



**70th SESSION OF THE UNITED NATIONS GENERAL ASSEMBLY
FIRST COMMITTEE**

**Statement during Thematic Discussion on Disarmament Machinery
18th meeting**

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Full Statement

Ambassadors, Excellencies, Ladies and Gentlemen,

I wish that I could focus in this statement on the substantive work that UNIDIR has been conducting—because UNIDIR continues to conduct a great deal of substantive work, despite the many difficulties facing the Institute. I sincerely hope that this 70th session of the General Assembly will be the last where the Director of UNIDIR, the Chairman of the Secretary-General's Advisory Board and our staff focus their and your attention on the financial situation of UNIDIR.

I will summarize the challenges that UNIDIR has been facing and the current situation:

1. There has been a contraction in un-earmarked funding from Member States for UNIDIR's operational or institutional costs. These costs arise mostly from institutional staff salaries and also include some charges we need to pay to the UN for services such as IT support.
2. It has become increasingly difficult for Member States to justify to their Treasuries that taxpayer funds should be available for such institutional uses. This is a global trend that goes back at least ten years.
3. The financial crisis faced by most governments means both that the overall amount of available funds is reduced, and that there is a preference to fund *activities* (i.e., projects) rather than offer general support. Non-governmental donors such as major foundations also prefer to fund projects.
4. This trend is exacerbated by the decline in real terms of the subvention from the UN's regular budget — if 25 years ago it was USD 220,000 annually, it is currently still less than USD 290,000 per annum — a problem of which Member States have long been aware.
5. On top of the impact of the dwindling contributions both from the UN regular budget (via the subvention) and un-earmarked contributions from Member States for institutional costs, there is the need to meet additional costs as of November 2015 stemming from Umoja and the full implementation of the International Public Sector Accounting Standards (IPSAS).

6. Member States continue to invest in UNIDIR's projects and activities via earmarked project funding, demonstrating a continuing demand for UNIDIR's work.

UNIDIR has taken several measures to date to overcome this convergence of challenges:

The operations budget has been reduced by outsourcing all non-critical institutional functions (i.e., those that can be conducted by other service providers), resulting in the cut of 4.5 positions.

To further reduce costs in 2011 the Deputy Director position was down-graded from a D-1 to a P5 level.

Support services, including IT, communications and publications, have been outsourced.

UNIDIR established a revolving capital fund (the Stability Fund) in order to meet the liquidity requirements to operate within Umoja.

In response to client needs, their funding priorities, and new opportunities offered by new technologies, UNIDIR has modified its products — fewer books, more short analysis, more tools.

My predecessor attempted an alternative staffing and organizational structure to address the need to have in-house expertise to generate new funding proposals and build networks, but this model proved to unsustainable financially, and I decided to abandon it.

We have actively raised awareness of Member States about the challenges and unsustainable nature of the current situation via annual Report of the Director, the reports of the Advisory Board on Disarmament Matters, in meetings of the Friends of UNIDIR group convened and hosted by France, and in regular briefings of the Director in Geneva and New York, as well as in bilateral meetings.

Member States have rallied to support UNIDIR with contributions to the Stability Fund and new support for the Institutional Operations Budget. Australia and Switzerland have both made significant contributions to the Stability Fund. Member States have also been vocal in their support for the Institute in their annual formal statements in First Committee and through the quinquennial resolution to the UN General Assembly. For me personally, all this support, in economically challenging times for our donors, has been a humbling experience.

UNIDIR's Board of Trustees has made representations to the Secretary-General, and in this connection I would like to thank the Chairman of our Board, Ambassador Istvan Gyarmati, for his strong support and leadership. The High Representative for Disarmament Affairs - both Ms. Kane and Mr. Kim — and the UNOG Director-General, and other high-ranking officials within the Secretariat have been active as well.

Continuous representations have been made to relevant parts of the UN system including the Budget Division and the various services of UNOG.

In 2009–2010, UNIDIR conducted a full review of its budgeting and project development process to ensure that its activities adhered to the principles of Results Based Budgeting.

Going further back in time, the Office of Internal Oversight Services on 14 June 2005 issued an audit report (AE2004/385/01) recommending that UNIDIR, with the support of the Board, “seek enhanced financial support from the regular budget”.

Let me outline the components of a sustainable financing solution.

There are three sources of funds for Operational Costs:

- **Un-earmarked contributions** from Member States
- **Overhead charges** on project budgets
- **Subvention** from the Regular Budget

All three sources need mobilization:

- Actively continue to seek **greater un-earmarked contributions** from Member States (although the global trend is not favorable and this source of funding is unpredictable)
- Continue to include a **standard overhead percentage** on all project budgets. Project donors have firmly stated that this percentage has reached its maximum ceiling. Raising it further will serve to dissuade project funders
- **Raise the amount of the subvention** to cover more of the institutional staff costs, as permitted by the Institute's statute.

The aim of increasing (through the Fifth Committee) the subvention from the UN regular budget would be to offset the decline in its original purchasing power. Such an offset would cover the cost of most of the Institute's core staff. However, we fully recognize that our Statute has also established a ceiling for the subvention.

With the strong backing of our Board and the senior management of the Organization, we have been trying to resolve the major challenges arising from Umoja and IPSAS. I am extremely grateful to the Secretariat for having demonstrated flexibility and common sense in applying the new and old policies and rules. I am happy to note that just yesterday, Ambassador Gyarmati and I were informed that contrary to earlier advice, UNIDIR will continue to be included within Volume I of the UN Board of Auditor's annual audited financial reports. In practical terms this means we will — for now at least — avoid the high cost of preparing our financial reports and going through a separate audit.

Rationale for such solutions

In the past three years, less than 20 states have contributed to UNIDIR through un-earmarked contributions. In 2014, these totaled \$475K. In 2015, Institutional Operations costs exceed \$1 million.

A higher subvention is an essential component of a sustainable, longer term solution. Member States foresaw the need for regular budget support towards the cost of the Director and institutional staff, and made a provision for this in UNIDIR's Statute adopted by the General Assembly in 1984. In the absence of regular cost adjustment during many years, its purchasing power has been seriously eroded.

Resolution 65/87 marking UNIDIR's 30th anniversary called for implementation of previous recommendations that the subvention be raised to cover the costs of the institutional staff. This resolution builds on previous recommendations, including those of OIOS. In 2004, the Secretary-General considered the continuing need for a subvention for UNIDIR and concluded that the regular budget subvention was "vital for ensuring the independent and continuous nature of the Institute's normal functioning".

The 35th anniversary resolution of UNIDIR at the 70th Session of the General Assembly provides a critical opportunity to support a higher subvention. A First Committee resolution supporting a larger

subvention followed by action in the Fifth Committee to grant a larger subvention has become necessary for UNIDIR's short- and long-term viability.

Excellencies,

I will close by thanking UNIDIR's supporters — big and small — for their contributions and for their political support. Without you, we would not exist.

Finally, I also want to thank UNIDIR staff. They have served the Institute with dedication and integrity, some for many years, on outdated and irregular contracts that offered little benefits. But these have now been phased out. It may sound like a cliché to say that an organization's greatest asset is its personnel but in UNIDIR's case, with little else than the generosity of its donors and the dedication of its staff, it certainly is not a cliché.
