



**STATEMENT ON BEHALF OF THE GROUP OF 77 AND CHINA BY SAED KATKHUDA, SENIOR ADVISOR, MISSION OF THE STATE OF PALESTINE TO THE UNITED NATIONS, ON AGENDA ITEM 137: IMPROVING THE FINANCIAL SITUATION OF THE UNITED NATIONS, AT THE FIFTH COMMITTEE DURING THE MAIN PART OF THE SEVENTY-FOURTH SESSION OF THE UNITED NATIONS GENERAL ASSEMBLY  
(New York, 18 October 2019)**

Mr. Chair,

1. I have the honour to speak on behalf of the Group of 77 and China on agenda item 137: "Improving the Financial Situation of the United Nations".
2. The Group of 77 and China would like to thank Ms. Catherine Pollard, Under-Secretary-General for Management Strategy, Policy and Compliance, for her presentation on the financial situation of the Organisation on 11 October 2019, and for the updates provided this morning. The Group also expresses its appreciation to the Office of Contributions for the updated information on the assessments of Member States.

Mr. Chair,

3. The Group is gravely concerned with the deepening liquidity crisis in the regular budget. The Working Capital Fund and Special Account have been depleted for the second consecutive year. We have had to resort to borrowing from the accounts of closed peacekeeping missions yet again. This is not a good budgetary practice, nor is this sustainable. Despite the Secretary-General's multiple warnings about the regular budget liquidity crisis, the situation has not been stemmed, let alone improved. The Group had studied the Secretary-General's earlier proposals in a constructive spirit and with good faith. Unfortunately, consensus on measures to alleviate the liquidity crisis could not be reached. While the Group remains committed to studying any proposals, we reiterate that any proposals must be sustainable, based on good budgetary practice, and must not unfairly shift the burden to developing countries that have relatively less capacity to pay.

Mr. Chair,

4. Finance serves as a foundation and an important element underpinning the United Nations governance. The Group expresses its appreciation to Member States who have paid their assessments in full, and to Member States who have made efforts to reduce their outstanding contributions. The Group also empathises with Member States who are genuinely unable to meet their financial obligations for reasons beyond their control.

5. At the same time, we firmly believe that any deliberate and unilateral withholding of contributions by Member States that do have the capacity to pay is unacceptable. This is particularly so for Member States that have exhibited repeated patterns of withholding contributions for political reasons. As of today, about 76% of the total unpaid regular budget assessments and more than half of all funds owed to the United Nations are attributed to a single Member State that continues to cling on to its special privileges, despite already benefiting from a fundamental distortion in the determination of how the Organisation is financed. The Group stresses that the deliberate and unilateral withholding of contributions cannot and must not be used as political leverage to distort the mandates of the Organisation.

6. This irresponsible behavior has contributed to the crisis we face today, and has forced the Organisation to take severe measures, some of which would impact on mandate delivery. The Group is concerned about the impact of these financial issues on the development pillar, including but not limited to, the valuable work of the Department of Economic and Social Affairs; the Regional Economic Commissions; UN Duty Stations, Offices and UN presence in developing countries; the Office of the High Representative for Least Developed Countries, Landlocked Developing Countries and Small Island States. In addition, as Member States' communications to the United Nations often include significant and time-sensitive political-security issues, the issuance and distribution of these communications should not be affected as part of the austerity measures. These communications must be issued and distributed as early as possible, and at minimum in the English language.

Mr. Chair,

7. On peacekeeping operations, the Group is encouraged to note that there are already discernible results from the measures approved in resolution 73/307. We are also pleased to hear that the Secretary-General is committed to meeting obligations to Troop and Police Contributing Countries as expeditiously as possible, and trust that the Secretary-General will attach high priority to maximise the quarterly reimbursements.

Mr. Chair,

8. The Group has repeatedly said that the simple solution to the liquidity crisis is for all Member States to pay their assessed contributions in full, on time, and without conditions. Any cash shortfall should not be confused with the flexibility of budget mechanisms, as no amount of flexibility will solve a basic lack of financial resources. In the meantime, the Secretariat should improve the overall budget performance and strengthen accountability to effectively spend Member States' taxpayers money.

9. In closing, Mr. Chair, we reiterate our call to all Member States that have the capacity to do so to pay their assessments promptly and in full. Please be assured the Group will participate constructively in any efforts towards resolving the financial difficulties of the Organisation.

I thank you Mr. Chair.