

Statement on behalf of the Member States of the European Union

67th Session of the General Assembly. Item 130: First performance report on the Programme budget for the biennium 2012-2013



Miss Carmel Power, First Counsellor
Delegation of the European Union to the United Nations
United Nations, New York, 17 December 2012

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Mr Chairman,

I have the honour to speak on behalf of the Member States of the European Union.

The Acceding country Croatia^{*}, the candidate countries the former Yugoslav Republic of Macedonia^{*}, Montenegro^{*}, Iceland⁺ and Serbia^{*}, the countries of the Stabilisation and Association Process and potential candidates Albania and Bosnia and Herzegovina, as well as Ukraine and Georgia, align themselves with this statement.

Mr Chairman,

I would like to thank the Controller, Assistant Secretary General, Ms Maria Eugenia Casar, for introducing the report of the Secretary General on the First Performance Report on the programme budget for the biennium 2012-2013 and the Vice-chair of the ACABQ, Mr Carlos Ruiz Massieu, for introducing the related report of that Committee.

Mr Chairman,

We have already expressed our deep concern on the budgetary process and called for its complete overhaul in relation to the proposed budget outline for 2014-2015 which was presented to us last week. We can only reiterate that concern and call for change today as we consider the First Performance Report for 2012-13. In the report before us we see yet again the effect of an incremental approach to budgeting. We are informed that the revised requirements for the current biennium amount to \$5.415bn which represents an increase of \$263.3m, or 5.1%, over the \$5.152bn budget we approved only last December. Budget growth of this magnitude is not sustainable and a more strategic approach to resource management is urgently needed.

The main driver of budget growth and chief obstacle to proper budgeting is the current practice of re-costing. We continue to believe that including re-costing in UN budgeting has to stop in the interest of greater discipline, transparency and flexibility. Indeed our approval of the current budget was based on the understanding that these costs were to be absorbed.

^{*} Croatia, the Former Yugoslav Republic of Macedonia, Montenegro and Serbia continue to be part of the Stabilisation and Association Process.

⁺ Iceland continues to be a member of EFTA and the European Economic Area.

While it is an improvement to have an update for 2012 based on actual expenditure, it is nevertheless, a matter for regret that this amount of \$120.8m has not been offset through concrete measures to use resources more smartly. We call again for this cost to be absorbed.

As we have said, re-costing is a major driver of budget growth and within that, staff-related costs are a major contributing factor. This is a trend that needs to be reversed so we urge the Secretary General to continue to strive for new levels of efficiency, economy and transparency in the way the Organisation does its work and to identify the scope for improvements. It is also time to undertake a full and comprehensive review of all the allowances and benefits of the UN Common System to establish a more realistic and simplified system that better responds to the needs of the Organisations involved. As we have already stated, the EU Member States also believe the deferral of the promulgation of the revised post adjustment multiplier which was due in August 2012 and deferred until January 2013, should remain in place. When salaries and allowances are frozen and cut in our national civil services, it is hardly credible they should continue to increase for UN staff.

Exchange rate fluctuations also need to be better managed. We believe the Secretariat should take immediate and concrete steps to better anticipate, plan for and minimise such costs.

We are also very concerned about the situation of the contingency fund where potential charges risk exceeding the approved balance of the fund by more than \$6m and we are only half-way through the biennium. We share ACABQ's regret that there are no details in the first performance report on efforts to off-set extraordinary expenses through pursuing savings in accordance with the established procedures and look forward to hearing how the Secretary General proposes to maintain a positive balance on the fund for the rest of this biennium as required by resolution 42/211.

In conclusion, we are disappointed at the increased projections for the current biennial budget which are not acceptable and should be addressed by absorbing the recosting for inflation and exchange rates and pursuing vigorously further savings. We recall the Secretary General's promise a year ago to return to us with further such savings. We think more must be done in this regard. We note the work being undertaken on efficiencies which will be presented in the proposed programme budget for 2014-15. While it is important to continue with this and to ensure the maximum sustainable efficiencies are factored into the next proposed programme budget, we need the same to be done in the here and now. We therefore look to the Secretary General to deliver significant savings so that in a year's time, the final 2012-13 budget is in line with what we approved last year and not with the projection presented to us today.

I thank you, Mr Chairman.