



STATEMENT BY MR. NIRUPAM SEN, PERMANENT REPRESENTATIVE, ON AGENDA  
ITEM 128: PROPOSED PROGRAM BUDGET FOR THE BIENNIUM 2008-2009 AT THE  
FIFTH COMMITTEE OF THE 62<sup>ND</sup> SESSION OF THE UNITED NATIONS GENERAL  
ASSEMBLY ON OCTOBER 26, 2007

Mr. Chairman,

We would like to thank the Secretary-General, Mr. Ban Ki-moon for introducing the proposed programme budget for the biennium 2008-2009. We express our appreciation of the Chairman of the Advisory Committee on Administrative and Budgetary Questions (ACABQ) for introducing the relevant report of the Advisory Committee. We also thank the Chairman of the Committee for Programme and Coordination for introducing the report of the CPC. My delegation associates itself with the statement made by the Chair of the Group of 77.

Mr. Chairman,

A budget is a financial statement that reflects the goals and vision of the organization and allocates resources efficiently and in a prioritized manner between these. A financially sound budget, reflecting accurately the priorities of the United Nations, is essential for attaining the goals that we as Member States have set for the Organization. Unfortunately, the proposed budget for the biennium 2008-2009 falls short on both counts of budgetary rigor and accurate reflection of the Organization's priorities.

The regular budget is expected to present the fullest possible picture of the Organization's requirements for a given period. Some unpredictability is unavoidable and has to be addressed through supplementary demands, which should be an exception rather than the norm. What we are witnessing here is the opposite. Important items with significant budgetary implications, such as reforms of the DPKO/DFS, DPA, ICT, Enterprise Resource Planning and costs related to the decisions

of the Human Rights Council and ECOSOC, are being presented outside the scope of the regular budget, making supplementary demands the norm and marginalizing the regular budget. This episodic approach to the budget process subverts the budgetary system and budgetary discipline. It deprives us of a complete picture of resource deployment, thereby blurring our judgment about the prioritized allocation of resources. The budget becomes a mere epiphenomenon.

The UN depends on core-funding, voluntary funding and the peacekeeping budget. We, therefore, have a fragmented structure of finance. Combining this with a piecemeal structure of the budget is a recipe for disaster. The Secretary General spoke of the budget as a compact. The Report "Towards a Compact" of the Four Nations Initiative (comprising Chile, South Africa, Sweden and Thailand) makes the important point that a compact means trust and "trust and the lack of it has both political and technical aspects". The technical aspects of the budget that we have outlined would undermine trust and therefore the compact. The above Report as well as Canada on behalf of CANZ and Norway this morning spoke of the importance of result based budgeting as an instrument of transparency and accountability and therefore a management tool. We agree. However, result based budgeting has been used for the mechanical purpose of the budget and not as a management tool.

Mr. Chairman,

The Secretary General described peace, human rights and development as three pillars that have to go hand in hand, otherwise "we cannot hope to achieve our goals". He also outlined how an ounce of prevention is better than a tonne of cure and hence advocated the strengthening of the preventive diplomacy capacity of DPA. Going deeper than preventive diplomacy is development which can make both less necessary. Most important of all, the Secretary General said that economic advancement and social equity cannot be geopolitical after-thoughts. The budget outlay shows development to be a geopolitical after-thought with more geopolitical thoughts in the shape of political and security outlays to follow this sad and solitary geopolitical after-thought. The Secretariat in preparing the budget has not heeded the Secretary General's vitally important and wise guidance. A truly balanced and equitable budget should have the Secretary General's guidance as its foundation. Resource allocation between development on the one hand, and peace & security and human rights on the other is completely lopsided. In the budget proposals, we observe that the increase in resources for promotion of sustained economic growth and sustainable development has been limited to eighteen new posts, translating to a 0.5% real growth. Development in Africa has been "strengthened" by one post. Similarly no increase has been proposed for the Regular Program of Technical Cooperation. It is puzzling that the Development Account budget has remained constant at \$16.48 million, when more and more resources are being demanded and allocated for other areas. The starkness of the current situation is more evident if

compared to the indicative target of \$200 million originally set for the Development Account.

In contrast, human rights with 36 new posts and peace & security with 35 new posts, not including the 34 additional posts for the proposed DPA reform, have been treated more generously. The picture becomes clearer if we add to these figures the burgeoning extra-budgetary resources, amounting to \$ 6.6 billion for the biennium 2008-2009, which will be utilized mainly for peace & security and human rights & humanitarian assistance. As an example, from a net increase of 428 posts under these resources, 260 are for the Office of the High Commissioner for Human Rights.

Without undermining the importance that we attach to the other two pillars, we find that the budget exhibits an indifference to development, which is the top priority for the overwhelming majority of the Member States and a necessary condition for durable peace and security. We agree with the EU on the imperative of budgetary discipline and the need to prioritize. Our priority is development. We call for an urgent redressal of this imbalance through allocation of greater resources for development-related entities like DESA, the Regional Commissions and UNCTAD. Given the reported flaws in the funding mechanism of the Development Account, we also call for new and practical proposals for financing it.

Mr. Chairman,

We have often heard the argument that the annual extra-budgetary contribution of \$15 billion to various UN agencies and programs is addressing the development needs and that the small-budgeted, development-related entities in the UN Secretariat do not reflect the real quantum of resources devoted for development and in fact are duplicative. Firstly, extra budgetary resources should reinforce the core-funding for core objectives and not substitute these because this skews priorities preventing proper integration into the budget. Of course member States need to pay their assessed contributions in full and on time. As former British Prime Minister Harold Macmillan once said: "There is the compulsory subscription and the voluntary subscription. The only difference between them is this. The compulsory is the one that you do not pay if you do not want to, and the voluntary is the one that you need not to pay unless you wish to" (quoted in Appendices to the Report 'Towards a Compact'). We are well aware that the modest resources for development in the regular budget are not a panacea for poverty eradication and development. Nonetheless, we are convinced that instruments like the Development Account, the Regular Programme of Technical Cooperation, UNCTAD, DESA, etc., are important for promoting development. Even though small, they act as catalysts and have a multiplier effect. The beneficiaries have time and again emphasized the relevance and usefulness of these programmes. We suggest that rather than undermining these, our endeavor should be to further strengthen these entities through provision of adequate resources to enable them to fulfill their mandates in an efficient and effective manner.

Mr. Chairman,

While being one of the staunchest supporters and practitioners of South-South cooperation, we believe that South-South Cooperation is not and cannot be a substitute for the fulfillment of commitments of development assistance made by the developed countries. As indicated in his introductory remarks, we look forward to the Secretary-General's proposals on strengthening the Secretariat to better serve this aspect of development.

Mr. Chairman,

Africa's needs have been recognized as a priority for the Organization. We appreciate the vital role played by the Office of Special Adviser for Africa and the Economic Commission for Africa (ECA) in Africa's march towards growth and development. While calling for expediting the appointment of the Special Adviser for Africa at the earliest, we convey our unequivocal support for initiatives to strengthen the ECA and the UN Office in Nairobi.

Mr. Chairman,

Resources are always finite. However, better results can be achieved through efficient resource allocation and sound management practices, which is the responsibility of the Secretariat. While adequate and high-quality human resources are a *sine qua non* for execution of the Organization's work programme, the United Nations is not an employment generation scheme, with creation of posts amongst its objectives. We are troubled by the fact that in the proposed regular budget, the cost of posts is estimated at \$ 2.7 billion out of a total regular budget of \$4.3 billion i.e. approximately 63% of the regular budget. If we include the extra-budgetary posts outlay of \$2.76 billion, the total cost of posts for the Organization amounts to \$5.5 billion i.e. 52% of the total budget. This essentially means that more than half the resources of our Organization go into staff costs. It is the responsibility of the management to increase the percentage of resources devoted to implementing the mandated programme of work rather than encourage a proliferation of posts on the pretext of programme support. Following the 1997-1998 SG's Report (A/51/950) the central reform was to cut Secretariat administrative costs by US\$200 million annually reducing administrative spending from 39% to 25%. Instead this has increased to 52% and 63%, more than twice the target figure of the reform. We have regressed. This is not reform but a counter reformation.

Mr. Chairman,

A budget is house-keeping. The UN budget is international house-keeping. It is a close reflection of this building. Like it, it is falling to pieces. We need a capital

master plan (incidentally we strongly support the new CMP) to put this budget on its feet. Every buttress of this budget's gothic building is a flying buttress. The budget is ultimately also a political document and reflects the priorities of the UN in the shape of a financial statement. A cure for lack of resources is ad hoc donor-driven funding. A cure for inequalities and socio-economic problems that explode into civil conflict is peacekeeping. Development is unimportant. It is a different vision of the world that the UN budget promotes – a sadder, diminished and less harmonious world. The budget needs to be fundamentally revised before it can be accepted. It has little to do with development, less with optimal use of resources and nothing at all with budgetary discipline. Technically it is inadequate and politically it is flawed.

We are confident that under your able stewardship this Committee would arrive at an outcome which would respond to the various concerns that have been raised by member States. I assure you of my delegation's constructive engagement in the deliberations ahead.

I thank you Sir.

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