



Statement on behalf of the Member States of the European Union

By

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Fifth Committee

Item 133: Second performance report on the programme budget for the biennium 2012-2013

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Check against Delivery

Mr Chairman,

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

The Candidate Countries Turkey, the former Yugoslav Republic of Macedonia*, Montenegro* and Serbia*, the countries of the Stabilisation and Association Process and potential candidates Albania and Bosnia and Herzegovina, as well as Ukraine, the Republic of Moldova 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 Second Performance Report on the programme budget for the biennium 2012-2013 and the Chair of the ACABQ, Mr Carlos Ruiz Massieu, for introducing the related report of that Committee.

Mr Chairman,

The EU Member States commented on the current budget in our statement earlier this session when the proposed programme budget for the next biennium was presented. We underlined then that we have looked to the Secretary General, and to his senior managers and staff at all levels, to adhere as closely as possible to the budget level of \$5.395 billion agreed by the General Assembly in December 2012. We appreciate that new activity mandated by the Member States adds to the challenge, but as we have said many times, in a context where we all have to deliver against a tight resource background, we look to the United Nations to "do more with less", to work better and smarter, as we all must in our own administrations, and to achieve its goals while operating within the budget level agreed by the Member States.

It is therefore a severe disappointment to be presented with an anticipated final level of expenditure for 2012-13 of \$5.603bn which represents an increase of \$204.3m, or 3.8%, compared to the revised budget level we agreed last December. At that time, we were clear we

* The former Yugoslav Republic of Macedonia, Montenegro and Serbia continue to be part of the Stabilisation and Association Process.

expected the Secretary General to deliver significant savings so that now a year later, the final 2012-13 budget would be in line with what we approved a year ago which in itself, was a significant increase on the budget agreed in December 2011. And yet instead, we have a revised budget that barely differs from the inflated projection presented to us a year ago. In this context, it is important to recall that the General Assembly decision in December 2012 to further defer consideration of the issue of recosting did not imply a mere delay and there can be no assumption that further funding will be agreed. The situation today is hard to explain to our capitals – a bitter pill that is hard to swallow.

Mr Chairman,

We shall interrogate the detail of the Secretary-General's report, which we note is based on projections, not actual expenditures. In particular, before making any decisions we shall want to understand in detail the expenditures in a number of areas, including,

- The provision for unforeseen and extraordinary expenses, especially the current position with regard to Hurricane Sandy, including on the timing of purchase and change orders, and the true timing and need for spending;
- Staff costs, where we shall require clear up-to-date information on actual expenditures based on real staff;
- Travel, where we trust that the Secretariat's persistent insistence that it is doing its utmost to reduce costs has delivered benefits, particularly given the changes to the travel rules agreed by the General Assembly earlier this year; and
- Expenditure on furniture and equipment.

Mr Chairman,

While the detail is important, more fundamentally it is regrettable that once again, in spite of the decisions we took last year to defer consideration of so-called "re-costing", the main driver of the growth in the budget before us is yet again that re-costing, and within that, staff-related costs. We expected a greater effort by the Secretary General 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. While we welcome the fact that the forward purchasing of foreign currency undertaken by the Budget Controller has partially aided predictability and has resulted in a \$3.5m saving on exchange rate costs, we regret the lost opportunity that the total recosting bill presented to us today seems to represent. This looks very much like business as usual, and not the result of efforts to manage the inflationary pressures we all face in our own administrations.

The report also illustrates again the continuing inadequacies of the Common System where the practice of awarding increases in rewards to staff, insulating them from real-world circumstances continues. Where we also note that the increases reported, have been allowed to happen despite taking the "margin" to the brink of breaching the maximum permissible, and driving the 5 year average above the desirable mid-point.

As such, the experience of this budget is firm proof if we needed it, that including re-costing in UN budgeting has to stop in the interest of greater discipline, transparency and flexibility. A sounder basis to budget for such costs is now an imperative. We have to work as a matter of urgency with the Secretariat and with Member States to that end.

Mr Chairman,

In this regard, in the context of considering the Proposed Programme Budget for 2014-15, we have made proposals to make a start, to agree the first steps to ensuring greater predictability for the UN, for the Controller, for individual managers, and for Member States, and to open the door to further work to identify a truly sustainable way to manage these costs, moving away from the variable approach the General Assembly has adopted over past decades.

While not underestimating the difficulties we will face in resolving the expenditures presented to us today, we call on all partners also to seize this opportunity to improve the functioning of the Organisation which we all support.

I thank you, Mr Chairman.