

Statement by Mr. Jaideep Mazumdar, Counsellor on Improving the Financial Situation of the United Nations at the Fifth Committee on May 15, 2003

Mr. Chairman,

We would like to thank Under Secretary General Catharine Bertini for her lucid presentation on the Financial Situation of the United Nations.

My delegation associates itself with the statement made by Morocco on behalf of the Group of 77 on this agenda item.

Mr. Chairman,

It is encouraging that by all major yardsticks, there was an improvement in the financial situation of the UN at the end of 2002 as compared to the previous year. The amount of cash on hand has improved and the debt owed to member states has come down marginally. The level of unpaid assessments has shown some improvement, falling from 2,106 million US dollars at the end of 2001 to 1,684 million US dollars at the end of 2002.

It needs to be borne in mind, however, is that aggregate assessments in 2002 were lower as compared to 2001 by as much as 634 million dollars. Therefore, the improvement in the level of unpaid assessments of 422 million dollars may in fact be illusory. One indication of this is the marked fall in the

number of member states who had paid their assessments in full for the regular budget - from 141 in the year 2000 to just 117 in 2002. This underlines the need to continue to emphasize the importance of member states paying their assessed contributions in full, on time and without conditions.

It is reassuring, though, that the total arrears are concentrated in a few Member states. Only three major contributors between them owed the bulk (84%) of the unpaid assessments to the regular budget. In the case of the peacekeeping budget, however, ten of the fifteen major contributors owed over a billion dollars at the end of 2002 (77%) and all others together owed 305 million US dollars. The picture becomes somewhat murkier when we consider that some assessments that should have been issued in 2002 were deferred until the beginning of 2003. This is a matter of serious concern for the major troop contributing countries as it leads to avoidable delays in reimbursements to TCCs.

We note with appreciation that some progress has been made in reducing the amount due to Member states from the level of 748 million US dollars at the end of 2001 to 701 million US dollars at the end of 2002. However,

the situation would have been different if additional obligations during the year had not been less by 31 million dollars than that which had been projected. Outstanding dues of 701 million US dollars are not inconsiderable and over 80 percent of it is owed to developing countries who can hardly afford to be perpetual creditors to the UN.

We note the Secretary General's target of reducing outstanding dues further to 495 million US dollars by the end of the current year, with an expected delay of six months in reimbursements. We feel that with present systems and resources, a target of three month delay for reimbursements is achievable.

Mr. Chairman,

We shall carefully examine the proposal of the Secretary General to suspend the application of relevant financial regulations and rules in respect of closed missions in order to retain cash balances with the Organisation. Besides the fact that we have been repeatedly speaking out against the practice of cross-borrowing, such a measure should not adversely affect the payment of outstanding dues to Member states in

respect of closed missions. In this connection, we note with concern that in addition to the regular budget, cross-borrowing from such cash balances has now been resorted to even for the purposes of financing shortfalls in the accounts of the Tribunals. Last year, we had called for concrete proposals to be presented on how to minimize cross-borrowing, with the eventual objective of eliminating them altogether. We regret that no such proposals have been forthcoming.

Mr. Chairman,

As for the prognosis of the financial health of the Organisation for the current year, we take heart from the fact that both the number of Member states who had paid their assessments to the regular budget in full, as well as the amount of payments received from them in the first four months of the current year, has been significantly higher than for the corresponding period last year. It is our hope that this trend continues throughout the rest of the year.

I thank you, Mr. Chairman.

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