



STATEMENT ON BEHALF OF THE GROUP OF 77 AND CHINA BY MS. KAREN LOCK, PERMANENT MISSION OF SOUTH AFRICA TO THE UNITED NATIONS, ON AGENDA ITEM 119: IMPROVING THE FINANCIAL SITUATION OF THE UNITED NATIONS, IN THE FIFTH COMMITTEE OF THE GENERAL ASSEMBLY (New York, 9 November 2006)

Mr. Chairman,

I have the honour to speak on behalf of the Group of 77 and China on agenda item 119, entitled: "Improving the financial situation of the United Nations".

The Group of 77 and China wishes to thank the Controller, Mr. Warren Sach, for presenting the report of the Secretary-General on the financial situation of the United Nations.

Mr. Chairman,

Member States have dedicated the past two years to reflecting on measures to strengthen the ability of the Organisation to meet the ambitious agenda that we have set for its staff and ourselves at the Millennium Summit. We have placed great emphasis on the functioning of the Secretariat and measures to enhance the accountability of staff to the Organisation.

We, however, equally have to acknowledge that we have a shared responsibility to ensure that the Organisation receives the resources that it requires to implement the reform measures and wide-range of tasks that we have entrusted to it. We further will only be able to maintain the momentum of the World Summit if we make a more concerted effort to act on our Charter obligation and pay our contributions in full, on time and without condition. This is especially applicable to those Member States who have the capacity to pay their arrears and ensure the financial stability of the United Nations.

Mr. Chairman,

Member States have managed to avoid a financial crisis for the Organisation when we lifted the spending cap by consensus in June 2006. However, based on the assessment provided by the Controller, the Organisation may soon face another financial crisis unless Member States, in particular the main contributor accounting for nearly 80 per cent of the outstanding dues to the regular budget, pay their dues to all accounts in full.

The Group is concerned by indications received from the Controller that, depending on action yet to be taken on the national budget of the United States, the United Nations may have to borrow over \$200 million from the reserve account by the end of December 2006 in order to ensure the continuation of its budgeted activities. It will be recalled that the rationale in 2000 for reducing the ceiling for the main contributor to 22 per cent was to facilitate the payment of arrears and thereby improve the financial situation of the United Nations. Indications are that this rationale has not been met and that the main contributor has not honoured its undertaking.

Mr. Chairman,

The overall assessment presented by the Controller is alarming with indications that the position of the regular budget is uncertain and the Organisation may face a cash shortage by the end of the year. Indications are that the financial position of peacekeeping operations towards early next year

will be constrained in comparison with previous years, as Member States will only be assessed in January 2007 for their share of the remaining six months of the peacekeeping financial period when agreement on the future scales of assessments has been reached. The financial position of the Tribunals and the Capital Master Plan have shown some improvements in 2006 but their final performance will depend on the receipt of outstanding payments.

It further is regrettable that the Organisation, as a result of late and non-receipt of peacekeeping dues, will not be able to maintain its envisaged payment patterns to Member States that are providing troops and contingent-owned equipment to peacekeeping operations. In fact the projected debt of the Organisation to Member States for 2006 has nearly doubled from the projections made in May. The overwhelming majority of Member States providing troops and contingent-owned equipment to peacekeeping operations are from developing countries and an additional financial burden is being placed upon them by the inability of the Organisation to pay its debt to them. The Group of 77 and China trusts that the Organisation will make every effort to meet its responsibility and reimburse Member States in a timely manner.

In conclusion, Mr. Chairman, the Group of 77 and China remains committed to efforts to strengthening the United Nations and enabling it to implement its mandate more effectively and using its resources more efficiently. We are also committed to providing the Organisation with sufficient resources to meet the mandates bestowed upon it, as well as our share of the additional resources that may be needed to finance reform proposals, including for developing activities.

The Group of 77 and China furthermore remains committed to meeting our financial obligations to the United Nations on time, in full and without conditions. Whilst extending our sympathetic understanding to Member States that are unable to meet their obligations due to social and economic conditions beyond their control, we urge all Member States, in particular the main contributor, to re-commit themselves to meeting their Charter obligations so that the Organisation is able to meet its objectives and operate in an efficient manner.

I thank you, Mr. Chairman.