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**Remarks by Ambassador Joseph M. Torsella
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Introduction of the Proposed 2014-15 Regular Budget before the Fifth Committee
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Thank you Mr. Chairman, and thank you also to Secretary-General Ban Ki-moon, Under-Secretary-General Yukio Takasu, Assistant-Secretary-General and Controller Eugenia Casar, ACABQ Chairman Carlos Ruiz-Massieu, and all the members of the Secretariat and the staff who have produced the 2014-15 budget for our consideration today.

Mr. Chairman, the Member States of the United Nations continue to face tremendous fiscal pressures, and are cutting and right-sizing, freezing and furloughing, reforming and reengineering. Most if not all are now doing more with less, and holding managers accountable for doing so. If the United Nations does not follow suit, it risks being unable to meet the complex challenges we face today and in the future.

In this 2014-15 budget proposal, we can see that the Secretary-General has indeed recognized this reality. He has charted the first steps on a new path that, if we continue on it, would ensure the UN's sustainability long into the future. We welcome his proposal, and applaud his leadership.

As the Chief Administrative Officer of the Organization equipped with the authority required to make executive decisions about how the Organization will function, he has taken bold steps to propose meaningful cuts to unneeded, obsolete posts and overlapping, redundant support functions. Those cuts will make the Organization not just leaner, but ultimately stronger. We commend the Secretary-General for heeding the direction of the General Assembly in the 2014-15 Budget Outline resolution adopted last December that called for an overall budget level of

\$5.4 billion, resulting from a review of all aspects of the Secretariat's costs, including posts. We especially commend him for achieving this level not by one-time gimmicks, but by making structural and sustainable reductions in net posts, the benefits of which – in reduced demands on taxpayers, less red tape at headquarters, and a more effective UN in the field – we will all reap for years to come.

What's more, as both the Secretary-General's proposal and the ACABQ report make clear, these reductions have been achieved without compromising the Organization's ability to deliver on its mandates. As we have often said, there is no one-for-one relationship between mandates and money; new tasks do not always require new resources; and it is outcomes, not outputs, that we should focus on. If we follow this new path toward a full rethinking the UN's processes, organization, and service delivery model, there will be recurring dividends to both our taxpayers and to the people around the world who depend on the UN.

To be sure, a \$5.4 billion Regular Budget level is not so much "doing more with less" as it is "doing more with the same." If we approve the Secretary-General's 2014/15 budget at \$5.4 billion – and depending on the final figure for the 2012/13 budget – we will have charted a four year course, from 2012 through 2015, in which the UN budget essentially stayed at the level it reached in 2011. Against the backdrop of a Regular Budget that grew by an average of 16% from one biennium to the next from the 2000/01 to the 2010/11 biennium, and against the backdrop of the new tasks we've assigned to the UN since December 2011 – that would indeed be a proud accomplishment and the beginning of an appropriate response to the difficulties faced by taxpayers everywhere. For in the end, it is their money that funds every single office, post and program at the UN.

We will have much more to say about 2012/13 when we consider the Second Performance Report. But the United States wishes today to restate today some key facts on this subject. We approved the initial budget level on the understanding that the Secretariat would strenuously seek to find offsets for any recosting expenses. Recall, however, that we approved \$110 million in non-post recosting the day we adopted that initial budget. We then approved \$158 million in full funding for the add-ons requested last December. We then approved another \$86 million in

additional post and exchange rate-related recosting last December. We have made no objection as existing SPMs sustained a \$67 million (11%) cut from 2012 to 2013 while other UN program areas have seen far more modest -- and in some cases no -- reductions. And we have been sounding the alarm about the spiraling costs of UN compensation -- which is what most of so-called "recosting" in the current biennium really represents -- for two years.

After \$354 million of add-ons and recosting to date -- several things should be, we hope, quite clear: that further increases in the 2012/13 budget must be avoided at all costs, that we expect all additional "recosting" charges to be fully absorbed, and that the Secretariat should not come to us asking our taxpayers to fund their failure to have done so. We underscore the truly damaging and unpredictable consequences that could follow from the Secretariat failing to keep at least some small part of the bargain that was made two years ago.

And as we consider this new bargain presented to us for 2014/15, let's remember what we should all know by now from experience: UN budgets grow. Not just from one budget to the next, but most troublingly, within each budget cycle. Before the ink has even dried on this proposal, we know that there are already \$104 million in potential add-ons and \$158 million in proposed recosting charges to the \$5.4 billion budget level. The potential add-ons include proposals for \$51 million for the Subvention of Extraordinary Chambers in the Courts of Cambodia, \$44 million for the Strategic Heritage Plan planning and design, nearly \$5 million to strengthen the Office of the Special Advisor on Africa, and nearly \$4 million for the Pension Fund, High Level Political Forum for Sustainable Development, ECOSOC, ICSC, and cyber security.

In that light, Mr. Chairman, the United States suggests that the Secretary-General's recommended economies and cuts should therefore be only our starting point.

Furthermore, it is clear from reading the details of this budget that there is much more that can be done to achieve a truly efficient UN. We must closely review the continued need for all funding and posts proposed, and seek to find additional efficiencies especially in

- Training, travel for training, and travel budgets generally, especially following the General Assembly's action revising standards of accommodation for air travel;

- A seemingly high ratio of supporting posts (120) to judges (5) in the International Court of Justice;
- The proposed transitioning of the United Nations Environment Program to the Regular Budget;
- The proposed upward reclassification of posts; and
- The ratio of higher to other level posts that appear top-heavy in some offices.

Whether even those additional efficiencies will be enough, Mr. Chairman, depends on a larger question: whether we are going to pass an actual budget, as the term is understood by most governments, firms, and families around the world. Budgets are not suggestions. Other international organizations manage to live within the budgets approved by their member states, and there is no reason that the UN cannot do the same. We remind the Secretariat that the United Nations is currently obligated to strictly adhere to the principle reflected in resolutions 41/213 and 42/211 that call for all new proposals to be "budget neutral" or offset with savings within the approved budget. And all Member States should do a better job of examining resource implications when considering new or expanded mandates, including demanding more timely access to information on costs and more meaningful discussion by Member States about modalities in light of cost information.

But ultimately, if our current regulations and practices are ineffectual, we have a simple choice. One alternative, and the more responsible course, would be to leave this session with new and binding mechanisms for establishing a budget envelope at the outset, not the end, of the biennium.

That would mean establishing a real cap for spending for the next two years, mandating true fiscal discipline, and giving managers the tools to actually prioritize by making tradeoffs when necessary and proactively managing expenditures to stay within the approved budgets set by the General Assembly.

That would mean seeing the Secretary-General's proposed net reduction of 261 posts as a good step, but only the first step, in a long-overdue reshaping of the Secretariat's workforce to

maximize our investments in the UN. It is vital to proceed urgently on a comprehensive staffing review that should include an assessment of the appropriate distribution of staff to each department, office, and activity across the Secretariat by grade levels and geographic location. Only such a comprehensive process to right-size the Organization can ensure that the offices that have been perennially starved from adequate resources are appropriately staffed and funded, while those that have become bloated and top-heavy are made leaner.

That would mean abolishing or comprehensively reforming recosting, which -- apart from exchange rate fluctuations -- is largely the result of irresponsible compensation decisions made outside of and after the budget process. Recosting benefits none of us. It does not increase or enhance the outcomes of the Organization. It introduces unacceptable levels of volatility in the budget, completely dilutes fiscal discipline among managers by regularly providing additional resources after the initial budget has passed, and makes resources fit expenses, instead of requiring expenses to fit available resources. It's a perfect example of "doing the same...with more," and none of us could justify it with a straight face in our own family budgets, let alone for this organization.

And instead of blaming the UN's chronic inability to live within a budget on a proliferation of mandates, we should take action now instead of make excuses later. The Secretary-General should immediately identify concrete steps required to rationalize UN mandates, and the General Assembly should waste no time in rising to his call.

Finally, that would mean considering whether a two-year budget period truly serves the interests of the Organization or its member states. Rather than trying to get right a budget requirement for a two-year period that is 6 to 30 months away, if we move to an annual cycle of budgeting like most other organizations, the need to recost becomes a much less laborious and destabilizing aspect of the budget process and new PBIs generated during the year could be properly considered in the context of each new budget along with all other requirements so that the right trade-offs are made.

But if we're not willing to consider such sensible reforms, there is another course: we must then compensate for the inevitable add-ons and recosting requests on top of the Secretary-General's proposed budgets. Based on recent historical experience, that would suggest we should look for an additional several hundred million in reductions, beyond those identified by ACABQ or the Secretary General.

The choice is ours. But avoiding the choice entirely, and continuing with business as usual, is unacceptable to the United States, and should be unacceptable to any member state that cares about the future of this institution.

In preparing his 2014/15 budget, the Secretary General chose the wise, thoughtful and responsible course of beginning to make difficult but necessary and overdue reforms rather than indiscriminate cuts. As we consider his proposal, we should do the same.

We look forward to working constructively with our colleagues to do just that. Thank you, Mr. Chairman.