



# United States Mission to the United Nations

799 United Nations Plaza  
New York, NY 10017

**Statement by Ambassador Joseph M. Torsella  
U.S. Ambassador for United Nations Management & Reform  
On Agenda Item 130: First Performance Report of the 2012-2013 Budget  
Before the Fifth Committee  
December 17, 2012**

Thank you, Mr. Chairman, and thank you also to Ms. Casar and Mr. Massieu for presenting their reports.

Mr. Chairman,

Twelve months ago, this committee approved an historic UN budget of \$5.15 billion for the biennium 2012-13. For the first time since the 1990s, and only the second time in fifty years, the UN regular budget we approved was less than the amount we actually spent in the previous biennium. We praised that outcome, but not because we believe all UN budgets should always and automatically go down; we don't. Rather, we believe they shouldn't always and automatically go up, especially in hard financial times for the taxpayers who fund this organization, especially in an organization that does not yet have a rational budgeting process, and especially under a Secretary-General who has pledged to do more with less.

We are now halfway through the budget period, and while we won't receive the final report card for another year, we have what parents everywhere would recognize as a progress report.

And, also like parents everywhere, we scan first for the good news. Thanks to dedicated and talented managers, there is some.

First, the Secretariat has made extraordinary efforts to manage Special Political Missions within the resources actually allocated to do so. That discipline is made evident by the lack of a request this year, as we've commonly seen years past, for additional funds for existing missions in the second year of the biennium where fewer funds were allocated. Let's be clear what an achievement that is, how challenging that has been for certain missions, and what a break from past practice that represents. Let's also be clear about what this achievement occurring without interference suggests about the motivations of the major contributors. "Fiscal discipline" is not code for cutting some parts of the UN and not others, or for eroding the UN's capacity. We want fiscal discipline for the whole of the UN – even those parts that are high priorities for us – precisely because we believe in the UN and care about its long-term viability.

Second, the Secretariat has delivered impressive results in responsibly managing vacancy rates, which has resulted in a reduction of approximately \$50 million from the original estimates of this item.

Third, this Performance Report itself represents a promising shift toward a more responsible way of budgeting. For years, the General Assembly has asked the Secretariat to do a serious review of so-called "recosting," the process whereby UN budgets are regularly adjusted. As a result of our decision last year, we have for the first time moved away from prematurely assessing Member



We will hear that exchange rate swings are unpredictable and unavoidable, to which we reply that the United Nations is not the only organization with worldwide, multi-currency operations. Corporations and governments manage currency risk every day without revising their budgets midstream. We have called for years for a review of external best practices on this element of “recosting,” with no real result other than a very long, ongoing paper trail. We strongly endorse ACABQ’s view in the current report that this systemic problem must be fixed, but we no longer have time for more reports. The Secretary-General should simply take the necessary steps to get the United Nations out of the business of currency speculation, in order to focus on the business of management.

We will hear much about “inflation.” To which we reply that the UN budget is not somehow indexed to some incontrovertible Consumer Price Index. There is also a difference between true inflation – which managers the world over must reckon with without simply revising their budgets – and increases in compensation costs that happen after, and outside of, the budget process.

In short, our reply is that in the face of this progress report, rather than find ways to excuse a bad result in advance, United Nations management needs to do what managers in every government, business, or family do when confronted with evidence of overspending in the first part of a budget period: underspend in the remaining part in order to hit the overall budget targets that were initially agreed. If that is not possible to do, with a \$5.15 billion budget, then we have a