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**STATEMENT
ON BEHALF OF THE GROUP OF 77 AND CHINA**

BY

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PERMANENT REPRESENTATIVE OF THE REPUBLIC
OF SOUTH AFRICA TO THE UNITED NATIONS
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ON

**THE AGENDA ITEM 124:
PROGRAMME BUDGET FOR THE BIENNIUM 2006-2007**

New York, 20 June 2006

Mr. Chairman,

I have the honour to speak on behalf of the Group of 77 and China on agenda item 124: programme budget for the biennium 2006-2007, in particular on the request of the Secretary-General for the lifting of the spending cap.

The Group of 77 and China wishes to thank the Controller, Mr. Warren Sach, and the Chairman of the Advisory Committee on Budgetary and Administrative Questions, Mr. Rajat Saha, for their introductions of the respective reports of the Secretary-General and the Advisory Committee on this matter.

Mr. Chairman,

The Secretary-General has placed before the General Assembly a formal request in accordance with General Assembly resolution 60/247 A for the Assembly to authorize the expenditure of the remaining funds that were appropriated in 2005. The Group of 77 and China supports the request by the Secretary-General and calls on the Assembly to respond decisively and expeditiously to the request of the Secretary-General.

We therefore support your proposal, Mr. Chairman, which provides Member States with an opportunity to join consensus and resolve this matter in the most constructive and expeditious manner. We urge other Member States to join us in this endeavor.

This will lift the cloud of doubt that has been hanging over the Organization for the past six months and demonstrate our commitment to ensuring that it remains financially solvent.

The Group of 77 and China is ready to endorse a decision to authorize the expenditure and lift the spending cap without restriction.

It should be clear to all of us that the imposition of the spending cap has placed this Organisation and its Membership in a very difficult position. The spending cap has become an obstacle to the trust among Member States and the work of the Organization. For example, the development resolution has been held up for as long as there is this spending cap and recently we

have seen even a reluctance to act on other areas that have nothing whatsoever to do with the spending cap.

It perhaps unintentionally has led to numerous debates over the equal rights of all Member States to participate in decision-making at the United Nations, irrespective of the size of our contributions. It unfortunately has raised serious concerns among Member States over the financial solvency of the United Nations.

I, therefore, am encouraged that we have finally reached the stage where Member States can unequivocally lay these questions to rest once-and-for-all and allow the Organisation to function proficiently.

Mr. Chairman

At the time of the adoption of the budget negotiations, the Group of 77 and China made it clear that we believed that the spending cap would be automatically lifted when the Secretary-General makes a request for the funds already approved to implement the programmes and activities of the Organisation. We did not recognise any link between the unprecedented and one-time decision to introduce a spending cap and our collective efforts to reform the Organisation in various areas. We were also assured during the negotiations that the spending cap was not intended to harm the Organisation and that the Secretary-General will be able to request the lifting of the cap when he required the funds to be released.

Mr. Chairman,

On 29 May 2006, the Group of 77 and China held a Special Ministerial Meeting in Putrajaya, Malaysia, and noted with concern that the United Nations is operating under a spending cap that limits the manner in which the Secretary-General has to implement his mandates.

The Special Meeting of the Ministers of the Group of 77 and China in Malaysia reaffirmed that efforts to use the size of financial contributions to push for the adoption of certain proposals are counter-productive and violate the obligations of Member States to provide resources for the Organisation, as enshrined in its Charter. The Ministers also reaffirmed that, in order to avoid a crisis within the United Nations, the limit on the expenditure of the

Organisation shall be automatically lifted and urged all Member States to act accordingly.

The Ministers of the Group of 77 and China reaffirmed the Group's commitment to the reform of the United Nations while stating clearly that this reform must not be linked to the issue of the spending cap.

Finally, Mr. Chairman, I think we would all agree that Secretary-General Kofi Annan has for the past ten years served this Organization with distinction, courage and vision. In his last few months of service to this Organization, it would be unfortunate if his ability to complete his mandate bestowed upon him by this General Assembly will be interrupted and frustrated by the imposition of a spending cap that has never before been imposed. We, the Member States, have long approved the budget for the biennium of 2006-2007. The least we can do is allow the Secretary-General to go on with his work by unanimously approving the lifting of this cap. This is the least we can do.

I thank you, Mr. Chairman.