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## Fifth Committee

### Summary record of the 37th meeting

Held at Headquarters, New York, on Thursday, 16 May 2019, at 10 a.m.

*Chair:* Ms. Bird ..... (Australia)  
*Chair of the Advisory Committee on Administrative  
and Budgetary Questions:* Mr. Terzi

## Contents

Agenda item 138: Improving the financial situation of the United Nations  
(*continued*)

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

**Agenda item 138: Improving the financial situation of the United Nations** (*continued*) ([A/73/443/Add.1](#))

1. **Ms. Beagle** (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 thirty-fourth meeting on 7 May 2019, payments received had brought to 96 the number of Member States that had paid their regular budget assessments in full; to 51 the number of Member States that had paid their peacekeeping assessments in full; and to 73 the number of Member States that had paid their international tribunal assessments in full. In addition, the total number of Member States that had paid their assessments in full for all categories had increased to 44.

2. **Mr. Katkhuda** (Observer for the State of Palestine), speaking on behalf of the Group of 77 and China, said that the Group was concerned about the financial health of the Organization, in particular the deepening liquidity problems affecting the regular budget and the late payment of amounts owed to troop- and police-contributing countries for peacekeeping operations. In recent years, deficits affecting the regular budget had been increasing and had been arising earlier in the year, and cash shortfalls affecting peacekeeping budgets had been covered by borrowing from the accounts of closed peacekeeping missions, an unsound and unsustainable budgetary practice. In addition, the debt of approximately \$339 million owed to troop and police-contributing countries, most of which were developing countries, was unacceptable and had led to a situation in which the developing countries, many of which were financially challenged, were subsidizing peacekeeping operations mandated by Security Council members that had the capacity to pay but had chosen to withhold payments.

3. He expressed the Group's appreciation to those Member States that had reduced their unpaid contributions. While more States had paid their assessments in full than a year before, unpaid contributions had represented 21.3 per cent of all assessed contributions in 2018, the highest level in a decade. The Group was sympathetic to Member States that could not meet their financial obligations for reasons beyond their control. However, it rejected the deliberate, unilateral withholding of contributions by Member States that did have the capacity to pay, particularly those that had withheld contributions repeatedly while insisting on retaining special privileges. Those Member States, which were penholders in the Security Council for peacekeeping

mandates, and which continuously demanded improvements in performance on the basis of arbitrary and selective criteria while failing to uphold their responsibility to pay their assessments in full, on time and without conditions, were effectively subsidized by troop- and police-contributing countries, members of whose contingents risked their lives in defence of peace. Carefully formulated budget reform proposals and flexible resource management would not be sufficient to overcome the Organization's basic lack of financial resources; Member States must pay their assessed contributions in full, on time and without conditions.

4. **Mr. Teo** (Singapore), speaking on behalf of the Association of Southeast Asian Nations (ASEAN), said that ASEAN was concerned at the uncertain financial situation of the United Nations and called on Member States to pay their assessed contributions. Such contributions, which were apportioned on the basis of Member States' capacity to pay, were obligations that they were legally bound to honour in accordance with the Charter of the United Nations. ASEAN was encouraged that, in recent years, more and more Member States had been paying their assessments in full and on time. It commended those Member States that had paid all their assessments in full as at 7 May 2019. It was nevertheless concerned at the cash-flow challenges faced by the Organization, which could be attributed to the genuine difficulties faced by some countries in paying their contributions but also to the failure of some major contributors to pay their assessments on time and in full, despite their capacity to do so. The Organization would be on a firmer financial footing if those major contributors fulfilled their basic responsibilities. Indeed, the equal responsibility of States to pay all their assessments in full, on time and without conditions was integral to the principle of the sovereign equality of nations.

5. The States members of ASEAN remained committed to paying their assessments, despite the increase in their share of the United Nations budget in recent years. The States Members of the United Nations must support the Secretary-General and the Organization's work; granting the Secretary-General greater flexibility in managing resources would be ineffective if those resources were insufficient. ASEAN would examine the proposals made by the Secretary-General in his report on improving the financial situation of the United Nations ([A/73/809](#)), which had been submitted for the Committee's consideration at the second part of the resumed session, in order to ensure that they focused on achieving a sustainable solution and addressing the root causes of problems, without imposing unfair additional

burdens on, and resulting in negative consequences for, Member States.

6. **Mr. Vachon** (Canada), speaking also on behalf of Australia and New Zealand, said that the payment of contributions in full and on time by all Member States was essential for ensuring the Organization's stability and for providing it with adequate resources to achieve agreed goals. The level of unpaid assessed contributions, amounting to \$1.7 billion for the regular budget, \$2 billion for the peacekeeping budget and \$90 million for the international tribunals, had caused managers to shift their focus from mandate fulfilment to cash management, hampering the Organization's efficiency and effectiveness, and had caused field managers to delay procurement activities related to the safety and security of personnel. Furthermore, the late payment of peacekeeping assessments and rigidity in the use of peacekeeping cash balances delayed the reimbursement of troop- and police-contributing countries and of countries that contributed specialized equipment and other resources, a situation that had affected troop rotations and States' willingness to provide essential personnel. The difficulties caused by late-paying Member States therefore had an adverse impact on all Member States and on those that the Organization served.

7. Member States from all regional groups, at various stages of development and with a wide range of national financial calendars, were among those States that had paid their assessments in full in all budget categories. The composition of that subset of the Organization's membership reflected the principle of the capacity to pay, whereby late payments were justified only in exceptionally rare cases. All eligible Member States should make use of the mechanisms established by the Organization to facilitate payment of their outstanding contributions, and all Member States with unpaid assessments should pay their contributions immediately. The three delegations were committed to paying their assessed contributions on time, in full and without conditions, in accordance with the Charter.

8. In the Committee's discussions on the organization of its work during its thirty-third meeting, held on 6 May 2019, delegations had emphasized the importance of ensuring the proper functioning of peacekeeping missions and enabling them to fulfil their mandates, priorities reflected in the Secretary-General's report on improving the financial situation of the United Nations (A/73/809). The Committee must carefully consider that report. Canada, Australia and New Zealand would focus on ensuring that all funds entrusted to the United Nations were spent in an effective, transparent

and accountable manner, as delegation of authority was increased.

9. **Mr. De Preter** (Observer for the European Union), speaking also on behalf of Albania, Montenegro, North Macedonia and Serbia; the stabilization and association process country Bosnia and Herzegovina; and, in addition, Georgia, the Republic of Moldova and Ukraine, said that supporting the work of the United Nations was a responsibility shared between Member States and the Organization, and was fundamental to the capacity of the United Nations to fulfil its mandates. The promotion of sound financial management at the United Nations was therefore a priority for the European Union.

10. His delegation was concerned that, although the level of contributions made to the regular budget had been higher at 30 April 2019 than a year earlier, the level of unpaid contributions to that budget at that date had also been higher than a year before. That situation had also been observed in May 2018 and, together with the increase in total unpaid contributions, had resulted in a decline in the Organization's cash balance over the preceding decade and, consequently, a severe cash deficit. Member States that had not paid their assessed contributions should do so as a matter of priority. All Member States must honour their financial obligations by paying their contributions in full, in good time and without conditions.

11. More Member States had paid their peacekeeping assessments in full at 30 April 2019 than a year earlier. However, outstanding payments, although lower than a year before, remained high, at \$2.1 billion. His delegation was concerned about the decrease in the cash available for peacekeeping, as the financial health of the Organization and the success of missions depended on the timely payment of assessed contributions. Member States must pay those contributions in full, on time and without conditions in order to enable peacekeeping missions to fulfil their mandates.

12. Equitable sharing of financial responsibilities among Member States according to their capacity to pay was essential to the sustainable financing of the United Nations system. The Organization should spend within agreed budget levels. In that regard, the Secretary-General's management reform would promote more accountable use of resources. The European Union was committed to providing the Organization with the necessary resources to fulfil its mandates. At the same time, measures designed to achieve further savings and efficiencies, reprioritize activities and deliver results were necessary to enable more effective, efficient, transparent, responsive and sustainable use of resources.

13. **Mr. Mahesh Kumar** (India) said that, despite a continued increase in its share of the United Nations budget in recent years, including a 13 per cent increase in 2019, India had consistently paid its contributions on time, and had paid all its contributions for 2019 in full and on time. He commended those Member States that had paid all their assessments in full and urged those Member States with unpaid assessments to fulfil their obligations under the Charter as soon as possible.

14. Unpaid assessments currently amounted to \$3.6 billion, roughly a third of total annual assessments. That situation hindered the efficient fulfilment of mandates, to the detriment of those States that would have benefited from efficient mandate implementation. Furthermore, in addition to the \$1 billion owed to troop- and police-contributing countries and countries that contributed contingent-owned equipment, \$178 million in respect of letters of assist and \$8 million in respect of death and disability claims remained outstanding. Those figures did not include the long-outstanding payments owed to many Member States, including India, in respect of contingent-owned equipment for closed peacekeeping missions. Significant amounts were also owed to India in respect of troops and contingent-owned equipment for active peacekeeping missions. His country nevertheless continued to support peacekeeping and was the largest cumulative contributor of troops to peacekeeping operations.

15. Troop-contributing countries had been called on to provide increased capacity and equipment to implement ambitious mandates, while reimbursement rates had remained largely unchanged. The recurrent delays in the reimbursement of those countries, compounded by the reimbursement framework and related practices of the Secretariat, had shifted the burden of financing peacekeeping operations onto those countries without their consent and despite their limited capacity to pay. Such delays had also undermined the Organization's ability to maintain honest agreements with troop-contributing countries in other areas of peacekeeping. The practice of delaying payments to those countries while similar contractual obligations to other countries were met must be addressed. His delegation would closely examine the proposals on expediting reimbursement to troop-contributing countries put forward in the Secretary-General's report on improving the financial situation of the United Nations (A/73/809).

16. **Ms. De Armas Bonchang** (Cuba) said that Cuba had for years warned of the risks to the Organization's financial situation posed by the non-payment of assessed contributions. The information presented at the Committee's thirty-fourth meeting on 7 May 2019, together with the update provided at the current meeting,

demonstrated the Organization's dire financial situation, particularly with regard to the regular budget. The payments made by Member States since January 2019 had mitigated that situation only temporarily, given the amount of the unpaid assessments from previous years. If States did not pay their assessed contributions for 2019 in a timely manner, the available funds would be depleted, resulting in a repetition of the situation faced in 2018. The high level of unpaid peacekeeping contributions was also a matter of concern, as was the practice of withholding payments for certain peacekeeping operations, as they created an imbalance in the funds allocated to those operations.

17. She commended the majority of Member States that had paid their contributions on time, in full and without conditions, in particular developing countries, considering the barriers they faced. Attention should also be paid to the special circumstances that prevented some developing countries from fulfilling their financial obligations, in spite of their political will to do so. She called for solidarity in the face of such situations. It was nevertheless striking that the United States of America, the country with the greatest wealth on Earth, owed the highest debt to the Organization of any Member State. Despite insisting on reminding Member States of its status as the main financial contributor to the United Nations, the United States owed the Organization \$2.2 billion, half of which represented arrears, and accounted for 60 per cent of the overall debt owed by Member States. The amount of more than \$1 billion owed by the United States for active and closed peacekeeping operations hindered the implementation of the related Security Council mandates, had caused the Organization to accumulate significant debt to troop-contributing countries, and prevented the Organization from returning to Member States the surplus balances from the accounts of closed peacekeeping operations.

18. It was clear that the withholding of payments by the United States had nothing to do with its capacity to pay and was primarily aimed at subjecting the Organization to financial blackmail. It was furthermore offensive and outrageous that the United States sought to increase returns on its investment in the United Nations, demonstrating that it viewed international peace and security, development and human rights as business opportunities. Moreover, it was shameful that the United States objected to the level of assessments that it owed the United Nations when United States companies made significant profits from business conducted with the Organization and from the Organization's presence on United States territory, profits that had been valued at more than \$1.7 billion at the end of 2017. The United States could repay its debt

to the Organization in full if it contributed just 0.2 per cent of its military budget towards that goal.

19. Cuba strove to fulfil its financial obligations to the United Nations, despite the challenges it faced owing to the economic, commercial and financial embargo imposed against it by the United States for 57 years. That embargo had recently been tightened as a result of the activation of Title III of the Cuban Liberty and Democratic Solidarity (Libertad) Act of 1996 (Helms-Burton Act), whereby United States citizens could file lawsuits in United States courts to seek compensation for property that they claimed had been confiscated by the Government of Cuba after 1959, a provision that constituted a flagrant violation of international law and the Charter. That embargo was also the main obstacle to her country's achievement of the Sustainable Development Goals and hindered Cuba from paying its assessed contributions to the United Nations and other international organizations. Her delegation would study the Secretary-General's proposals with a view to finding sustainable solutions to the Organization's liquidity problems, beyond the obvious need for Member States to pay their assessed contributions.

20. **Mr. Otsuka** (Japan) said that Member States had a responsibility to pay their assessments on time and in full. Despite its long-standing financial difficulties, Japan had faithfully met its international commitments and its financial obligations to the Organization in the interest of promoting international peace and prosperity. However, Member States did not have unlimited resources. Resource requirements must therefore be realistic as well as sufficient for mandate implementation.

21. **Mr. Fu Liheng** (China) said that financial resources were the foundation of the Organization's governance, and a stable financial situation was essential to mandate fulfilment and the success of reforms. As a developing country and the second largest contributor to the regular and peacekeeping budgets, and despite substantial increases in its assessments, China had paid in full all its assessed contributions, demonstrating its support for the United Nations, multilateralism and the work of the Secretary-General. He commended those Member States that had paid their assessed contributions in full.

22. The cash-flow problems experienced by the United Nations had been primarily caused by the failure of some Member States to pay their assessments in full and on time, which had deprived the Organization of essential resources, a problem that could not be resolved even by the most effective reforms. He therefore called

on all Member States to pay their assessed contributions in full, on time and without conditions. Countries that had the capacity to pay, in particular, should do so as a gesture of support for the United Nations and the reforms. Moreover, as the delays in reimbursement to troop-and police-contributing countries had imposed an unfair financial burden on those countries, that issue must be resolved as soon as possible. The Secretariat must also manage budget performance throughout the budget process, tighten budgetary control, enhance financial discipline, use financial resources more efficiently and spend every penny contributed by taxpayers efficiently and accountably.

23. **Mr. Alyakin** (Russian Federation) said that his delegation was disappointed that, despite repeated undertakings to brief Member States, during presentations on the Organization's financial situation, on the status of payments owed by the United Nations to suppliers of goods and services, the Secretariat had once again provided no information on the measures taken to reduce overdue payments to such suppliers. The significant level of unpaid assessments for the regular and peacekeeping budgets was a matter of concern, as failure by Member States to meet their financial obligations on time adversely affected the Organization's functioning and the expected outcomes of its work. Nevertheless, more Member States had paid in full their assessments for the regular and peacekeeping budgets than a year earlier. The Organization was not in financial crisis and its financial situation was currently sound.

24. The Russian Federation had been among the first Member States to pay in full its assessed contributions for the regular budget for 2019. It also paid its peacekeeping budget contributions in a timely manner, upon notification by the Secretary-General. Member States must pay their regular and peacekeeping budget assessments within the established time frames and without preconditions to enable the United Nations to quickly achieve the objectives they had set it.

25. **Ms. Beagle** (Under-Secretary-General for Management Strategy, Policy and Compliance) said that the Secretariat was committed to providing any information required to assist Member States in their deliberations on the Secretary-General's report on improving the financial situation of the United Nations (A/73/809).

*The meeting rose at 10.45 a.m.*