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Statement by Ambassador Isobel Coleman
On Agenda Item 134: Proposed Programme budget: biennium 2016-2017
at the
Main Session of the Fifth Committee
70th UN General Assembly
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Thank you Mr. Chairman.

I would like to thank the Secretary-General for being here earlier today to present his 2016-2017 budget proposal which reflects his continuous efforts over the last few years to streamline activities, increase accountability and promote efficiency. I also welcome the President of the General Mogens Lykketoft and USG Takasu for being here today. We would also like to thank the Chairman of the ACABQ, Mr. Carlos Ruiz Massieu, for introducing the ACABQ report on this subject as well Mr. Gerard Biraud of the Joint Inspection Unit for introducing the Unit's report on Archives and Mr. Ken Herman for introducing the report of the UN Chief Executives Board on this issue.

Mr. Chairman, while the Secretary-General has taken effort to present a budget that promotes efficiency, we must acknowledge the constraints of the process itself. The Fifth Committee continues to consider only the changes made from one biennium to the next, which results in a lack of strategic prioritization and prevents a long-overdue impact assessment. Frustratingly, the political will to change this process remains elusive, but for the sake of the organization, we must do better. We cannot return to the days of unsustainable budget growth. We must continue the recent progress that has been made on promoting a sustainable budget that balance member state financial constraints with the need to ensure that the organization has the means to carry out its mission. The only viable United Nations is an affordable one.

As we all know, one of the Secretary-General's important reform initiatives has been the implementation of Umoja, the enterprise resource management system that Member States have generously funded. With Umoja's much anticipated implementation this fall, the Secretariat will for the first time have in place a powerful tool that managers can employ to analyze effectiveness and prioritize resources across the organization. This creates an enormous opportunity, but one that will only be realized through leadership at the highest levels to move the organization to new, more effective ways of doing business. While we are pleased to see that the 2016-2017

budget proposes freezing the equivalent of 68 posts, we view this as a down-payment, so to speak, on much deeper reforms to come. The potential efficiency gains of Umoja demand much bolder action than the freezing of just one half of one percent of posts. Realizing the benefits of the significant investment made to date of time and money in Umoja should be a high priority for this coming year, and a part of the Secretary-General's legacy to the organization.

Mr. Chairman, I would like to acknowledge the efforts to improve the budget's presentation, most recently by streamlining the layout of performance measures and outputs. These efforts increase budget transparency and strengthen oversight; however, more work remains to be done in this regard, and we stand ready to support efforts aimed at greater transparency in budgeting. The fact remains that the current presentation of the regular budget makes it very difficult to identify comprehensively and holistically all of the cost and planning assumptions that are factored into its design. I encourage the Secretary-General to continually make improvements to the presentation of budgetary information so that Member States can make timely and well-informed decisions about how best to resource the operation. We expect that some of these improvements will come from the implementation of Umoja, and the utilization of IPSAS in budgeting, which together provide comprehensive information on costs, and can help drive strategic decision-making and deliver mandates more cost-effectively.

Mr. Chairman, turning to the specifics of the budget proposal before us today, my government recognizes that there have been some notable reductions in addition to the freezing of posts, such as a ten percent reduction in staff air travel costs and a \$30 million reduction in the cost of programme support. However, we are also well aware that the budget proposal is a work in progress with many unknown costs and potential add-ons. To achieve true budget discipline over the course of the biennium, we must utilize the tools and guidance already in place to ensure that budgets stay within approved levels. Resolution 41/213 states that additional resource requests must be fulfilled either by a contingency fund or met within existing resources by reprioritizing activities. If neither of these two options are available, then the activity is to be postponed to a later biennium. Exceptions to this rule exist, of course, but these exceptions are reserved for extraordinary expenses, including those that are related to peace and security. A recent example of such an exception is the UN response to Ebola. Resolution 42/211 helpfully gives us some guidance as to what should not be considered an extraordinary expense. Examples include requirements coming from legislative mandates, from entities like the Human Rights Council or from ECOSOC. Member States signed on to these resolutions and we should enforce their intent. We should insist that the subsidiary bodies where additional mandates come from respect these fundamental resolutions. Rather than requesting new resources, old and outdated mandates must be first retired, and then existing resources reprioritized to accomplish new goals.

What has historically happened, however, is that the Fifth Committee is presented with new resource requirements almost as a *fait accompli*. Resolutions emanating from subsidiary bodies

are simply turned into resource requirements without the necessary step of reprioritizing existing activities. As a result, we end up with budgets that are driven upwards by the hundreds of millions of dollars. We must reassert the essential nature of an approved budget – that it is a ceiling not to be breached except in extraordinary circumstances.

The SDG summit and outcome document provide us with an important litmus test. While the SDGs set inspirational goals for us, we must remember that ultimately they represent an agenda for the world and that the SDGs are goals to be achieved by Member States themselves. We must therefore closely scrutinize any related budget requests to avoid duplication of effort.

Another troubling reality for us is that the budget does not yet include a provision for so-called recosting. As you know, my government takes issue with this ongoing practice. Every international organization operates in an uncertain financial environment. When these organizations create a budget, they build in their best forecasts for exchange rates, inflation and staff costs. A multitude of international NGOs and private companies also working in multiple countries, with staff located all over the world, manage within their budgets year after year without recosting, by reprioritizing activities when necessary. The UN Secretariat can do the same. Of course, no forecast is perfect, but good management requires reprioritizing and making cuts to budgets when necessary. In March, the General Assembly requested that the Secretariat make the most accurate exchange rate forecast it can make, and to hedge those estimates by purchasing futures contracts. When we pass a budget in December, we should expect each and every manager within the Secretariat to live within that budget. The practice of recosting undermines the very principle of budget discipline and must be abolished.

I would like to further highlight three additional potential improvements that can have a synergistic effect upon one another.

The first is the practice of analyzing “unit costs”, which flows directly from the budget transparency that Umoja enables. The Secretariat and offices away from Headquarters are poised to implement Umoja in less than a month. We have often discussed the benefits realization of Umoja in terms of reducing administration costs. But another major benefit of Umoja, coupled with IPSAS, is the ability to analyze unit costs across a whole spectrum of functions. For example, the Board of Auditors studied the cost of administering health insurance per claim and found wide discrepancies in the various health insurance schemes the UN operates. The Board of Auditors also said that the UN does not routinely monitor such costs, and thus has no historic record of unit costs over time, and does not benchmark performance based on unit costs. Umoja gives the UN the ability to easily track unit costs over time, and will enable benchmarks and performance management on a unit cost basis, such as cost per home leave request, cost per air mile traveled, and, more broadly, cost per output. This can lead to a transformation in how managers view and react to their productivity measures.

We also believe that the current system of approving a staffing table and debating whether there should be a P2 versus a P4 position to fulfill a mandate diminishes the Fifth Committee's critical role in providing strategic oversight. We believe we should move away from the concept of posts and instead provide a budget envelope for managers to work within to fulfill a mandate.

As the operations of the Secretariat take advantage of the efficiencies and benefits of Umoja and the Global Service Delivery Model, forward looking workforce planning needs to progress beyond the infancy phase in which we find it today. The Secretariat has not developed any effective scenario analysis for changing demands and is thus not well placed to project workforce demands as a result of the changing landscape of Umoja and the GSDM.

Budgetar discipline, unit costs, budget envelopes, workforce planning – these are all needed parts of a system that allows managers to manage strategically, exercise efficiency in the work they do and plan accordingly for the demands placed upon them. Without these capabilities, even effective managers, managers who promote change and efficiency and delivery of results above the size of inputs, are hobbled without the tools needed to perform their job. This is a real challenge in terms of implementing a 2016-17 budget and delivering on the promise of the UN, but it is one that we can and must tackle.

I look forward to engaging constructively and to working together in approving a budget level that appropriately balances the financial reality that many Member States face along with the need to ensure that the organization has the resources that it needs to perform its mission in key priority areas.

Thank you Mr. Chairman.