong cash position and the welcome reduction in requirements for cross-borrowing from the accounts of closed peacekeeping missions.

18. The three delegations remained concerned about the perennial problem of unpaid assessments. Despite the pressures they faced in the current global economic

and financial situation, Member States had a responsibility to support the mandates they had established by fulfilling their financial obligations under the Charter of the United Nations.

19. **Mr. Cumberbatch** (Cuba) said that, although the financial situation of the Organization had improved slightly, it was significant that the largest share of unpaid assessments continued to be 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, though special consideration would need to be given to various countries that had been affected by major natural disasters in the last year. Most States that had suffered a decline in their capacity to pay in recent years as a result of the financial crisis were not responsible for that phenomenon, but were its victims.

20. Despite the challenges it faced as a developing country and 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 for the regular budget, the capital master plan and the international tribunals, and had met almost all its commitments with regard to peacekeeping operations for the period ending 30 June 2011, 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. Cuban bank transfers to international organizations had been frozen on many occasions, even when denominated in euros. The embargo violated international legal norms and the Charter of the United Nations and was the principal obstacle to Cuba's sustainable development. The General Assembly's repeated calls for it to end had gone unheeded.

21. The regular and peacekeeping budgets of the United Nations, as well as the budgets for the international tribunals, showed a major imbalance in favour of peace and security-related activities, to the detriment of development. Even though a reduction of 3 per cent in the regular budget had recently been announced, new proposals for special political missions were being presented to the Committee and would only contribute to further erosion of the Organization's role in development. Recalling that it

was always the poorest segments of society that were worst hit by budget cuts, his delegation reiterated that the Organization's development pillar must be strengthened in the interests of maintaining 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. It was particularly striking that those Member States that most vigorously defended arbitrary cuts in the Organization's regular budget were the first to spend hundreds of millions of dollars on new armed conflicts.

22. His delegation was grateful for the Secretariat's cooperation in monitoring the status of contributions, especially through the new online portal.

23. **Mr. Mokhtari** (Islamic Republic of Iran) said that his country, convinced that international organizations played a critical role in the modern world, had always sought to meet in full its financial obligations to those organizations of which it was a member, with a view to ensuring that their work was not hampered by financial constraints. However, in recent years, it had faced unprecedented difficulties in maintaining its tradition of timely payments, not because of its own shortcomings or a lack of resources, but because of increasing restrictions unilaterally imposed against it. In particular, the bank account of its Permanent Mission to the United Nations in New York had been forcibly closed and it had found it difficult to open another account. It had thus been unable to follow its usual procedures for depositing its contribution in the bank account of the United Nations. While his Government was determined to find another way to pay its assessments, he wished to stress that a host country must not be selective in its treatment of Member States and must remove all obstacles to the smooth operation of the Permanent Missions.

24. **Mr. Lim** (Singapore) said that his delegation welcomed the improvement in the financial situation of the United Nations and in the number of Member States that had paid their assessments in full as at 10 May 2011 compared with the previous period. However, the increase in unpaid assessments for both the regular and the peacekeeping budgets as at that date was disappointing. While his delegation sympathized with countries that continued to face difficulties owing to global financial pressures or catastrophic natural

disasters, it was convinced that Member States, especially the major contributors, should do more to honour their financial obligations to the Organization, without conditions and in a predictable and timely manner. The Secretariat must reciprocate by improving the efficiency and effectiveness of its use of resources and delivery of results. Accountability, which was not just an organizational matter but an issue of personal responsibility, should be further strengthened.

25. **Mr. Sumi** (Japan) said that each Member State was responsible for paying its assessed contributions in full and on time. Japan, which had faithfully complied with that obligation, reiterated its request for the Secretariat to utilize efficiently and effectively the resources contributed by Member States, as well as to seek further efficiencies, bearing in mind the efforts being made by Member States at the domestic level. In that connection, the General Assembly should scrutinize the Secretary-General's proposals with a view to setting a realistic level of resources for the implementation of specific mandates.

26. The Japanese Government and people sincerely appreciated the support they had received from the international community following the recent devastating earthquake. The Government of Japan was making every effort to achieve the early recovery of the affected areas. In spite of that unprecedented situation, Japan remained determined to play an active role in ensuring international peace and prosperity and would faithfully implement its international commitments. In that regard, it would pay its assessed contributions of \$466 million by 2 June 2011, in addition to the payment of \$728 million it had made earlier in the year.

27. **Mr. Park** Chull-joo (Republic of Korea), noting the improvement in the financial situation of the United Nations, said that it was the responsibility and duty of Member States to provide the Organization with adequate resources for the maintenance of international peace and security, which was one of its most important mandates. For that reason, his Government had been striving to pay its assessed contributions for peacekeeping operations in full, on time and without conditions, despite the fiscal constraints caused by global economic difficulties. It would endeavour to pay its outstanding contributions as soon as possible, as well as to pay all other assessments on time.

28. Bearing in mind that the budgets for peacekeeping operations had increased substantially over the last decade and that the estimated financial resources of \$7.6 billion required for peacekeeping operations for the 2011/12 period represented a heavy burden for Member States, the most urgent priority was to increase efficiency gains and make management improvements, as well as to end the tendency towards underexpenditure in peacekeeping budgets.

29. **Mr. Prokhorov** (Russian Federation) said that his delegation welcomed the encouraging signs of improvement in the financial situation of the Organization in terms of available cash resources, unpaid assessments and amounts owed to Member States. Despite the difficult financial and economic situation of many Member States, more had paid their assessments in full in 2010 than in 2009. They deserved credit for that step, and the remaining States should follow their example. The bulk of unpaid assessments were accounted for, as in the past, by a small group of Member States. Failure to fulfil financial obligations to the Organization risked affecting its work and its ability to deliver results.

30. The improvements observed were no consolation for the volume of outstanding payments due to Member States, the cash deficit of a number of active peacekeeping missions and the continuing need for cross-borrowing from the accounts of closed missions. His delegation emphasized, as it had in the past, the obligation under the Charter of the United Nations to pay assessments in full, on time and without conditions. It trusted that Member States would make every effort to pay outstanding sums, enabling the Organization to implement the projects and programmes that they had approved and to cope more reliably with any challenges and threats that arose.

31. Meanwhile, the Member States, having assumed a financial burden at a difficult time for their economies, were entitled to require the Secretariat to exercise rational financial planning and to make realistic assessments of the material and human resources needed to implement approved mandates. In conclusion, his delegation once again welcomed the establishment of the online portal providing up-to-date information on the status of Member States' contributions.

The meeting rose at 11.25 a.m.