



**Statement on behalf of the Member States of the European Union**

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**Delegation of the European Union to the United Nations**

## **143. Improving the Financial Situation of the UN**

**75<sup>th</sup> Session of the General Assembly**

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Mr. Chair,

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

The Candidate Countries the Republic of North Macedonia\*, Montenegro\*, Serbia\* and Albania\*, the country of the Stabilisation and Association Process and potential candidate Bosnia and Herzegovina, as well as Georgia, the Republic of Moldova, Monaco and Ukraine align themselves with this statement.

At the outset, the European Union and its Member States would like to thank the Under-Secretary-General for Management Strategy, Policy and Compliance Ms. Catherine Pollard for her comprehensive briefing on the current financial situation of the UN last week, and the Assistant Secretary-General and Controller Mr. Chandru Ramanathan, for his presentation on liquidity management on Monday.

Mr. Chair,

The European Union and its Member States remain deeply concerned by the persistent liquidity crisis of the Organization.

We would like to commend the Secretary-General for his unwavering dedication to manage the liquidity challenges. Despite outstanding efforts and several measures implemented, the situation remains critical and highly worrying. In 2018, the UN regular budget recorded a cash deficit as early as May. In 2019, despite the numerous cash-conservation measures initiated, the first borrowing occurred in July and the deficit reached a record \$520 million in December. In 2020, the grave liquidity crisis continued and the Organization was only able to push the first borrowing to September, thanks to stringent cash-conservation measures: the Secretary-General suspended all hiring for regular budget operations, further scaled down non-post expenses and postponed payments to troop and police contributing countries. While these measures proved instrumental to manage the liquidity shortages, we are concerned that they may jeopardize the Organisation's ability to implement the full extent of its entrusted mandates.

We believe addressing the United Nations financial situation is a joint responsibility, shared between the Organization itself and its Member States. We are proud to say that, as of the beginning of April, all EU Member States have paid their contributions to the 2021 regular budget, representing a joint contribution accounting for of 24% of overall assessments. Regarding peacekeeping operations, the EU Member States account for nearly half of the honour roll as of April 30, and more than 20% of the whole assessed contributions paid. We would like to salute all other Member States who have fulfilled their obligations. This said, we regret to note that not all Member States have fulfilled their

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\* *The Republic of North Macedonia, Montenegro, Serbia and Albania continue to be part of the Stabilisation and Association Process.*

financial obligations. The unpredictability of collections, as well as the large collections in the last quarter of each year, aggravated by the global crisis posed by the COVID-19 pandemic, threaten the Organisation's ability to implement all of its mandates and to respond to emerging crises in a timely manner. We therefore urge the Member States with pending assessments to address this matter as one of utmost priority and we wish to reiterate the importance of all Member States honouring their financial obligations by paying their assessments in full, on time and without conditions. We heard the Controller describe the positive trend in the collection of contributions, especially up to April, and the significant difference this positive outlook can make for the management of liquidity and mandate implementation. It is our hope that this will create a momentum in the entire Membership.

Mr. Chair,

The EU and its Member States are of the view that the diagnostic is now clear. Arguing about its timing or pointing fingers will not contribute to address the root causes or yield any improvement. We are determined to ensure the full implementation of all mandates entrusted to the United Nations. We believe it is the responsibility of the Fifth Committee to rise up to this challenge and ensure sustainable financing for the Organization, in order to allow for the effective implementation of its mandates.

Our Committee adopted a series of measures in our Resolution 73/307. For peacekeeping operations, for instance, cash pooling between the missions, and the possibility to pay peacekeeping contributions for the full 12-month budget period, have proven instrumental in partially alleviating the pressure on managing cash for the peacekeeping operations. We regret, however, that only a partial solution was found for peacekeeping budgets and that no consensus could be found on the proposals related to the regular budget. As a result, in order to cover the shortcomings of the regular budget, the Secretary-General has consistently borrowed from the accounts of the closed peacekeeping operations, hence withholding return of credits to the Member States. Similarly, the Secretary-General resorted to delaying payment to troop and police contributing countries: we believe this needs correcting, in order to honour the service and dedication of the uniformed women and men who serve under the UN flag.

To that end, the EU and its Member States would like to encourage the Secretary-General to continue his efforts to manage resources more efficiently and effectively in order to keep mandate implementation on track. At the same time, we call the Membership to revisit the proposal presented during the 73<sup>rd</sup> session. Last year in June as the year before, the EU stood ready to adopt measures that would allow the Secretary-General to manage his budgets more strategically, while maintaining the highest standards of transparency and accountability. We also came forward with additional proposals in that regard last autumn during the negotiation of the UN regular budget and we will continue to support all measures and all proposals that can give the Secretary-General the necessary tools to mitigate the current cash management challenges and lead to a budget that is more effective and more strategic.

Mr. Chair,

To conclude, it is crucial that the UN has the necessary tools and resources to succeed and implement all of its mandates in the most effective and flexible way possible. A stable and sustainable financial footing is crucial for that matter, especially in these challenging times, when financial predictability is of critical importance. We stand ready to engage with all delegations, and under your leadership.

Thank you Mr. Chair.