

**Presentation of Ambassador Mark D. Wallace on the 2008/2009 U.N. Budget**  
**December 11, 2007**

I thank the coordinator, Alejandro Lepori, the Chairman of the Fifth Committee, my friend Hamidon Ali and the Secretary of the Committee Movses Abelian for their hard work to date. I also thank and truly appreciate all of the hard work by my many colleagues here in the Fifth Committee to date. Of course, we have long days and nights ahead with the work before us.

I have come to the Fifth Committee informal discussions today on the 2008/2009 biennium budget to offer what the United States believes is vitally important context to 2008/2009 budget. We believe that the U.N. budget in the context that I will offer today presents us with a crisis that questions the viability of the way the U.N. does business, and the role of member states and the role of the U.N. Secretariat in the preparation and approval of the budget.

The SYG has proposed an “initial” budget of \$4.19 billion for the biennium 2008/2009. As we all know, this \$4.19 billion proposal represents only a part of the actual budget. In addition the SYG simultaneously but separately identified various “add ons” to the base budget that would bring the actual 2008/2009 budget up to approximately \$4.8 billion. The 2006/2007 approved budget was \$3.799 billion though it ultimately totaled \$4.17 billion. The 2008/2009 projected budget of \$4.8 billion represents a 15% increase over the 2006/2007 budget.

The proposed regular budget with just the “add ons” already identified by the Secretary General makes this budget the largest regular budget in the history of the U.N. This budget also represents the largest increase in the history of the U.N. on a dollar basis. Moreover, even this \$4.8 billion figure is not what any of us expect as the final budget because it does not take into account additional proposals that have more recently been identified or which we can expect during the course of the biennium.

We expect that the final actual total budget of the 2008/2009 biennium to be in excess of approximately \$5.2 billion. Accordingly, such a final budget is likely to represent an increase of 25% or more from the 2006/2007 budget. And let's remember what such an increase actually funds. As my colleagues from the G77 and China rightly point out in paragraph 30 of the Draft Resolution before us: “approximately 75 percent of the budget resources are related to salaries and common staff cost...” The budget increase does not go directly to humanitarian or development aid but rather to increasing the size of the UN Secretariat bureaucracy.

We all agree that the piecemeal, ad hoc approach of the current budget is inconsistent with sound budgeting practices. See paragraphs 9, and 35 of the Draft Resolution on the 2008/2009 biennium budget. Moreover, we are concerned that no substantial cuts or offsets have been proposed by the SYG or member states to this largest of all U.N. budget increases.

A graphic portrayal of the U.N. budget, particularly when made with international comparables and norms serves to emphasize the striking growth in the UN regular budget. We have compiled various graphic analyses that underscore the magnitude of the problem before us.

Chart 1 shows the Growth in the UN Regular Budget from the 1988/1999 biennium budget of \$1.772 billion to the current expected final budget of in excess of \$5.2 billion in terms of percentage increases – a 193% increase.

Chart 2 shows a Comparison of Budget Levels from Initial Appropriation to Final Appropriation. This Chart demonstrates that we are truly considering this U.N. budget in a piecemeal fashion and we do not have a substantial portion of the likely budgetary increase currently before us – an unsound budgeting practice.

Chart 3 shows a Comparison of the Growth in the U.N. Budget with the Budget Growth of the Top Ten Member State Donors. Please understand that I could not easily include all 192 member states on this Chart, but the sole inclusion of these ten states on this Chart is not intended nor should it be taken to diminish in any way the important and valuable contributions to the U.N. by the 182 member states not reflected on this Chart. Nonetheless, Chart 3 dramatically demonstrates the budget growth before us as an outlier well beyond any reasonable comparison with member state government growth. The delta between the norms of member state government budgeting and the U.N. budget is extraordinary. Based upon these figures over the course of the last five years or so, the UN budget has grown at an average rate of some 17 % while the U.S. budget has grown at a rate of some 7% and the other top ten donors have grown at lesser rates.

Chart 4 shows a Comparison of the Growth in the U.N. Budget with the Growth in the Budget of Other International Organizations. Chart 4 further demonstrates the budget growth before us as an outlier well beyond any reasonable comparison with other International Organizations and the delta is extraordinary here as well.

And this dramatically growing budget does not include peacekeeping or funding for the tribunals. The peacekeeping budget is likely to rise from some \$5 billion to some \$7 billion or approximately a 40% increase in 2008. The \$625 million cost of the various U.N. tribunals represents an increase of some 15% in the 2008/2009 biennium. Nor does the budget include the more than \$15 billion in contributions and expenditures for operational activities of other parts of the UN System, mainly the U.N. Funds and Programs and specialized agencies.

Given:

1. The historic massive increase in the U.N. regular budget as proposed and the absence of any parallel offsets or cuts;
2. Budgetary constraints within all of our own member state budgets, and;
3. The lack of any reasonable comparative growth in similar international budgets;

the United States must strongly advocate against such a large wholesale increase in the UN budget without even an effort to find substantive offsets or to set priorities among the programs and activities.

What can we do? In both the method by which we consider the budget and in the substance of the increase itself, the answers are simple but the challenges are great.

First, we all agree that piecemeal consideration of the U.N. budget is inappropriate, misleading and reflects unsound budget practices. In principle, the solution is that we should only consider this budget when it is actually and completely before us. We must be fully and truly informed on the whole budget before we can take an informed decision on the budget as my G77 and Chinese colleagues rightly point out in Paragraph 12 of the Draft Resolution text. Unfortunately, the majority of the increases in the budget will only be ready for review in the spring

resumed session. A solution might be to take action now to allow the UN to continue its activities but postpone final action until we could consider the full 2008/2009 budget in the spring resumed session with no strings attached – meaning no caps nor tied to any specific agreement short of a good faith consideration of the hopefully complete 2008/2009 budget.

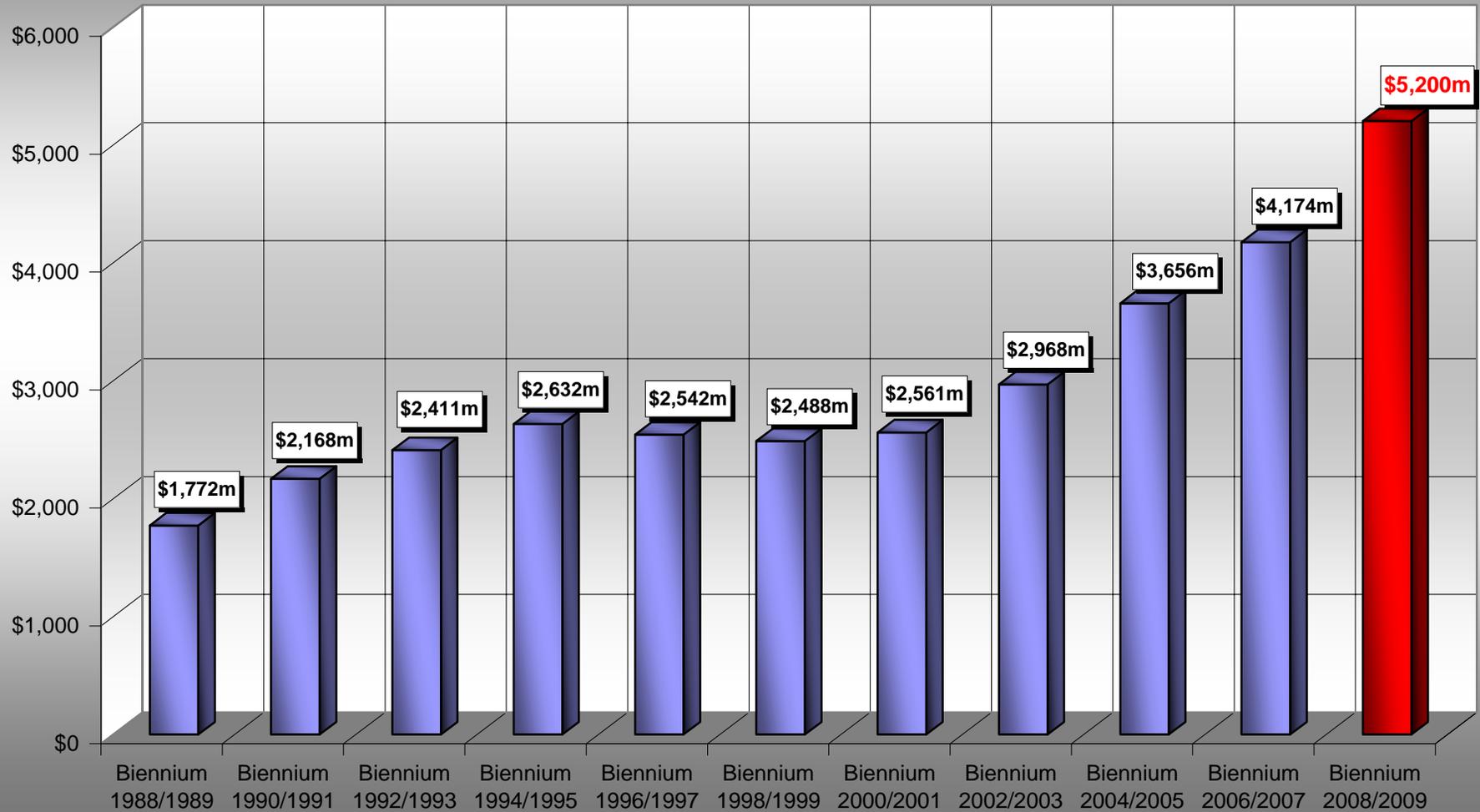
Second, we all agree on the enormous size of the increase and the absence of any prioritization or offsets. In principle, the solution is to prioritize programmatic expenditures and to identify meaningful offsets – actions that any responsible government or international organization would take. There are only two parties that could take steps to prioritize and to identify offsets – member states and the SYG. To date, we as member states have been unable to truly prioritize in a consensus fashion and we have been unable to identify offsets – the failure of mandate review to date is a clear example. Also to date we as member states have been unwilling to grant the SYG the authority to recommend priorities or to identify meaningful offsets. Accordingly, the great challenge before us is for member states to find the political will to truly prioritize and to identify meaningful offsets or to ask the SYG to make such recommendations on priorities and offsets.

For years the United States has advocated zero nominal growth in U.N. budgeting. We have done so for purposes of fiscal restraint and to ensure that the U.N. was disciplined in its program management. In principle we will continue to advocate zero nominal growth. Today we have a greater challenge. With the largest budget increase in history -- and outside the norms of international comparables -- the credibility of the U.N. is at stake. It is up to all of us to take real action. We must not fail this institution.

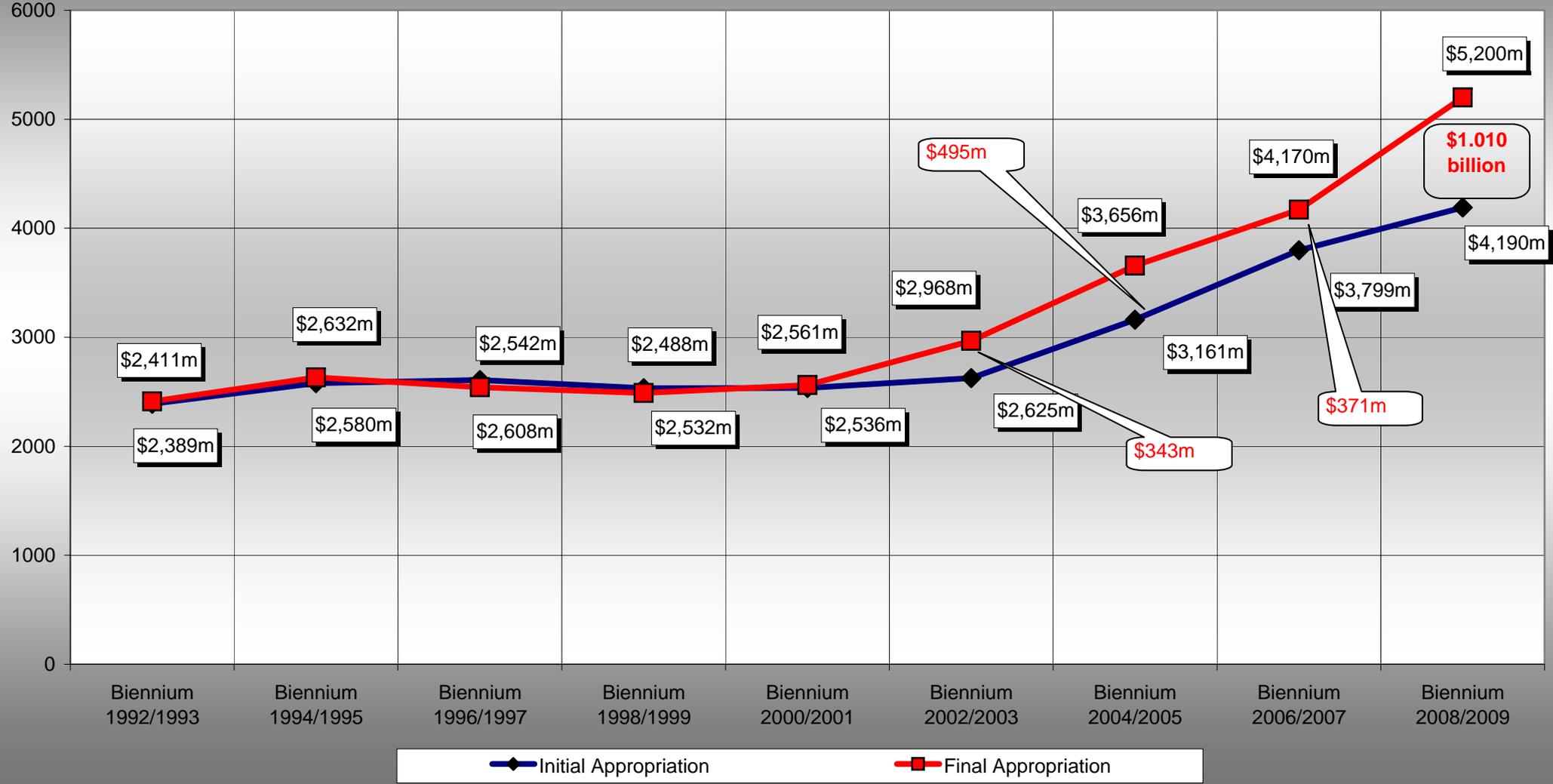
As our great President Ronald Reagan once said, “spending will not be curbed by wishful thinking.”

I thank you all for your commitment to the challenge before us.

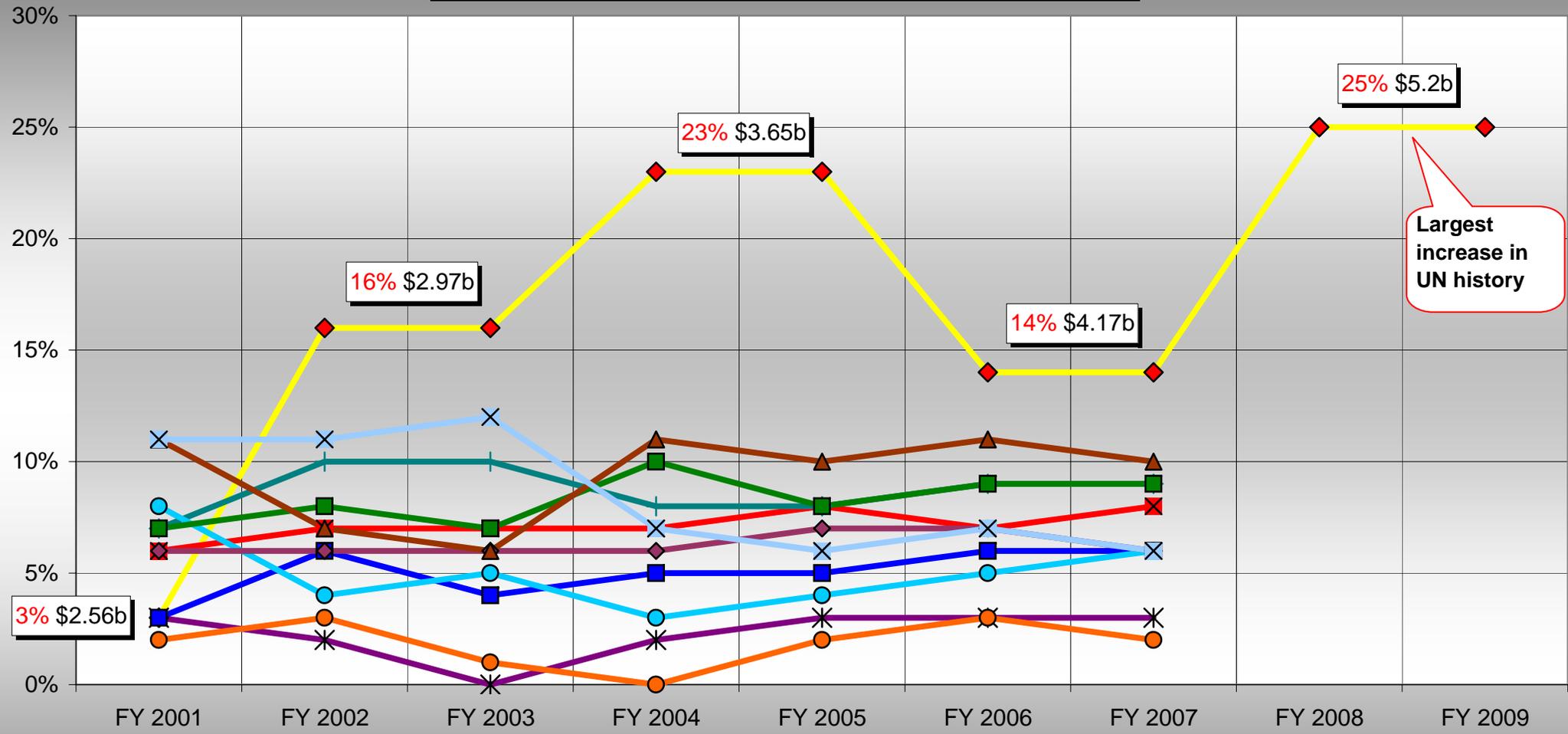
Growth in the UN Regular Budget



Comparison of Budget Levels from Initial Appropriation to Final Appropriation



**Comparison of Growth in the U.N. Budget  
with the Budget Growth of the Top Ten Member State Donors**



**Largest increase in UN history**

3% \$2.56b

16% \$2.97b

23% \$3.65b

14% \$4.17b

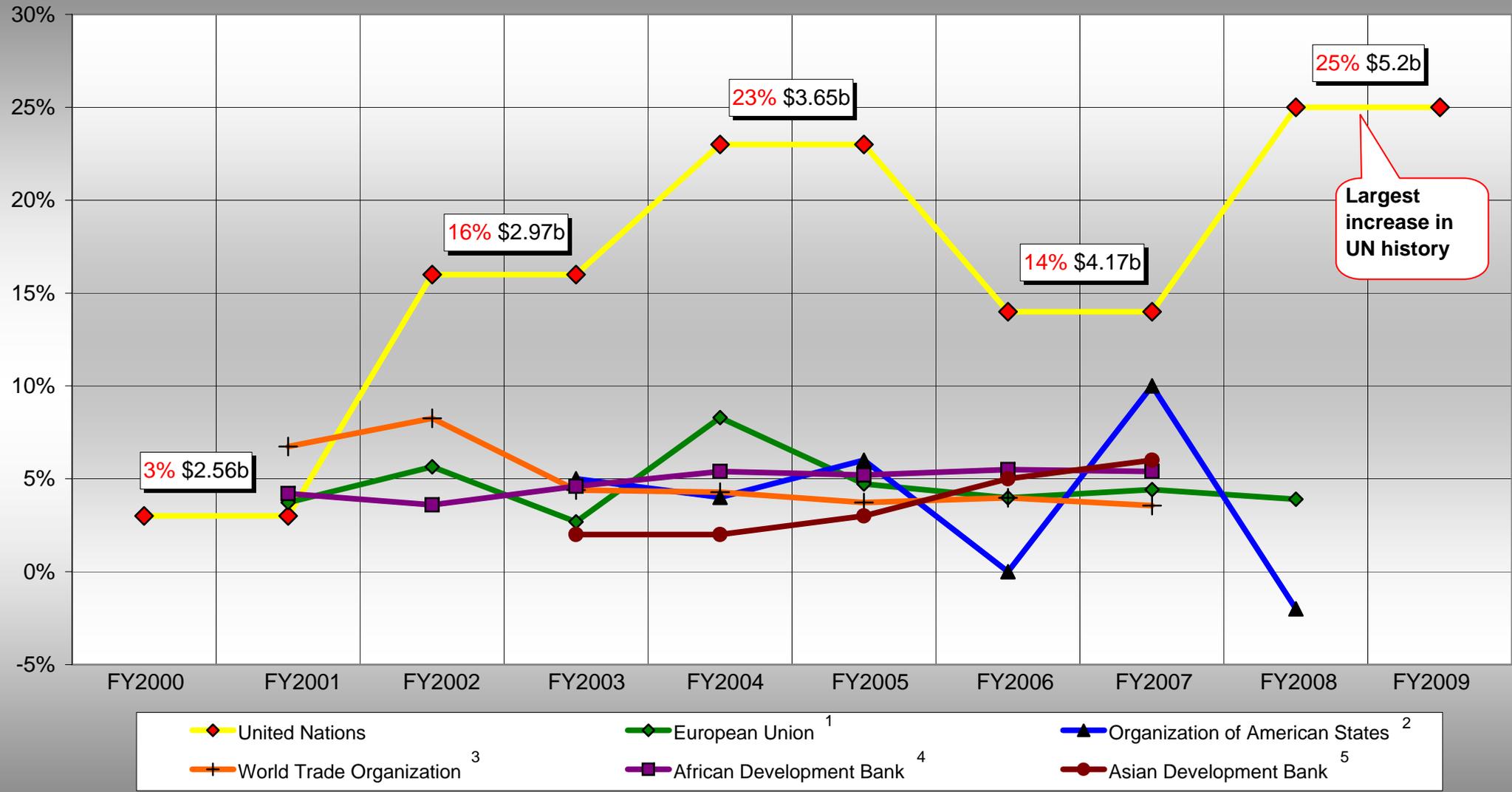
25% \$5.2b

◆ United Nations   
 ✕ United States   
 ✱ Japan   
 ● Germany   
 + UK   
 ■ France   
 ○ Italy   
 ◇ Canada   
 ■ Spain   
 ▲ China   
 ✕ Mexico  
 Scales of Assessment:   
 22%    16.6%    8.6%    6.6%    6.3%    5.8%    2.9%    2.9%    2.7%    2.3%

Top 10 Contributors to UN Budget: Government Expenditure Consumption retrieved from United Nations Common Database (UNCDB)

[http://unstats.un.org/unsd/cdb/cdb\\_help/cdb\\_quick\\_start.asp](http://unstats.un.org/unsd/cdb/cdb_help/cdb_quick_start.asp)

**Comparison of the Growth in the U.N. Budget with the Growth in the Budget of Other International Organizations**



1. Official Journal of the European Union - [http://ec.europa.eu/budget/publications/budget\\_en.htm](http://ec.europa.eu/budget/publications/budget_en.htm)  
 2. OAS - <http://www.oas.org/budget/default.asp>  
 3. WTO Secretariat - [http://www.wto.org/english/thewto\\_e/thewto\\_e.htm#budget](http://www.wto.org/english/thewto_e/thewto_e.htm#budget)  
 4. AFDB - [http://www.afdb.org/portal/page?\\_pageid=473.3968](http://www.afdb.org/portal/page?_pageid=473.3968)  
 5. ADB - <http://www.adb.org/Documents/Reports/Budget/>