



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

**Mr. Thibault CAMELLI**

*Counsellor*

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

## **Improving the financial situation of the United Nations**

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Mr. Chair,

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

At the outset, I would like to thank the Under Secretary-General for Management, Strategy, Policy and Compliance for her presence today, and her presentation and updates on the financial situation of the United Nations and on how Member States have fulfilled their obligation of contributing to the Organization's financial expenses, as per the UN Charter. I also thank Assistant Secretary-General and Controller for his briefing on Managing the liquidity situation earlier this month.

While we await the upcoming report by the Secretary-General on the implementation of the measures adopted during our 73<sup>rd</sup> session and on the improvements that could further enhance the financial situation of the United Nations, allow me to make the following remarks:

Mr. Chair,

The Member States of the European Union would first like to commend the work of the Secretary-General, the UN controller, and all programme managers, who have strived to deliver on their mandates despite the inherent difficulties of cash shortages, and in the context of the COVID-19 pandemic.

The cash conservation measures set in place in 2020 and early 2021 have avoided an operational shutdown of the Organization. These temporary solutions, however, are not sustainable. They may have helped alleviate the consequences of the liquidity crisis, but they have not solved it at large. Programme managers, who operate in a context of income unpredictability, are no longer making decision based on what is best for mandate implementation, but what is possible with the available cash. We are alarmed that, through the persistent liquidity shortage, more and more activities and outputs are being postponed or even canceled. As a result, mandate delivery is not simply hampered: the accumulation of delays and under-execution create a downward spiral that gravely affects the performance and undermine the relevance of the Organization.

Mr. Chair,

The Member States of the European Union call upon the Committee to rise up to this challenge. We continue to advocate for sustainable solutions to this crisis. In order to do so, we need to agree on a shared diagnosis of the situation, including its root causes.

Solving the liquidity crisis is a shared responsibility between the Secretariat and the Member States, and we need to fulfill our part. We reiterate our call that all Member States make every effort to pay their assessed contributions in full, and on time. In those cases where payment in full and on time proves impossible, we urge Member States to communicate their payment plans clearly and reliably

to the Secretariat in order to provide as much predictability as possible. In this regard, we welcome the reduction of arrears by some Member States and urge all others who have accumulated arrears to address this matter of utmost priority.

The Member States of the European Union believe we need to go further and address the structural root causes of the cash liquidity's 'downward spiral'. I will focus first on the regular budget and will then cover the financial situation of peacekeeping operations.

The liquidity situation of the UN regular budget raises the most pressing concerns. The rigidity of the current budgetary rules and financial practices continue to hamper effective management and hinder an already difficult cash situation. In addition, the Organization is trapped into a vicious cycle where lower budgetary implementation requires the return of unspent appropriations to Member States, even to those in arrears, thus further deepening the cash deficit. For these reasons, the Member States of the European Union reiterate lending their support to a more strategic management of both budget and liquidity, while upholding at the same time the highest standards of transparency and accountability. We also emphasize the importance of establishing liquidity-bridging mechanisms, and call upon the Committee to keep under close review the functioning of all reserve and complementary mechanisms, in order to ensure that they remain "fit-for-purpose".

On peacekeeping operations, we note with great satisfaction the positive effects of the measures adopted during our 73<sup>rd</sup> session, notably so the cash-pooling mechanism and annual assessment. These measures clearly improve not only liquidity management and cash predictability but they also have a positive impact on missions in the field and the implementation of their mandates. We welcome in particular the significant improvements in timely payments of uniformed personnel. We regret, however, that the persistent shortfalls in the regular budget continue to impede the liquidation of closed peacekeeping operations.

Mr. Chair,

As strong defenders of the principles of multilateralism, and as the largest collective financial contributor to the United Nations, the Member States of the European Union would like to reiterate our commitment to providing the necessary resources to the Organization so it can implement all its mandates, fully and effectively. Ensuring the financial health of the organization is a shared responsibility, fundamental for the ability of the United Nations to respond to its numerous mandates and missions.

I thank you, Mr. Chair.