



**STATEMENT BY H.E. MR. MOHAMED BENNOUNA, AMBASSADOR,
PERMANENT REPRESENTATIVE OF THE KINGDOM OF MOROCCO TO THE
UNITED NATIONS AND CHAIRMAN OF THE GROUP OF 77, AT THE FIFTH
COMMITTEE OF THE GENERAL ASSEMBLY, ON AGENDA ITEM 114:
IMPROVING THE FINANCIAL SITUATION OF THE UNITED NATIONS (New
York, 15 May 2003)**

Mr. Chairman,

I have the honor to speak on behalf of the Group 77 and China on agenda item 114: Improving the financial situation of the United Nations. Let me, first of all, take this opportunity to express our gratitude to the Under-Secretary-General for Management, Mrs. Catherine Bertini, for her presentation on 8 May 2003, which clearly outlined the financial situation of the United Nations.

Indeed, this overview provided us with very useful information on the actual budgetary results of the year 2002 and projections and challenges for the Organization as it moved forward into the year 2003.

The data and estimates given by the Under-Secretary-General demonstrate that the United Nations has moved from the edge of the financial difficulties to a better situation which has been translated into three major indicators: cash on hand, the levels of assessments and their payments and the amount of debt owed to Member States.

Mr. Chairman,

In this regard, the Group is pleased to note that the year 2002 could be considered a financially better year since the total receipts of over \$4 billion exceeded the total amount assessed by 12 percent. However, in spite of this progress, it seems that there are some uncertainties appearing on the horizon.

From the analysis of the chart regarding the financial situation of the United Nations, we note with satisfaction that the overall financial situation of the United Nations at year-end 2002 showed the following achievements:

- Firstly at \$1.4 billion cash on hand at the end of 2002 was the highest in the last seven years;
- Secondly, although unpaid assessments amounting to \$1.68 billion are still substantial, they were significantly lower at year-end 2002 compared to 2001, which amounted to \$2.11 billion.
- And thirdly, the amounts due to Member States had been reduced to almost \$701 million compared to \$748 million at the end of 2001.

Mr. Chairman,

With regard to peacekeeping cash situation, we note that the year 2002 had ended at \$1,363 million, which is a somewhat higher level than it was at beginning of the year. In spite of higher disbursements, and important reduction of debt to Member States, the balance remained at level higher than the year 2001.

The Group notes the modest reduction in the amounts owed to troop contributing countries at the end of 2002, but expresses its concern at the continuing high levels of amounts payable to troop contributing countries, particularly for contingent-owned equipment reimbursement. The Group urges that all outstanding amounts, including those dating back to many years ago owed to

developing countries, should be paid to them as a matter of high priority.

As for the International Tribunals, the Group regrets that the year 2002 had ended in a negative cash position of \$1 million against a forecast of a positive \$10 million. In this regard, the Group notes that at the end of 2002, as many as 133 Member States have not paid their contributions to the Tribunals in full. We are especially concerned by the indications that cash levels are slipping each year, which in turn force the Organization to cross-borrow from closed peacekeeping accounts at year-end.

The Group remains concerned with the practice of cross-borrowing since it hampers the ability of the United Nations to pay Member States for troops and contingent-owned equipment. We are also concerned with late and irregular reimbursements to these countries, in particular to the developing ones which, as you know, have limited resources.

In light of this situation, the Group believes that this unhealthy practice should not be allowed to continue indefinitely since it has negative effects on the financial capacity of concerned countries and places undue financial stress on them. It is time that the secretariat explores other more equitable and innovative means to finance its cash flow deficits in the International Tribunal budget and to find a durable solution to this problems. To this end the group believes that it is necessary to undertake a comprehensive study in order to explore alternatives to the practice of cross borrowing.

Mr. Chairman,

Regarding the forecast for reimbursements of the debt owed to Member States, the Group welcomes the intention of the Secretariat aimed at making significant payments during the year 2003. In fact, the Group is pleased that the Secretariat expects to be able to pay \$939 million in troop cost and certified contingent owned equipment claims and to improve the timeliness of this process. This progress will be going beyond what had been achieved in 2002.

The Group shares the concerns of the Secretariat that less Member States have paid their regular budget contributions in full in 2002 than in 2001. We recognize the need of ensuring the financial stability of the Organization in order to function effectively and be able to fully implement all its mandates and activities.

In this vein, the Group of 77 and China reaffirm the legal obligations of Member States to bear the expenses of the organization in accordance with the Charter of the United Nations. While recognizing the need to extend sympathetic understanding to those temporarily unable to meet their financial obligations as a consequence of genuine economic difficulties, the Group urges all other Member States to pay their assessed contributions in full, on time and without conditions.

Concerning the role of the Secretariat, it should make more efficient use of resources in a transparent manner. For this purpose a greater accountability may be needed from programme managers with the objective of optimizing the use of all available resources to the United Nations in order to implement all its mandates and activities and be able to face all new challenges of the millennium.

Mr. Chairman,

We recognize that the United Nations has twin responsibilities for Peace and Security and Development. So far, we have seen progressive importance accorded to Peace and Security resulting in substantial increase of peacekeeping budgets. Development activities are of equal

importance and, therefore, the Group would like to see equal, if not greater emphasis, for funding such development activities mandated by the General Assembly.

In conclusion, I wish to reiterate the fact that the Group of 77 and China will continue to constructively participate in the collective efforts toward resolving the persistent financial difficulty of the Organization.

Thank you, Mr. Chairman.