

74th Session of the UN General Assembly

Fifth Committee

Main Session

Improving the Financial Situation of the United Nations

INDIA STATEMENT

by

**Ambassador K. Nagaraj Naidu
Deputy Permanent Representative**

18 October 2019

Thank you, Mr. Chair, for giving me the floor.

1. We align with the statement delivered by the State of Palestine on behalf of the G77.
2. We thank Ms. Catherine Pollard, USG, DMSPC and Mr. Chandru Ramanathan, ASG, Controller for their briefings. We would also like to thank the Secretary-General for his efforts in bringing to the attention of member states the organization's liquidity crisis.

Mr. Chair,

3. The liquidity crisis has been endemic; its effects have now grown to be more pronounced. 5 months ago, in May 2019, we were discussing the liquidity crisis in the peacekeeping budget, today, we are discussing liquidity crisis in regular budget mandates.
4. There has been a tendency in some quarters to brush aside the concerns as unfounded or anecdotal.
5. This year, for the first time, the Board of Auditors have examined the liquidity crisis of the regular budget in the current Volume-I report. Their findings suggest a progressive deterioration of all four financial ratios of the regular budget. We request the Auditors to continue examining impact of the liquidity crisis including on the peacekeeping budget.
6. Only 131 members states have settled their regular budget assessments for the current year. While 63 member states owe US\$894 million for the current year, a

total of 41 countries are yet to settle their dues from the previous years, which cumulatively stands at US\$310 million.

Mr. Chair,

7. The Secretary-General has again used closed peacekeeping funds meant to reimburse the troops contributing countries to pay for the salaries of staff thereby contributing to a false sense of financial soundness. Here, we would like to remind the Secretary-General that his obligations to the TCCs are equally important as advocating to member states to meet their financial obligations.
8. 27 TCCs, 17 from the Group of 77, including India, are still awaiting their legitimate reimbursements from the closed peacekeeping missions. Our expectation is that the problem be discussed and addressed comprehensively. We cannot indefinitely delay dues to the TCCs, while using the same funds to pay others.

Mr. Chair,

9. Reforms in the peacekeeping budget, like the cash pool and annual assessments, have mitigated to some extent the impact of the liquidity crisis, but the underlying problem persists. US\$3.3 billion out of an approved budget of \$6.5 billion is still outstanding. This does not include the US\$400 million that remains outstanding for decades for the closed peacekeeping missions. The impact of this situation is that the TCCs are not reimbursed on time.
10. As per Resolution **73/307**, the Secretary-General was to arrange quarterly briefings for member states on the status of reimbursements to troop- and police-contributing countries and the steps taken to ensure their timely settlement. However, one quarter has already passed without any such briefing. This obligation needs to be fulfilled.

Mr. Chair,

11. The Secretary General's austerity measures, announced last week, while nudging us to judiciously use our resources, also pose fundamental questions on the *raison d'être* of the United Nations. The global community still looks at the UN for development, hope and peace. Therefore, we must all recognize the crisis and become part of the solution.
12. Borrowings from the Working Capital Fund, the Special Account and the closed peacekeeping accounts does not seem to have filled the liquidity gap. Since 70% of the budget goes to meet the staff cost of UN officials, which are decided on the

rather overly generous Noblemaire principle, there was anxiety, perhaps for the first time, of UN staff not being paid! This has caused a different kind of anxiety among the staff, different from not being able to implement the mandates. Staff paid out of regular budget perhaps are not as lucky as the staff paid out of peacekeeping budget. In similar situations, their salary could have been paid from the money of TCCs by twisting the reimbursement framework.

13. Among the menu list of austerity measures that could perhaps improve the budgetary situation includes enhanced recruitment of young professionals at P2 and P3 levels, adhering to the advance air ticket purchase policy, better management of exchange rate fluctuations, energy efficient lighting and other environment friendly practices at HQ and duty stations. The Gandhi Solar Park, a token gift of India to the UN, which was inaugurated last month, is part of the solution.

Mr. Chair,

14. India, though a developing country, has not only settled all of its dues on time, but has also made part payment for future assessments, both for the regular and peacekeeping budgets. This is not easy considering the scale of our developmental needs. It would not be remiss that our assessment rates have also been growing, an increase of 13% in the latest update.
15. We believe that a sustainable solution would only emerge when member states begin to honor their budgetary obligations in full and on time. Paying on time and in full is not just the easy solution, but the desired one.

Thank you, Mr. Chair.